



EMBRACING THE
NEW
NORMAL

HALF YEAR REPORT

for the period ended December 31, 2020

MISSION

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

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COMPANY INFORMATION

Board of Directors

Musadaq 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

Share Registrar

CDC Share Registrar Services Limited

Karachi Office:

Share Registrar Department
CDC House, 99-B, Block B,
S.H.C.H.S, Main Shakra-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 Board of Directors is pleased to present a brief report together with the unaudited financial results of the Company duly reviewed by the auditors, for the half year ended December 31, 2020.

ECONOMIC OVERVIEW

As economies around the globe have remained under intense pressure owing to the COVID-19 pandemic, the Pakistani economy is showing encouraging signs of recovery. Despite the testing times amidst persistent challenge of COVID-19, the national economy is heading towards the right direction due to the government's stimulus package. The combined effect of these positive developments was reflected in the exports of the country which during July-December (2020-21) were recorded at \$12.098 billion against the exports of \$11.524 billion during July-December (2019-20). On the other hand, the imports also increased by 5.72 percent by growing from \$23.195 billion last year to \$24.521 billion during the first half of the current fiscal year, which included import of additional components and materials necessary due to the recovery of local industry. The trade deficit during the first six months of the current fiscal year was recorded at \$12.423 billion against the deficit of \$11.671 billion last year.

INDUSTRY OVERVIEW

COVID-19 was the biggest challenge for the year 2020, which disrupted global economies and their supply chains. Pakistan also felt the heat of the deadly virus, but textile sector has helped the country pass through a difficult phase.

The textile exports were recorded at \$7442.425 million in July-December (2020-21) against the exports of \$6904.689 million in July-December (2019-20), showing growth of 7.79 percent as compared to the corresponding period of last year. The knitwear exports increased from \$1586.923 million last year to \$1849.605 million during the current year, showing growth of 16.55 percent. Likewise, exports of bed wear increased by 16.38 percent by growing from \$1197.931 million to \$1394.180 million while the exports of towels increased by 17.47 percent, from \$379.426 million to \$445.709 million.

FINANCIAL AND OPERATING RESULTS

The Company, despite many operational challenges has been able to deliver improvement in profitability through persistent and diligent efforts. During the half year ended December 31, 2020, your Company earned a gross profit of Rs. 6,466 million on sales of Rs. 26,263 million compared to gross profit of Rs. 4,499 million on sales of Rs. 19,225 million for the corresponding period of previous financial year. During the period under review, your Company recorded a net profit of Rs. 2,904 million (EPS: Rs. 3.33 per share), compared to net profit of Rs. 1,531 million (EPS: Rs. 1.76 per share) in the corresponding period. Sales have increased by 36.57% whereas gross profit margin has increased to 24.62% from 23.40% in first half of the

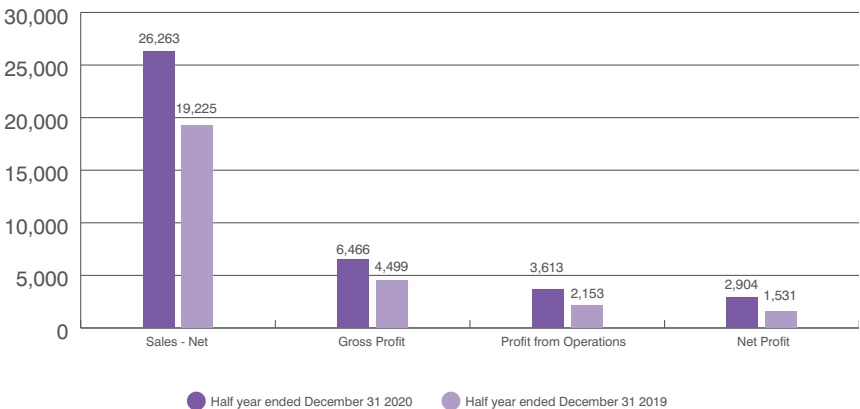
financial year 2020-2021 as compared to corresponding period. The Company was able to reap benefits of higher profit margins mainly due to increased sales over and above breakeven point. Upward trend in sales is due to increase in production of socks coupled with start of denim sales during this year.

The summarized un-audited financial results for the half year ended December 31, 2020 as against December 31, 2019 are as follows:

SUMMARIZED FINANCIAL RESULTS

	Half year ended December 31		
	2020	2019	Variance
	Rs. in millions		%
Sales without Exchange Rate Impact	26,880	19,682	36.57%
Exchange Loss	(617)	(457)	34.97%
Sales - Net	26,263	19,225	36.61%
Gross Profit	6,466	4,499	43.72%
Profit from Operations	3,613	2,153	67.84%
Net Profit	2,904	1,531	89.68%
Gross Profit Ratio	24.62%	23.40%	5.20%
Net Profit Ratio	11.06%	7.96%	38.85%
Earnings per Share - Basic and Diluted (Rupees)	3.33	1.76	89.20%

Rs. in Million



CONSOLIDATED FINANCIAL STATEMENTS

Company's wholly owned subsidiary i.e., IL Apparel (Pvt.) Limited has been amalgamated with and into Interloop Limited with effect from January 31, 2021 after all requisite approvals as stipulated in the applicable laws & regulations. Over & above, the Company has annexed consolidated interim financial information in addition to its unconsolidated interim financial information for the period ended December 31, 2020, in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017.

FUTURE OUTLOOK

Severity of COVID-19 is expected to come down with the arrival of vaccine and world economy with improving macro indicators is expected to revive in the near future. The economy will take some time to recover fully as results of vaccine are still to come, however, FY 2021 will probably be much better than FY 2020 as the impact of the pandemic gradually fades and domestic and international demand recovers. Moreover, structural reforms are encouraging new investments, while foreign demand may grow in tandem with the global economic recovery.

ACKNOWLEDGEMENT

The Board would like to express its gratitude to all customers, financial institutions, staff members, and suppliers who have been associated with the Company for their continued cooperation. We also take this opportunity to thank all our stakeholders for their patronage and look forward to their continued support.



Navid Fazil
(Chief Executive Officer)

Place: Faisalabad
Date: February 16, 2021



Jahan Zeb Khan Banth
(Director)

مشترکہ مالی گوشوارے:

کمپنی کے مکمل ذیلی ادارہ آئی ایل ایچ ایل (پرائیویٹ) لمیٹڈ کو مورخہ 31 جنوری 2021ء سے نافذ العمل قوانین اور ضوابط کے تحت تمام مطلوبہ منظور یوں کے بعد انزولوپ لمیٹڈ میں اور ساتھ ضم کر دیا گیا ہے۔ اس کے ساتھ ساتھ کمپنی نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ اوپن اینڈ ایکٹ 2017 کی مطلوبہ ضروریات کے مطابق مشترکہ انیمرم مالی معلومات مع غیر مشترکہ انیمرم مالی معلومات برائے مدت مختتمہ 31 دسمبر 2020 منسلک کر دی ہیں۔

مستقبل کا نقطہ نظر:

کرونا ویکسین کی آمد کے بعد اس وباء کی سنگینی میں کمی متوقع ہے اور مستقبل قریب میں معاشی اعشاریوں میں بہتری کی توقع کی جا رہی ہے۔ معیشت کو کرونا ویکسین کے نتائج آنے تک بحالی کیلئے کچھ وقت درکار ہوگا تاہم ممکنہ طور پر مالی سال 2021 مالی سال 2020 سے کافی حد تک بہتر ہوگا کیونکہ وباء کے اثرات میں بندرتیج کی واقع ہو رہی ہے اور مقامی و بین الاقوامی طلب میں اضافہ ہو رہا ہے۔ اس کے علاوہ تنظیمی اصلاحات کی بدولت نئی سرمایہ کاری کی راہیں کھل رہی ہیں جبکہ عالمی معیشت کی بحالی کے ساتھ غیر ملکی طلب میں بھی اضافہ ہو سکتا ہے۔

اظہار تشکر:

بورڈ کمپنی سے منسلک تمام صارفین، مالیاتی اداروں، عملہ کے نمائندوں اور سپلائرز کی جانب سے مسلسل تعاون پر اُن کا تہہ دل سے مشکور ہے۔ میں اس موقع پر ہمارے تمام سٹیک ہولڈرز کی سرپرستی کا انتہائی شکر گزار ہوں اور امید کرتا ہوں کہ مستقبل میں بھی اُن کا تعاون ہمارے ساتھ رہے گا۔

