INTERLOOP LIMITED DIRECTORS' REPORT 2019

DIRECTORS' REPORT

The Directors of Interloop Limited are pleased to present the annual report of the Company together with the audited financial statements of the Company for the year ended June 30, 2019.

TEXTILE & APPAREL SECTOR AND ECONOMIC OVERVIEW

Financial year 2019 was a tough year for Pakistan due to challenges to the macro-economy. Consolidation measures to tackle the challenges brought a lot of pressure on performance of business and industry. After entering the IMF program Pakistan is now on the path of consolidation to tackle sizeable fiscal and current account deficits but the imbalances are expected to diminish slowly. The World Bank estimates the country's GDP growth rate to deteriorate to 2.7% in 2019-20. However, the consolidation measures, coupled with other macroeconomic improvements, are likely to lead to an increase in the economic growth to 4% in the beginning in fiscal year 2020-21.

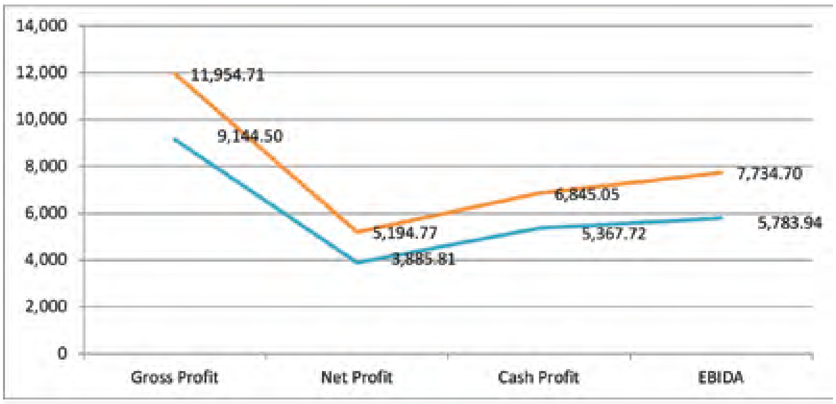
Textile & Apparel industry contributes 57% percent of total export volumes and 8.50% of the GDP of Pakistan. Annual Export during FY18 stood at $25.0 billion out of which $13.53 billion was from Textiles & Apparel. According to Textile Policy 2014-2019, Textile exports were to double i.e. from $13.0 billion to $26.0 billion, which could have created some 3.0 million additional jobs. Due to unfavorable economic conditions, inconsistent government policies, shortage of energy and lack of investment to modernize and enhance capacity, Textile and Apparel exports have stagnated.

Despite all these challenges, your company, by the grace of God Almighty, has been able to achieve a record Sales Turnover of Rs. 37.478 billion (FY18: PKR 31.139 billion). At the same time, Net Profit for the year has increased by 33.69% over the corresponding year.

OPERATING RESULTS

The summary of operating results for the year and appropriation of divisible profits is given below:

	2019	2018
	(Rs. In Millions)	
Sales – net	37,478.32	31,138.74
Gross profit	11,954.71	9,144.50
EBITDA	7,960.92	5,903.89
Profit before Tax	5,420.98	4,005.77
Less : Tax Expense	226.22	119.95
Profit after Tax	5,194.77	3,885.81
Unappropriated profit brought forward	7,142.57	12,522.99
Profit available for Appropriations	5,001.94	3,794.50
Appropriations		
- interim dividend 2017		950.55
- payment under swap arrangement		8,224.37
- Bonus Shares 2018	5,688.06	
- Interim dividend 2018	1,090.25	
Unappropriated profit carried forward	5,366.21	7,142.57
Earnings per share – Basic (Rs.)	6.67	5.10
Earnings per share – Diluted (Rs.)	6.67	5.10



During the year under review, the Board of Directors approved 300% Interim Bonus Shares in the proportion of 3 share(s) for every 1 share(s) held followed by 12.5% Interim Cash Dividend and allotted/paid to the shareholders within stipulated time period in accordance with the applicable laws & regulations.

The Board of Directors of the Company in their meeting held on 23rd September 2019 have proposed a final cash dividend of Rs. 1.75 per share (i.e. 17.5%). This is in addition to Rs. 1.25 per share (i.e. 12.5%) first interim cash dividend already distributed; which make a total cash distribution of Rs. 3.0 per share (i.e. 30%) for the year ended June 30, 2019.

The proposed final cash dividend is subject to the approval of members at the Annual General Meeting to be held on October 14, 2019. These financial statements do not include the effect of above proposal which will be accounted for in the period it is approved by the members.

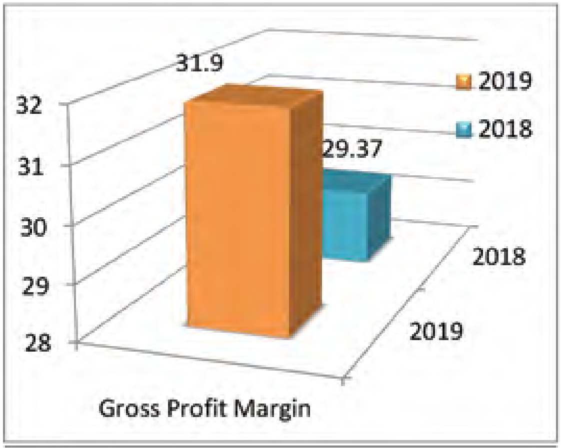
FINANCIAL AND OPERATIONAL PERFORMANCE

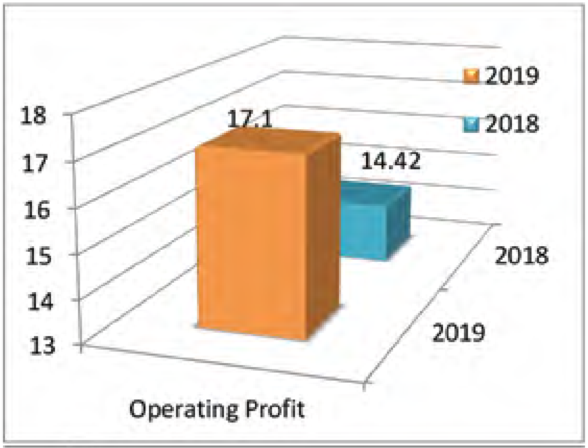
By the grace of God Almighty, the year has ended on a positive note for the Company with better performances both operationally as well as financially. Machinery has been added with the prime objective of reducing imbalance and inefficiencies, reducing utilities and maintenance requirements and produce additional value-added material and finished products. Performance of the Company during the year remained good in spite of all the challenges like pressure on export selling prices, shortage of gas, increase in minimum wages, lack of timely sales tax refunds by Government etc. At the same time, adjustment of exchange rate had a favorable impact on Company's profits. During the year under review, Company sales suffered a slight set back due to filling of Bankruptcy by one of the customers namely Payless Shoe Source Inc. While financial loss was prevented as receivables from this company were insured through a factoring company, sales revenue suffered a slight set back. Company's sales and marketing teams have worked hard and secured two other customers to fill the gap during next year.

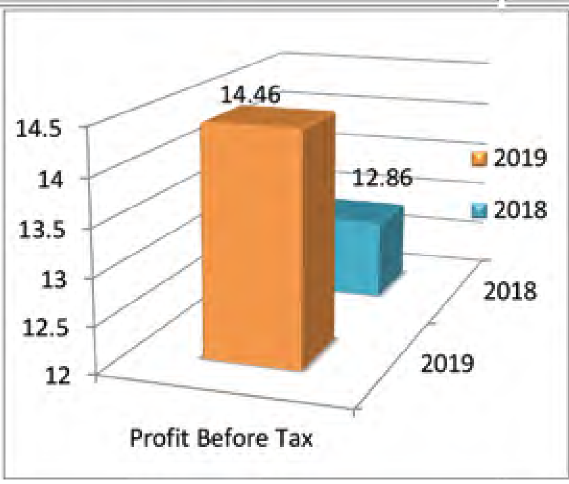
Operational results show that the Company achieved revenue growth of +20.36% for the year ended June 30, 2019 compared to preceding year. Sales revenue stood at Rs. 37.478 billion (FY18: Rs. 31.139 billion). Gross profit for the year stood at Rs. 11.954 billion (FY18: Rs. 9.144 billion) whereas profit before taxation stood at Rs. 5.421 billion (FY18: Rs. 4.006 billion). The after tax for the year under review was Rs. 5.195 billion (FY18: Rs. 3.886 billion) whereas earning per share (EPS) stood at Rs. 6.67 per share (FY18: Rs. 5.10) per share.

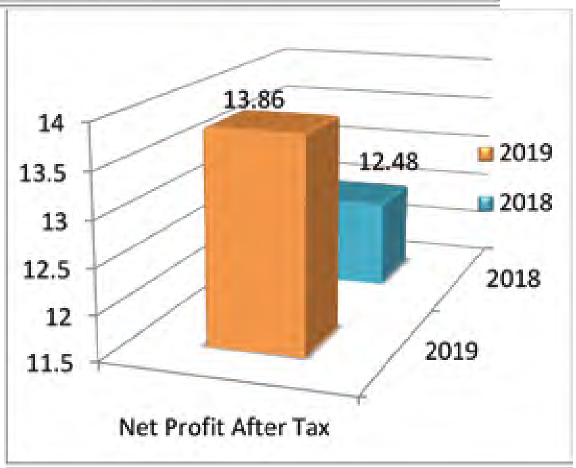
Vertical Analysis

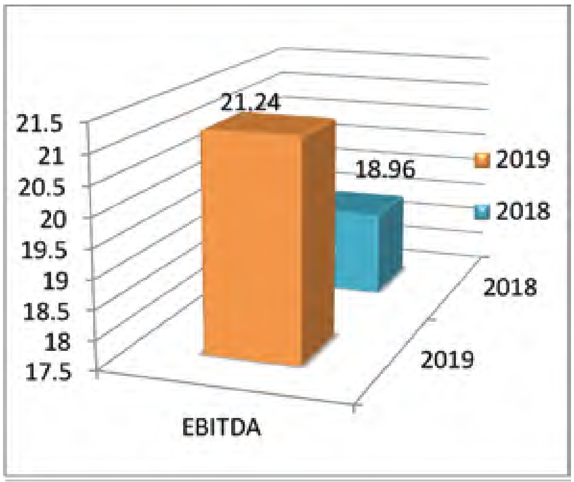
	2019	2018
	%	%
Gross profit	31.90	29.37
Operating profit	17.10	14.42
Profit before tax	14.46	12.86
Net profit after tax	13.86	12.48
EBITDA	21.24	18.96











Despite the factors stated earlier, the Company performed with great resilience and maintained its position in the foreign markets. In the opinion of the directors, the results of the operations of the Company during the said financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than what has been mentioned in this report. Directors believe that the Company will be able to achieve even better results in the next financial year.

BUSINESS SEGMENTS

The management of the Company 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. 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 & tights.
b) Spinning- This segment relates to the sale of yarn.
c) Other operating segments- This represent various segments of the Company which currently do not meet the minimum reporting threshold mention in international financial reporting standards. These mainly includes domestic sales, energy, yarn dyeing, denim and active-wear.

FISCAL YEAR 2018-19 – AT A GLANCE

1 INTERLOOP'S LISTING ON THE PAKISTAN STOCK EXCHANGE (PSX)

Interloop Limited (ILP) was listed on the Pakistan Stock Exchange (PSX) at a prestigious Gong Ceremony, held on April 5, 2019 at PSX, Karachi. In the process of Interloop Limited's Initial Public Offering (IPO), your Company received wide-spread participation from investment community ranging from major commercial banks, insurance companies, local and foreign institutions, asset management companies, TREC holders and high net worth individuals.

Interloop Limited successfully raised Rs. 5,025 million through the largest private sector Initial Public Offering (IPO), placing it amongst the top 50 companies listed on the Pakistan Stock Exchange by market capitalization. Book building portion of the IPO took place on the 13th and 14th of March, 2019 and was oversubscribed by 1.37 times. The general public was offered shares on March 21 - 22, 2019 at Rs. 46.10 per share. Despite tough market conditions, the IPO was oversubscribed by 1.5 times.
We are confident that, God willing, the Denim segment will turn out be even bigger for us than the Hosiery sector. World's top brands and retailers are our customers and consider us a responsible manufacturing company. We'll move forward with them in our Hosiery business and believe that many of them will become our Denim customers.

2 DENIM PROJECT

As part of business diversification & expansion, Interloop is entering into the Denim Apparel Segment and has envisioned a production facility which will have minimal environmental impact, prioritise worker well-being and will maintain a very high stand ard for operational and cost efficiency, ensuring that Interloop continues to serve its customers effectively.

The production facility will be LEED Platinum Certified and will be the most technologically advanced and sustainable denim apparel production facility in this part of the world, underpinning Interloop's Mission. The plant has gone into trial production in Q3, 2019 and has been conceived with a planned output exceeding one million garments per month. A fully operational develop ment/sampling center, with 125 sewing machines from Italy and Japan, with an approx. capacity of 3,400 pieces per day is operating successfully already.

As our commitment to environmental conservation, the production facility will:

- Focus on women empowerment with the target to engage females as 50% of the total workforce
- Plan initiatives such as in-house day care to enable women to continue work after childbirth, if they wish to do so
- Plan at least 30% of the area as green space
- Discharge ZERO hazardous material and waste

- Reduce the carbon footprint by up to 50% by maximising use of daylight, solar energy, insulation, bio-mass boilers, heat recovery and energy efficient systems
- Introduce technology and redesign traditional processes to save 35 litres of water per garment – approximately 35m litres of water a month
- Implement new technology aimed at enhancing worker safety, boosting labour productivity and minimising risk of work-related accidents or long term illness

A budget of PKR 3.90 billion approx. was allocated for plant and machinery. About 57% of this budget has already been consumed in the form of LCs retired, LCs which have been opened but are yet to be retired and machinery purchased locally.

We have successfully secured the financing of PKR 2.80 billion from Habib Bank Limited- Islamic Banking Division at a very competitive rate. Negotiations for a further financing of PKR 1.00 billion are in process with Allied Bank Limited- Islamic Banking Division.

3 PILOT PROJECT OF PLANT 5

The Hosiery Plant 5 Pilot Project became operational on January 22, 2019 with 94 Modern Italian Knitting Machines. This Plant is distinct from the existing facilities because of the New Team Organogram concept. The new structure is designed to remove extra supervision layers, the management working in shifts and Knitting Technical and Knitting Operations teams merged as one team.

With the current production of 900,000 pairs of socks monthly, the Pilot project will be scaled up into a vertically integrated sustainable manufacturing facility with installed capacity of 1280 knitting machines producing approx. 17.28 million pairs of socks per month.

At present, Land measuring 76 acres has been successfully procured, at an Ideal location on Khurrianwala Jaranwala bypass. The location is well planned as our power supply lines from Interloop energy division are passing right near to the location of the land so we will be able to supply energy to our newly planned division from our own energy division.

As this unit will be one of Its kind, supplying to major brands in the world, layout planning and structural design is of paramount Importance. Meetings are being held with top notch architectures and internationally renowned lean and layout experts to design the building and layout for machines. It will be LEED certified (Leadership in Energy and Environmental Design) and will be a state of the art structure in textile industry in Pakistan.

SUBSIDIARY COMPANY

The Company has also annexed consolidated financial statements along with separate financial statements in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017.

Following is a brief description of the subsidiary company of Interloop Limited:

IL Apparel (Private) Limited

This is a wholly owned subsidiary of the Company which looks after the Knitwear & Active-wear business of the Company. The Knitwear Pilot Project at Faisalabad, a Cut to Pack garment manufacturing facility, is spread over 6 acres and commenced operations in January, 2019 and has exported the first shipment in March 2019. IL Apparel plans to put up a state of the art vertically integrated Knitwear garments manufacturing plant in the new Interloop Apparel Park near the Interloop Industrial Park.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

We consider our employees to be our most important stakeholder and to get their commitment and efforts, we firmly believe in providing them conducive environment and making them feel a sense of security. The Company operates an equity settled stock option scheme called 'Interloop Limited - Employees Stock Option Scheme, 2016' duly approved by the Securities and Exchange Commission of Pakistan (SECP). The compensation committee evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Annual Performance Report on Offer and Administration of the Employees Stock Option Scheme (ESOS) - Interloop Limited as at June 30, 2019 along with the summary of the options granted till date is annexed with this report.

It is pertinent to mention here that the scheme is not in operation since listing of the Company on PSX primarily due to the fact that the terms of the scheme require to be consistent with the increased legal compliance for a listed entity. The proposal for subject updation in the Existing scheme is under review and pending approval from shareholders of the Company and SECP respectively.

CORPORATE GOVERNANCE

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors are pleased to state that the Company is compliant with the provision of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP) and the Rule Book of Pakistan Stock Exchange. The Board of Directors review the Company's strategic decisions and it is committed to maintain high standards of corporate governance. A formal statement of compliance as required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 is annexed which forms part of this Annual Report.

