



LIBERTY
MILLS LIMITED

1

Quarterly Accounts

for the third Quarter ended

March 31, 2009

(Un-Audited)

LIBERTY
MILLS LIMITED

**COMPANY INFORMATION****BOARD OF DIRECTORS:**

CHAIRMAN:	Mr. Salim N. Mukaty
DIRECTORS:	Mr. Ashraf Salim Mukaty Mr. Yusuf N. Mukaty Mr. Noor Muhammad Yusuf Mukaty Mr. Arif Haji Abdul Sattar Maniya Mr. Luqman F. Poonawala Mr. Madni Gul Muhammad Mr. Asif Younus Bawany Mr. Muhammad Imran Shekhani
CHIEF EXECUTIVE:	Mr. Ashraf Salim Mukaty
CHIEF FINANCIAL OFFICER:	Haji Younus Bhathda
COMPANY SECRETARY:	Mr. Muhammad Iqbal Haroon
AUDITORS :	Hyder Bhimji & Co. Chartered Accountants Rauf Ayoob & Co. Chartered Accountants
BANKERS :	Allied Bank Limited Arif Habib Bank Ltd. Askari Bank Ltd. Bank Al Habib Ltd. Habib Bank Limited Habib Metropolitan Bank Ltd. Meezan Bank Limited Soneri Bank Ltd. Standard Chartered Bank (Pakistan) Ltd.
REGISTERED OFFICE AND MILLS :	A/51-A, S.I.T.E., Karachi-75700. Tel No. (021) 2578103-16 (14 Lines) Fax: (021) 2570086 & 2561050 Email: liberty@libertymillslimited.com Website: www.lml.com.pk
SHARES REGISTRAR :	C & K Management Associates (Pvt) Ltd. Room No. 404, Trade Tower, Abdullah Haroon Road, Near Hotel Metropole, Karachi-75530. Tel No. 5685930 & 5687839



LIBERTY MILLS LIMITED

3

DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present before you the financial statements of the Company for the quarter ended on 31st March 2009.

The financial results are as under:

	Quarter Ended		3rd Quarter Ended	
	March 2009	March 2008	July-March 2009	July-March 2008
	(Rs. in '000')		(Rs. in '000')	
Sales	1152.04	1210.03	3955.11	3424.79
Gross profit	160.81	226.47	720.93	515.53
Operating profit	221.64	147.04	619.29	300.78
Profit / (loss) before tax	176.27	121.60	510.26	232.79
Profit after tax	159.91	109.62	466.51	200.93

During the current quarter under the review the net sales remains similar and overall net profit after tax has increased to Rs 159.912 million as compared to Rs 109.620 million for the previous corresponding period, thus showing an increase of 31.45 % this increase in profitability is mainly due to devaluation of Pak rupee against dollar which played a key role in increasing revenue.

However the world's economy will improve and your Company shall harvest maximum opportunities. Sales are expected to increase in the next quarter. Remedial measures for the textile industry are also expected to be announced by the government. We hope that the government will take necessary action to control the law and order situation, peace and to bring the political stability which will also help in the uplift the textile industry.

During the period under review the related Company Liberty Power Tech Limited had achieved its Financial close and the work on SITE preparation are started and the management is expecting that the project will attain its Commercial operation by last quarter of 2010. The Company had Invested in the related Company to the tune of Rs.534 million in the share capital of the related company.

On behalf of the Board of Directors I would like to acknowledge with thanks the guidance and support of regulatory authorities, patronage of customers, share holders, bank and lending institutions. I would also like to place on record the dedicated efforts and hard work of the management and the employees.

For and on behalf of the
Board of Directors

(Ashraf Salim Mukaty)

Chief Executive

Karachi: 29th April, 2009



BALANCE SHEET (UN-AUDITED) AS AT 31ST MARCH, 2009

ASSETS	Notes	Un-audited 31.03.2009 Rupees	Audited 30.06.2008 Rupees
NON-CURRENT ASSETS			
FIXED ASSETS			
Property, plant and equipment	4	1,249,879,157	1,300,242,091
Investment property		1,398,907	1,509,475
		1,251,278,064	1,301,751,566
Long term investment	5	535,719,180	1,505,430
Long term loans and advances		20,321,682	23,888,445
Long term deposits		2,822,863	2,822,863
CURRENT ASSETS			
Stores, spares and loose tools		127,156,971	113,430,769
Stock-in-trade		592,639,747	748,537,715
Trade debts		831,563,895	856,008,990
Loans and advances		32,742,785	33,363,595
Deposits and prepayments		3,697,878	1,558,730
Other receivables		42,663,027	56,541,181
Tax refunds due from government		22,896,333	36,604,407
Financial assets at fair value through profit & loss		642,081,020	8,339,702
Cash and bank balances		318,975,660	137,788,257
		2,614,417,316	1,992,173,346
		4,424,559,105	3,322,141,650
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorised capital:			
40,000,000 ordinary shares of Rs. 10/- each		400,000,000	400,000,000
Issued, subscribed and paid-up capital		226,101,390	226,101,390
General reserve-revenue		1,170,000,000	870,000,002
Unappropriated profit		509,156,383	376,557,429
		1,905,257,773	1,472,658,821
NON-CURRENT LIABILITIES			
Long term financing		148,036,666	140,139,701
Loans from related parties		29,755,913	29,814,330
Deferred liabilities		85,109,150	74,801,823
CURRENT LIABILITIES			
Trade and other payables		497,650,385	519,148,986
Accrued mark-up		22,163,616	22,142,862
Short term borrowings		1,730,455,399	1,037,916,872
Current portion of long term financing and loans from related parties		3,507,350	25,127,966
Provision for income tax net of payment		2,622,853	390,289
		2,256,399,603	1,604,726,975
Contingencies & Commitments	6	—	—
		4,424,559,105	3,322,141,650