Jahan Zed

جہانزیب خان بانٹھ

(ڈائریکٹر)



نوید فاضل

(چیف ایگزیکٹو آفیسر)

مقام: فیصل آباد

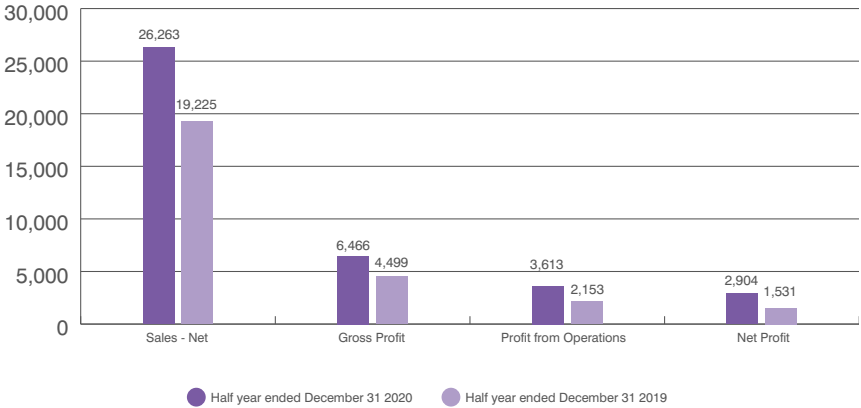
تاریخ: 16 فروری 2021

آغاز سے ممکن ہوا۔

نصف سال تختہ 31 دسمبر 2020 کا مدت تختہ 31 دسمبر 2019 کے ساتھ موازنہ اور غیر آڈٹ شدہ مالی نتائج کا خلاصہ درج ذیل ہے:

نصف سال تختہ 31 دسمبر			
2019	2020	فرق	
ملین روپے		فیصد	
19,682	26,880	36.57%	سیلز (آپریٹنگ ریٹ کے اثر کے بغیر)
(457)	(617)	34.97%	شرح مبادلہ کی مد میں نقصان
19,225	26,263	36.61%	سیلز - خالص
4,499	6,466	43.72%	مجموعی منافع
2,153	3,613	67.84%	منافع (آپریٹنگ سے)
1,531	2,904	89.68%	خالص منافع
23.40%	24.62%	5.20%	مجموعی منافع کی شرح
7.96%	11.06%	38.85%	خالص منافع کی شرح
1.76	3.33	89.20%	فی شیئر آمدن - بیسک اور ڈائی لیونڈ (روپے)

Rs. in Million



ڈائریکٹران کا جائزہ:

بورڈ آف ڈائریکٹرز نصف سال مختتمہ 31 دسمبر 2020 کیلئے کمپنی کی جامع رپورٹ بمع آڈیٹرز کی جانب سے جائزہ لیے گئے غیر آڈٹ شدہ مالیاتی نتائج پیش کرتے ہوئے انتہائی خوشی محسوس کر رہے ہیں۔

اقتصادی جائزہ:

جیسا کہ کردنا و باء کی وجہ سے دنیا بھر کی عالمی معیشتیں انتہائی سخت دباؤ کا شکار ہیں، پاکستان کی معیشت بحالی کے حوصلہ افزاء امکانات ظاہر کر رہی ہے۔ کردنا کے دوران مستقل مشکل وقت کے باوجود ملکی معیشت حکومت کے محرک پیکج کی وجہ سے درست سمت پر گامزن ہے۔ ان مثبت اقدامات کے اثرات ملکی برآمدات پر واضح انداز میں دکھائی دیئے۔ جولائی-دسمبر (2020-21) کے دوران ملکی برآمدات 12.098 بلین ڈالر رہیں جو کہ جولائی-دسمبر (2019-20) کے دوران 11.524 بلین ڈالر تک رہیں۔ جبکہ دوسری جانب موجودہ مالی سال کے پہلے نصف میں درآمدات بھی 5.72 فیصد اضافے کے ساتھ 24.521 بلین ڈالر تک بڑھ گئیں جو کہ گزشتہ سال 23.195 بلین ڈالر تھیں۔ ان درآمدات میں مقامی صنعت کی بحالی کیلئے درکار اضافی پرزہ جات اور سامان بھی شامل تھا۔ موجودہ مالی سال کے پہلے چھ ماہ کے دوران تجارتی خسارہ 12.423 بلین ڈالر رہا جبکہ گزشتہ سال یہ خسارہ 11.671 بلین ڈالر تھا۔

انٹرنیٹری کا جائزہ:

سال 2020 کے دوران سب سے بڑا چیلنج کرونا راجس کی وجہ سے عالمی معیشتیں اور ان کی سپلائی چینز نامساعد حالات کا شکار ہوئی۔ پاکستان میں بھی اس جان لیوا وائرس کے اثرات بھید گین رہے مگر ٹیکسٹائل کی صنعت نے ملک کو اس کٹھن مرحلے سے گزرنے میں کافی حد تک مدد فراہم کی۔ جولائی-دسمبر (2020-21) کے دوران ٹیکسٹائل برآمدات 7442.425 بلین ڈالر رہیں جو کہ جولائی-دسمبر (2019-20) کے دوران 6904.689 بلین ڈالر تھیں اور یوں ان برآمدات میں گزشتہ سال کی نسبت 7.79 فیصد اضافہ دیکھنے میں آیا۔ موجودہ سال کے دوران نٹ ویئر برآمدات گزشتہ سال کی 1586.923 بلین ڈالر سے بڑھ کر 1849.605 بلین ڈالر تک جا پہنچیں اور ان میں 16.55 فیصد اضافہ ہوا۔ اسی طرح بیڈویئر کی برآمدات میں 16.38 فیصد اضافہ ہوا اور یہ 1197.931 بلین ڈالر سے 1394.180 بلین ڈالر کی سطح پر جا پہنچیں۔ جبکہ ٹائلز کی برآمدات 17.47 فیصد اضافے کے ساتھ 379.426 بلین ڈالر سے 445.709 بلین ڈالر تک رہیں۔

مالیاتی اور عملی نتائج:

کئی عملی رکاوٹوں کے باوجود کمپنی مسلسل اور انتھک کوششوں کی بدولت منافع میں بہتری لانے میں کامیاب رہی۔ 31 دسمبر 2020 کو اختتام پذیر ہونے والے نصف سال کیلئے آپ کی کمپنی نے 26,263 ملین روپے کی سیلز پر 6,466 ملین روپے مجموعی منافع حاصل کیا۔ جبکہ گزشتہ مالی سال کی اسی مدت کے دوران 19,225 ملین روپے کی سیلز کے ساتھ 4,499 ملین روپے مجموعی منافع حاصل کیا گیا تھا۔ زیر جائزہ مدت کے دوران کمپنی نے 2,904 ملین روپے (آمدنی فی شیئر: 3.33 روپے فی شیئر) خالص منافع کمایا جو کہ گزشتہ مدت کے دوران 1,531 ملین روپے (آمدنی فی شیئر: 1.76 فی شیئر) تھا۔ مالی سال 2020-21 کے پہلے نصف کے دوران سیلز میں 36.57 فیصد اضافہ ہوا جبکہ مجموعی منافع کا فرق گزشتہ سال کے 23.40 فیصد سے بڑھ کر 24.62 فیصد تک پہنچ گیا۔ بنیادی طور پر کمپنی بریک ایون پوائنٹ (Breakeven point) سے اضافی سیلز کی وجہ سے زیادہ منافع کے فرق سے مستفید ہونے میں کامیاب رہی۔ اس سال سیلز میں یہ اضافہ جرابوں کی پیداوار میں بڑھوتری اور ڈنیم کی فروخت کے

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF INTERLOOP LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Interloop Limited ("the Company") as at December 31, 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the condensed interim financial statements). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and the unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

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 Khan Muhammad.