Following is the Directors' statement on Corporate and Financial Reporting framework:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. A mission statement, vision and overall corporate strategy for the company is prepared, adopted and reviewed as and when deemed appropriate by the Board.
6. The system of internal control is sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

COMPOSITION OF BOARD OF DIRECTORS

Interloop Limited has seven-member (6 Male & 1 Female) Board of Directors which comprises of individuals with diverse backgrounds having core competencies, knowledge and expertise relevant to the business of the Company. The Board is assisted by its sub-committees i.e., Audit Committee, Human Resource and Remuneration Committee and Nomination committee. These sub-committees held meetings and reported to the Board as per stipulations of the Listed Companies (Code of Corporate Governance) Regulations, 2017. The diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of our Board. Our Board composition represents the interests of all categories of shareholders and it consists of:

- Independent Director 2
- Other non-executive Directors 3
- Executive Director 2

in order to adopt and adhere to the best practices of the Code of Corporate Governance regulations, the Company prior to the filing of listing application with the PSX, appointed Mr. Tariq Iqbal Khan and Mr. Saeed Ahmad Jabal as an Independent Directors of the Company followed by appointment of Mr. Jahan Zeb Khan Banth, as Non-Executive Director in place of the casual vacancy created by the outgoing Directors of the Company. Furthermore, during the period under consideration, Mr. Navid Fazil was appointed as the Chief Executive Officer of the Company w.e.f. September 8, 2018 to fill up the casual vacancy caused by resignation of Mr. Musadaq Zulqarnain.

Meetings of the Board of Directors & Committees

Since Interloop Limited became listed on the Pakistan Stock Exchange on April 5, 2019, the information on the meetings of the Board of Directors of the Company is being shared from date of formal listing. Two meetings of Board of Directors and one each meeting of Audit Committee and HR & Remuneration Committee were respectively held during the year after listing on PSX. Attendance by the directors/members is given below;

Board of Directors:

Mr. Musadaq Zulqarnain (Chairman)	2
Mr. Navid Fazil (Chief Executive Officer)	2
Mr. Jahan Zeb Khan Banth	2
Mr. Muhammad Maqsood	2
Mrs. Shereen Aftab	0
Mr. Saeed Ahmad Jabal	2
Mr. Tariq Iqbal Khan	2

Audit Committee:

Mr. Tariq Iqbal Khan (Chairman)	1
Mr. Saeed Ahmad Jabal	1
Mr. Jahan Zeb Khan Banth	1

HR & Remuneration Committee:

Mr. Saeed Ahmad Jabal (Chairman)	1
Mr. Navid Fazil	1
Mr. Jahan Zeb Khan Banth	1

RELATED PARTY TRANSACTION AND TRANSFER PRICING

It is the policy of the company to ensure that all transactions entered with related parties must be at arm's length. The Company has fully complied with best practices on Transfer Pricing as contained in the Listing Regulations of Pakistan Stock Exchange while executing all transactions with related party.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has established an effective and efficient system of internal and financial controls to safeguard the assets of the Company, prevent and detect fraud and ensure compliance with all statutory and legal requirements. The internal control structure is regularly reviewed and monitored by the Internal Audit function duly established by the Board. Audit Committee reviews the internal control system on quarterly basis in accordance with the term of its reference.

PATTERN OF SHAREHOLDING

Two statements of the pattern of shareholding as at June 30, 2019, for Ordinary Shares & Non-Voting Ordinary Shares respectively, which are required to be disclosed under the reporting framework, are annexed to this report.

DIRECTORS' REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the code of corporate governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings.

EXTERNAL AUDITORS

The present auditors' M/s. Kreston Hyder Bhimji & Company, Chartered Accountants, are retiring and being eligible, offer themselves for re-appointment. The Board of Directors proposes the re-appointment of M/s. Kreston Hyder Bhimji & Company, Chartered Accountants, as the auditors until the next Annual General Meeting.

HEALTH, SAFETY & ENVIRONMENT

Health, Safety & Environment is our core value, we take pride in our practices and will ensure that we run safe operations and are not a source of environmental degradation. The health and safety of our employees, the safety of our assets, the security of our operations and healthy environment always remain among the top priorities of the Company. Safety is an all-encompassing priority for the Company, from the Board down to the business units.

CORPORATE SOCIAL RESPONSIBILITY

The company is committed towards accomplishing its Corporate Social Responsibility (CSR) and actively takes part in social work programs. During the year under review as part of CSR program, substantial contribution was made in the sectors of education, health, culture and sports.

MATERIAL CHANGES

There have been no material changes since June 30, 2019 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

DESCRIPTION OF PRINCIPAL RISKS & UNCERTAINTIES

We expect no principal risks & uncertainties as at the closing period of June 30, 2019.

BUSINESS RISKS, CHALLENGES AND FUTURE OUTLOOK

While observing the rise in immense global competition in textiles, including speed to market requirements by retailers and brands, Company has to keep an eye on the shift in sourcing patterns. This can be effectively mitigated through efficiency improvements & interventions in supply chain, thus reducing lead times.

With the present economic conditions that are expected to prevail for foreseeable period, the company aims to develop and implement measures that will enable the company to minimize the adverse effect. We feel, in today's highly competitive global environment, the textile sector in Pakistan needs to upgrade its supply chain, improve productivity, and maximize value-addition to be able to survive in the global market.

CONSOLIDATED FINANCIAL STATEMENT

Consolidated financial statements for the period ended June 30, 2019 of the Company and its subsidiary IL Apparel (Private) Limited are annexed.

ACKNOWLEDGMENT

The Directors would like to thank all stakeholders of the Company including, customers, shareholders, vendors, government agencies, bankers & all other business associates for their continued support during the year. We place on record our appreciation for the contributions made by the employees at all levels.

For & On behalf of the Board of Directors

	Sd/-	**Sd/-**
	(Navid Fazil)	**(Jahan Zeb Khan Banth)**
Faisalabad, September 23, 2019	(Chief Executive Officer)	(Director)

Annual Performance Report on Offer and Administration of the Employees Stock Option Scheme (ESOS) - Interloop Limited
At June 30, 2019

Following is the summary of the options granted til to date:

Interloop Limited - Employees Stock Option Scheme (ESOS)

Financial Year	2015-2016 (i)	2015-2016 (ii)	2016-2017 (i)	2016-2017 (ii)
Date of Grant	2-Sep-16	3-Feb-17	7-Feb-18	21-Feb-18
Date of Entitlement	1-Sep-16	31-Jan-17	31-Jan-18	31-Jan-18
Share Price (Option Price) - Breakup Price as per latest Audited Accounts	49.67	65.70	76.04	76.04
Weighted Average Price i.e. Exercise Price in Rs. Pe Share	N/A	N/A	N/A	N/A
Revised Price i.e. "Exercise Price in Rs. Per Share (Revised)	N/A	N/A	N/A	N/A
Minimum Vesting Period : from	3-Sep-16	4-Feb-17	8-Feb-18	22-Feb-18
Minimum Vesting Period : to	2-Mar-17	3-Feb-18	7-Feb-19	21-Feb-19
Exercise Option Period : from	3-Mar-17	4-Feb-18	8-Feb-19	22-Feb-19
Exercise Option Period : to	2-Mar-18	3-Feb-19	7-Feb-20	21-Feb-20
Share Outstanding (at the Date of Grant)	189,600,000	189,600,000	189,600,000	189,600,000
Grant of Option as a % of Shares Outstanding	0.55%	0.34%	0.47%	0.02%
No. of Options Granted	1,041,715	637,387	888,195	44,713
No. of Options Exercised	338,499	171,924	319,097	44,713
No. of Options Declined / Lapsed but subsequently Offered	Nil	N/A	426,460	N/A
No. of Options Lapsed / Declined - (and subsequentlly NOT Offered)	703,216	465,463	742,219	N/A
Maximum option granted to a single employee	18,875	11,415	13,315	44,713
No. of Shares Issued (Pursuant to exercise of options granted & offered)	338,499	171,924	745,557	44,713

Status	Closed	Excerciseable	Vesting Period
No. of Employees	1507	823	0
Minimum Lock Period	3 years	3 years	3 years

Summary- Til Date	
No. of Options Vested	2,612,010
No. of Options Exercised	874,233
No. of Options Declined / Lapsed but subsequentlly Offered	426,460
No. of Options Lapsed / Declined - (and subsequentlly NOT Offered)	742,219
No. of Shares Issued (Pursuant to exercise of options granted & offered)	1,300,693

No. of Shares Outstanding		Latest
Option Pool *15% of Latest Paid up Capital		130,410,000
Grant of Option	2015-2016 (i)	1,041,715
Grant of Option	2015-2016 (ii)	637,387
Grant of Option	2016-2017 (i)	888,195
Grant of Option	2016-2017 (ii)	44,713
Options Granted		2,612,010
Balance Available in Option Pool		127,797,990

INTERLOOP LIMITED

Pattern of Shareholding

As of June 30, 2019

# Of Shareholders	Shareholdings'Slab			Total Shares Held
80	1	to	100	2,472
1979	101	to	500	984,967
1351	501	to	1000	1,345,440
1267	1001	to	5000	2,872,841
184	5001	to	10000	1,308,254
64	10001	to	15000	794,662
24	15001	to	20000	434,648
9	20001	to	25000	196,491
14	25001	to	30000	378,563
33	30001	to	35000	1,054,858
11	35001	to	40000	416,302
3	40001	to	45000	127,517
2	45001	to	50000	94,367
3	50001	to	55000	152,879
2	55001	to	60000	115,631
2	60001	to	65000	125,718
6	65001	to	70000	408,942
7	70001	to	75000	509,004
6	75001	to	80000	461,094
1	80001	to	85000	81,717
2	95001	to	100000	192,682
2	100001	to	105000	203,603
1	105001	to	110000	105,918
2	115001	to	120000	240,000
4	120001	to	125000	487,971
1	125001	to	130000	125,719
1	130001	to	135000	134,005
1	140001	to	145000	143,319
2	145001	to	150000	297,375
3	160001	to	165000	486,927
2	165001	to	170000	339,235
2	195001	to	200000	394,000
2	200001	to	205000	401,786
1	220001	to	225000	224,500
1	250001	to	255000	254,000
1	275001	to	280000	277,313
1	285001	to	290000	286,129
1	310001	to	315000	310,250
1	315001	to	320000	319,148
1	345001	to	350000	345,727
1	360001	to	365000	363,303
1	385001	to	390000	385,250
1	395001	to	400000	400,000
1	400001	to	405000	401,438
1	410001	to	415000	413,829
2	450001	to	455000	903,500
1	700001	to	705000	701,250
1	720001	to	725000	724,712
1	725001	to	730000	726,500
2	755001	to	760000	1,511,642
1	760001	to	765000	761,377
1	770001	to	775000	772,672
1	880001	to	885000	883,382
1	915001	to	920000	915,520
1	945001	to	950000	946,662
1	1120001	to	1125000	1,125,000
1	1260001	to	1265000	1,264,500
1	1435001	to	1440000	1,438,222
1	1440001	to	1445000	1,442,415
1	1495001	to	1500000	1,500,000
1	1575001	to	1580000	1,577,750
1	1695001	to	1700000	1,696,970
1	1970001	to	1975000	1,970,328
1	2130001	to	2135000	2,133,000
1	2170001	to	2175000	2,174,000
1	2270001	to	2275000	2,272,500
1	2710001	to	2715000	2,713,500
1	3020001	to	3025000	3,020,110
1	3605001	to	3610000	3,606,000
1	3730001	to	3735000	3,735,000
1	3745001	to	3750000	3,746,250
1	3880001	to	3885000	3,884,420
2	3995001	to	4000000	8,000,000
2	4340001	to	4345000	8,681,396
2	7195001	to	7200000	14,400,000
1	7660001	to	7665000	7,664,062
1	7810001	to	7815000	7,812,500
1	8090001	to	8095000	8,095,000
1	10775001	to	10780000	10,776,172
1	13865001	to	13870000	13,867,560
1	14635001	to	14640000	14,639,500
1	16680001	to	16685000	16,681,396
1	37225001	to	37230000	37,229,040
1	73005001	to	73010000	73,008,720
1	282495001	to	282500000	282,498,838
1	298495001	to	298500000	298,498,840
5131				**869,400,000**

INTERLOOP LIMITED

Pattern of Shareholding

As of June 30, 2019

Categories of Shareholders		Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children		10	709,326,004	81.59
Associated Companies, undertakings and related parties		-	-	-
Executives		8	23,611,384	2.72
Banks, development finance institutions, non-banking finance companies,				
insurance companies, takaful, modarabas and pension funds		18	51,257,548	5.90
Mutual Funds		43	32,463,723	3.73
General Public	a. Local	4998	42,998,995	4.95
	b. Foreign	3	153,515	0.02
Foreign Companies		-	-	-
Others		51	9,588,831	1.10
	Totals	5131	869,400,000	100

	Shareholders	Shares Held	Percentage
Share holders holding 10% or more	2	596,997,680	68.66

Central Depository Company Of Pakistan Limited
Pattern Of Shareholdings

Security Symbol	: ILLNV	INTERLOOP LIMITED - NON-VOTING ORDINARY SHARES	Page# : 1 of 1
Financial Year End Information as on	: 30/06/2019		User : C0064801
			Date : 02/08/2019
			Time : 04:14:17

Number of Shareholders	Shareholdings From	-	To	Total Number of Shares Held
9	101	-	500	2,767
7	501	-	1,000	5,385
162	1,001	-	5,000	454,588
114	5,001	-	10,000	815,861
33	10,001	-	15,000	410,536
10	15,001	-	20,000	171,237
7	20,001	-	25,000	155,900
1	25,001	-	30,000	28,594
3	30,001	-	35,000	99,150
1	35,001	-	40,000	39,074
2	40,001	-	45,000	83,549
1	45,001	-	50,000	47,507
2	50,001	-	55,000	103,547
1	55,001	-	60,000	56,064
1	75,001	-	80,000	76,462
1	95,001	-	100,000	97,142
1	150,001	-	155,000	150,087
356				2,797,450

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Individuals	356	2,797,450	100.00
	356	2,797,450	100.0

INTERLOOP LIMITED

Unconsolidated Financial Statements
For the Year Ended June 30, 2019

Independent Auditor's Report To the members of Interloop Limited
Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Interloop Limited ("the Company")**, which comprise the unconsolidated statement of financial position as at June 30, 2019, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated the statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the international Financial Reporting Standard (IFRSs) as applicable in Pakistan, and, give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2019 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matter(s):

S. No	Key Audit Matter(s)	How the Matter was addressed in audit
1.	**Adoption of IFRS 9 "Financial instruments":** (Refer notes 3.1 and 6.1 to the unconsolidated financial statements)	
	IFRS 9 'Financial Instruments' is effective for the Company for the first time during	We reviewed and understood the requirements of the IFRS 9. Our audit

	the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We considered this as key audit matter due to the significant amounts involved and significant judgments made by management regarding the matter.	procedures included the following: • Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's unconsolidated financial statements. • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. • We reviewed and assessed the impact and disclosures made in the unconsolidated financial statements with regard to the effect of adoption of IFRS 9.
2.	**Adoption of IFRS 15 "Revenue from contracts with customers":** (Refer notes 3.1 and 6.2 to the unconsolidated financial statements)	
	The International Financial Reporting Standard 15 "Revenue from Contracts with Customers" (IFRS 15) became applicable for the first time for the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2019. Under the aforesaid standard the revenue from sale of goods is recognized when the	We reviewed and understood the requirements of the IFRS 15. Our audit procedures included the following: • Considering the appropriateness of revenue recognition policy, including recognition and classification criteria for trade and other discounts and

	Company satisfies its performance obligation by transferring the promised goods to customer under the contract with customer. Revenue from sale of goods is measured at transaction price net of trade discounts. As a result of application of the aforesaid standard the management has performed extensive evaluation of its contractual arrangement with its customers, We considered this as key audit matter due to the significant amounts involved and significant judgments made by management regarding the matter.	comparing it with the applicable accounting standards. • Testing the effectiveness of Company's controls over the classification of trade discounts and correct timing of revenue recognition. • Reviewing a sample of contractual arrangement entered into by the Company with its customers and checked the appropriateness of classification of trade discounts. • Reviewing the adequacy of disclosure as required under applicable financial reporting framework.
3.	**Listing on Pakistan Stock Exchange (PSX)** (Refer note 1.2 and 45 to the unconsolidated financial statements)	
	During the year, the Company gets itself listed on Pakistan Stock Exchange (PSX) and issued 109 million ordinary shares of Rs. 10 each. We considered this as key audit matter due to the significant amount involved, requirements to disclose utilization of proceeds from IPO and disclosure requirements of 4th Schedule of the Companies Act, 2017.	Our audit procedures in relation to listing of Company is Pakistan Stock Exchange (PSX) included the following: • Reviewed the management working of utilization of proceeds from IPO. • Reviewing the adequacy of disclosure as required under applicable financial reporting framework and requirements of the Companies Act, 2017.
4.	**Property, plant and equipment**	
	The Company has made significant expenditure on expansion of manufacturing facilities and new projects. During the year, the Company has also reclassified some categories of its operating fixed assets and resultantly comparative figures of those categories of assets are also reclassified to reflect better presentation.	Our audit procedures in relation to capitalization of property, plant and equipment, amongst others included the following: • Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure