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


ASHRAF S. MUKATY
 Chief Executive


ASIF Y. BAWANY
 Director

Karachi: 29th April, 2009



LIBERTY MILLS LIMITED

5

PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED 31ST MARCH, 2009

	Quarter ended 31.03.2009 Rupees	Nine Months ended 31.03.2009 Rupees	Quarter ended 31.03.2008 Rupees	Nine Months ended 31.03.2008 Rupees
Sales & services	1,152,043,206	3,955,105,961	1,210,030,985	3,424,791,026
Cost of sales and services	991,233,322	3,234,178,751	983,555,850	2,909,265,408
Gross profit	160,809,884	720,927,210	226,475,135	515,525,618
Administrative expenses	(30,050,681)	(97,621,190)	(32,539,541)	(94,497,097)
Distribution cost	(27,403,417)	(114,381,730)	(48,028,553)	(118,763,536)
Other operating charges	(10,302,153)	(34,700,665)	(8,798,819)	(16,921,684)
	(67,756,251)	(246,703,585)	(89,366,913)	(230,182,317)
	93,053,633	474,223,625	137,108,222	285,343,301
Income from investment property	1,554,073	4,659,432	50,244	147,648
Other operating Income	127,029,278	140,403,923	9,881,793	15,284,671
Operating profit	221,636,984	619,286,980	147,040,259	300,775,620
Finance cost	(45,362,034)	(109,032,113)	(25,441,114)	(67,982,375)
Profit before taxation	176,274,950	510,254,867	121,599,145	232,793,245
Provision for income tax	(16,362,241)	(43,740,707)	(11,978,877)	(31,864,818)
Profit after taxation	159,912,709	466,514,160	109,620,268	200,928,427
Earning per share - basic & diluted	7.07	20.63	4.85	8.89

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


ASHRAF S. MUKATY
Chief Executive


ASIF Y. BAWANY
Director

Karachi: 29th April, 2009



CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31ST MARCH, 2009

	31.03.2009	31.03.2008
	<u>Rupees</u>	<u>Rupees</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	510,254,867	232,793,245
Adjustments for non cash charges and other items		
Depreciation	91,949,929	77,874,186
Provision for staff retirements benefit (net)	10,307,326	10,815,190
Loss/(gain) on disposal of fixed assets	(370,178)	(22,262)
Finance cost	109,032,113	67,982,375
	210,919,190	156,649,489
	721,174,057	389,442,734
WORKING CAPITAL CHANGES (INCREASE)/DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(13,726,202)	(18,311,943)
Stock-in-trade	155,897,968	(103,286,137)
Trade debts	24,445,095	(20,660,426)
Loans and advances	620,810	(18,796,077)
Deposits and prepayments	(2,139,148)	(1,537,471)
Accrued mark-up	—	(108,750)
Other receivables	13,878,154	(63,818,450)
Financial assets at fair value	(633,741,318)	(96,717,093)
	(454,764,641)	(323,236,347)
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Short term borrowings	692,538,527	262,108,924
Trade and other payables	(21,498,601)	30,299,179
Add: Working capital changes	216,275,285	(30,828,243)
(Increase)/decrease in long term loans & advances	3,566,765	(5,003,953)
Long term deposit	—	5,742
Long term investment	(534,213,750)	—
Finance cost paid	(109,011,358)	(66,477,669)
Taxes paid	(27,800,070)	(40,076,645)
Net cash in flow from operations	269,990,929	247,061,965
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditures	(43,638,249)	(71,790,983)
Proceeds from disposal of fixed assets	2,532,000	6,165,762
Net cash outflow from investing activities	(41,106,249)	(65,625,221)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed of long term finance	(13,723,651)	27,067,034
(Payment) / Proceed of Loan from related parties	(58,417)	(195,795,259)
Dividend paid	(33,915,209)	(45,220,278)
Net cash in flow/(out flow) towards financing activities	(47,697,277)	(213,948,503)
Net increase /(decrease) in cash and cash equivalents	181,187,403	(32,511,759)
Cash and cash equivalents at the beginning of the period	137,788,257	139,232,314
Cash and cash equivalents at the end of the period	318,975,660	106,720,555
CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	318,975,660	106,720,555
	318,975,660	106,720,555