Place: Faisalabad
Date: February 16, 2021

KRESTON HYDER BHIMJI & CO.
Chartered Accountants

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For The Quarter and Half Year Ended December 31, 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	5	23,147,648	22,744,239
Intangible assets		158,087	171,459
Long term investments	6	1,045,000	1,853,735
Long term loans		134,411	113,823
Long term deposits		40,816	38,337
		24,525,962	24,921,593
Current Assets			
Stores and spares		1,102,460	1,062,524
Stock in trade		9,546,682	8,810,625
Trade debts	7	13,157,942	7,207,391
Loans and advances		1,497,118	485,930
Deposits, prepayments and other receivables		422,423	193,182
Accrued income		2,025	2,239
Tax refunds due from Government		2,934,493	2,408,014
Derivative financial instruments		2,100	–
Short term investments	8	500,000	125,044
Cash and bank balances		142,889	150,787
		29,308,132	20,445,736
Asset Classified As Held For Sale	9	308,735	–
Total Assets		54,142,829	45,367,329

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Equity and Liabilities			
Share Capital And Reserves			
Authorized share capital	10	10,000,000	10,000,000
Issued, subscribed and paid up capital	11	8,721,975	8,721,975
Share premium		3,791,602	3,791,602
Unappropriated profit		6,798,280	4,766,115
		19,311,857	17,279,692
Non Current Liabilities			
Long term financing	12	7,452,980	6,861,130
Lease liabilities		92,243	102,158
Deferred liabilities		3,457,439	3,140,682
		11,002,662	10,103,970
Current Liabilities			
Trade and other payables		4,192,805	3,031,231
Dividend payable		2,794	2,952
Accrued mark up		166,490	191,136
Short term borrowings		17,615,887	14,354,861
Current portion of non current liabilities		1,850,334	403,487
		23,828,310	17,983,667
Contingencies and Commitments	13	–	–
Total Equity and Liabilities		54,142,829	45,367,329

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the Quarter and Half Year Ended December 31, 2020

	Quarter ended		Half year ended	
	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
Sales - net	13,352,961	9,868,294	26,262,548	19,224,717
Cost of sales 14	(9,995,394)	(7,516,444)	(19,796,131)	(14,725,275)
Gross profit	3,357,567	2,351,850	6,466,417	4,499,442
Distribution costs	(585,838)	(320,766)	(1,203,753)	(1,044,781)
Administrative expenses	(656,204)	(612,065)	(1,288,143)	(1,128,466)
Other operating expenses	(227,728)	(179,825)	(408,904)	(233,681)
	(1,469,770)	(1,112,656)	(2,900,800)	(2,406,928)
Other income	51,429	55,630	47,561	60,274
Profit from operations	1,939,226	1,294,824	3,613,178	2,152,788
Finance cost	(291,485)	(306,098)	(516,607)	(474,083)
Profit before taxation	1,647,741	988,726	3,096,571	1,678,705
Taxation	(125,729)	(76,492)	(192,209)	(147,479)
Profit for the period	1,522,012	912,234	2,904,362	1,531,226
Earnings per share - basic and diluted (Rupees)	1.75	1.05	3.33	1.76

The annexed notes from 1 to 23 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 and Half Year Ended December 31, 2020

	Quarter ended		Half year ended	
	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
Profit for the period	1,522,012	912,234	2,904,362	1,531,226
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	1,522,012	912,234	2,904,362	1,531,226

The annexed notes from 1 to 23 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 Half Year Ended December 31, 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
Profit for the period	–	–	1,531,226	1,531,226
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	–	1,531,226	1,531,226
Effect of initial application of IFRS-16	–	–	(667)	(667)
Transactions with owners:				
Dividend to ordinary shareholders	–	–	(1,526,346)	(1,526,346)
Balance as at December 31, 2019 (Un audited)	8,721,975	3,791,602	5,370,420	17,883,997
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	–	–	–	–
Total comprehensive income for the period	–	–	2,904,362	2,904,362
Transactions with owners:				
Dividend to ordinary shareholders	–	–	(872,197)	(872,197)
Balance as at December 31, 2020 (Un audited)	8,721,975	3,791,602	6,798,280	19,311,857

The annexed notes from 1 to 23 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 Half Year Ended December 31, 2020

	Half year ended	
	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,096,571	1,678,705
Adjustments for:		
Depreciation	1,077,505	853,447
Depreciation on right of use assets	12,872	6,359
Amortization	4,785	7,142
Workers' profit participation fund	166,304	88,352
Workers' welfare fund	63,195	–
Staff retirement gratuity	452,103	367,733
Intangible assets write off	28,348	–
Gain on disposal of right of use assets	(107)	–
Loss on disposal of property, plant and equipment	2,191	11,162
Inventory write off	434	–
Unrealized gain on derivative financial instruments	(2,100)	(23,360)
Realized gain on derivative financial instruments	–	(3,655)
Remeasurement loss on investments in mutual funds	–	6,110
Profit on investments in TFCs and TDRs	(26,952)	(24,726)
Interest on loan to Metis International (Pvt) Ltd	(120)	(2,167)
Interest on receivables from IL Bangla Limited	(2,910)	(2,898)
Finance cost	516,607	474,083
Operating cash flows before working capital changes	5,388,727	3,436,287
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(39,936)	(158,692)
Stock in trade	(736,491)	(2,939,467)
Trade debts	(5,950,551)	(1,484,685)
Loans and advances	(967,147)	(371,950)
Deposits, prepayments and other receivables	(225,871)	(138,201)
Tax refunds due from Government	(483,366)	(73,119)
Short term investment in mutual funds – net	–	124,785
Increase in current liabilities		
Trade and other payables	1,049,050	234,827
	(7,354,312)	(4,806,502)
Cash used in operations	(1,965,585)	(1,370,215)
Finance cost paid	(529,810)	(329,021)
Income tax paid	(235,322)	(213,825)
Staff retirement gratuity paid	(139,174)	(63,605)
Workers' profit participation fund paid	(119,000)	(291,135)
Long term loans paid	(64,629)	(44,650)
Long term deposits paid	(2,479)	(9,531)
Net cash used in operating activities	(3,055,999)	(2,321,982)

	Note	Half year ended	
		Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in:			
Property, plant and equipment		(1,518,273)	(4,119,086)
Intangible assets		(19,762)	(16,252)
Proceeds from disposal of property, plant and equipment		21,385	17,088
Long term investments		–	(845,000)
Profit received from investments in TFCs and TDRs		26,826	23,481
Net cash used in investing activities		(1,489,824)	(4,939,769)
c) CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		2,095,319	2,061,869
Repayment of long term financing		(56,383)	(1,872,372)
Payment of lease rentals		(14,726)	(4,799)
Short term borrowings - net		3,261,026	6,617,425
Settlement of derivative financial instruments		–	3,655
Dividend paid		(872,355)	(1,649,484)
Net cash generated from financing activities		4,412,881	5,156,294
Net decrease in cash and cash equivalents	(a+b+c)	(132,942)	(2,105,457)
Cash and cash equivalents at beginning of the period		275,831	2,479,819
Cash and cash equivalents at end of the period	15	142,889	374,362

The annexed notes from 1 to 23 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 Half Year Ended December 31, 2020

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

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

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

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

These condensed interim unconsolidated financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017. These condensed interim unconsolidated financial statements do not include all the information as required in annual unconsolidated financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should therefore 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, except as follows:

4.1 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurements are recognized in the statement of profit or loss.

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	22,092,216	21,897,796
Capital work-in-progress	5.2	956,427	733,655
Right of use assets	5.3	99,005	112,788
		23,147,648	22,744,239
5.1 Operating fixed assets			
Cost			
Opening balance		34,348,943	27,616,301
Additions during the period/year	5.1.1	1,295,501	6,915,703
Disposals during the period/year		(62,493)	(183,061)
Closing balance		35,581,951	34,348,943
Accumulated depreciation			
Opening balance		12,451,147	10,577,861
Depreciation expense for period/year		1,077,505	1,980,510
Depreciation charged to trial production cost		–	9,667
Adjustment during the period/year		(38,917)	(116,891)
Closing balance		13,489,735	12,451,147
Written down value		22,092,216	21,897,796
5.1.1 Additions during the period/year			
Freehold land		39,414	142,632
Buildings on freehold land		410,210	2,081,285
Plant and machinery		674,403	3,422,219
Tools and equipments		20,967	308,597
Office equipments		22,782	101,856
Electric installations		80,363	570,548
Furniture and fixtures		23,607	84,502
Vehicles		23,755	204,064
		1,295,501	6,915,703
5.2 Capital work-in-progress			
Civil works		230,856	209,268
Plant and machinery		69,968	308,734
Capital stores	5.2.1	142,377	131,616
Advances to suppliers		513,226	84,037
		956,427	733,655

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, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
5.3 Right of use assets		
Buildings		
Cost		
Opening balance	129,623	–
Right of use assets recognized on adoption of IFRS 16	–	35,511
Additions during the period/year	–	94,112
Disposals during the period/year	(3,522)	–
Closing balance	126,101	129,623
Accumulated depreciation		
Opening balance	16,835	–
Depreciation expense for period/year	12,872	16,835
Adjustment during the period/year	(2,610)	–
Closing balance	27,096	16,835
Written down value	99,005	112,788
6. LONG TERM INVESTMENTS		
Unquoted equity - at cost		
Subsidiary company		
IL Apparel (Pvt) Limited	6.1	1,045,000
Associated company		
IL Bangla Limited	6.2	–
Others - at amortized cost		
Term finance certificates - TFCs	6.3	–
	1,045,000	1,853,735

6.1 104.5 million (June 30, 2020: 104.5 million) ordinary shares of Rs. 10/- each amounting to Rs. 1,045 million (June 30, 2020: Rs.1,045 million). Equity held 100%.