	We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year and reclassification of categories of assets.	and accuracy of its recording in the system. • Testing, on sample basis, the costs incurred on projects with supporting documents and contracts. • Assessing the nature of costs incurred for capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards. • Checked the reasonableness of management's assessment of categories of assets and working of reclassification in categories of assets including impact of reclassification on both cost of assets and accumulated depreciation in each category. • Inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.
5.	**Inventories**	
	The company has significant levels of inventories amounting to Rs. 7,170.15 million as at the reporting date, being 18% of the total assets of the company. There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving or	Our audit focused on whether the valuation of year-end inventory was in line with IAS 2. This included challenging judgments taken regarding obsolescence and net realizable value provisions. We obtained assurance over the appropriateness of management's

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

	obsolete. The Company's principal accounting policy on stores and spares and stock in trade are disclosed in notes – 5.6 and 5.7 to the unconsolidated financial statements The significance of the balance coupled with the judgments and estimates involved on their valuation has resulted in the inventories being considered as a key audit matter.	assumptions applied in calculating the value of inventories by: • Attending the year end stock take to gain comfort over the existence and condition of inventories and internal controls designed by the company. • Obtaining the final valuation sheets of the inventories and tracing quantities from working papers of observation of physical stock taking. • Obtaining understanding of internal controls designed by the company over recording of purchases and valuation of the inventories, and testing their operating effectiveness on sample basis. • Assessing historical costs recorded in the inventory valuation by performing test of details on purchases. Evaluating that the valuation basis used are appropriate and consistent, including analysis of costing of different items on sample basis. • Assessing the management's determination of the net realizable values and intended use of the inventories including performing tests on the sales prices fetched by the company before and after year end. • Performing analytical and other relevant audit procedures. • Considering the adequacy of the company's disclosures in respect of inventories.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the (information included in the Director's report, but does not include the unconsolidated financial statements and auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements:

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Kreston Hyder Bhimji & Co
Kreston Hyder Bhimji & Company Chartered Accountants

Date: September 23, 2019
Place: Faisalabad

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

INTERLOOP LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		--- Rupees in '000 ---	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	18,256,474	15,451,969
Intangible asset	8	66,161	42,410
Long term investments	9	1,008,735	380,549
Long term loans	10	65,762	60,747
Long term deposits	11	28,019	25,055
		19,425,151	15,960,730
CURRENT ASSETS			
Stores and spares	12	887,659	779,198
Stock in trade	13	6,282,491	5,121,718
Trade debts	14	8,247,740	7,293,008
Loans and advances	15	1,063,342	617,743
Deposit, prepayment and other receivables	16	204,985	179,864
Tax refunds due from Government	17	1,925,439	2,451,806
Short term investments	18	1,207,251	147,425
Deferred employee share option compensation expense	22	-	5,014
Cash and bank balances	19	1,538,564	193,687
		21,357,471	16,789,463
TOTAL ASSETS		40,782,622	32,750,193
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	20	10,000,000	3,000,000
Issued, subscribed and paid up capital	21	8,721,975	1,901,104
Reserves	22	3,791,602	38,863
Unappropriated profit		5,366,207	7,142,570
		17,879,784	9,082,537
NON CURRENT LIABILITIES			
Long term financing	23	3,628,745	2,247,936
Liabilities against assets subject to finance lease	24	-	615
Deferred liabilities	25	2,482,623	1,925,612
		6,111,368	4,174,163
CURRENT LIABILITIES			
Trade and other payables	26	3,576,861	2,730,414
Dividend payable		130,935	475,276
Accrued mark up	27	110,483	137,856
Short term borrowings	28	11,726,000	15,180,937
Current portion of non current liabilities	29	1,247,191	969,010
		16,791,470	19,493,493
CONTINGENCIES AND COMMITMENTS	30	-	-
TOTAL EQUITY AND LIABILITIES		40,782,622	32,750,193

The annexed notes 1 to 52 form an integral part of these financial statements.

Jahan Zeb

CHIEF EXECUTIVE | **DIRECTOR** | **CHIEF FINANCIAL OFFICER**

INTERLOOP LIMITED

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--- Rupees in '000 ---	
Sales - net	31	37,478,321	31,138,736
Cost of sales	32	(25,523,607)	(21,994,237)
Gross profit		11,954,714	9,144,499
Operating expenses			
Distribution cost	33	(2,783,719)	(2,641,013)
Administrative expenses	34	(1,984,209)	(1,597,804)
Other operating expenses	35	(784,540)	(425,429)
Other income	36	14,444	9,164
		(5,538,024)	(4,655,082)
Profit from operations		6,416,690	4,489,417
Finance cost	37	(995,707)	(483,654)
Profit before taxation		5,420,983	4,005,763
Taxation	38	(226,216)	(119,954)
Profit for the year		5,194,767	3,885,809
Earnings per share - basic (Rupees)	39.1	6.6706	5.1007
Earnings per share - diluted (Rupees)	39.2	6.6706	5.1003

The annexed notes 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

INTERLOOP LIMITED

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--- Rupees in '000 ---	
Profit for the year		**5,194,767**	3,885,809
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post retirement benefits obligation	**25.5**	**(192,825)**	(91,305)
Total comprehensive income for the year		**5,001,942**	3,794,504

The annexed notes 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

INTERLOOP LIMITED

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

		Capital Reserve	Revenue Reserves		
	Share Capital	Share Premium	Employee Share Option Compensation Reserve	Unappropriated Profit	Total
	----------	----------	Rupees in '000	----------	----------
Balance as at July 01, 2017	1,899,385	19,424	1,629	12,522,990	14,443,428
Profit for the year	-	-	-	3,885,809	3,885,809
Other comprehensive loss	-	-	-	(91,305)	(91,305)
Total comprehensive income for the year	-	-	-	3,794,504	3,794,504
Employee share option scheme (ESOS)	-	-	8,234	-	8,234
Shares issued under the ESOS	1,719	10,831	(1,255)	-	11,295
Transferred to Interloop Holdings (Pvt) Ltd pursuant to Scheme of Arrangement	-	-	-	(8,224,372)	(8,224,372)
Transactions with owners:					
Dividend to ordinary shareholders	-	-	-	(950,552)	(950,552)
Balance as at June 30, 2018	1,901,104	30,255	8,608	7,142,570	9,082,537
Profit for the year	-	-	-	5,194,767	5,194,767
Other comprehensive loss	-	-	-	(192,825)	(192,825)
Total comprehensive income for the year	-	-	-	5,001,942	5,001,942
Employee share option scheme (ESOS)	-	-	18	-	18
Shares issued under the ESOS	7,558	27,522	(8,626)	-	26,454
Issuance of ordinary shares	1,095,000	3,934,900	-	-	5,029,900
Transaction cost on issuance of shares	-	(170,820)	-	-	(170,820)
Issuance of bonus shares	5,718,313	(30,255)	-	(5,688,058)	-
Transactions with owners:					
Dividend to ordinary shareholders	-	-	-	(1,090,247)	(1,090,247)
Balance as at June 30, 2019	8,721,975	3,791,602	-	5,366,207	17,879,784

The annexed notes 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

INTERLOOP LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--- Rupees in '000 ---	
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,420,983	4,005,763
Adjustments for:			
Depreciation		1,641,234	1,471,535
Amortization		9,047	10,371
Workers' profit participation fund		285,315	210,830
Staff retirement gratuity		522,833	414,543
Employee share option compensation expense		5,031	4,188
Loss on disposal of property, plant and equipment		47,091	38,694
Remeasurement loss on investment in mutual funds		20,787	10,908
Profit on TDRs		(182)	(225)
Interest on loan to Metis International (Pvt) Ltd		(7,211)	(8,923)
Interest income on long term loan to SNGPL		-	(16)
Provision for impairment loss		70,814	-
Interest on receivables from IL Bangla Limited		(5,796)	-
Finance cost		995,707	483,654
Operating cash flows before working capital changes		9,005,653	6,641,322
Changes in working capital			
(Increase)/decrease in current assets			
Stores and spares		(108,461)	(82,455)
Stock in trade		(1,160,773)	(1,555,837)
Trade debts		(954,732)	(2,478,788)
Loans and advances		(436,565)	309,805
Deposit, prepayment and other receivables		(12,114)	303,043
Tax refunds due from government		403,246	(310,852)
Short term investment in mutual funds - net		(4,258)	(5,447,853)
(Decrease)/Increase in current liabilities			
Trade and other payables		744,150	855,174
		(1,529,507)	(8,407,763)
Cash generated from/(used in) operations		7,476,146	(1,766,441)
Finance cost paid		(1,001,655)	(422,766)
Income tax paid		(238,195)	(289,281)
Staff retirement gratuity paid		(131,021)	(152,194)
Workers' profit participation fund paid		(232,069)	(156,373)
Long term loans paid		(14,049)	(14,791)
Long term deposits (paid)/received		(3,202)	4,317
Profit on TDRs received		182	225
Interest on loan to Metis International (Pvt) Ltd received		-	6,522
Interest income on loan to SNGPL received		-	16
Net cash generated from/(used in) operating activities		5,856,137	(2,790,766)
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in:			
Property, plant and equipment		(4,632,295)	(3,418,451)
Intangible asset		(32,798)	(5,576)
Advance for purchase of land		-	(23,897)
Proceeds from disposal of property, plant and equipment		139,466	65,507
Long term investments		(699,000)	(1,084,864)
Net cash used in investing activities		(5,224,627)	(4,467,281)

	Note	2019	2018
		--- Rupees in '000 ---	
c) CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		4,228,002	1,300,000
Repayment of long term financing		(2,568,542)	(1,010,816)
Payment of liabilities against assets subject to finance lease		(847)	(435)
Short term borrowings - net		(3,454,937)	7,544,364
Share capital issued		1,102,558	1,719
Share premium net of transaction cost		3,782,976	9,576
Dividend paid		(1,434,588)	(475,276)
Net cash generated from financing activities		1,654,622	7,369,132
Net increase in cash and cash equivalents	(a+b+c)	2,286,132	111,085
Cash and cash equivalents at the beginning of the year		193,687	82,602
Cash and cash equivalents at the end of the year	40	2,479,819	193,687

The annexed notes 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

INTERLOOP LIMITED

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND OPERATIONS

1.1 Interloop Limited (the Company) was incorporated in Pakistan on 25th April, 1992 as a private limited company and subsequently it was converted into public limited company on 18th July, 2008. The Company was listed on Pakistan Stock Exchange on 5th April, 2019. The Company is engaged in the business of manufacturing and selling of socks, leggies, denim and yarn, providing yarn dyeing services and to generate electricity for its own use.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Registered office:	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad.
- Corporate office & Plant 1:	1-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad-Pakistan.
- Plant 2, Plant 4 & Spinning:	7-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad-Pakistan.
- Plant 5:	6-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad-Pakistan.
- Plant 3 & Denim:	8-KM, Manga- Raiwind Road, Raiwind, Dist. Kasur, Lahore-Pakistan.

1.2 The Board of Directors of the Company decided to initiate the proceedings for enlisting of the Company on the Pakistan Stock Exchange Limited to finance hosiery division - V and denim projects. Hence, the Company issued the prospectus for Initial Public Offer (IPO) of 109 million ordinary shares of Rupees 10 each at a floor price of Rupees 45 per share including share premium of Rupees 35 per share as on 05 March 2019. Details regarding utilization of IPO proceeds for denim project and plant expansion have been fully explained in the prospectus. Before the date of the reporting period, 81.750 million ordinary shares were offered and successfully subscribed through book building process by Institutional Investors and High Net Worth Individuals (HNWI) at a strike price of Rupees 46.10 per share while the remaining 27.250 million ordinary shares were offered to general public for subscription at strike price of Rupees 46.10 per share. Ordinary shares offered to general public were fully subscribed and shares have been duly allotted to all shareholders. As on 05 April 2019, Pakistan Stock Exchange Limited has approved the Company's application for formal listing and quotation of the shares on Pakistan Stock Exchange.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise stated in respective policy notes.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupee which is also the Company's functional currency.

3. NEW AND REVISED STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

- **Amendment to IAS 40 'Investment Property':**

Transfers of investment property clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendment does not have any impact on Company's financial statements.

- **Amendments to IFRS 2 'Share-based Payment' - Clarifying how to account for certain types of share-based payments:**

The amendments are intended to eliminate diversity in practice in three main areas:
- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations;
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendment does not have a significant impact on these unconsolidated financial statements.

- **Amendment to IFRS 4 'Insurance Contract'- Applying IFRS 9 'Financial Instruments' with IFRS 4:**

  The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new insurance contract standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The amendment does not have any impact on the Company's financial statements.

- **IFRS 9 'Financial instruments':**

  IFRS 9 is a replacement for IAS 39 'Financial Instruments' and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting. Impact of adoption of IFRS 9 is disclosed in Note. 6.1 of the unconsolidated financial statements.

- **IFRS 15, 'Revenue from Contracts with Customers':**

  This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and IFRIC 13, 'Customer Loyalty Programmes'. Impact of adoption of IFRS 15 is disclosed in Note. 6.2 of the unconsolidated financial statements.

- **IFRIC 22, 'Foreign currency transactions and advance consideration':**

  IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation does not have a significant impact on these unconsolidated financial statements.

- **Annual improvements to IFRS standards 2014-2016 cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures']:**

  Amendments to IAS 28 clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments do not have any impact on these unconsolidated financial statements.

The other amendments to published standards and interpretations that are mandatory for the financial year are considered not to be relevant or to have any significant impact on the Company's financial reporting and operations and are therefore not disclosed in these unconsolidated financial statements.

3.2 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective and have not been early adopted by the Company

- **Amendment to IAS 19 'Employee Benefits, - Plan Amendment, Curtailment or Settlement' (effective for annual period beginning on or after January 01, 2019):**

  The amendments to IAS 19 specify that an entity must;

  (i) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using:
  (a) the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and
  (b) the discount rate used to remeasure that net defined benefit liability (asset).

  (ii) determine any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is to be recognized in profit or loss. An entity then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognized in other comprehensive income.

  The Company is yet to assess the full impact of the amendment.

- **Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long term investment in Associates and Joint Ventures (effective for annual period beginning on or after January 01, 2019):**

  The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendment is not likely to have an impact on the Company's financial statements.

- **Amendment to IFRS 9 'Financial Instrument'- prepayment Features with Negative Compensation and modifications of financial liabilities (effective for annual period beginning on or after January 01, 2019):**

  The amendment allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.

- **IFRS 16, 'Leases' (effective for periods beginning on or after January 01, 2019):**

  IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The full impact of the future adoption is currently under review.

- **IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019):**

  IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation is not expected to have significant impact on the Company's financial statements.

- **Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors' (effective for the Company's annual period beginning on January 1, 2019):**

  These amendments and consequential amendments to other IFRSs:
  (i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  (ii) clarify the explanation of the definition of material; and
  (iii) incorporate some of the guidance in IAS 1 about immaterial information.
  These amendments are not expected to have a significant impact on the Company's future financial statements.

- **Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020):**

  The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- **Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 1, 2019):**

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. The amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 Income Taxes. The amendment clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

  - IAS 23 Borrowing Costs. The amendment clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purposes of their applicability in Pakistan:

IFRS - 1 'First time adoption of International Financial Reporting Standards'.
IFRS - 14 'Regulatory Deferral Accounts'.
IFRS - 17 'Insurance Contracts'.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards require 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Estimate of useful life of operating fixed assets - note 5.1
- Impairment of non-financial assets - note 5.5
- Stores and spares - note 5.6
- Stock-in-trade - note 5.7
- Staff retirement benefits - note 5.10
- Provisions - note 5.13
- Contingencies - note 5.14
- Taxation - note 5.15

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Operating fixed assets and depreciation

Operating fixed assets, except freehold land which is stated at cost, are stated at cost less accumulated depreciation and any identified accumulated impairment loss. Cost comprises acquisition and other directly attributable costs.

Depreciation is calculated at the rates stated in note 7.1 applying reducing balance method. The useful life and residual value of major components of operating fixed assets are reviewed annually to determine that expectations are not significantly different from the previous estimates. Adjustment in depreciation rate for current and future periods is made if expectations are significantly different from the previous estimates. Depreciation is charged from the month when an asset becomes available for use, whereas no depreciation is charged in the month of its disposal. Gain and loss on disposal of fixed assets is included in statement of profit or loss.

Expenditure, which enhances or extends the performance of operating fixed assets beyond its original specification and its useful life, is recognized as a capital expenditure and is added to the cost of the operating fixed assets. These are depreciated on reducing balance method at the rate mentioned in the relevant note.

5.2 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and represents direct cost of material, labour, applicable overheads and borrowing costs on qualifying assets. Transfers are made to relevant property, plant and equipment category as and when assets are available for its intended use.

5.3 Leases

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of lease.

Finance leases

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance costs are classified as current and long term liability depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to statement of profit or loss over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a reducing balance method at the rates given in note 7.1. Depreciation of leased assets is charged to statement of profit or loss.

