

PROGRESS REPORT

INTERLOOP LIMITED

QUARTERLY PROGRESS REPORT

FOR QUARTER ENDED SEPTEMBER 30, 2019

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PROGRESS REPORT

Projects Progress Report

This Progress report is being submitted as per Regulation 5(6)(iv) of the Public Offering Regulations, 2017 & in compliance of the requirement of the Pakistan Stock Exchange Letter # PSX/Gen-5311, Dated November 20, 2018 and in compliance with the Securities & Exchange Commission of Pakistan's Letter # SMD/CIW/SA-88/06/2018 dated December 21, 2018.

Interloop Limited carried out a successful IPO in March, 2019 to finance the following two projects: -

- **Hosiery Division V in Faisalabad, Khurrianwala; A Socks knitting unit**
- **Denim Unit in Lahore; A Denim stitching unit**

We are pleased to share the implementation report of the above mentioned projects.

Interloop Denim – Implementation Update

The denim division is located at 8 km Manga Raiwind Road, Lahore. The project remains on track to deliver in October / November of this year as originally planned.

From an infrastructure perspective, all construction required to commence operations for the first phase is in place. The bulk of the machinery has been installed and is subsequently being commissioned. The ancillary areas, for instance day cares for employees' children, are being completed as per the scope of the full project.

From an operational perspective, manpower upskilling is in full-swing with the substantial portion of the manpower under training in the new facility. Production from 10 of the 12 sewing lines planned for this year is scheduled to come online in the next 6 weeks after which the last two lines will follow shortly. All ancillary machinery and processes are put in place i.e. cutting, lasers, washing and packing against this target.

As we continue to manufacture for large European retailers, discussions are underway with customers in the North American market. The development center, now producing above 4500 units / day, has been instrumental in generating customer interest and enabling the project to respond swiftly to customer requests.

Pictures of Denim plant can be seen in Annexure I.

Initially we allocated the budget of PKR 6.750 billion for Denim. It has been enhanced to PKR 7.00 billion approx. due to the depreciation in PKR and some cost overruns. This is being financed through internally generated cash flows. Annexure II depicts the details of the category wise budget utilization.



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PROGRESS REPORT

Hosiery Division V- Implementation Update

Production capacity, which is currently of 130 knitting machines, is being enhanced at Pilot unit of Hosiery Division 5. Another 50 knitting machines have been ordered and will be added into production in 3 months. 300 persons including management and labor have been inducted in Plant 5 team to-date and another 300 will be added to the team to increase production capacity to 8,000 dozen per day in 3 months' time. The Pilot unit is enabling Interloop to meet increased customer demand and it is also serving as a training center for Plant 5 team for smooth induction at main Plant 5.

Building and infrastructure design planning for Plant 5 is on-going. New equipment technologies are being tested in knitting and boarding for evaluation and deployment at Plant 5. Organizational structure, functional layout and HR planning is well on course. Our planning phase has been extended for a seamless transition into execution phase.

Annexure III depicts the progress of pilot phase of plant V.



Muhammad Maqsood
President / Group CFO



Rana Ali Raza
Company Secretary

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Annexure I



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INTERLOOP LIMITED
Faisalabad
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Faisalabad

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INTERLOOP-LIMITED
Faisalabad

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Annexure II

| Budget Description | Final Approved | PO Issued / LC Opened | Actual Payment to Suppliers/Vendors | Available Balance | % age Consumed based on POs/LCs |
|--|----------------|-----------------------|-------------------------------------|-------------------|---------------------------------|
| Denim - Construction of Building setup | 2,192,800,134 | 1,990,864,309 | 1,361,536,223 | 201,935,825 | 90.79% |
| Denim - Procurement of Machinery | 3,893,389,515 | 2,591,188,355 | 1,779,683,859 | 1,302,201,160 | 66.55% |
| Denim - Power & Utilities | 528,883,879 | 528,883,879 | 292,286,351 | - | 100.00% |
| Denim - Miscellaneous Expense | 135,349,206 | 132,923,299 | 28,754,432 | 2,425,907 | 98.21% |
| Exchange Loss & Cost Overruns | 252,218,819 | 202,800,647 | - | - | 80.41% |
| GRAND TOTAL | 7,002,641,553 | 5,446,660,489 | 3,462,260,865 | 1,506,562,892 | 77.78% |

Note: Cost over-run and Exchange loss is being financed through internally generated cash flows.



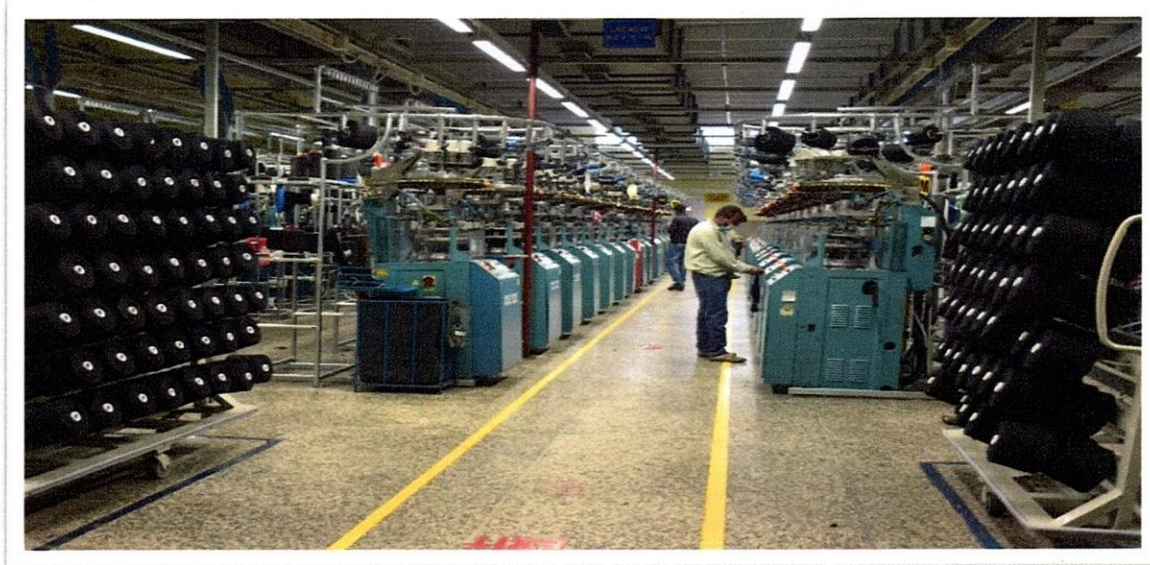
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Annexure III



M. S. Khan
INTERLOOP LIMITED
Faisalabad

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