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

ASHRAF S. MUKATY

Chief Executive

Karachi: 29th April, 2009

ASIF Y. BAWANY

Director



LIBERTY MILLS LIMITED

7

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 31ST MARCH, 2009

	Share Capital	General Reserve - Revenue	Un- Appropriated Profit	Total
	Rupees			
Balance as at June 30, 2007	226,101,390	570,000,002	380,067,196	1,176,168,588
Transfer to revenue reserve	—	300,000,000	(300,000,000)	—
Final dividend for the year 2007 Cash @ 20% Rs. 2.00 per share	—	—	(45,220,278)	(45,220,278)
Net Profit for the nine months ended 31st March 2008	—	—	200,928,427	200,928,427
Balance as at March 31, 2008	226,101,390	870,000,002	235,775,345	1,331,876,737
Net Profit for the quarter ended June 30, 2008	—	—	140,782,084	140,782,084
Balance as at June 30, 2008	226,101,390	870,000,002	376,557,429	1,472,658,821
Transfer to revenue reserve	—	299,999,998	(299,999,998)	—
Final dividend for the year 2008 Cash @ 15% Rs. 1.50 per share	—	—	(33,915,208)	(33,915,208)
Net profit for the nine months ended March 31, 2009	—	—	466,514,160	466,514,160
Balance as at March 31, 2009	226,101,390	1,170,000,000	509,156,383	1,905,257,773

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

ASHRAF S. MUKATY
Chief Executive

Karachi: 29th April, 2009

ASIF Y. BAWANY
Director



**SELECTED NOTES
TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED
31ST MARCH, 2009**

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on February 22, 1965 as a private limited company and was converted into a public limited company on September 12, 1969. Its shares are quoted in the Karachi stock exchange. The principal activity of the company is manufacturing and processing of all kinds of fabrics and textile made-up and its registered office is situated at A/51-A, S.I.T.E, Karachi.75700.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1 These financial statements are the interim unaudited condensed financial statements. These are prepared in accordance with the requirements of International Accounting Standard - 34 "Interim financial Reporting". These interim financial Statements should be read in conjunction with the published financial statements of the Company for the year ended 30th June 2008.

2.2 These accounts are being submitted to the shareholders as required by section 245 of the Companies Ordinance 1984.

3. ACCOUNTING POLICIES

The accounting policies used are consistent with those used in the audited financial statements of the Company for the year ended 30th June 2008.



LIBERTY MILLS LIMITED

9

	Un-audited 31.03.2009	Audited 30.06.2008
4. TANGIBLE FIXED ASSETS		
Cost of Additions		
Factory building on lease hold land	1,336,735	171,060,106
Non factory building on lease hold land	13,785	26,214,417
Plant & machinery	6,895,707	117,860,080
Factory equipments	3,170,658	4,693,898
Office equipments	265,065	263,356
Computers / printers	246,084	203,645
Furniture & fixtures	77,905	936,214
Vehicles	1,514,780	3,653,715
	<u>13,520,719</u>	<u>324,885,431</u>
Written down value of disposal		
Factory Building on lease hold land	—	5,312,970
Plant & Machinery	2,125,419	1,136,321
Furniture & Fixtures	—	139,520
Vehicles	36,403	341,244
	<u>2,161,822</u>	<u>6,930,055</u>
5. LONG TERM INVESTMENT		
These include an investment in related company Liberty Power Tech Limited, Which is carried at cost amounting to Rs. 534,000,000 (June 30, 2008: Nil)		
6. CONTINGENCIES AND COMMITMENTS:		
For Investment in related party namely		
Liberty Power Tech Limited upto	3,291,000,000	3,000,000,000
(including SBLC of Rs. 2 billion June 30, 2008 : NIL)		
For outstanding L/C's in respect of:		
Raw material & spares etc.	13,509,491	17,073,830
Bank guarantees issued		
to Sui Southern Gas Company Ltd.	43,555,000	34,484,000
to Defence purchases, wah cantt.	—	1,076,400
7. Provisions in respect of Workers Profit Participation Fund, Workers Welfare Fund and Taxation are estimated and are subject to final adjustment in the annual audited accounts.		



8. <u>TRANSACTION WITH RELATED PARTIES</u>	Un-audited 31.03.2009	Audited 30.06.2008
Services obtained (inclusive of sales tax)	87,192,074	98,978,144
Rent received	4,270,000	360,000
Rent paid	900,000	3,300,000
Reimbursement of bank charges & commission	—	728,359
Loan from directors outstanding	29,755,913	29,814,330
Investment in related company	534,000,000	—

9. RELATED PARTIES

The related party comprises of related group companies, Liberty Energy (Pvt) Limited, Ashraf Enterprises & Liberty Power Tech Limited, where director also held directorship, directors and key management personnel.

10. DATE OF AUTHORIZATION FOR ISSUE

These financial Statements were authorized for issue by the Board of Directors on 29th, April 2009.

12. GENERAL

Figures have been rounded off to the nearest rupees.

ASHRAF S. MUKATY
Chief Executive

Karachi: 29th April, 2009

ASIF Y. BAWANY
Director