Residual value and the useful life of an asset are reviewed at least at each financial year-end.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired, while no depreciation is charged for the month in which the asset is disposed off.

5.4 **Intangible asset - Computer software**

Intangible assets are stated at cost less accumulated amortization and any identified accumulated impairment loss. These are amortized using the reducing balance method at the rates given in note 8. Amortization on additions is charged from the month in which an intangible asset is acquired, while no amortization is charged for the month in which intangible asset is disposed off.

Costs associated with maintaining computer software program are recognized as an expense as and when incurred. Costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognized as an intangible asset at the time of initial recognition. Direct costs include the purchase cost of software and related overhead costs.

Expenditure, which enhances or extends the performance of computer software beyond its original specification and useful life, is recognized as a capital expenditure and added to the cost of the software. These are amortized on reducing balance method at the rate mentioned in the relevant note.

5.5 **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than stock in trade and stores and spares, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis. Impairment losses on goodwill shall not be reversed.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

5.6 **Stores and spares**

Stores and spares are carried at moving average cost. Provision is made for slow moving and obsolete store items when so identified. Stores and spares held for capital expenditure are included in capital work in progress.

5.7 **Stock-in-trade**

These are stated at the lower of cost and net realizable value (NRV). The methods used for the calculation of cost are as follows:

Raw material - At factory	Moving average cost
- In transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods	Prime cost including a proportion of production overheads.

Wastes are valued at net realizable value.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their net realizable value. Net realizable value signifies the selling price in the ordinary course of business less costs necessary to be incurred to affect such sale.

5.8 **Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, cheques in hand/cheques overdrawn, balances with banks and include short term highly liquid investments with original maturities of three months or less. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

5.9 **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.

Once classified as held-for-sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated.

5.10 **Staff retirement benefits**

(a) **Defined Benefit Plan**

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of net defined benefit liability, which comprise of actuarial gains and losses i.e. experience adjustments and the effects of changes in actuarial assumptions, are recognized immediately in other comprehensive income. The Company determines net interest expense/(income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses e.g. current service cost, related to defined benefit plans are recognized in statement of profit or loss.

(b) Defined Contribution Plan

There is a contributory provident fund for executive staff of the Company for which contributions are charged to profit or loss as and when incurred.

The Company makes monthly contribution to the fund at the rate of 7.5% whereas employees of the Company make monthly contributions to the fund at the rates ranging from 7.5% to 12.5% of basic salary. The assets of the fund are held separately under the control of trustees.

(c) Employees' Share Option Scheme (ESOS)

The Company operates an equity settled stock option scheme to be called 'Interloop Limited - Employees Stock Option Scheme, 2016'. The compensation committee ("committee") of the Board of directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a pre-determined price on the date of grant of options.

The fair value of the share option is measured at grant date as difference of fair value of share and exercise price and is recognized as an employee compensation expense, with a corresponding increase in equity, on the straight line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non- market performance conditions at the vesting date.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

5.11 Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently at amortized cost using effective interest rate method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.12 Ijarah

Ijarah payments under an Ijarah are recognized as an expense in the statement of profit or loss on a straight-line basis over the Ijarah term.

5.13 Provisions

Provisions are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

5.14 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

5.15 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any. However, for income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime after taking into account tax credits, rebates and exemptions, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date. In this regard, the effect on deferred taxation of the portion of income subjected to Final Tax Regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5.16 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the statement of profit or loss immediately.

5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time when the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period of as and when incurred.

5.18 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

5.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by weighted average number of shares outstanding during the period. Diluted EPS is calculated by adjusting for the effects of all dilutive potential ordinary shares.

5.20 Share capital

Ordinary shares are classified as equity and recognized at their face value.

5.21 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's unconsolidated financial statements in the period in which dividends are approved.

5.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes the strategic decisions.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

5.23 Investment in subsidiary and associate

Investments in subsidiary and associate are recognized at cost less impairment loss, if any. At each balance sheet date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

The profits and losses of subsidiary and associated entities are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiary and associate. Gains and losses on disposal of investments are included in other income.

5.24 Related party transactions

All transactions with related parties are carried out at agreed terms and conditions and on arm's length basis.

6. CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

6.1 IFRS 9, 'Financial Instruments':

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

6.1.1 Financial assets

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held in order to collect contractual cash flows which arise on specified dates and that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. A debt investment shall be measured at fair value through other comprehensive income if it is held in order to collect contractual cash flows which arise on specified dates that are solely principal and interest and as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

Key changes in accounting policies resulting from application of IFRS 9

A. Classification and measurement of financial instruments

Investments and other financial assets

Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented In other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

B. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

C. Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

D. Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these unconsolidated financial statements as there is no hedge activity carried on by the Company during the year ended June 30, 2019.

6.1.2 Financial liabilities

A. Classification and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

ii) Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

B. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the unconsolidated statement of profit or loss.

6.1.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

6.1.4 Impacts of adoption of IFRS 9 on these unconsolidated financial statements

At transition date to IFRS 9, the Company has financial assets measured at amortized cost and investments in mutual funds at fair value through profit or loss. The new classification and measurement of the Company's financial assets are, as follows:

Debt instruments at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

Investments in mutual funds that are held for trading in near term and has recognized initially and subsequently at fair value through profit or loss. On application of IFRS - 9 the Company has not opted to recognize investments in mutual funds at fair value through other comprehensive income (FVTOCI). These are recognized as fair value through profit or loss.

Further all financial assets previously classified under the head 'loans and receivables' are now classified as 'amortized cost'.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39.

Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial assets and liabilities.

6.2 IFRS 15, 'Revenue from Contracts with Customers':

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

Key changes in accounting policies resulting from application of IFRS 15

6.2.1 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

b) Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered.

c) Interest income

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

6.2.2 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

6.2.3 Impacts of adoption of IFRS 15 on these unconsolidated financial statements

The Company has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognized.

The Company provides sales discounts to certain customers which is not in the nature of volume rebates (discounts). The Company estimates provision for discounts and revenue is reduced by the amount of provision. This is also in alignment with the requirements of IFRS 15 and did not have an impact on the revenue of the Company. Therefore, the application of the constraint on variable consideration did not have any further impact on the revenue recognized by the Company.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		--- Rupees in '000 ---	
Operating fixed assets	7.1	17,038,440	15,152,544
Capital work-in-progress	7.2	1,218,034	299,425
		18,256,474	15,451,969

7.1 Operating fixed assets

	2019										
	COST				DEPRECIATION					W.D.V	
DESCRIPTION	As on July 1, 2018	Additions	Deletions	As on June 30, 2019	As on July 1, 2018	For the year	Trial Production Capitalization	Adjustments	As on June 30, 2019	As on June 30, 2019	Rate %
	Rupees in '000										
Owned											
Freehold land	929,470	651,162	-	1,580,632	-	-	-	-	-	1,580,632	-
Buildings on freehold land	4,730,351	529,222	(17,251)	5,242,322	1,768,809	329,980	273	(7,174)	2,091,888	3,150,434	10
Plant and machinery	15,337,894	1,976,665	(298,702)	17,015,857	6,209,372	1,006,313	3,395	(193,303)	7,025,777	9,990,080	10
Tools and equipments	853,508	129,094	(6,971)	975,631	332,256	60,111	175	(3,568)	388,974	586,657	10
Office equipments	363,401	54,818	(9,903)	408,316	176,388	43,985	173	(5,383)	215,163	193,153	20
Electric installations	1,314,054	100,857	(35)	1,414,876	426,794	94,060	268	(20)	521,102	893,774	10
Furniture and fixtures	313,807	86,160	(3,890)	396,077	123,857	25,044	38	(2,270)	146,669	249,408	10
Vehicles	518,914	190,031	(126,355)	582,590	172,546	81,663	-	(65,921)	188,288	394,302	20
Sub total	**24,361,399**	**3,718,009**	**(463,107)**	**27,616,301**	**9,210,022**	**1,641,156**	**4,322**	**(277,639)**	**10,577,861**	**17,038,440**	
Leasehold											
Vehicles	2,439	-	(2,439)	-	1,272	78	-	(1,350)	-	-	20
Sub total	**2,439**	-	**(2,439)**	-	**1,272**	**78**	-	**(1,350)**	-	-	
Grand total	**24,363,838**	**3,718,009**	**(465,546)**	**27,616,301**	**9,211,294**	**1,641,234**	**4,322**	**(278,989)**	**10,577,861**	**17,038,440**	

DESCRIPTION	2018											
	COST					DEPRECIATION					W.D.V	Rate %
	As on July 1, 2017	Additions	Deletions	Transferred to Interloop Holdings (Pvt) Ltd	As on June 30, 2018	As on July 1, 2017	For the year	Adjustments	Transferred to Interloop Holdings (Pvt) Ltd	As on June 30, 2018	As on June 30, 2018	
	Rupees in '000											
Owned												
Freehold land	908,736	43,746	-	(23,012)	929,470	-	-	-	-	-	929,470	-
Buildings on freehold land	4,143,968	586,383	-	-	4,730,351	1,489,328	279,481	-	-	1,768,809	2,961,542	10
Plant and machinery	13,539,015	1,971,008	(172,129)	-	15,337,894	5,392,077	913,161	(95,866)	-	6,209,372	9,128,522	10
Tools and equipments	688,928	167,218	(2,638)	-	853,508	276,704	56,751	(1,199)	-	332,256	521,252	10
Office equipments	281,231	88,603	(6,433)	-	363,401	141,233	40,647	(5,492)	-	176,388	187,013	20
Electric Installations	1,070,689	243,365	-	-	1,314,054	338,044	88,750	-	-	426,794	887,260	10
Furniture and fixtures	285,911	29,710	(1,814)	-	313,807	105,062	20,077	(1,282)	-	123,857	189,950	10
Vehicles	423,779	162,606	(58,367)	(9,104)	518,914	135,079	72,377	(33,341)	(1,569)	172,546	346,368	20
Sub total	21,342,257	3,292,639	(241,381)	(32,116)	24,361,399	7,877,527	1,471,244	(137,180)	(1,569)	9,210,022	15,151,377	
Leasehold												
Vehicles	2,439	-	-	-	2,439	981	291	-	-	1,272	1,167	20
Sub total	2,439	-	-	-	2,439	981	291	-	-	1,272	1,167	
Grand total	21,344,696	3,292,639	(241,381)	(32,116)	24,363,838	7,878,508	1,471,535	(137,180)	(1,569)	9,211,294	15,152,544	

7.1.1 **The detail of operating fixed assets disposed / written off during the year are as follows:**

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
	Rupees in '000						
Assets having book value exceeding Rs. 500,000 each							
Buildings							
Civil Works - Satellite Unit	3,347	1,242	2,105	-	(2,105)	Rented Building Vacated	
Civil Works - Satellite Unit	2,709	1,006	1,703	-	(1,703)	Rented Building Vacated	
Civil Works - Chawla Store Expansion	5,071	2,074	2,997	-	(2,997)	Rented Building Vacated	
Fabrication of Finished Goods Store	3,646	1,869	1,777	-	(1,777)	Rented Building Vacated	
Sub Total	**14,773**	**6,191**	**8,582**	**-**	**(8,582)**		
Plant and Machinery							
Dyeing Machine - Tupesa	2,503	1,972	531	344	(187)	Negotiation	Mian Rashid - Nisar Colony, Faisalabad.
Dryer - Tupesa - Sc2	4,861	3,677	1,184	143	(1,041)	Negotiation	Mian Rashid - Nisar Colony, Faisalabad.
Dryer - Tupesa - Sc	3,539	2,668	871	143	(728)	Negotiation	Mian Rashid - Nisar Colony, Faisalabad.
Suction Blower System	3,179	1,671	1,508	29	(1,479)	Negotiation	Mian Rashid - Nisar Colony, Faisalabad.
Bleaching Machine - Polycraft	992	460	532	29	(503)	Negotiation	Mian Rashid - Nisar Colony, Faisalabad.
Knitting Machine - Lonati - L454J	2,612	2,060	552	182	(370)	Negotiation	Nawab Spinning Mills (Pvt) Ltd, Chak No. 61 R.B, Near Sitara Energy, Sheikhupura Road , Faisalabad.
Knitting Machine - Santoni	2,505	1,965	540	13	(527)	Negotiation	Mian Maqsood - Sir Syed Town, Dajkot Road, Faisalabad.
Knitting Machine - Santoni	2,505	1,965	540	13	(527)	Negotiation	Mian Maqsood - Sir Syed Town, Dajkot Road, Faisalabad.
Knitting Machine - Sangiacomo	3,045	2,227	818	13	(805)	Negotiation	Mian Maqsood - Sir Syed Town, Dajkot Road, Faisalabad.
Automatic Boarding Machine - Techopea - Ghibli	2,125	1,141	984	80	(904)	Negotiation	Muhammad Sarfraz - Chak No. 61, Sheikhupura Road, Faisalabad.
Suction System Complete	3,780	633	3,147	53	(3,094)	Negotiation	Muhammad Safdar - Zulifqar Colony, Faisalabad.
Diesel Generator - CMD38 Rating 35Kva / 28Kw Prime 1500Rpm	1,100	450	650	195	(455)	Negotiation	Muhammad Umer Farooq - Zulifqar Colony, Faisalabad.
Gas Genset - Ge Jenbacher - J 620 GSE01 (Old Parts Scraped due to Overhauling of Generator)	19,241	13,757	5,484	-	(5,484)	Scraped	Mr. Abdul Aziz
Sub Total	**51,987**	**34,646**	**17,341**	**1,237**	**(16,104)**		
Tools and Equipments							
Fire Alarm System - Chawla Warehouse	1,439	602	837	-	(837)	Rented Building Vacated	
Fire Alarm System - Finished Goods Warehouses	4,329	2,257	2,072	91	(1,981)	Negotiation	Muhammad Safdar - Zulifqar Colony, Faisalabad.
Sub Total	**5,768**	**2,859**	**2,909**	**91**	**(2,818)**		

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
	Rupees In '000						
Furniture and Fixtures							
Palletizing and Racking System	1,550	876	674	-	(674)	Negotiation	Mr. Tariq - Darul Ehsan Town near Rasheed Kanda, Samnundri Road, Faisalabad.
Sub Total	**1,550**	**876**	**674**	-	**(674)**		
Vehicles							
Toyota Land Cruiser Parado.	18,151	12,600	5,551	5,551	-	Negotiation	Mrs. Nazia Navid - Wife of Chief Executive Officer
Honda Civic Vti Prosmatic	2,285	1,330	955	860	(95)	Company Policy	Mr. Muhammad Arshad - Company Employee
Honda Civic Vti Prosmatic	2,274	1,313	961	708	(253)	Company Policy	Mr. Shahid Hameed - Company Employee
Honda City	1,752	281	1,471	1,472	1	Company Policy	Ms. Sadia Rashid - Company Employee
Honda Civic Orial Prosmatic	2,511	1,451	1,060	860	(200)	Company Policy	Mr. Muhammad Shahzad - Company Employee
Honda Civic Vti Prosmatic	2,205	1,273	932	708	(224)	Company Policy	Mr. Naseer Ahmad - Company Employee
Suzuki Swift Dlx	1,302	782	520	305	(215)	Company Policy	Mr. Raza Mohay Ud Din - Company Employee
Toyota Corolla Xli	1,626	927	699	644	(55)	Company Policy	Mr. Kamran Akhtar - Company Employee
Suzuki Swift Dlx	1,282	731	551	424	(127)	Company Policy	Mr. Kamran Sani - Company Employee
Honda City Aspire Mt	1,566	892	674	624	(50)	Company Policy	Mr. Umer Javed - Company Employee
Honda City Ivtec	1,555	934	621	305	(316)	Company Policy	Mr. Muhammad Rizwan Mohsin - Company Employee
Honda City Aspire Mt	1,695	1,017	678	1,300	622	Company Policy	Mr. Hasnain Abbas - Company Employee
Suzuki Swift Dlx	1,316	780	536	416	(120)	Company Policy	Mr. Muhammad Atif Saleem - Company Employee
Toyota Corolla Gli	1,811	1,101	710	658	(52)	Company Policy	Mr. Aamer Tanveer - Company Employee
Honda Civic Vti Prosmatic	2,167	1,126	1,041	1,062	21	Company Policy	Mr. Dr Nabeel - Company Employee
Honda City Aspire Mt	1,556	902	654	488	(166)	Company Policy	Mr. Adeel Asghar - Company Employee
Toyota Corolla Gli	1,811	1,090	721	658	(63)	Company Policy	Mr. Rashid Hussain - Company Employee
Toyota Corolla Xli	1,685	1,025	660	658	(2)	Company Policy	Mr. Zubair Masud - Company Employee
Toyota Corolla Gli	1,811	1,036	775	488	(287)	Company Policy	Mr. Arif Butt - Company Employee
Suzuki Swift Dlx	1,297	751	546	488	(58)	Company Policy	Mr. Waheed Ahmad - Company Employee
Honda Civic	2,028	1,249	779	438	(341)	Company Policy	Mr. Yasir Riaz - Company Employee
Toyota Corolla Gli	1,809	1,129	680	658	(22)	Company Policy	Mr. Muhammad Naseer Ud Din - Company Employee
Toyota Corolla Gli	1,771	1,030	741	488	(253)	Company Policy	Mr. Javed Iqbal - Company Employee
Toyota Corolla Gli	1,810	1,103	707	658	(49)	Company Policy	Mr. Zahid Hussain - Company Employee
Honda City	1,848	414	1,434	1,435	1	Negotiation	Mr. Sheraz, Saeed Autos, 22C - Model Town, Jail Road, Faisalabad.
Suzuki Swift Dlx	1,316	719	597	603	6	Negotiation	Mr. Sheraz, Saeed Autos, 22C - Model Town, Jail Road, Faisalabad.