6.1.1 The Board of Directors in their meeting held on October 28, 2020 has approved the amalgamation of IL Apparel (Private) Limited, a wholly owned subsidiary of the Company with and into Interloop Limited, in accordance with the Scheme of Amalgamation, effective from the Completion Date, i.e January 31,2021, as defined in the Scheme of Amalgamation under section 284 read with all other enabling provisions of the Companies Act, 2017.

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
6.2 IL Bangla Limited			
Cost of investment	6.2.1	379,549	379,549
Provision for impairment loss		(70,814)	(70,814)
		308,735	308,735
Less: Transferred to asset classified as held for sale	6.2.2	(308,735)	–
		–	308,735

6.2.1 31.825 million (June 30, 2020: 31.825 million) ordinary shares of BD Takas 10/- each amounting to BD Takas 318.250 million (June 30, 2020: 318.250 million). Equity held 31.61% (June 30, 2020: 31.61%)

6.2.2 The Company in its Extra Ordinary General Meeting held on December 10, 2020, after giving due consideration, has approved the sale of its investment “IL Bangla Limited”. The transaction completion is subject to compliance with all statutory and legal requirements, completion of related formalities and obtaining of all necessary approvals and consents for which plan has been initiated. The decision was taken keeping in mind the best interest of the shareholders. Accordingly, the same has been transferred to asset classified as held for sale.

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
6.3 Term finance certificates - TFCs			
Habib Bank Limited		500,000	500,000
Transferred to short term investments		(500,000)	–
		–	500,000

7. TRADE DEBTS

Foreign			
Secured		6,313,194	4,375,676
Unsecured	7.1	6,017,841	2,232,046
		12,331,035	6,607,722
Local			
Unsecured	7.1	826,907	599,669
		13,157,942	7,207,391

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

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
8. SHORT TERM INVESTMENTS			
At amortized cost			
Term Deposit Receipts (TDRs)			
Allied Bank Limited		–	125,044
Term Finance Certificates (TFCs)			
Habib Bank Limited	6.3	500,000	–
		500,000	125,044

9. ASSET CLASSIFIED AS HELD FOR SALE

Unquoted equity - at cost Associated company

IL Bangla Limited	6.2	308,735	–
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10. AUTHORIZED SHARE CAPITAL

Un audited December 31, 2020 [Number of shares in '000]	Audited June 30, 2020		Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
965,000	965,000	Ordinary shares of Rs. 10 each	9,650,000	9,650,000
35,000	35,000	Non-voting ordinary shares of Rs. 10 each	350,000	350,000
1,000,000	1,000,000		10,000,000	10,000,000

11. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un audited December 31, 2020 [Number of shares in '000]	Audited June 30, 2020		Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
130,900	130,900	Ordinary shares of Rs. 10 each fully paid in cash	1,309,000	1,309,000
738,500	738,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,385,000	7,385,000
1,266	1,266	Non-voting ordinary shares of Rs. 10 each fully paid in cash	12,662	12,662
1,531	1,531	Non-voting ordinary shares of Rs. 10 each issued as fully paid bonus shares	15,313	15,313
872,197	872,197		8,721,975	8,721,975

11.1 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 voting share 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. However, the requisite approvals are still in process.

	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
12. LONG TERM FINANCING		
From financial institutions - secured		
Opening balance	7,222,513	4,875,936
Add: Obtained during the period/year	2,059,918	4,550,822
Less: Paid during the period/year	(56,383)	(2,204,245)
	9,226,048	7,222,513
Less: Current portion of long term financing	(1,773,068)	(361,383)
	7,452,980	6,861,130

	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
13. CONTINGENCIES AND COMMITMENTS		
13.1 Contingencies		
13.1.1 Bank guarantees issued by various banks on behalf of the company in favour of: Sui Northern Gas Pipelines limited against supply of gas	400,668	560,933
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	256,853	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	263,694	127,551
Total Parco Pakistan Limited	3,000	3,000
	1,006,162	1,014,284
13.1.2 Post dated cheques issued in favour of custom authorities for release of imported goods	4,848,741	4,284,124
13.1.3 Corporate guarantees given to banks on behalf of IL Apparel (Pvt) Ltd - a wholly owned subsidiary company	1,750,000	1,750,000
13.2 Commitments		
Under letters of credit for:		
Capital expenditure	737,342	153,815
Raw material	1,713,802	354,040
Stores and spares	174,589	16,855
	2,625,733	524,710

	Quarter ended		Half year ended	
	Un audited December 31, 2020	Un audited December 31, 2019	Un audited December 31, 2020	Un audited December 31, 2019
	(Rupees in '000)		(Rupees in '000)	
14. COST OF SALES				
Raw material consumed	6,205,871	4,804,277	11,770,390	9,116,651
Stores and spares consumed	385,015	373,533	744,104	608,846
Knitting, processing and packing charges	248,416	23,084	456,267	23,084
Salaries, wages and benefits	2,111,881	1,773,109	4,108,371	3,335,098
Staff retirement gratuity	192,672	157,553	385,363	314,431
Fuel and power	607,505	595,384	1,320,909	1,061,852
Repairs and maintenance	82,957	41,282	141,674	86,048
Insurance	14,689	11,592	29,296	22,800
Depreciation	487,672	404,080	964,366	760,696
Depreciation on right of use assets	6,232	1,552	12,480	3,103
Amortization	260	1,831	1,598	1,831
Rent, rate and taxes	744	236	1,914	464
Other manufacturing costs	45,676	26,980	80,057	87,492
	10,389,590	8,214,493	20,016,789	15,422,396
Work in process				
Opening balance	682,721	538,956	589,622	597,562
Closing balance	(829,490)	(686,194)	(829,490)	(686,194)
	(146,769)	(147,238)	(239,868)	(88,632)
Cost of goods manufactured	10,242,821	8,067,255	19,776,921	15,333,764
Finished goods				
Opening balance	2,596,414	1,857,617	3,089,208	1,954,089
Closing balance	(2,545,656)	(2,189,695)	(2,545,656)	(2,189,695)
	50,758	(332,078)	543,552	(235,606)
	10,293,579	7,735,177	20,320,473	15,098,158
DDT	(298,185)	(218,733)	(524,342)	(372,883)
	9,995,394	7,516,444	19,796,131	14,725,275

15. CASH AND CASH EQUIVALENTS

Cash and bank balances	142,889	374,362
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16. 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, 2020 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	2,440,366	211,066	983,412	547,235
Plant and machinery	2,680,059	265,504	956,487	22,768
Power and utilities	947,193	73,662	42,210	18,523
Computer and IT equipment	185,860	620	918	39
Miscellaneous expenses	143,884	12,393	9,256	89
Trial run losses	449,927	-	-	-
	6,847,289	563,245	1,992,283	588,654

17. TRANSACTIONS WITH RELATED PARTIES

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

17.1 Transactions during the period

Name	Nature of transaction	Un audited	Un audited
		December 31, 2020 (Rupees in '000)	December 31, 2019 (Rupees in '000)
IL Bangla Limited-Associate	Interest on receivables	2,910	2,898
IL Apparel (Pvt) Limited-Subsidiary	Yarn processing services provided	1,025	373
	Sale of yarn	19,592	4,475
	Toll manufacturing charges	273,401	-
	Purchase of waste	9	-
	Sale of assets	723	-
	Purchase of packing material	68	-
	Investment in share capital	-	100,000
	Share deposit money paid	-	245,000
Interloop Holdings (Pvt) Limited-Associate	Services received	53,922	25,830
	Transfer of assets	1,004	7,904
	Gratuity transferred	472	-
	Loan repaid during the period	-	1,400,000
	Mark up expense on loan	-	9,575
Interloop Limited ESOS Management Trust-Trustee	Dividend paid	82	28
Interloop Welfare Trust-Trustee	Donations paid	14,000	66,369
Texlan Center (Pvt) Limited-Associate	Sale of yarn	456,381	550,122
	Sale of packing material	22,769	-
Global Veneer Trading Limited-Associate	Selling commission	188,177	461,604
Eurosox Plus BV-Associate	Sale of socks	154,373	433,487
Layallpur Literary Council-Trustee	Donation paid	800	-
Momentum Logistics (Private) Limited-Associate	Services received	20,997	-
PrintKraft (Private) Limited-Associate	Purchase of packing material	2,978	-
Interloop Employees Provident Fund-Trustee	Contributions to the fund	22,768	19,163
Key management personnel and other related parties	Sale of assets	4,253	-
	Remuneration and other benefits	488,512	418,423
	Rent expenses	619	-
	Repayment of housing finance loan	2,308	754
	Markup on housing finance loan	212	223
	Dividend paid	635,594	1,315,217
	Directorship fee	6,600	3,450