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
	Rupees in '000						
Faw V-2 M/T	1,076	380	696	703	7	Negotiation	Mr. Sheraz, Saeed Autos, 22C - Model Town, Jail Road, Faisalabad.
Suzuki Cultus Vxr	1,277	425	852	853	1	Negotiation	Mr. Sheraz, Saeed Autos, 22C - Model Town, Jail Road, Faisalabad.
Suzuki Cultus - Vxr	1,444	24	1,420	1,410	(10)	Insurance claim	Security General Insurance Company
Honda City	1,769	888	881	881	-	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Toyota Corolla Altis	2,088	951	1,137	1,137	-	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Suzuki Wagon-R Vxl	1,074	453	621	626	5	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Suzuki Cultus Vxl	1,566	78	1,488	1,488	-	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Honda City	1,688	731	957	957	-	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Suzuki Cultus Vxr	1,124	564	560	559	(1)	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Suzuki Cultus Vxr	1,099	501	598	598	-	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Toyota Hilux 4X2 S/C	2,027	857	1,170	1,171	1	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Mercedes - Benz E300	14,195	6,700	7,495	7,495	-	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Honda Civic	2,666	89	2,577	2,577	-	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Honda Civic Oriel	2,988	149	2,839	2,838	(1)	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Suzuki Swift Dlx	1,334	670	664	661	(3)	Transferred	IL Apparel (Pvt) Limited - Subsidiary Company
Honda Civic I-Vtec 1.8L Cvt (Prosmatic) Oriel	2,666	1,011	1,655	1,665	10	Transferred	IL Apparel (Pvt) Limited - Subsidiary Company
Toyota Corolla Gli	1,934	733	1,201	1,201	-	Transferred	IL Apparel (Pvt) Limited - Subsidiary Company
Toyota Corolla Gli	1,849	702	1,147	1,147	-	Negotiation	Interloop Welfare Trust
Sub Total	106,104	52,892	53,212	50,924	(2,288)		
Other assets having book value below Rs. 500,000 each	285,364	181,525	103,839	87,214	(16,625)		
Total - 2019	465,546	278,989	186,557	139,466	(47,091)		
Total - 2018	241,381	137,180	104,201	65,507	(38,694)		

	Note	2019	2018
		--- Rupees in '000 ---	

7.1.2 Depreciation expense for the year has been allocated as under:

Cost of sales		1,490,464	1,338,143
Administrative expenses		150,770	133,392
		1,641,234	1,471,535

7.2 Capital work-in-progress

Civil works	7.2.1	653,047	178,203
Plant and machinery	7.2.2	135,550	32,696
Capital stores	7.2.3	3,913	87,200
Advances to suppliers		425,524	1,326
		1,218,034	299,425

7.2.1 Civil works include borrowing cost amounting to Rs. 16 million calculated at the rates ranging from 2.33% to 4.92% per annum.

7.2.2 Plant and machinery includes amount of Rs. 124.68 million in respect of trial production cost of denim sampling unit.

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

7.3 Details of immovable property in the name of the Company:

Usage	Location	Area
Plant 1	Chak # 76 RB. 1 - KM, Jaranwala Road, Khurrianwala, Faisalabad. Chak # 194 RB. 1 - KM, Jaranwala Road, Khurrianwala, Faisalabad. Chak # 108 RB. 1 - KM, Jaranwala Road, Khurrianwala, Faisalabad.	19 Acres 7 Kanals 12 Marlas 2 Acres 8 Kanals 13 Marlas 9 Marlas
Interloop Industrial Park - (Plant 2, Plant 4 & Spinning)	Chak # 103 RB, 7 - KM, Jaranwala Road, Khurrianwala, Faisalabad. Chak # 106 RB, 6 - KM, By Pass Road, Khurrianwala, Faisalabad. Chak # 103 RB, 7 - KM, Jaranwala Road, Khurrianwala, Faisalabad.	97 Acres 19 Kanals 9 Marlas 5 Sars 14 Acres 3 Kanals 12 Marlas 38 Acres 15 Kanals 15 Marlas
Plant 3	8 - KM, Manga Raiwind Road, Distt. Kasur, Lahore.	41 Acres 3 Kanals 8 Marlas
Denim Division	8 - KM, Manga Raiwind Road, Distt. Kasur, Lahore.	26 Acres 7 Kanals 14 Marlas
Plant 5	Chak # 106 RB, 6 - KM, By Pass Road, Khurrianwala, Faisalabad.	75 Acres 13 Kanals 13 Marlas
Office Block	Chak # 200 RB, Near Toll Plaza Gatwala, Lathianwala, Faisalabad.	2 Acres 13 Marlas 5 Sarsai

8. INTANGIBLE ASSET

	Note	2019	2018
		--- Rupees in '000 ---	
Computer Software			
Cost:			
Opening balance		98,196	92,620
Addition during the year		32,798	5,576
		130,994	98,196
Amortization:			
Opening balance		55,786	45,415
For the year amortization		9,047	10,371
		64,833	55,786
Net book value		66,161	42,410
Amortization rate		20%	20%

9. LONG TERM INVESTMENTS

	Note	2019	2018
Unquoted - at cost			
Associated company			
IL Bangla Limited	9.1	308,735	379,549
Subsidiary company			
IL Apparel (Pvt) Limited	9.2	700,000	1,000
		1,008,735	380,549

9.1 IL Bangla Limited

	Note	2019	2018
Cost of investment	9.1.1	379,549	379,549
Provision for impairment loss		(70,814)	-
		308,735	379,549

9.1.1 31.825 million (2018: 31.825 million) ordinary shares of BD Takas 10/- each amounting to BD Takas 318.250 million (2018: BD Takas 318.250 million). Equity held 31.61% (2018: 43.75%).

9.2 50 million (2018: 0.1 million) ordinary shares of Rs. 10/- each amounting to Rs. 500 million (2018: Rs. 1 million) and Rs. 200 million as share deposit money. Equity held 100%.

		Note	2019	2018
			--- Rupees in '000 ---	

10. LONG TERM LOANS

Considered good - Secured

	Note	2019	2018
Loans to employees	10.1	43,112	60,747
Loan to director	10.2	22,650	-
		65,762	60,747

10.1 Loans to employees

	Note	2019	2018
Opening balance		108,496	92,647
Add: disbursement made during the year	10.1.1	78,870	69,149
		187,366	161,796
Less: amount received during the year		(90,571)	(53,300)
		96,795	108,496
Less: receivable within twelve months		(53,683)	(47,749)
		43,112	60,747

10.1.1 These loans are given to employees as per approved policy of the Company and are secured against employees retirement benefits.

10.2 Loan to director

	Note	2019	2018
Opening balance		-	-
Add: disbursement made during the year	10.2.1	25,750	-
		25,750	-
Less: amount received during the year		-	-
		25,750	-
Less: receivable within twelve months		(3,100)	-
		22,650	-

10.2.1 This represents loan paid to an executive director of the Company as per house building finance policy of the Company. Under the policy, home ownership grant of Rs. 2.5 million and mortgage assistance of Rs. 23.25 million is disbursed during the year. Tenure of both the home ownership grant and mortgage assistance is for a period of six years. Mortgage assistance is repayable in 60 equal monthly installments along with mark up thereon.

11. LONG TERM DEPOSITS

Considered good:

	2019	2018
Security deposits - unsecured	28,019	24,817
Lease key money	-	238
	28,019	25,055

12. STORES AND SPARES

	2019	2018
Stores	233,322	185,234
Spares	654,337	593,964
	887,659	779,198

13. STOCK IN TRADE

	2019	2018
Raw material	3,730,840	3,166,265
Work in process	597,562	471,276
Finished goods	1,954,089	1,484,177
	6,282,491	5,121,718

14. TRADE DEBTS

Considered good:

	Note	2019	2018
Foreign			
- Secured	14.1	4,250,501	3,154,733
- Unsecured		3,564,083	3,809,375
		7,814,584	6,964,108
Local			
- Unsecured		433,156	328,900
		8,247,740	7,293,008

14.1 It includes receivables from following related parties:

	2019	2018
IL Bangla Limited	44,280	40,366
Texlan Center (Pvt) Limited	352,636	84,944
Eurosox Plus BV	293,422	112,511
	690,338	237,821

14.2 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 1,052.51 million (2018: Rs. 319.60 million).

14.3 At June 30, 2019, trade debts due from related parties aggregating to Rs. 298.17 million (2018: Rs. 163.99 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2019	2018
Not yet due	392,170	73,828
Upto 1 month	119,452	108,536
More than 1 month	178,716	55,457
	690,338	237,821

	Note	2019	2018
		--- Rupees in '000 ---	

15. LOANS AND ADVANCES

	Note	2019	2018
Considered good:			
Loans			
Current portion of loans to employees - Secured	10.1	53,683	47,749
Current portion of loan to director - Secured	10.2	3,100	-
Metis International (Pvt) Limited - Secured	15.1	9,560	33,414
Advances			
Advances to suppliers		989,598	536,580
Advances to employees	15.2	7,401	-
		1,063,342	617,743

15.1 This loan was given in foreign currency amounting to US$ 275,000 at rate of 15% per annum. Upon lapse of payment date, additional mark up at the rate of 2.5% will be charged on monthly mark up installment due for each day of delay upto a maximum of 20%. The loan is secured through an irrevocable lien/charge on total assets of the Metis International (Pvt) Limited.

15.2 Advances to employees are given to meet business expenses and are settled as and when expenses are incurred.

16. DEPOSIT, PREPAYMENT AND OTHER RECEIVABLES

	Note	2019	2018
Deposit			
L/C margin		70,338	-
Prepayment			
Insurance premium		40,226	25,167
Other receivables - considered good:			
Receivables from related parties	16.1	83,980	86,760
Accrued interest on loan to Metis International (Pvt) Limited		10,441	2,401
Others		-	65,536
		204,985	179,864

16.1 Receivables from related parties include receivables from:

	Note	2019	2018
IL Bangla Limited - Unquoted associate	16.4	82,766	76,970
IL Apparel (Pvt) Limited - Unquoted subsidiary		-	8,017
Interloop Holdings (Pvt) Ltd - an associated undertaking		-	1,273
Interloop Welfare Trust		1,214	-
Interloop Limited ESOS Management Trust		-	500
		83,980	86,760

16.2 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 83.98 million (2018: Rs. 86.76 million).

16.3 At June 30, 2019, receivables aggregating to Rs. 83.98 million (2018: Rs. 86.76 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2019	2018
Upto 1 month	7,153	5,274
More than 1 month	76,827	81,486
	83,980	86,760

16.4 This represents balance receivable against payments made on behalf of IL Bangla Limited. Interest is charged at effective rate of 7.53% per annum.

17. TAX REFUNDS DUE FROM GOVERNMENT

	2019	2018
Duty drawbacks	646,486	1,054,370
Sales tax refundable	401,608	532,070
Income tax refundable	877,345	865,366
	1,925,439	2,451,806

18. SHORT TERM INVESTMENTS

	Note	2019	2018
Mutual Funds - Fair value through profit or loss:	18.1 & 18.2		
Alfalah GHP Income Multiplier Fund		-	56,657
Alfalah GHP Alfa Fund		17,306	20,740
Alfalah GHP Sovereign Fund		58,944	-
Meezan Islamic Fund		34,795	45,978
Meezan Sovereign Fund		7	7
NAFA Islamic Energy Fund		-	24,040
NAFA Financial Sector Income Fund		909	-
NAFA Stock Fund		16,986	-
NAFA Money Market Fund		1,555	-
UBL Growth And Income Fund		-	3
UBL Government Securities Fund		394	-
		130,896	147,425
Term Deposit Receipts (TDRs) - Amortized cost:	18.3		
The Bank of Punjab		150,347	-
National Bank of Pakistan		790,908	-
		941,255	-
Sales Tax Refund Bonds - Amortized cost:	18.4		
FBR Refund Settlement Company (Private) Limited		135,100	-
		1,207,251	147,425

18.1 Detail of Investment in Mutual Funds

Name of the investee	Number of shares / units as at June 30, 2019	Average Cost as at June 30, 2019	Fair value as at June 30, 2019	Remeasurement loss as at June 30, 2019
	No. of units '000	--------- Rupees in '000 ---------		
Alfalah GHP Alfa Fund	308.8077	22,272	17,306	(4,966)
Alfalah GHP Sovereign Fund	554.0604	61,221	58,944	(2,277)
Meezan Islamic Fund	725.9510	45,978	34,795	(11,183)
Meezan Sovereign Fund	0.1371	7	7	-
NAFA Financial Sector Income Fund	86.5028	924	909	(15)
NAFA Stock Fund	1,416.4747	19,307	16,986	(2,321)
NAFA Money Market Fund	157.5662	1,563	1,555	(8)
UBL Government Securities Fund	3.7222	411	394	(17)
Total	3,253.2220	151,683	130,896	(20,787)

18.2 Fair values of these investments are determined using quoted market / repurchase price.

18.3 Short term investment in TDRs earned interest at effective rate of 11.55% to 12.05% per annum.

18.4 By virtue of enactment of section 67A in the Sales Tax Act, 1990, Sales Tax Refunds claimant have been given option to receive their refunds in shape of Sales Tax Refund Bonds which have been directly credited to the Corporate Investor Account maintained with CDC (Central Depository Company of Pakistan Limited).

The bonds so issued have a maturity period of three (3) years and shall bear simple profit at the rate of 10% per annum. The bonds are freely tradable in Pakistan's secondary markets and shall be approved security for calculating the statutory liquidity reserve and shall be acceptable by the banks as collateral security. After period of maturity, the Company shall return the bonds to the Board and the Board shall make the payment of amount due under the bonds, along with profit due, to the bond holders.

The bonds shall be redeemable before maturity only at the option of the Board along with simple profit payable at the time of redemption in the light of general or specific policy to be formulated by the Board.

The management intend to trade and redeem these bonds in near future, therefore, these are grouped in short term investments.

	2019	2018
	--- Rupees in '000 ---	
19. CASH AND BANK BALANCES		
Cash in hand	26,353	12,051
Cash at banks		
In current accounts	1,440,947	149,218
In foreign currency accounts	71,264	32,418
	1,512,211	181,636
	1,538,564	193,687

20. AUTHORIZED SHARE CAPITAL

2019	2018		2019	2018
Number of shares in '000				
965,000	265,000	Ordinary shares of Rs. 10 each	9,650,000	2,650,000
35,000	35,000	Non-voting ordinary shares of Rs. 10 each	350,000	350,000
1,000,000	300,000		10,000,000	3,000,000

21. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019	2018
Number of shares in '000				
130,900	21,400	Ordinary shares of Rs. 10 each fully paid in cash	1,309,000	214,000
738,500	168,200	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,385,000	1,682,000
1,266	510	Non-voting ordinary shares of Rs. 10 each fully paid in cash	12,662	5,104
1,531	-	Non-voting ordinary shares of Rs. 10 each issued as fully paid bonus shares	15,313	-
872,197	190,110		8,721,975	1,901,104

21.1 Movement in issued, subscribed and paid up capital

	Note	Ordinary Shares of Rs. 10 each fully paid in cash		Ordinary Shares of Rs. 10 each fully paid bonus shares	
		Voting	Non-Voting	Voting	Non-Voting
Opening balance		21,400	510	168,200	-
Issued during the year	21.1.1	109,500	756	570,300	1,531
Closing balance		130,900	1,266	738,500	1,531

21.1.1 During the year the Company has issued 109 million ordinary shares of Rs. 10 each in Initial Public Offerings (IPO). (Note. 1.2)

	Note	2019	2018
		--- Rupees in '000 ---	
22. RESERVES			
Capital reserve			
Share premium	22.1	3,791,602	30,255
Revenue reserve			
Employee share option compensation reserve	22.2	-	8,608
		3,791,602	38,863

22.1 This represents premium received over and above face value of the shares issued to institutional investors, high net worth individuals and general public through initial public offering (IPO) and employees of the Company through employees stock option scheme (ESOS). This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

22.2 EMPLOYEES SHARE OPTION SCHEME (ESOS)

The shareholders of the Company has approved Interloop Limited - Employee Stock Options Scheme, 2016 ("the scheme") for grant of options to certain eligible employees to purchase ordinary shares (non-voting) of the Company, to be determined by the Compensation Committee constituted by the Board of directors of the Company.

Under the Scheme, the Company may grant options to eligible employees selected by the Compensation Committee, from time to time, which shall not at any time exceed 15% of the paid up capital (ordinary and voting) of the Company (as increased from time to time). The option entitles an employee to purchase shares at an exercise price determined in accordance with the mechanism defined in the scheme at the date of grant. The aggregate number of shares for all options to be granted under the scheme to any single eligible employee shall not, at any time, exceed 3% of the paid up capital (ordinary and voting) of the Company (as increased from time to time). Further the grant of options in any one calendar year exceeding 3% of the paid up capital (ordinary and voting) shall require approval of the shareholders. However, once the number of shares issued under this scheme equal fifteen percent (15%) of the paid up capital (ordinary and voting) of the Company, the entitlement pool shall be exhausted and this Scheme shall cease to operate, notwithstanding any subsequent increase in the paid up capital.

The options will have a vesting period of one year and an exercise period of one year from the date options are vested as laid down in the scheme. Option price shall be payable by the employee on the exercise of options in full or part. The options will lapse after completion of one year from the date options are vested if not exercised.

Shares issued in response to exercise of options shall be Non-Voting Ordinary Shares, hereinafter called "Class B Shares" and shall not;

(i) have voting rights or right to receive notice, attend and vote at the general meeting of the Company, except and otherwise provided by the Companies Act, 2017; and

(ii) be entitled for right shares (Ordinary and Voting).

Shares issues under this scheme will convert into ordinary shares after 3 years from the date of listing of the Company or after completion of 3 years from the date of issue, whichever is later. The Company will not be obliged to buy back the shares. However, if the employees wishes to sell the shares, the Company may buy back the shares at the lesser of the prevailing price on the securities exchange or at the break up value of the shares determined as per the latest audited financial statements of the Company.

Before listing of the Company fair value of the options was determined based on the break up value of shares and exercise price at the date of each grant of options. Exercise price was determined based on latest available audited financial statements of the Company. After listing of the Company the exercise price shall be the weighted average of the closing market price of shares of the Company for the last 30 days prior to the date of grant of options.

Due to issuance of bonus shares of 300% of the existing paid up capital of the Company in current year and demerger of the investment segment of the Company into Interloop Holdings (Pvt) Limited in last year, the break up value of the shares had been reduced to Rs. 11.91 per share. This necessitated the repricing of the existing options outstanding during the year. Moreover, the existing exercise price of Rs. 76.04 per share was also not attractive at the moment due to the floor price of Rs. 45 per share set in the draft prospectus for the proposed IPO duly approved by the Securities and Exchange Commission of Pakistan (SECP) and the Pakistan Stock Exchange (PSX) till date. Accordingly it was proposed to offer exercise price for outstanding options at Rs. 35 per share to make it more lucrative for the proposed eligible employees.

The shareholders of the Company in their meeting held on March 5, 2019 resolved to reprice the options already granted and pending for exercise under the Company's Employees Stock Option Scheme, from initial exercise price of Rs. 76.04 per share to the revised price of Rs. 35 per share, without any change or modification in any other specific terms and conditions under which such options have been granted in accordance with rule 7(ii)of the Public Companies (Employees Stock Option Scheme) Rules, 2001 read with sub clause 3 of clause 6 of Chapter III of the Guidelines for Structuring and Offering of the Employees Stock Option Schemes approved by Securities and Exchange Commission of Pakistan.

Information about outstanding number of options at the end of the year is as follows:

	2019	2018
	--- Numbers in '000 ---	
Options outstanding at the beginning of the year	1,399	1,341
Options granted during the year	-	933
Options declined/lapsed but subsequently offered	426	-
Options exercised during the year	(790)	(172)
Options expired/lapsed during the year	(465)	(703)
Options outstanding at the end of the year	570	1,399

The Company's management is of the view that no further options would be exercised from the outstanding balance as the same has already been declined by the eligible employees and management does not intend to reoffer the same. Therefore, no further expense or employee share option compensation reserve is created in these financial statements.

Further, it is pertinent to mention here that the scheme is not in operation since listing of the Company on PSX primarily due to the fact that the terms of the scheme require to be consistent with the increased legal compliance for a listed entity. The proposal for subject updation in the Existing scheme is under review and pending approval from shareholders of the Company and SECP respectively.

	Note	2019	2018
		--- Rupees in '000 ---	
23. LONG TERM FINANCING			
From financial institutions - secured			
Diminishing musharika	23.1	2,140,117	2,263,222
Syndicated finance facility	23.2	542,857	814,286
Syndicated finance facility (BMR)	23.3	96,208	138,968
Islamic long term finance facility - ILTFF	23.4	696,754	-
		3,475,936	3,216,476
From related party - unsecured			
Interloop Holdings (Pvt) Limited - associated company	23.5	1,400,000	-
		4,875,936	3,216,476
Less: Current portion of long term financing		(1,247,191)	(968,540)
		3,628,745	2,247,936

23.1 These loans have been obtained under diminishing musharika arrangements and are repayable in quarterly installments. These are secured against 1st joint pari passu charge - JPP of Rs. 6,468 million (2018: 1,474 million) over fixed assets, specific/exclusive charge of Rs. 1,992 million (2018: 3,015 million) on fixed assets (plant and machinery) and ranking charge of Rs. 718 million (2018: 1,978 million) on fixed assets of the Company. Mark up is charged at the rate of 3 months KIBOR plus 0.10% to 0.50% per annum (2018: 3 months KIBOR plus 0.10% to 0.75% per annum).

23.2 The company has entered into a syndicated long term finance facility arrangement for Rs. 1,900 million with a consortium of local banks for acquisition of certain assets from Kohinoor Mills Limited. The repayment of this loan is to be made in quarterly installments and the loan is secured against the 1st specific charge of Rs. 2,933.34 million (2018: 2,933.34 million) over the fixed assets of Interloop Limited (Hosiery Division III). The mark up is charged at the fixed rate of 5% per annum (2018: 5% per annum).

23.3 The Company has also entered into syndicated long term finance facility arrangement for Rs. 300 million with a consortium of local banks for Balancing, Modernization and Replacement (BMR) of assets purchased from Kohinoor Mills Limited. The repayment of loan is to be made in quarterly installments and securities are same as mentioned in note 23.2 above. Markup is charged at the rate of 03 months KIBOR plus 1.3% per annum (2018: 03 months KIBOR plus 1.3% per annum).

23.4 The Company has obtained Islamic Long Term Finance Facility - ILTFF of Rs. 1,500 million for purchase of plant and machinery for a period of 10 years including 2 year grace period. Repayment of loan is to be made in quarterly installments and is secured against 1st JPP charge of Rs. 3,734 million (2018: nil) over land, building and plant and machinery of the Company. This 1st JPP charge of Rs. 3,734 million is same on both ILTFF and diminishing musharika facilities from HBL and is included in aggregate charge mentioned in note 23.1 above. Markup is charged at SBP ILTFF rate plus 0.75% per annum (2018: nil).

23.5 The Company "Interloop Limited" has entered into loan agreement with Interloop Holdings (Pvt) Limited upto an amount of Rs. 3,000 million for period of three years including one year grace period. Mark up is charged at the rate of 5% per annum and will be paid till 15th of every month, following the end of every quarter. Upon lapse of payment date, the Company shall pay late payment charges equivalent to 2% of the monthly mark up installment due for each day of late payment, which may be considered to waive off at the discretion of management of Interloop Holdings (Pvt) Limited. The loan is unsecured but is made with full recourse against the Company and its successors.

	2019	2018
	--- Rupees in '000 ---	
24. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	-	1,146
Less: Un-amortized finance charges	-	(61)
Present value of future minimum lease payments	-	1,085
Less: Current portion shown under current liabilities	-	(470)
	-	615

24.1 During the year the Company has paid off all its lease liability.

24.2 The amount of future payments of the lease and the period in which these payments will become due are as follows:

	2018	
	Not later than one year	Later than one year and not later than five years
	--- Rupees in '000 ---	
Future minimum lease payments	519	627
Less: Un-amortized finance charges	49	12
Present value of future minimum lease payments	470	615

	Note	2019	2018
		--- Rupees in '000 ---	
25. DEFERRED LIABILITIES			
Staff retirement gratuity	25.2	2,482,623	1,925,612

25.1 General description

This represents an unfunded gratuity scheme which provides termination benefits for all employees of the Company who attain the minimum qualifying period. The latest actuarial valuation of the defined benefit plan was carried out as at June 30, 2019 using the Projected Unit Credit (PUC) Actuarial Cost Method. Details of the defined benefit plan are as follows:

		Note	2019	2018
			--- Rupees in '000 ---	
25.2	**Movement in the present value of defined benefit obligation**			
	Opening balance		1,925,612	1,572,461
	Expenses recognized in the statement of profit or loss	25.3	522,833	414,543
	Remeasurement of plan obligation chargeable to other comprehensive income	25.5	192,825	91,305
	Balance transferred to Interloop Holdings (Pvt) Limited		(17,120)	(503)
	Balance transferred to IL Apparel (Pvt) Limited		(10,506)	-
	Paid during the year		(131,021)	(152,194)
	Closing balance		2,482,623	1,925,612
25.3	**Expenses recognized in the statement of profit or loss**			
	Current service cost		336,823	298,575
	Interest cost		186,010	115,968
		25.4	522,833	414,543
25.4	**Amounts charged in the statement of profit or loss are as follows:**			
	Cost of sales		440,739	352,125
	Distribution expenses		14,368	11,498
	Administrative expenses		67,726	50,920
			522,833	414,543
25.5	**Total remeasurement chargeable to other comprehensive income**			
	Remeasurement of plan obligation:			
	Actuarial gain from changes in demographic assumptions		-	(75,521)
	Actuarial losses from changes in financial assumptions		97,569	67,778
	Experience adjustments		95,256	99,048
			192,825	91,305

		2019	2018
25.6	**Principal actuarial assumptions used**		
	Discount rate used for profit and loss charge	10.00%	7.75%
	Discount rate for year end obligation	14.50%	10.00%
	Salary increase used for year end obligation		
	Salary increase for FY 2019	N/A	9.25%
	Salary increase for FY 2020	14.00%	9.25%
	Salary increase for FY 2021	14.00%	9.25%
	Salary increase for FY 2022	14.00%	9.25%
	Salary increase for FY 2023	14.00%	9.25%
	Salary increase for FY 2024	14.00%	9.25%
	Salary increase for FY 2025 onward	14.00%	9.25%
	Demographic assumption		
	Mortality rates (for deaths in service)	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
	Retirement assumption	60 years	60 years

25.7 The expected contribution to defined benefit obligation for the year ending June 30, 2020 will be Rs. 733.96 million.

25.8 **Sensitivity analysis**

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by 100 bps.

	2019	2018
	--- Rupees in '000 ---	
Discount rate + 100 bps	(2,232,532)	(1,728,390)
Discount rate - 100 bps	2,781,833	2,165,469
Salary change + 100 bps	2,785,405	2,169,128
Salary change - 100 bps	(2,225,007)	(1,721,659)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

25.9 The average duration of defined benefit obligation for the year ended 2019 is 11 years (2018: 11 years).

26. TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors		833,328	889,974
Accrued liabilities	26.1	2,213,645	1,464,098
Advances from customers		7,398	13,510
Other payables	26.2	153,125	127,402
Employees provident fund trust		5,020	4,315
Withholding tax payable		78,845	20,286
Workers' profit participation fund	26.3	285,500	210,829
		3,576,861	2,730,414

26.1 It includes an amount of **Rs. 209.85 million** (2018: Rs. 188.22 million) relating to infrastructure cess payable.

Honourable Sindh High Court in its decision dated 17 September, 2008 declared the imposition of infrastructure cess before December 28, 2006 as void and invalid. However, the Excise and Taxation Department filed an appeal before the Honourable Supreme Court of Pakistan. The Honourable Supreme court of Pakistan had disposed off the appeal with a joint statement of the parties that during the pendency of the appeal, another law i.e. fifth version came into existence which was not the subject matter of the appeal hence the case was referred back to High Court of Sindh with right to appeal to Supreme Court. On May 31, 2011, the High Court of Sindh had granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignment released up to December 27, 2006 and any bank guarantee / security furnished on consignment released after December 27, 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability fifth version of law and its retrospective application, the authorities are entitled to claim the amounts due under the said law with the right to appeal available to petitioner. In the light of interim relief the Company has paid 50% of the amount of Infrastructure cess. Imports of the Company are being released against 50% payment of Infrastructure cess to Excise and Taxation Department and furnishing of bank guarantee of balance amount.

The Government of Punjab imposed Punjab Infrastructure Development Levy in terms of the Punjab Infrastructure Development Cess Act, 2015 (the Act) read with PRA Notification No.PRA/IDC/2015 dated 16.05.2016 and PRA order No.PRA/Orders.08/2015 dated 23.05.2016. The Company being aggrieved filed writ petition vide WP No.24536 of 2016 before Honorable Lahore High Court challenging the constitutionality of the Act . The Lahore High Court on 28.07.2016 granted interim relief for clearance of goods subject to payment of 50% of the disputed amount and upon furnishing of a bank guarantee for the balance of 50% of the amount.

Both the above referred cases are pending litigation before respective Honorable High Courts. The case of Sindh High Court is pending adjudication, whereas case preferred before Honorable Lahore High Court has been fixed for 24.09.2019.

However the full amount of Infrastructure Cess forms component of cost of imported items and provision recorded in books. Bank guarantees furnished ragarding imposition of infrastructure cess have been disclosed in note - 30.1 to these financial statements.

26.2 This includes amount of Rs. 338 thousand payable to ESOS Management Trust for payments received against issuance of shares to employees under ESOS.

	2019	2018
	--- Rupees in '000 ---	
26.3 Workers' profit participation fund		
Opening balance	**210,829**	150,200
Interest on funds utilized in the Company's business	**21,425**	6,172
	232,254	156,372
Less: paid during the year	**(232,069)**	(156,373)
	185	(1)
Add: allocation for the year	**285,315**	210,830
Closing balance	**285,500**	210,829

27. ACCRUED MARK UP

	2019	2018
Mark up on:		
Long term financing	**46,259**	36,228
Short term borrowings	**64,224**	101,628
	110,483	137,856

28. SHORT TERM BORROWINGS

	Note	2019	2018
From banking companies - Secured			
Under mark up arrangements			
ERF - II	28.1	**11,726,000**	11,021,000
FAPC - own source	28.1	-	2,750,000
Running finance	28.1	-	1,263,364
From related parties - Unsecured			
Chief executive and directors		-	146,573
		11,726,000	15,180,937

28.1 These are secured against first Joint Pari Passu (JPP) charge of Rs. 26,817.83 million (2018: 26,083.33 million) and ranking charge of Rs. 2,632 million (2018: Nil) by all the lending banks over all present and future current assets of the Company. The total limits available to the Company for short term borrowings from all the banks are amounting to Rs. 24,950 million (2018: 19,562.5 million).

Mark up is charged as;

ERF - II	SBP rate + 0.25 to 0.30% p.a (2018: SBP rate + 0.25% to 0.40% p.a).
FAPC - own source	3 months Kibor + 0.25 to 0.50% p.a (2018: 3 to 6 months Kibor + 0.25 to 1.00% p.a)
Running finance	1 to 3 months Kibor + 0.20 to 1.00% p.a (2018: 1 to 3 months Kibor + 0.20 to 1.00% p.a)

29. CURRENT PORTION OF NON CURRENT LIABILITIES

	Note	2019	2018
Long term financing	23	**1,247,191**	968,540
Liabilities against assets subject to finance lease	24	-	470
		1,247,191	969,010

	Note	2019	2018
		--- Rupees in '000 ---	

30. CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 Bank guarantees issued by various banks on behalf of the company in favour of:

	Note	2019	2018
Sui Northern Gas Pipelines limited against supply of gas.		547,069	386,804
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess		197,853	172,853
Faisalabad Electric Supply Company (FESCO) against supply of electricity.		70,414	70,414
Punjab Revenue Authority		8,033	4,335
State Bank of Pakistan		127,551	25,000
		950,920	659,406
30.1.2 Post dated cheques issued in favour of custom authorities for release of imported goods		3,291,613	2,643,166
30.1.3 Corporate guarantees given to banks on behalf of IL Apparel (Pvt) Ltd - a subsidiary company		1,130,000	-

30.2 Commitments

Under letters of credit for:

	Note	2019	2018
Capital expenditure		1,275,725	747,706
Raw material		109,974	209,206
Stores and spares		136,399	37,153
		1,522,098	994,065

31. SALES - NET

	Note	2019	2018
Export sales	31.1	33,941,213	27,518,696
Local sales		3,775,022	3,846,865
		37,716,235	31,365,561
Less:			
Sales discount		(206,792)	(206,052)
Sales tax		(31,122)	(20,773)
		(237,914)	(226,825)
		37,478,321	31,138,736

31.1 It includes exchange gain amounting to Rs. 2,258.645 million (2018: Rs. 890.62 million).

32. COST OF SALES

	Note	2019	2018
Raw material consumed	32.1	15,658,024	13,312,629
Stores and spares consumed	32.2	854,199	824,473
Knitting charges		11,897	192,135
Salaries, wages and benefits	32.3	5,529,513	5,037,474
Staff retirement gratuity	25.4	440,739	352,125
Fuel and power		2,261,283	1,874,447
Repairs and maintenance		129,103	129,668
Insurance		52,250	51,064
Depreciation	7.1.2	1,490,464	1,338,143
Rent, rate and taxes		25,676	32,305
Other manufacturing costs		235,444	84,435
		26,688,592	23,228,898
Work in process			
Opening balance		471,276	450,678
Closing balance		(597,562)	(471,276)
		(126,286)	(20,598)
Cost of goods manufactured		26,562,306	23,208,300
Finished goods			
Opening balance		1,484,177	1,120,718
Closing balance		(1,954,089)	(1,484,177)
		(469,912)	(363,459)
		26,092,394	22,844,841
Duty drawback		(568,787)	(850,604)
		25,523,607	21,994,237

32.1 Raw material consumed

	Note	2019	2018
Opening balance		3,166,265	1,994,485
Purchases		16,222,599	14,484,409
		19,388,864	16,478,894
Closing balance		(3,730,840)	(3,166,265)
		15,658,024	13,312,629

32.2 Stores and spares consumed

	Note	2019	2018
Opening balance		779,198	696,743
Purchases		962,660	906,928
		1,741,858	1,603,671
Closing balance		(887,659)	(779,198)
		854,199	824,473

32.3 Salaries, wages and benefits include Rs. 6.321 million (2018: Rs. 5.49 million) in respect of the provident fund contribution.