17.2 Period end balances of related parties

Name	Nature of balance	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
IL Bangla Limited - Associate	Deposits, prepayments and other receivables	91,472	88,562
Texlan Center (Pvt) Limited - Associate	Trade debts Loan and advances	130,127 189	136,419 189
Eurosox Plus BV - Associate	Trade debts	78,873	120,799
PrintKraft (Pvt) Limited-Associate	Trade debts	-	485
Global Veneer Trading Limited - Associate	Trade and other payables	29,526	23,434
Interloop Employees Provident Fund-Trustee	Trade and other payables	3,592	3,013
Other related parties	Long term loans	19,809	22,117

18. SHARIAH SCREENING DISCLOSURE

Loans/advances as per Islamic mode

Loans

8,735,575

8,021,400

Shariah compliant bank deposits /bank balances

Bank balances

8,283

4,864

Revenue earned from a shariah compliant business

26,262,548

36,302,794

Loss/Gain or dividend from shariah compliant investments

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

679

(4,200)

Dividend Income on mutual funds for the year

-

692

Exchange gain earned

-

-

Mark up on Islamic mode of financing

(201,537)

(412,241)

Profits or interest on any conventional loan or advance

	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Interest on loan to Metis International (Pvt) Ltd	120	1,356
Profit on term deposit receipts (TDRs)	3,771	36,175
Profit on term finance certificates (TFCs)	23,181	55,606
Interest on receivables from IL Bangla Limited	2,910	5,796
Interest on workers' profit participation fund	(1,553)	(2,815)
Interest on lease liabilities	(6,882)	(7,649)
Interest on other conventional loans	(223,712)	(570,797)

Relationship with shariah compliant banks

Name of institutions

MCB Islamic Bank

Allied Bank Limited (Islamic Banking)

Meezan Bank Limited

Bank Alfalah Limited (Islamic)

Bank of Punjab (Taqwa Islamic Banking)

Habib Bank Limited (Islamic Banking)

Faysal Bank Limited

Relationship with institutions

Bank balance, long term financing and short term borrowing

Bank balance and long term financing

Bank balance, long term financing and short term borrowing

Bank balance and long term financing

Bank balance and long term financing

Bank balance and long term financing

Bank balance, short term borrowing and long term financing

19. 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.

19.1 Segment Information

	Hosiery		Spinning		Denim		Energy		Others		Elimination of inter segment transaction		Total Company		
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	
Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
Sales - net															
External sale	21,873,066	15,876,932	2,395,122	2,675,876	1,371,465	220,074	-	-	622,875	451,835	-	-	26,262,548	19,224,717	-
Intersegment sale	118,811	76,992	2,277,172	1,861,468	12,747	-	1,354,315	1,286,560	548,162	474,643	(4,311,207)	(3,699,663)	-	-	-
	21,991,877	15,953,924	4,672,293	4,537,344	1,384,232	220,074	1,354,315	1,286,560	1,171,037	926,478	(4,311,207)	(3,699,663)	26,262,548	19,224,717	-
Cost of sales	(15,589,110)	(11,987,765)	(4,278,138)	(4,295,394)	(2,041,680)	(260,354)	(1,184,188)	(1,002,093)	(1,014,211)	(879,312)	4,311,207	3,699,663	(19,796,131)	(14,725,275)	-
Gross profit/(loss)	6,402,767	3,966,139	394,155	241,950	(657,458)	(40,280)	170,126	284,467	156,826	47,166	-	-	6,466,417	4,499,442	-
Distribution costs	(1,073,261)	(970,896)	(23,788)	(33,394)	(88,415)	(19,918)	295	-	(38,584)	(20,573)	-	-	(120,375)	(1,044,781)	-
Administrative expenses	(1,069,450)	(1,007,516)	(31,915)	(35,940)	(155,893)	(65,966)	(6,061)	(4,318)	(5,134)	(14,726)	-	-	(1,288,143)	(1,128,466)	-
	(2,142,711)	(1,978,412)	(55,703)	(69,334)	(223,998)	(85,884)	(5,766)	(4,318)	(43,718)	(35,299)	-	-	(2,491,896)	(2,173,247)	-
Profit/(loss) before taxation and unallocated income and expenses	4,240,056	1,987,727	338,452	172,616	(881,465)	(126,164)	164,360	280,149	113,108	11,867	-	-	3,974,521	2,326,195	-
Unallocated income and expenses															
Other operating expenses															(403,904)
Other income															47,561
Finance cost															(516,607)
Taxation															(192,209)
Profit after taxation	588,098	586,070	104,474	112,274	274,534	38,446	84,681	88,957	43,375	41,201	-	-	2,904,382	1,531,226	-
Depreciation and amortization															1,095,162
															886,948

19.2 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
	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 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 for reportable segment	29,905,110	24,700,620	7,226,862	6,017,860	8,300,531	6,796,488	2,100,369	2,041,263	1,635,926	1,234,575	4,974,031	4,576,523	54,142,829	45,367,329
Total liabilities for reportable segment	12,476,698	8,860,292	107,093	215,471	122,079	4,215,600	49,742	102,880	97,383	149,643	21,977,977	14,544,251	34,830,972	28,087,637
Segment Capital Expenditures	798,714	1,520,235	4,561	119,088	345,363	4,658,091	5,824	132,880	383,553	92,472	-	-	1,538,035	6,542,476

20 FINANCIAL RISK MANAGEMENT

20.1 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, 2020 except those specifically mentioned. Consequently these condensed interim unconsolidated financial statements do not include all the financial risk management information and disclosures required in the annual unconsolidated financial statements.

20.2 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, 2020 on a recurring basis:

Rupees in '000	Unaudited			
	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading derivatives	–	2,100	–	2,100
Total financial assets	–	2,100	–	2,100
Total financial liabilities	–	–	–	–

* No asset or liability was measured and recognized at fair value as at June 30 , 2020

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.

21. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

21.1 The IL Apparel (Private) Limited has been amalgamated into Interloop Limited from January 31, 2021 as approved by the Board of Directors in their meeting refer note 6.1.1.

21.2 The Board of Directors in their meeting held on February 16, 2021 have approved an interim cash dividend of Rs. 1.50 per share in respect of six months ended December 31, 2020 amounting to Rs. 1,308.296 million. These unconsolidated condensed interim financial statements for the six months ended December 31, 2020 do not include the effect of the above interim dividend which will be accounted for in the period in which it is approved.

22. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 16, 2021 by the Board of Directors of the Company.

23. GENERAL

23.1 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 unconsolidated 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.

23.2 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 and Half Year Ended December 31, 2020

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	6	23,878,300	23,512,516
Intangible assets		161,555	175,813
Long term investments	7	–	500,000
Long term loans		140,164	119,698
Long term deposits		46,452	43,987
		24,226,471	24,352,014
Current Assets			
Stores and spares		1,111,715	1,070,940
Stock in trade		9,855,767	9,048,065
Trade debts	8	13,333,089	7,274,222
Loans and advances		1,517,774	493,896
Deposit, prepayment and other receivables		424,725	194,132
Accrued Income		2,025	2,239
Tax refunds due from Government		3,027,635	2,528,324
Derivative financial instruments		2,100	–
Short term investments	9	500,000	125,044
Cash and bank balances		149,866	161,080
		29,924,696	20,897,942
Asset Classified as Held for Sale	7.1	–	–
Total Assets		54,151,167	45,249,956

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Equity and Liabilities			
Share Capital And Reserves			
Authorized share capital	10	10,000,000	10,000,000
Issued, subscribed and paid up capital	11	8,721,975	8,721,975
Reserves		3,870,647	3,870,647
Unappropriated profit		5,574,875	3,672,489
Equity attributable to owners of parent company		18,167,497	16,265,111
Non - controlling interest		–	–
		18,167,497	16,265,111
Non Current Liabilities			
Long term financing	12	7,557,544	6,910,179
Lease liabilities		152,312	185,742
Deferred liabilities		3,502,141	3,176,541
		11,211,997	10,272,462
Current Liabilities			
Trade and other payables		4,336,434	3,149,157
Dividend payable		2,794	2,952
Accrued mark up		174,581	210,282
Short term borrowings		18,270,868	14,904,829
Current portion of non current liabilities		1,986,996	445,163
		24,771,673	18,712,383
Contingencies and Commitments	13	–	–
Total Equity and Liabilities		54,151,167	45,249,956

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the Quarter and Half Year Ended December 31, 2020

	Note	Quarter ended		Half year ended	
		Un audited December 31, 2020	Un audited December 31, 2019	Un audited December 31, 2020	Un audited December 31, 2019
		(Rupees in '000)		(Rupees in '000)	
Sales - net		13,462,687	9,997,032	26,563,401	19,426,739
Cost of sales	14	(10,114,725)	(7,713,497)	(20,085,525)	(15,042,485)
Gross profit		3,347,962	2,283,535	6,477,876	4,384,254
Distribution costs		(601,289)	(339,012)	(1,230,735)	(1,075,202)
Administrative expenses		(700,281)	(647,725)	(1,370,094)	(1,190,003)
Other operating expenses		(200,667)	(179,844)	(410,523)	(233,700)
		(1,502,237)	(1,166,581)	(3,011,352)	(2,498,905)
Other income		24,237	56,039	47,756	60,683
Profit from operations		1,869,962	1,172,993	3,514,280	1,946,032
Finance cost		(302,315)	(319,178)	(541,550)	(495,989)
Share of loss from associate		–	(33,774)	–	(67,203)
Profit before taxation		1,567,647	820,041	2,972,730	1,382,840
Taxation		(128,445)	(77,823)	(198,147)	(149,548)
Profit for the period		1,439,202	742,218	2,774,583	1,233,292
Attributable to:					
Owners of parent company		1,439,202	742,218	2,774,583	1,233,292
Non - controlling interest		–	–	–	–
Earnings per share - basic and diluted (Rupees)		1.65	0.85	3.18	1.41

The annexed notes 1 to 23 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 and Half Year Ended December 31, 2020

	Quarter ended		Half year ended	
	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
Profit for the period	1,439,202	742,218	2,774,583	1,233,292
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	1,439,202	742,218	2,774,583	1,233,292
Attributable to:				
Owners of parent company	1,439,202	742,218	2,774,583	1,233,292
Non - controlling interest	–	–	–	–
	1,439,202	742,218	2,774,583	1,233,292

The annexed notes 1 to 23 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 Half Year Ended December 31, 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
Profit for the period	-	-	1,233,292	-	1,233,292	-	1,233,292
Other comprehensive income for the period	-	-	-	53,391	53,391	-	53,391
Total comprehensive income for the period	-	-	1,233,292	53,391	1,286,683	-	1,286,683
Effect of initial application of IFRS 16	-	-	(8,534)	-	(8,534)	-	(8,534)
Transactions with owners:	-	-	-	-	-	-	-
Dividend to ordinary shareholders	-	-	(1,526,346)	-	(1,526,346)	-	(1,526,346)
Balance as at December 31, 2019 (un audited)	8,721,975	3,791,603	4,648,097	106,011	17,267,686	-	17,267,686
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	-	-	2,774,583	-	2,774,583	-	2,774,583
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,774,583	-	2,774,583	-	2,774,583
Transactions with owners:	-	-	-	-	-	-	-
Dividend to ordinary shareholders	-	-	(872,197)	-	(872,197)	-	(872,197)
Balance as at December 31, 2020 (un audited)	8,721,975	3,791,603	5,574,875	79,044	18,167,497	-	18,167,497

The annexed notes 1 to 23 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 Half Year Ended December 31, 2020

	Half year ended	
	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,972,730	1,382,840
Adjustments for:		
Depreciation	1,104,151	877,742
Depreciation on right of use assets	25,522	17,185
Amortization	5,170	7,562
Workers' profit participation fund	166,304	88,352
Workers' welfare fund	63,670	–
Staff retirement gratuity	464,467	374,039
Intangible assets write off	28,348	–
Gain on disposal of right of use assets	(107)	–
Exchange loss	–	19
Loss on disposal of property, plant and equipment	2,191	11,162
Inventory write off	434	–
Unrealized gain on derivative financial instruments	(2,100)	(23,360)
Realized loss/ (gain) on derivative financial instruments	1,144	(3,655)
Remeasurement loss on investment in mutual funds	–	6,110
Profit on investment in TFCs and TDRs	(26,952)	(24,726)
Interest on loan to Metis International (Pvt) Ltd	(120)	(2,167)
Share of loss from associate	–	67,203
Interest on receivable from IL Bangla	(2,910)	(2,898)
Finance cost	541,550	495,989
Operating cash flows before working capital changes	5,343,492	3,271,397
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(40,775)	(163,510)
Stock in trade	(808,136)	(3,150,853)
Trade debts	(6,058,868)	(1,558,280)
Loans and advances	(979,338)	(394,001)
Deposit, prepayment and other receivables	(227,223)	(136,052)
Tax refunds due from Government	(456,360)	(125,678)
Short term investment in mutual funds – net	–	124,785
Increase in current liabilities		
Trade and other payables	1,074,278	375,109
	(7,496,422)	(5,028,480)
Cash used in operations	(2,152,930)	(1,757,083)
Finance cost paid	(561,047)	(347,772)
Income tax paid	(241,099)	(215,392)
Staff retirement gratuity paid	(143,449)	(63,876)
Workers' profit participation fund paid	(119,000)	(291,135)
Long term loans paid	(64,507)	(44,650)
Long term deposits paid	(2,465)	(9,581)
Net cash used in operating activities	(3,284,497)	(2,729,489)

	Note	Half year ended	
		Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in:			
Property, plant and equipment		(1,529,369)	(4,160,175)
Intangible assets		(19,762)	(17,079)
Proceeds from disposal of property, plant and equipment		21,385	17,088
Long term investments		–	(500,000)
Profit received from investments in TFCs and TDRs		26,826	23,481
Net cash used in investing activities		(1,500,920)	(4,636,685)
c) CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		2,241,925	2,061,869
Repayment of long term financing		(56,383)	(1,872,372)
Payment of lease rentals		(28,924)	(11,820)
Short term borrowings - net		3,366,039	6,735,242
Settlement of derivative financial instruments		(1,144)	3,655
Dividend paid		(872,355)	(1,649,484)
Net cash generated from financing activities		4,649,159	5,267,090
Net decrease in cash and cash equivalents	(a+b+c)	(136,258)	(2,099,084)
Cash and cash equivalents at beginning of the period		286,124	2,484,162
Cash and cash equivalents at end of the period	15	149,866	385,078

The annexed notes 1 to 23 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 Half Year Ended December 31, 2020

1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

Interloop Limited - The Holding Company

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

IL Apparel (Private) Limited - The Subsidiary (Holding- 100% (June 30, 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 hosiery.

2. BASIS OF PREPARATION

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

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

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

These consolidated condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended June 30, 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 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 these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual consolidated audited financial statements of the Group for the year ended June 30, 2020, except as follows:

4.1 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurements are recognized in the statement of profit or loss.

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 December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	22,753,481	22,569,771
Capital work-in-progress	6.2	957,699	739,767
Right of use assets	6.3	167,120	202,978
		23,878,300	23,512,516
6.1 Operating fixed assets			
Cost			
Opening balance		35,091,844	28,237,302
Additions during the period/year	6.1.1	1,311,437	7,033,729
Disposals during the period/year		(62,493)	(179,187)
Closing balance		36,340,788	35,091,844
Accumulated depreciation			
Opening balance		12,522,073	10,592,714
Depreciation expense for period/year		1,104,151	2,034,359
Depreciation charged to trial production cost		–	9,667
Depreciation on assets disposed off during the period		(38,917)	(114,667)
Closing balance		13,587,307	12,522,073
Written down value		22,753,481	22,569,771
6.1.1 Additions during the period/year			
Freehold land		39,414	142,632
Buildings on freehold land		410,227	2,090,485
Plant and machinery		686,627	3,463,615
Tools and equipment		21,355	328,951
Office equipment		24,179	116,830
Electric installations		80,930	578,603
Furniture and fixtures		24,259	91,072
Vehicles		24,446	221,541
		1,311,437	7,033,729
6.2 Capital work-in-progress			
Civil works		232,037	210,503
Plant and machinery		69,968	312,844
Capital stores	6.2.1	142,468	132,383
Advances to suppliers		513,226	84,037
		957,699	739,767

6.2.1 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, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
6.3 Right of use assets			
Buildings			
Cost			
Opening balance		244,614	–
Right of use assets recognized on adoption of IFRS 16		–	119,367
Additions during the period/year		–	125,247
Disposal/adjustment during the period/year		(12,946)	–
Closing balance		231,668	244,614
Accumulated depreciation			
Opening balance		41,636	–
Depreciation charged during the period/year		25,522	41,636
Depreciation on assets disposed off during the period/year		(2,610)	–
Closing balance		64,548	41,636
Written down value		167,120	202,978
7. LONG TERM INVESTMENTS			
Un-quoted associate – at equity method			
IL Bangla Limited	7.1	–	–
Amortized cost			
Term finance certificates – TFCs	7.2	–	500,000
		–	500,000
7.1 IL Bangla Limited			
Opening balance		–	93,540
Share of loss for the period/year		–	(119,964)
Exchange gain		–	26,424
		–	(93,540)
		–	–

7.1.1 The Holding Company in its Extra Ordinary General Meeting held on December 10, 2020, after giving due consideration, has approved the sale of its investment "IL Bangla Limited". The transaction completion is subject to compliance with all statutory and legal requirements, completion of related formalities and obtaining of all necessary approvals and consents for which plan has been initiated. The decision was taken keeping in mind the best interest of the shareholders.

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
7.2 Term finance certificates – TFCs			
Habib Bank Limited		500,000	500,000
Transferred to short term investment		(500,000)	–
		–	500,000
8. TRADE DEBTS			
Foreign			
Secured		6,480,753	4,438,657
Unsecured	8.1	6,017,841	2,232,046
		12,498,594	6,670,703
Local			
Unsecured	8.1	834,495	603,519
		13,333,089	7,274,222

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

	Note	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
9. SHORT TERM INVESTMENTS			
At amortized cost			
Term Deposit Receipts (TDRs)			
Allied Bank Limited		–	125,044
Term Finance Certificates (TFCs)			
Habib Bank Limited	7.2	500,000	–
		500,000	125,044

10. AUTHORIZED SHARE CAPITAL

Un audited December 31, 2020 [Number of shares in '000]	Audited June 30, 2020 [Number of shares in '000]		Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
965,000	965,000	Ordinary shares of Rs. 10 each	9,650,000	9,650,000
35,000	35,000	Non-voting ordinary shares of Rs. 10 each	350,000	350,000
1,000,000	1,000,000		10,000,000	10,000,000

11. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un audited December 31, 2020 [Number of shares in '000]	Audited June 30, 2020 [Number of shares in '000]		Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
130,900	130,900	Ordinary shares of Rs. 10 each fully paid in cash	1,309,000	1,309,000
738,500	738,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,385,000	7,385,000
1,266	1,266	Non-voting ordinary shares of Rs. 10 each fully paid	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

11.1 The Board of Directors of the Holding Company - Interloop Limited 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 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 voting share 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. However, the requisite approvals are still in process.

	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
12. LONG TERM FINANCING		
From financial institutions - secured		
Opening balance	7,285,098	4,875,935
Add: Obtained during the period	2,200,424	4,613,407
Less: Repaid during the period	(56,383)	(2,204,244)
	9,429,139	7,285,098
Less: Current portion of long term financing	(1,871,595)	(374,919)
	7,557,544	6,910,179
13. CONTINGENCIES AND COMMITMENTS		
13.1 Contingencies		
13.1.1 Bank guarantees issued by various banks on behalf of the company in favour of:		
Sui Northern Gas Pipelines limited against supply of gas	400,668	560,933
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	258,353	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	263,694	127,551
Total Parco Pakistan Limited	3,000	3,000
	1,007,662	1,015,784
13.1.2 Post dated cheques issued in favour of custom authorities for release of imported goods	4,859,940	4,302,908
13.2 Commitments		
Under letters of credit for:		
Capital expenditure	737,342	156,690
Raw material	1,716,783	354,040
Stores and spares	174,589	16,855
	2,628,714	527,585

	Quarter ended		Half year ended	
	Un audited December 31, 2020	Un audited December 31, 2019	Un audited December 31, 2020	Un audited December 31, 2019
	(Rupees in '000)		(Rupees in '000)	
14. COST OF SALES				
Raw material consumed	6,306,827	4,945,704	11,923,523	9,357,399
Stores and spares consumed	380,254	382,527	744,499	622,939
Knitting, processing and packing charges	123,305	89,298	216,884	89,298
Salaries, wages and benefits	2,055,908	1,846,232	4,162,240	3,460,123
Staff retirement gratuity	437,546	159,903	635,584	319,132
Fuel and power	611,392	600,937	1,331,602	1,072,312
Repairs and maintenance	95,425	41,740	154,935	87,563
Insurance	15,474	12,033	30,866	23,682
Depreciation	495,851	413,608	980,493	776,753
Depreciation on right of use assets	12,188	7,347	25,130	13,929
Amortization	260	1,831	1,598	1,831
Rent, rate and taxes	2,063	236	3,233	464
Other manufacturing costs	47,683	26,154	84,823	89,177
	10,584,176	8,527,550	20,295,410	15,914,602
Work in process				
Opening balance	736,596	605,449	663,831	597,562
Closing balance	(981,031)	(835,654)	(981,031)	(835,654)
	(244,435)	(230,205)	(317,200)	(238,092)
Cost of goods manufactured	10,339,741	8,297,345	19,978,210	15,676,510
Finished goods				
Opening balance	2,656,903	1,859,667	3,219,131	1,965,058
Closing balance	(2,580,358)	(2,222,218)	(2,580,358)	(2,222,218)
	76,545	(362,551)	638,773	(257,160)
	10,416,286	7,934,794	20,616,983	15,419,350
DDT	(301,561)	(221,297)	(531,458)	(376,865)
	10,114,725	7,713,497	20,085,525	15,042,485

	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	149,866	385,078

16. 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, 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	2,440,366	211,066	983,412	547,235
Plant and machinery	2,680,059	265,504	956,487	22,768
Power and utilities	947,193	73,662	42,210	18,523
Computer and IT equipment	185,860	620	918	39
Miscellaneous expenses	143,884	12,393	9,256	89
Trial run Loses	449,927	–	–	–
	6,847,289	563,245	1,992,283	588,654

17. TRANSACTIONS WITH RELATED PARTIES

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

17.1 Transactions during the period

Name	Nature of transaction	Half year ended	
		Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
IL Bangla Limited-Associate	Interest on receivables	2,910	2,898
Interloop Holdings (Pvt) Limited-Associate	Services received	53,922	25,830
	Transfer of assets	1,004	7,904
	Gratuity transferred	472	–
	Loan repaid during the period	–	1,400,000
	Mark up expense on loan	–	9,575
Interloop Limited ESOS Management Trust-Trustee	Dividend paid	82	28
Interloop Welfare Trust-Trustee	Donations paid	14,000	66,369
Texlan Center (Pvt) Limited-Associate	Sale of yarn	456,381	550,122
	Sale of packing material	22,769	–
Global Veneer Trading Limited-Associate	Selling commission	188,177	461,604
Eurosox Plus BV-Associate	Sale of socks	154,373	433,487
Lyallpur literary counsel-Trustee	Donations paid	800	–
Momentum logistics (Pvt.) limited-Associate	Services received	20,997	–
PrintKraft (Pvt.) limited-Associate	Purchase of packing material	2,978	–

Name	Nature of transaction	Half year ended	
		Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2019 (Rupees in '000)
Interloop Employees Provident Fund-Trustee	Contributions to the fund	23,026	19,163
Key management personnel and other related parties	Sale of assets	4,253	-
	Remuneration and other benefits	523,492	435,250
	Rent expenses	619	-
	Repayment of housing finance loan	3,064	754
	Markup on housing finance loan	293	320
	Dividend paid	635,594	1,315,217
	Directorship fee	6,600	3,450

17.2 Period end balances of related parties

Name	Nature of balance	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
IL Bangla Limited – Associate	Deposits, prepayments and other receivables	91,472	88,562
Texlan Center (Pvt) Limited – Associate	Trade debts	130,127	136,419
	Loan and advances	189	189
Eurosox Plus BV – Associate	Trade debts	78,873	120,799
PrintKraft (Pvt) Limited – Associate	Trade debts	-	485
Global Veneer Trading Limited – Associate	Trade and other payables	29,526	23,434
Interloop Employees Provident Fund-Trustee	Trade and other payables	3,637	3,013
Other related parties	Long term loans	26,490	29,554

18. SHARIAH SCREENING DISCLOSURE

Loans/advances as per Islamic mode

Loans

Shariah compliant bank deposits/bank balances

Bank balances

Revenue earned from a shariah compliant business

Loss/Gain or dividend from shariah compliant investments

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

Dividend Income on mutual funds for the year

Exchange gain earned

Mark up on Islamic mode of financing

	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Loans	8,735,575	8,021,400
Bank balances	8,283	24,864
Revenue earned from a shariah compliant business	26,262,548	36,302,794
Loss/Gain or dividend from shariah compliant investments	-	-
Net realized gain/ (loss) on disposal of mutual funds	679	(4,200)
Dividend Income on mutual funds for the year	-	692
Exchange gain earned	-	-
Mark up on Islamic mode of financing	(201,537)	(412,241)

Profits or interest on any conventional loan or advance

	Un audited December 31, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Interest on loan to Metis International (Pvt) Ltd	120	1,356
Profit on term deposit receipts (TDRs)	3,771	36,175
Profit on term finance certificates (TFCs)	23,181	55,606
Interest on receivables from IL Bangla Limited	2,910	5,796
Interest on workers' profit participation fund	(1,553)	(2,815)
Interest on lease liabilities	(11,643)	(19,916)
Interest on other conventional loans	(242,351)	(617,606)

Relationship with shariah compliant banks

Name of institutions

MCB Islamic Bank
Allied Bank Limited (Islamic Banking)
Meezan Bank Limited
Bank Alfalah Limited (Islamic)
Bank of Punjab (Taqwa Islamic Banking)
Habib Bank Limited (Islamic Banking)
Faysal Bank Limited

Relationship with institutions

Bank balance, long term financing and short term borrowing
Bank balance and long term financing
Bank balance, long term financing and short term borrowing
Bank balance and long term financing
Bank balance and long term financing
Bank balance and long term financing
Bank balance, short term borrowing and long term financing

19. OPERATING SEGMENTS

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

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

a) Hosiery

This segment relates to the sale of socks.

b) Spinning

This segment relates to the sale of yarn.

c) Denim

This segment mainly relates to sale of garments.

d) Energy

This segment generates electricity for in-house consumption.

e) Apparel

This segment relates to sale of garments and allied products.

f) Other operating segments

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

19.1 Segment Information

	Hostery		Spinning		Denim		Energy		Apparel		Others		Elimination of Inter segment Transactions		Total Group	
	Un audited		Un audited		Un audited		Un audited		Un audited		Un audited		Un audited		Un audited	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Sales – net	Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
External sale	21,873,066	15,676,332	2,335,122	2,675,676	1,371,485	220,074	-	-	300,653	202,022	622,675	451,635	-	-	26,363,401	19,426,739
Intersegment sale	119,811	76,892	2,277,172	1,961,468	12,747	-	1,354,315	1,286,560	294,095	4,948	548,162	474,643	(4,605,302)	(3,704,511)	-	-
	21,992,877	15,753,224	4,672,293	4,637,144	1,384,232	220,074	1,354,315	1,286,560	594,949	206,970	1,171,037	926,278	(4,605,302)	(3,704,511)	26,363,401	19,426,739
Cost of sales	(15,598,111)	(11,997,785)	(4,278,168)	(4,235,394)	(2,041,690)	(260,354)	(1,164,198)	(1,002,093)	(583,488)	(322,059)	(1,014,211)	(879,312)	4,605,302	3,704,511	(20,065,625)	(15,042,485)
Gross profit/(loss)	6,402,766	3,966,139	394,155	241,950	(667,456)	(40,280)	170,126	284,467	11,460	(115,188)	156,826	47,166	-	-	6,477,876	4,384,254
Distribution costs	(1,073,261)	(970,896)	(23,788)	(33,394)	(68,415)	(19,918)	295	-	(26,992)	(30,427)	(38,594)	(20,575)	-	-	(1,200,735)	(1,075,202)
Administrative expenses	(1,089,449)	(1,007,516)	(31,915)	(35,940)	(155,563)	(65,966)	(6,061)	(4,318)	(81,952)	(61,533)	(5,134)	(14,730)	-	-	(1,370,094)	(1,190,003)
	(2,162,710)	(1,978,412)	(55,703)	(69,334)	(223,998)	(85,884)	(5,766)	(4,318)	(1,08,934)	(91,954)	(43,718)	(35,303)	-	-	(2,600,829)	(2,265,205)
Profit/(loss) before taxation and unallocated income and expenses	4,240,056	1,987,727	338,452	172,616	(891,456)	(126,164)	164,360	280,149	(97,474)	(207,142)	113,108	11,683	-	-	3,877,047	2,119,049
Unallocated income and expenses																
Other operating expenses															(410,523)	(333,700)
Other income															47,756	60,683
Finance cost															(541,550)	(495,988)
Share of loss from associate															-	(67,203)
Taxation															(198,147)	(149,546)
Profit after taxation	593,098	588,070	104,474	112,274	274,534	38,446	84,681	89,957	39,681	63	43,375	41,201	-	-	2,774,933	1,233,292
Depreciation and amortization															-	-
															1,134,863	867,011

19.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Energy		Apparel		Others		Un allocated		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
	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 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 for reportable segment	29,905,110	24,696,046	7,226,882	6,017,860	8,300,331	6,796,488	2,100,369	2,041,263	1,632,073	1,240,933	1,635,926	1,234,578	3,620,296	3,222,788	54,151,167	45,249,956
Total liabilities for reportable segment	12,476,698	8,861,321	107,083	215,471	122,079	4,214,550	49,742	102,380	1,152,698	897,207	97,383	149,644	21,977,977	14,544,251	35,983,670	28,981,824
Segment Capital Expenditures	798,714	1,513,855	4,381	119,069	345,363	4,688,092	5,824	152,680	11,096	96,588	383,553	92,471	-	-	1,549,131	6,632,794

20 FINANCIAL RISK MANAGEMENT

20.1 Financial Risk Factors

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

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

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

There have been no changes in the risk management policies since June 30, 2020, except for those specifically mentioned. Consequently, these condensed interim consolidated financial statements do not include all the financial risk management information and disclosures required for the annual financial statements.

20.2 Fair value measurements of financial instruments

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

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

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

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

The following table presents the Group's significant financial assets and liabilities measured and recognized at fair value at December 31, 2020 and June 30, 2020 on a recurring basis:

Rupees in '000	Unaudited			
	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading derivatives	–	2,100	–	2,100
Total financial assets	–	2,100	–	2,100
Total financial liabilities	–	–	–	–

* No asset or liability was measured and recognized at fair value as at Dec 31, 2020.

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.

21. NON- ADJUSTING EVENTS AFTER REPORTING PERIOD

21.1 The IL Apparel (Private) Limited has been amalgamated into Interloop Limited from January 31, 2021, as approved by the Board of Directors of Holding Company in their meeting held on October 28, 2020 and of IL Apparel (Private) Limited on November 05, 2020, in accordance with the Scheme of Amalgamation, as defined in the Scheme of Amalgamation under section 284 read with all other enabling provisions of the Companies Act, 2017.

21.2 The Board of Directors of the Holding company in their meeting held on February 16, 2021 have approved an interim cash dividend of Rs. 1.50 per share in respect of six months ended December 31, 2020 amounting to Rs. 1,308.296 million. These consolidated condensed interim financial statements for the six months ended December 31, 2020 do not include the effect of the above interim dividend which will be accounted for in the period in which it is approved.

22. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on February 16, 2021 by the Board of Directors of the Holding Company.

23. GENERAL

23.1 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.

23.2 Rounding

Figures have been rounded off to the nearest thousand.



Chief Executive Officer




Director



Chief Financial Officer

Interloop limited

Registered Office:

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

Corporate Office:

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

 +92-41-4360400

 +92-41-2428704

 www.interloop-pk.com