		Note	2019	2018
			--- Rupees in '000 ---	
33.	**DISTRIBUTION COST**			
	Sea and air freight		50,145	47,672
	Shipping expenses		623,785	660,682
	Selling commission		1,757,956	1,621,212
	Export development surcharge		83,243	66,600
	Marketing and advertisement		60,817	77,900
	Staff salaries and benefits	33.1	193,008	154,966
	Staff retirement gratuity	25.4	14,368	11,498
	Others		397	483
			2,783,719	2,641,013

33.1 Staff salaries and benefits include Rs. 0.961 million (2018: Rs. 0.715 million) in respect of the provident fund contribution.

		Note	2019	2018
34.	**ADMINISTRATIVE EXPENSES**			
	Staff salaries and benefits	34.1 & 34.2	1,057,212	826,274
	Directors' remuneration		96,362	111,470
	Staff retirement gratuity	25.4	67,726	50,920
	Postage and communication		38,675	34,513
	Electricity, gas and water		22,135	14,607
	Rent, rates and taxes		113,939	65,022
	Printing and stationery		62,475	53,346
	Travelling and conveyance		114,448	100,324
	Vehicles running and maintenance		23,846	20,051
	Legal and professional charges		73,982	39,672
	Repairs and maintenance		45,870	49,716
	Auditors' remuneration	34.4	2,875	1,360
	Insurance		17,951	17,213
	Entertainment		51,791	51,101
	Advertisement		17,557	4,379
	Newspapers and periodicals		1,189	656
	Depreciation	7.1.2	150,770	133,392
	Amortization	8	9,047	10,371
	Others		16,359	13,417
			1,984,209	1,597,804

34.1 Staff salaries and benefits include Rs. 4.746 million (2018: Rs. 3.804 million) in respect of the provident fund contribution.

34.2 Staff salaries and benefits include Rs. 5.031 million (2018: Rs. 4.188 million) in respect of employees' share option compensation expense.

34.3 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

34.4 **Auditors' remuneration**

	2019	2018
Annual audit fee	1,825	950
Other certification	400	260
Half yearly review	500	-
Out of pocket expenses	150	150
	2,875	1,360

		Note	2019	2018
35.	**OTHER OPERATING EXPENSES**			
	Exchange loss - net		15,258	12,801
	Loss on disposal of property, plant and equipment		47,091	38,694
	Charity and donations	35.1	350,176	104,847
	Workers' profit participation fund	26.3	285,315	210,830
	Loss on mutual funds measured at fair value through profit or loss	35.2	15,886	58,257
	Provision for impairment loss on investment in IL Bangla Ltd.	9.1	70,814	-
			784,540	425,429

35.1 **Donations include the following in which a director or his spouse has an interest;**

Name of Donee	Interest in Donee	Name of Director	2019	2018
Interloop Welfare Trust	Trustees	Mr. Navid Fazal Mr. Musadaq Zulqarnain Mrs. Sheren Aftab Mr. Jahanzeb Khan Banth Mr. Muhammad Maqsood	99,223	21,766

35.2 **Loss on mutual funds measured at fair value through profit or loss;**

	Note	2019	2018
Remeasurement loss on investment in mutual funds - fair value through profit or loss	18.1	20,787	10,908
Realized loss on investment in mutual funds - fair value through profit or loss		915	49,177
Dividend income on investment in mutual funds - fair value through profit or loss		(5,816)	(1,828)
		15,886	58,257

		Note	2019	2018
			--- Rupees in '000 ---	
36.	**OTHER INCOME**			
	Income from financial assets			
	Interest on long term loan to SNGPL		-	16
	Interest on loan to Metis International (Pvt) Ltd		7,211	8,923
	Profit on TDRs		1,437	225
	Interest on receivables from IL Bangla Limited		5,796	-
			14,444	9,164
37.	**FINANCE COST**			
	Mark up on:			
	Short term borrowings		552,483	269,986
	Long term financing		315,730	139,980
	Interest on workers' profit participation fund	26.3	21,425	6,172
	Lease finance charges		14	82
	Bank charges and commission		106,055	67,434
			995,707	483,654
38.	**TAXATION**			
	Current year	38.1	226,216	120,197
	Prior year		-	(243)
			226,216	119,954

38.1 Provision for deferred tax is not required as the Company is chargeable to tax under section 154 and 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

38.2 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 5% on every public company other than a scheduled bank or Modaraba, that derives profits for a tax year but does not distribute at least 20% of accounting profit through cash dividend within six months of the end of said tax year.

The Company has distributed sufficient cash dividend, for the year ended June 30, 2018, which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognized in the financial statements for the year ended June 30, 2019.

39. EARNINGS PER SHARE - BASIC AND DILUTED

39.1 Earnings per share - Basic

	2019	2018
Profit for the year (Rupees in '000)	5,194,767	3,885,809
Weighted average number of ordinary shares outstanding during the year (Numbers in'000)	778,750	189,993
Add: Bonus shares issued after the reporting period (Numbers in '000)	-	571,831
	778,750	761,824
Earnings per share - basic (Rupees)	6.6706	5.1007

39.2 Earnings per share - Diluted

There is a dilutive effect on the basic earnings per share of the Company, after taking into the effect of options granted on Company's shares to employees of the Company under the Employee share option scheme (ESOS). Such dilution is based on the fair value of the Company's shares, which is higher than the respective exercise price of options granted during the year.

	2019	2018
Profit for the year (Rupees in '000)	5,194,767	3,885,809
Weighted average number of ordinary shares outstanding during the year (Numbers '000)	778,750	189,993
Add: Weighted average adjustment for assumed conversion of employees' share options (Numbers '000)	-	49
Add: Bonus shares issued after the reporting period (Numbers in '000)	-	571,831
Weighted average number of shares for determination of diluted earnings per share	778,750	761,873
Earnings per share - diluted (Rupees)	6.6706	5.1003

		Note	2019	2018
			--- Rupees in '000 ---	
40.	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	19	1,538,564	193,687
	Short term investments - Term Deposit Receipts (TDRs)	18	941,255	-
			2,479,819	193,687

41. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Balance as on July 01, 2018	Non Cash Changes	Cash Flows	Balance as on June 30, 2019
	Rupees in '000			
Long term financing	3,216,476	-	1,659,460	4,875,936
Liabilities against assets subject to finance lease	1,085	(238)	(847)	-
Short term borrowings	15,180,937	-	(3,454,937)	11,726,000
Dividend to ordinary shareholders	475,276	1,090,247	(1,434,588)	130,935
Issued, subscribed and paid up capital	1,901,104	5,718,313	1,102,558	8,721,975
Share premium net of transaction cost	30,255	(21,629)	3,782,976	3,791,602
	20,805,133	6,786,693	1,654,622	29,246,448

42. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	June 30, 2019		
	Chief Executive	Directors	Executives
	------- Rupees in '000 -------		
Managerial remuneration	24,008	28,779	232,094
Medical allowance	-	-	5,912
Bonus	3,750	3,750	29,610
Superannuation fund	-	33,825	-
Meetings fee	-	2,250	-
Staff retirement gratuity	-	-	14,967
Other allowances	-	-	57,011
	27,758	68,604	339,594
Number of persons	1	6	60

	June 30, 2018		
	Chief Executive	Directors	Executives
	------- Rupees in '000 -------		
Managerial remuneration	21,450	72,870	137,527
Medical allowance	-	-	3,589
Bonus	3,400	13,750	15,065
Staff retirement gratuity	-	-	7,732
Other allowances	-	-	16,200
	24,850	86,620	180,113
Number of persons	1	9	42

The chief executive officer and directors are provided with company maintained cars.

43. 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. Amounts due from and to related parties are shown under the relevant notes to the financial statements. Remuneration to directors and key management personnel is disclosed in note 42. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name	Nature of transaction	2019	2018
		--- Rupees in '000 ---	
IL Bangla Limited	Sale of asset	-	7,225
	Expenses paid on behalf of associate	-	7,452
	Interest on receivables from IL Bangla Limited	5,796	-
IL Apparel (Pvt) Limited	Expenses paid on behalf of subsidiary	-	8,017
	Yarn dyeing services provided	382	-
	Sale of yarn and spare parts	4,433	-
	Sale of assets	4,171	-
	Investment in share capital	499,000	-
	Share deposit money paid	200,000	-
Interloop Holdings (Pvt) Limited	Expenses paid on behalf of associate	200	1,295
	Finance management services received from Interloop Holdings (Pvt) Ltd	7,500	-
	Sale of assets	22,323	-
	Loan obtained during the year	3,000,000	-
	Loan repaid during the year	1,600,000	-
	Mark up expense on loan from Interloop Holdings (Pvt) Ltd	83,651	-
Interloop Limited ESOS Management Trust	Funds transfer for payment to withdrawal cases under ESOS	-	500
	Payment received on behalf of ESOS Management Trust - net	838	-
Interloop Welfare Trust	Sale of assets	1,214	-
Texlan Center (Pvt) Limited	Sale of assets	58,100	20,766
	Sale of yarn	644,549	60,683
Global Veneer Trading Limited	Selling commission	884,278	282,630
Eurosox Plus BV	Sale of socks	693,658	15,863
	Reimbursement of expenses	5,129	3,234
Key management personnel and other related parties	Sale of vehicle	5,551	-
	House building finance loan	25,750	-
	Mark up on house building finance loan	923	-
	Repayment of loan	146,573	-
	Issuance of bonus shares	5,587,323	-
	Issuance of ordinary shares	3,000	-
	Dividend paid	1,400,733	-

43.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Company Name	Basis of Relationship	Common Directorship / Percentage of shareholding	Address and Country of Incorporation
IL Bangla Limited	Associate	31.61%	House # 267, Road # 19, New DOHS Mohakhali, Dhaka.
IL Apparel (Pvt) Limited	Subsidiary	100.00%	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Holdings (Pvt) Limited	Associate	Common Directors	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Dairies Limited	Associate	Common Directors	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Momentum Logistics (Pvt) Limited	Associate	Subsidiary of Associate	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Printkraft (Pvt) Limited	Associate	Subsidiary of Associate	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Texlan Center (Pvt) Limited	Associate	Common Directors	Dagonna Road, Minuwangoda, sri lanka.
Global Veneer Trading Limited	Associate	N/A	Bahnhofasteasse22, 6300 Zug, Switzerland.
Eurosox Plus BV	Associate	N/A	Constructieweg 1, 7451 PS Holten, Netherlands
Interloop Welfare Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Limited ESOS Management Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Provident Fund Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan

44. NUMBER OF EMPLOYEES

	2019	2018
Average number of employees during the year	16,402	15,373
Number of employees at end of the year	17,395	15,409

45. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company planned for setting up two new projects.

- A socks knitting unit in Khurrianwala, Faisalabad, "Hosiery Division - V".
- A denim stitching unit in Lahore, "Denim Division".

Estimated cost of these two projects is as under;	2019 -- Rupees in '000 --
Hosiery Division - V	4,454,000
Denim Division	6,750,423
	11,204,423

These projects are financed through issuance of share capital to general public and financing from banks. For this purpose, the Company carried out a successful IPO during the year and have secured islamic long term finance facilities from banks. Detail of the proceeds from IPO and financing required from banks is as under;

Proceeds from IPO	5,024,900
Financing from banks	6,179,523
	11,204,423

As on June 30, 2019 progress of both the projects is as under;

	Denim Division			Hosiery Division-V
	Amount Utilized	Outstanding LCs	PRs/POs Issued	Amount Utilized
	---------- Rupees in '000 ----------			
Land and building	578,637	-	1,413,736	412,708
Plant and machinery	339,803	912,123	265,892	40,744
Power and utilities	83,288	-	426,445	10,168
Miscellaneous expenses	103,440	-	13,159	68,251
Advances to suppliers	789,124	-	-	-
	1,894,292	912,123	2,119,232	531,871

46. 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) **Other operating segments**

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

46.1 Segment Information

	Hosiery		Spinning		Others		Elimination of Intersegment Transactions		Total Company	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	--- Rupees in '000 ---		--- Rupees in '000 ---		--- Rupees in '000 ---		--- Rupees in '000 ---		--- Rupees in '000 ---	
Sales										
External sale	31,629,791	26,046,247	5,519,785	4,953,944	328,745	138,545	-	-	37,478,321	31,138,736
Intersegment sale	2,647,665	890,842	2,950,757	2,209,589	3,137,202	2,706,186	(8,735,624)	(5,806,617)	-	-
	34,277,456	26,937,089	8,470,542	7,163,533	3,465,947	2,844,731	(8,735,624)	(5,806,617)	37,478,321	31,138,736
Cost of sales	(23,184,918)	(18,616,006)	(7,893,280)	(6,567,880)	(3,181,033)	(2,616,968)	8,735,624	5,806,617	(25,523,607)	(21,994,237)
Gross profit	11,092,538	8,321,083	577,262	595,653	284,914	227,763	-	-	11,954,714	9,144,499
Distribution cost	(2,705,674)	(2,578,206)	(60,302)	(51,066)	(17,743)	(11,741)	-	-	(2,783,719)	(2,641,013)
Administrative expenses	(1,854,486)	(1,531,475)	(69,243)	(36,969)	(60,480)	(29,360)	-	-	(1,984,209)	(1,597,804)
	(4,560,160)	(4,109,681)	(129,545)	(88,035)	(78,223)	(41,101)	-	-	(4,767,928)	(4,238,817)
Profit before taxation and unallocated income and expenses	6,532,378	4,211,402	447,717	507,618	206,691	186,662	-	-	7,186,786	4,905,682
Unallocated income and expenses										
Other operating expenses									(784,540)	(425,429)
Other income									14,444	9,164
Finance cost									(995,707)	(483,654)
Taxation									(226,216)	(119,954)
Profit after taxation									5,194,767	3,885,809

46.2 **Reconciliation of reportable segment assets and liabilities**

	Hosiery		Spinning		Others		Total Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	--- Rupees in '000 ---		--- Rupees in '000 ---		--- Rupees in '000 ---		--- Rupees in '000 ---	
Total assets for reportable segment	24,711,293	21,629,176	5,261,938	4,933,605	5,101,383	2,983,876	35,074,614	29,546,657
Unallocated assets:								
Long term investments							1,008,735	380,549
Long term deposits							28,019	25,055
Short term investments							1,207,251	147,425
Tax refunds due from Government							1,925,439	2,451,806
Cash and bank balances							1,538,564	193,687
Other corporate assets							-	5,014
							5,708,008	3,203,536
Total assets as per balance sheet							40,782,622	32,750,193
Total liabilities for reportable segment	5,646,890	4,535,746	206,537	276,299	336,992	319,257	6,190,419	5,131,302
Unallocated liabilities:								
Long term financing							3,628,745	2,247,936
Liabilities against assets subject to finance lease							-	615
Short term borrowings							11,726,000	15,180,937
Current portion of non current liabilities							1,247,191	969,010
Accrued mark up							110,483	137,856
							16,712,419	18,536,354
Total liabilities as per balance sheet							22,902,838	23,667,656

46.3 **Geographical information**

46.3.1 The Company's revenue from external customers by geographical locations is detailed below:

	2019	2018
Asia	3,940,407	2,704,548
Europe	16,976,208	14,129,141
North America	12,488,901	10,177,458
South America	333,885	307,116
Pakistan	3,738,920	3,820,473
	37,478,321	31,138,736

46.3.2 All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

46.4 The Company's revenue is earned from a large mix of customers.

47. PLANT CAPACITY AND ACTUAL PRODUCTION

	[UOM]	2019	2018
		--- Figures in '000 ---	
Hosiery			
Installed capacity - knitting	[DZN]	57,871	51,289
Actual production - knitting	[DZN]	43,242	45,935
Spinning			
Installed capacity after conversion into 20/s	[LBS]	29,949	29,949
Actual production after conversion into 20/s	[LBS]	26,630	27,219
Yarn Dyeing			
Installed capacity	[KGs]	4,928	4,818
Actual production	[KGs]	4,324	4,440

Active Wear

The plant capacity of this division is indeterminable due to multi product plans involving varying processes of manufacturing and run length of order lots.

47.1 Reasons for shortfall

The short fall in actual production during the year when compared with capacity is mainly on account of:

– The actual production is planned to meet the internal demand and orders in hand.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

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.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2019							
	Carrying Amount				Fair Value			
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000							
On balance sheet financial instruments								
Financial assets measured at fair value								
Investments in mutual funds	130,896	-	-	130,896	130,896	-	-	130,896
Financial assets not measured at fair value								
Long term loans	-	65,762	-	65,762	-	-	-	-
Long term deposits	-	28,019	-	28,019	-	-	-	-
Trade debts	-	8,247,740	-	8,247,740	-	-	-	-
Loans and advances	-	66,343	-	66,343	-	-	-	-
Other receivables	-	94,421	-	94,421	-	-	-	-
Short term investments	-	1,076,355	-	1,076,355	-	-	-	-
Cash and bank balances	-	1,538,564	-	1,538,564	-	-	-	-
	130,896	**11,117,204**	-	**11,248,100**	**130,896**	-	-	**130,896**
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term financing	-	-	4,875,936	4,875,936	-	-	-	-
Trade and other payables	-	-	3,205,118	3,205,118	-	-	-	-
Dividend payable	-	-	130,935	130,935	-	-	-	-
Accrued mark up	-	-	110,483	110,483	-	-	-	-
Short term borrowings	-	-	11,726,000	11,726,000	-	-	-	-
	-	-	**20,048,472**	**20,048,472**	-	-	-	-

	2018							
	Carrying Amount				Fair Value			
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------- Rupees in '000 ----------							
On balance sheet financial instruments								
Financial assets measured at fair value								
Investments in mutual funds	147,425	-	-	147,425	147,425	-	-	147,425
Financial assets not measured at fair value								
Long term loans	-	60,747	-	60,747	-	-	-	-
Long term deposits	-	24,817	-	24,817	-	-	-	-
Trade debts	-	7,293,008	-	7,293,008	-	-	-	-
Loans and advances	-	81,163	-	81,163	-	-	-	-
Other receivables	-	154,697	-	154,697	-	-	-	-
Cash and bank balances	-	193,687	-	193,687	-	-	-	-
	147,425	7,808,119	-	7,955,544	147,425	-	-	147,425
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term financing	-	-	3,216,476	3,216,476	-	-	-	-
Liabilities against assets subject to finance	-	-	847	847	-	-	-	-
Trade and other payables	-	-	2,485,789	2,485,789	-	-	-	-
Dividend payable	-	-	475,276	475,276	-	-	-	-
Accrued mark up	-	-	137,856	137,856	-	-	-	-
Short term borrowings	-	-	15,180,937	15,180,937	-	-	-	-
	-	-	21,497,181	21,497,181	-	-	-	-

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 exposures to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

49.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk such as equity risk. The sensitivity analysis in the following sections relate to the position as at June 30, 2019 and 2018.

49.1.1 Interest rate risk:

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from investments in term deposit receipts, long term and short term loans, short term borrowings, long term financing and liabilities against assets subject to finance lease.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2019	2018
Fixed rate instruments		
Short term investments (Rupees in '000)	1,076,355	-
Loan to Metis International (Pvt) Limited - Secured (Rupees in '000)	9,560	33,414
Long term financing - Secured (Rupees in '000)	2,639,611	814,286
Variable rate instruments		
Loan to director - Secured (Rupees in '000)	25,750	-
Effective interest rate in percentage	6.07	-
Receivables from IL Bangla Limited (Rupees in '000)	82,766	-
Effective interest rate in percentage	7.53	-
Long term financing from financial institutions - Secured (Rupees in '000)	2,236,325	2,402,190
Effective interest rate in percentage	13.35	7.33
Liabilities against assets subject to finance lease - Secured (Rupees in '000)	-	847
Effective interest rate in percentage	-	7.94
Short term borrowings from financial institutions - Secured (Rupees in '000)	11,726,000	15,034,364
Effective interest rate in percentage	2.30	4.17

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect statement of profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on loan, receivables, long term financing, liabilities against assets subject to finance lease and short term borrowings from banks, at the year end date, fluctuate by 100 bps higher / lower with all other variables, in particularly foreign exchange rates held constant, profit before taxation for the year 2019 and 2018 would have been affected as follows:

	2019	2018
	--- Rupees in '000 ---	
Effect on profit and loss of an increase in interest rate for loan to director	144	-
Effect on profit and loss of an increase in interest rate for receivables from IL Bangla Limited	786	-
Effect on profit and loss of an increase in interest rate for long term financing	14,696	15,188
Effect on profit and loss of an increase in interest rate for liabilities against assets subject to finance lease	-	10
Effect on profit and loss of an increase in interest rate for short term borrowings	81,834	61,542
	97,460	76,740

Decrease in interest rates at June 30 would have had the equal but opposite effect of these amounts. Sensitivity analysis has been prepared on symmetric basis.

49.1.2 Currency risk / Foreign Exchange risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions.

Exposure to Currency Risk

The Company's exposure to currency risk is restricted to the amounts receivable from/payable to the foreign entities and bank balances which are denominated in currency other than the functional currency of the Company. The Company's exposure to currency risk is as follows:

Particulars	Currency	2019 F.Currency	2019 Rupees	2018 F.Currency	2018 Rupees
		Amounts in '000			
Foreign currency bank	US $	390.39	64,024	261.55	31,752
	EUR €	38.84	7,239	4.71	666
			71,263		32,418
Trade debts	US $	47,649.90	7,814,583	57,364.98	6,964,108
Loans and advances	US $	58.48	9,560	275.00	33,414
Less: Payables - Creditors	US $	332.28	54,661	467.42	56,744
	EUR €	152.36	28,490	89.78	12,688
	CNY	0.93	23	-	-
	CHF	0.45	75	0.35	43
			83,249		69,475
On Balance sheet Exposure			7,812,157		6,960,465
Under letter of credit	US $	4,160.32	684,373	1,971.64	239,357
	EUR €	4,271.95	798,812	5,297.17	748,650
	JPY ¥	21,776.31	33,285	3,100.00	3,402
	GBP £	27.00	5,628	-	-
	CHF	-	-	21.75	2,656
Off Balance Sheet Exposure			1,522,098		994,065

The following significant exchange rates were applied during the year :

Foreign Currency	2019 Average Rate	2019 Reporting Date Rate	2018 Average Rate	2018 Reporting Date Rate
	[R U P E E S]		[R U P E E S]	
US $	142.70	164.00	113.10	121.40
EUR €	163.85	186.37	130.62	141.33
GBP £	183.80	208.45	147.78	159.14
CHF	145.07	168.03	115.83	122.11
CNY	21.29	23.85	-	-
JPY ¥	1.31	1.53	1.02	1.10

Currency rate sensitivity analysis

If the functional currency, at reporting date, had weakened by 10% against the foreign currencies with all other variables held constant, the profit before taxation would have increased for the year 2019 and 2018 by the following amounts:

Foreign Currency	2019	2018
	--- Rupees in '000 ---	
US $	744,183	662,390
EUR €	(2,019)	(1,142)
CNY	(2)	-
CHF	(7)	(4)
	742,155	661,244

A 10% strengthening of the functional currency against foreign currencies at June 30 would have had the equal but opposite effect of these amounts.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The analysis assumes that all other variables remained constant.

49.1.3 Other price risk:

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to price risk, because of the investments held by the Company in money market mutual funds, and classified on the balance sheet as fair value through profit and loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

Short term investments include fair value through profit and loss investments of Rs. 130.90 million (2018: Rs. 147.43 million) which were subject to price risk.

If redemption price on mutual funds, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, profit after tax for the year would have been Rs. 6.22 million (2018: 7 million) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

49.2 Credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations that is susceptible to changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The maximum exposure to credit risk at the reporting date is as follows :

	2019	2018
	--- Rupees in '000 ---	
Long term loans	65,762	60,747
Long term deposits	28,019	24,817
Trade debts	8,247,740	7,293,008
Loans and advances	66,343	81,163
Other receivables	94,421	154,697
Short term investments	1,207,251	147,425
Bank balances	1,512,211	181,636
	11,221,747	7,943,493

Loans and advances consist of loans to employees & director and Metis International (Pvt) Ltd. Loans to employees and director are secured against their retirement benefits and loan to Metis International is also secured through an irrevocable lien/charge on total assets of the Metis International (Pvt) Limited. Therefore, Company is not exposed to any significant credit risk on these loans.

Long term deposits have been mainly placed with suppliers of electricity, gas and telecommunication services. Considering the financial position and credit quality of the institutions, Company's exposure to credit risk is not significant.

Trade debts amounting to Rs. 4,251 million out of total debts are secured against letters of credit and insured contract. Furthermore, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the company is not exposed to any significant credit risk.

Other receivables constitute mainly receivables from the related parties and mark up subsidy from banks. Considering the financial position of related parties and credit quality of banks and insurance company exposure to credit risk is not significant.

Short term investments are investments in mutual funds, TDRs and sales tax refund bonds. The credit risk on these investments is limited because counter parties are fund management Companies, banks and Government with reasonably high credit ratings. The credit quality of mutual funds can be assessed by reference to external credit ratings or to historical information about counter party default rate.

	2019	2018
	[Credit Ratings]	
Al Meezan Investment Management Limited	AM1	AM1
NBP Fund Management Limited	AM1	AM1
Alfalah GHP Investment Management Limited	AM2+	AM2+
UBL Fund Managers Limited	AM1	AM1

The credit quality of Company's bank balances can be assessed by reference to external credit ratings or to historical information about counterparty default

Name of Bank	Date	Long term	Short term	Outlook	Agency
Allied Bank Limited	27-Jun-19	AAA	A1+	Stable	PACRA
Askari Bank Limited	28-Jun-19	AA+	A1+	Stable	PACRA
Bank Alfalah Limited	28-Jun-19	AA+	A1+	Stable	PACRA
Burj Bank Limited	28-Jun-19	A	A1	Stable	PACRA
Dubai Islamic Bank Pakistan Limited	28-Jun-19	AA	A-1+	Stable	JCR-VIS
Faysal Bank Limited	27-Jun-19	AA	A1+	Stable	PACRA
Habib Bank Limited	28-Jun-19	AAA	A-1+	Stable	JCR-VIS
Habib Metropolitan Bank Limited	27-Jun-19	AA+	A1+	Stable	PACRA
MCB Bank Limited	27-Jun-19	AAA	A1+	Stable	PACRA
MCB Islamic Bank Limited	27-Jun-19	A	A1	Stable	PACRA
Meezan Bank Limited	28-Jun-19	AA+	A-1+	Stable	JCR-VIS
National Bank of Pakistan	28-Jun-19	AAA	A1+	Stable	PACRA
Silk Bank Limited	27-Jun-19	A-	A-2	Stable	JCR-VIS
Standard Chartered Bank Pakistan Limited	25-Jun-19	AAA	A1+	Stable	PACRA
The Bank of Punjab	28-Jun-18	AA	A1+	Stable	PACRA
United Bank Limited	28-Jun-18	AAA	A-1+	Stable	JCR-VIS

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the risk is minimal.

49.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2019 the Company has Rs. 13,224 million (2018: Rs 4,381.56 million) unutilized borrowing limits available from financial institutions and Rs. 1,538.56 million (2018: Rs. 193.69 million) cash and bank balances. The management believes that the company is not exposed to any liquidity risk.

The following are the contractual maturity analysis of financial liabilities as at June 30, 2019 and 2018:

	2019				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years
	Rupees in '000				
Financial Liabilities :					
Long term financing	4,875,936	5,764,488	677,420	934,605	4,152,463
Trade and other payables	3,205,118	3,205,118	3,205,118	-	-
Dividend payable	130,935	130,935	130,935	-	-
Accrued mark up	110,483	110,483	110,483	-	-
Short term borrowings	11,726,000	11,811,478	11,811,478	-	-
	20,048,472	21,022,502	15,935,434	934,605	4,152,463

	2018				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 years
	Rupees in '000				
Financial Liabilities :					
Long term financing	3,216,476	3,652,002	550,166	594,099	2,507,737
Liabilities against assets subject to finance lease	847	1,168	260	519	389
Trade and other payables	2,485,789	2,485,789	2,485,789	-	-
Dividend payable	475,276	475,276	475,276	-	-
Accrued mark up	137,856	137,856	137,856	-	-
Short term borrowings	15,180,937	15,329,105	15,329,105	-	-
	21,497,181	22,081,196	18,978,452	594,618	2,508,126

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 23 and note 28 to these unconsolidated financial statements..

49.4 Capital risk management

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for shareholders thereby maximizing their wealth, benefits for other stakeholders and reduce the cost of capital.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of debt to equity ratio, calculated on the basis of total debt to equity.

	2019	2018
	--- Rupees in '000 ---	
Long term financing	4,875,936	3,216,476
Liabilities against assets subject to finance lease	-	847
Short term borrowings	11,726,000	15,180,937
Debts	16,601,936	18,398,260
Equity	17,879,784	9,082,537
Total capital (equity + debt)	34,481,720	27,480,797
Gearing ratio (percentage)	48.15	66.95

50. EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 23, 2019 have proposed a final cash dividend for the year ended June 30, 2019 of Rs. 1.75 per share, amounting to Rs. 1,526.34 million for approval of the members at the Annual General Meeting of the Company.

51. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on ---------- 2 3 SEP 2019 ---------- by the Board of Directors of the Company.

52. GENERAL

52.1 Corresponding figures

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of better presentation. However, during the year following reclassifications are made in the corresponding figures.

Particulars	From	To	Rupees in '000
Operating fixed assets - Cost	Freehold	Building on freehold land	143
Operating fixed assets - Cost	Building on freehold land	Electric installations	1,290
Operating fixed assets - Cost	Plant and machinery	Tools and equipments	1,680
Operating fixed assets - Cost	Plant and machinery	Electric installations	22,157
Operating fixed assets - Cost	Tools and equipments	Building on freehold land	4,249
Operating fixed assets - Cost	Tools and equipments	Plant and machinery	14,782
Operating fixed assets - Cost	Tools and equipments	Furniture and fixtures	2,729
Operating fixed assets - Cost	Tools and equipments	Electric installations	4,871
Operating fixed assets - Cost	Office equipments	Furniture and fixtures	6,225
Operating fixed assets - Cost	Office equipments	Vehicles	11
Operating fixed assets - Cost	Electric installations	Building on freehold land	5,999

Particulars	From	To	Rupees in '000
Operating fixed assets - Cost	Electric installations	Tools and equipments	2,894
Operating fixed assets - Cost	Electric installations	Plant and machinery	2,529
Operating fixed assets - Cost	Furniture and fixtures	Building on freehold land	105
Operating fixed assets - Cost	Furniture and fixtures	Tools and equipments	2,731
Operating fixed assets - Cost	Furniture and fixtures	Electric installations	134,836
Operating fixed assets - Cost	Furniture and fixtures	Plant and machinery	10,339
Operating fixed assets - Cost	Vehicles	Tools and equipments	102,813
Operating fixed assets - Accumulated depreciation	Building on freehold land	Electric installations	5,316
Operating fixed assets - Accumulated depreciation	Plant and machinery	Tools and equipments	474
Operating fixed assets - Accumulated depreciation	Tools and equipments	Building on freehold land	1,460
Operating fixed assets - Accumulated depreciation	Tools and equipments	Plant and machinery	10,941
Operating fixed assets - Accumulated depreciation	Tools and equipments	Furniture and fixtures	161
Operating fixed assets - Accumulated depreciation	Tools and equipments	Electric installations	312
Operating fixed assets - Accumulated depreciation	Office equipments	Furniture and fixtures	4,831
Operating fixed assets - Accumulated depreciation	Office equipments	Vehicles	11
Operating fixed assets - Accumulated depreciation	Electric installations	Tools and equipments	2,326
Operating fixed assets - Accumulated depreciation	Electric installations	Plant and machinery	2,644
Operating fixed assets - Accumulated depreciation	Furniture and fixtures	Tools and equipments	1,659
Operating fixed assets - Accumulated depreciation	Furniture and fixtures	Electric installations	54,925
Operating fixed assets - Accumulated depreciation	Furniture and fixtures	Plant and machinery	1,562
Operating fixed assets - Accumulated depreciation	Vehicles	Tools and equipments	74,003
Depreciation expense	Administrative expenses	Cost of sales	17,470
Advertisement expense	Distribution cost	Administrative expense	4,379

52.2 Rounding

Figures have been rounded off to the nearest thousand.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER