



LIBERTY
MILLS LIMITED

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Half Yearly Accounts

for the half-year ended

December 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

Faheem, Rauf, Ejaz, Nasir, Nouman, Talib, Zeeshan, Saeed
Chartered Accountants

BANKERS : Allied Bank Limited
Arif Habib Bank Ltd.
Bank Al-Falah 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) 32578100-116 (17 Lines)
Fax: (021) 32570086 & 32561050
Email: liberty@libertymillslimited.com
Website: www.lml.com.pk

SHARES REGISTRAR : F. D. Registrar Services (SMC - Pvt) Ltd.
17th Floor, Saima Trade Tower, Block-A
I.I. Chundrigar Road, Near Jang News Group
Near HMB Main Branch, Karachi-74200.
Tel No. 35478192-93



DIRECTORS' REPORT TO THE MEMBERS

We feel pleasure in submitting herewith the un-audited Half-Yearly accounts for the period ended December 31, 2009.

THE FINANCIAL RESULTS ARE AS UNDER:

	Dec. 2009	Dec. 2008
The summarized financial results are given below		
	(Rupees in Thousand)	
Sales	2,682,296	2,803,063
Gross Profit	460,460	560,117
Profit / (loss) before tax	350,371	333,980
Profit after tax	320,491	306,601

The Company has earned an after tax profit of Rs. 320.49 million as compared to Rs. 306.60 million in the corresponding period ended Dec. 31, 2008, resulted in a slight increase of 4.53%. The Company's overall performance remained satisfactory and profitability of company has increased during the period.

Textile industry is going through one of the toughest periods in decades. Global recession, which has hit the textile sector worldwide, is not the only cause of concern. Serious internal issues also affected our textile industry quite badly. The high cost of production resulting from rising energy costs, increasing prices of imported inputs due to depreciation of Pakistani rupee and the non availability of cotton yarn in the country will have disastrous effects on our country's economy and will be the last blow on the country's economy. It appears that no body seems to care and this may result in rendering millions of textile workers idle, double digit inflation, very poor law and order situation in Pakistan (unseen) are posing serious threats to textile sector.

In the present scenario the results are likely to be adverse in coming quarters. However the management of the Company is doing its best efforts to maintain the profitability margin.

Subsidiary Company

Liberty Power Tech Limited is the subsidiary of Liberty Mills Limited, the machine and engine will arrive in second quarter of 2010, Project with an installed capacity of 200 Mega Watt near Faisalabad. Liberty Mills Limited own 46% of shares as of the date. The subsidiary is expected to achieve commercial production in the 2nd half of 2010.

Rauf Ayoob & Co., Chartered Accountants, one of our present auditor had changed its name, the new name of the company is Faheem, Rauf, Ejaz, Nasir, Nouman, Talib, Zeeshan, Saeed Chartered Accountants.

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: 26th February, 2010



AUDITORS REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION:

We have reviewed the accompanying condensed interim balance sheet of LIBERTY MILLS LIMITED as at December 31, 2009, and the related condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of change in equity together, with the notes forming part thereof (hereinafter referred to as the "condensed interim information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standard as applicable in Pakistan. Our responsibility is to express a conclusion of these condensed interim financial information based our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2008 and 2009 have not been reviewed, as we were required to review only the cumulative figures for the half year ended December 31, 2009.

SCOPE OF REIWEW:

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquires primarily of persons responsible for financial and accounting matters, and applying analytically and other review procedures. A review is substantially less in scope then an audit conducted in accordance with International Standard on Auditing and consequently does not enable us to obtained assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit option.

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31,2009 is not prepared, in all material respect in accordance with approved accounting standards as applicable in Pakistan.

HYDER BHIMJI & CO.
Chartered Accountants

Engagement Partner:
Hyder Ali Bhimji

**FAHEEM, RAUF, EJAZ,
NASIR, NOUMAN, TALIB,
ZEESHAN, SAEED**
Chartered Accountants

Engagement Partner:
Muhammad Fahim

Karachi: 26th February, 2010



LIBERTY MILLS LIMITED

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BALANCE SHEET (UNAUDITED) CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

		Unaudited 31.12.2009 Rupees	Audited 30.06.2009 Rupees
ASSETS			
NON CURRENT ASSETS	Note		
Fixed Assets			
Property, plant and equipment	4	1,219,217,159	1,244,216,480
Investment property	5	8,272,646	8,517,772
		1,227,489,805	1,252,734,252
Long term investment		1,000,250,000	534,000,000
Long term loans and advances		24,911,424	20,930,967
Long term deposits		3,026,023	3,026,023
CURRENT ASSETS			
Stores, spares and loose tools		120,463,449	107,148,450
Stock-in-trade		855,163,803	783,221,171
Trade debts	6	821,274,960	494,723,409
Loans and advances		30,172,505	33,534,397
Deposits and prepayments		7,764,010	15,369,370
Other receivables		53,031,512	47,532,907
Tax refunds due from government		38,902,849	27,509,199
Current maturity of long term investment		500,000	500,000
Financial assets at fair value through profit & loss		219,206,550	634,287,305
Cash and bank balances		435,849,499	575,622,089
		2,582,329,137	2,719,448,297
		<u>4,838,006,389</u>	<u>4,530,139,539</u>
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		226,101,390	226,101,390
Revenue Reserves		1,570,000,000	1,170,000,000
Un-appropriated profit		412,513,188	605,072,524
		2,208,614,578	2,001,173,914
NON-CURRENT LIABILITIES			
Long term financing		124,059,715	139,311,448
Loans from related parties		20,755,913	23,755,913
Deferred liabilities		91,107,908	85,449,287
CURRENT LIABILITIES			
Trade and other payables	7	513,253,900	512,384,592
Accrued mark-up		36,832,442	31,955,350
Short term borrowings		1,805,959,000	1,710,854,715
Current portion of long term financing and loans from related parties		33,484,300	18,232,567
Taxation		3,938,632	7,021,753
		2,393,468,274	2,280,448,977
CONTINGENCIES & COMMITMENTS	8	—	—
		<u>4,838,006,389</u>	<u>4,530,139,539</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 26th February, 2010

ASIF Y. BAWANY
Director


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE HALF YEAR ENDED 31ST DECEMBER, 2009**

		Quarter ended 31.12.2009 Rupees	Six Months ended 31.12.2009 Rupees	Quarter ended 31.12.2008 Rupees	Six Months ended 31.12.2008 Rupees
Sales and services	9	1,372,188,600	2,682,295,652	1,315,943,046	2,803,062,755
Cost of sales and services	10	1,135,257,311	2,221,835,861	1,029,573,291	2,242,945,429
Gross profit		236,931,289	460,459,791	286,369,755	560,117,326
Administrative expenses		(36,465,826)	(77,067,006)	(30,740,059)	(67,570,509)
Distribution cost		(31,933,983)	(56,002,748)	(42,245,819)	(86,978,313)
Other charges		(10,163,415)	(22,813,512)	(12,134,554)	(24,398,512)
		(78,563,224)	(155,883,266)	(85,120,432)	(178,947,334)
		158,368,064	304,576,524	201,249,323	381,169,992
Income from investment property		1,528,423	3,054,874	1,553,152	3,105,359
Other operating Income/(loss)		41,916,361	143,756,509	(3,419,150)	13,374,645
Operating profit		201,812,848	451,387,907	199,383,325	397,649,996
Finance cost		(52,087,696)	(101,016,783)	(36,195,653)	(63,670,079)
Profit before taxation		149,725,152	350,371,124	163,187,672	333,979,917
Provision for income tax		(17,015,117)	(29,879,765)	(17,121,470)	(27,378,466)
Profit after taxation		132,710,035	320,491,359	146,066,202	306,601,451
Other comprehensive income		—	—	—	—
Total comprehensive income		132,710,035	320,491,359	146,066,202	306,601,451
Earning per share - Basic and diluted		5.87	14.17	6.46	13.56

The annexed notes from 1 to 13 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 26th February, 2010

ASIF Y. BAWANY
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER, 2009**

	31.12.2009 Rupees	31.12.2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	350,371,124	333,979,917
Adjustment for non cash charges and other items		
Depreciation	59,386,863	61,994,704
Provision for staff retirements benefit (net)	5,658,621	6,460,781
Loss\gain) on disposal of fixed assets	(544,468)	4,403
Finance cost	101,016,783	63,670,079
	165,517,799	132,129,967
Adjustments for non cash charges and other items	515,888,923	466,109,884
WORKING CAPITAL CHANGES (INCREASE)/DECREASE IN CURRENT ASSETS		
Stores spares parts & loose tools	(13,314,999)	(13,269,077)
Stock-in-trade	(71,942,632)	82,806,051
Trade debts	(326,551,551)	(172,040,862)
Loans and advances	3,361,892	(876,592)
Deposits and prepayments	7,605,360	(2,130,669)
Other receivables	(5,498,605)	4,621,134
	(406,340,535)	(100,890,014)
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Short term borrowings	95,104,285	426,657,034
Trade and other payables	(3,790,601)	(60,154,053)
Add: Working capital changes	(315,026,851)	265,612,967
Less: (Increase) in long term loans & advances	(3,980,457)	918,482
Long term deposit	—	—
Long term investment	(466,250,000)	(10,142,500)
Finance cost paid	(96,139,691)	(58,488,240)
Sales tax refunded	(11,393,650)	6,108,481
Taxes paid	(32,962,885)	(26,518,360)
Dividend paid	(108,390,786)	(33,915,209)
Net cash in flow generated from operations	(518,255,397)	609,685,505
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(35,222,948)	(38,414,677)
Proceeds from disposal of fixed assets	1,625,000	32,000
Net cash out flow towards investing activities	(33,597,948)	(38,382,677)
CASH FLOW FROM FINANCING ACTIVITIES		
(Payment)\Proceed of long term finance	—	(13,392,235)
(Payment)\Proceed of Loan from related parties	(3,000,000)	59,967,235
Net cash in flow / (out) flow from financing activities	(3,000,000)	46,575,000
Net increase in cash and cash equivalents	(554,853,345)	617,877,828
Cash and cash equivalents at the beginning of the period	1,209,909,394	146,127,959
Cash and bank balances at the end of the period	655,056,049	764,005,787

The annexed notes from 1 to 13 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 26th February, 2010

ASIF Y. BAWANY
Director


STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER, 2009

	Share Capital	Revenue Reserve	Un-Appropriated Profit	Total
	Rupees			
Balance as at 30th June, 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 @ 15% Rs. 1.50 per share	—	—	(33,915,209)	(33,915,209)
Net comprehensive income for the half-year ended 31 December, 2008	—	—	306,604,451	306,604,451
Balance as at 31 December, 2008	226,101,390	1,170,000,000	349,246,673	1,745,348,063
Net comprehensive income for the half-year ended 30 June, 2009	—	—	255,825,851	255,825,851
Balance as at June 30, 2008	226,101,390	1,170,000,000	605,072,524	2,001,173,914
Transfer to revenue reserve	—	400,000,000	(400,000,000)	—
Final dividend for the year 2009: @ Rs. 50% Rs. 5 per share	—	—	(113,050,695)	(113,050,695)
Net comprehensive income for the half-year ended 31 December, 2009	—	—	320,491,359	320,491,359
Balance as at Dec. 31, 2009	226,101,390	1,570,000,000	412,513,188	2,208,614,578

The annexed notes from 1 to 13 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

ASIF Y. BAWANY
Director

Karachi: 26th February, 2010



**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (UNAUDITED)**

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on February 22, 1965 as private limited company and was converted into Public Limited Company on 12th September 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.

The Company has a Subsidiary Company named Liberty Power Tech Limited (The Subsidiary Company) . It was incorporated in Pakistan on September 13, 2007 as a public limited company. The principal activity of the Subsidiary Company is to own, operate and maintain a Residual Furnance Oil (RFO) power project with an installed capacity of 200 Megawatt near Faisalabad under 2002 Power Policy of the Government of Pakistan. The Registered Office of the Subsidiary Company is situated at 4th Floor, Rehman Plaza, Queens Road, Lahore.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

These condensed interim financial statements are presented in condensed form in accordance with the requirement of International Accounting Standard 34 'Interim Financial Reporting' . These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2009. These accounts are being submitted to the shareholders as required by the Section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements are unaudited. However, a limited scope review has been carried out by the external auditors of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgements and method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2009 except for the adoption of new standards noted below:


3.1 IAS 1 (Revised) 'Presentation of the Financial Statements'

The revised standards prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statements of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non owner changes' are required to be shown in the a performance statement. Companies can choose whether to presents one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income) . The company has elected to present one statement.

3.2 IAS 23 'Borrowing Cost (Revised)

This standard requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction, or production of a qualifying assets as part of the cost of the assets. The option of immediately expensing those borrowing cost has been removed. The adoption of this revised standard has no impact on the Company financcail statements, as the Company is currently following this policy.

4. PROPERTY, PLANT & EQUIPMENT	Unaudited 31.12.2009	Audited 30.06.2009
Property, plant and equipment Note 4.1	1,155,657,219	1,198,568,567
Capital work in progress Note 4.2	63,559,940	45,647,913
	<u>1,219,217,159</u>	<u>1,244,216,480</u>
4.1 Property, plant and equipment		
Opening book value	1,198,568,567	1,266,517,215
Additions made during the period Note 4.1.1	17,310,922	56,419,268
	<u>1,215,879,489</u>	<u>1,322,936,483</u>
Less:		
Written down value of disposal	1,080,533	2,196,589
Depreciation charged for the period	59,141,737	122,171,327
	<u>1,155,657,219</u>	<u>1,198,568,567</u>



	Unaudited	Audited
	31.12.2009	30.06.2009
4.1.1 Addition made during the year		
Factory building on lease hold land	81,500	6,333,396
Plant & machinery	13,079,624	42,193,924
Factory equipments	734,800	4,214,137
Office equipments	—	506,139
Furniture & fixtures	305,342	439,478
Vehicles	2,936,101	2,422,510
Computers / printers	173,555	309,684
	<u>17,310,922</u>	<u>56,419,268</u>
4.1.2 Written down value of disposal		
Plant & machinery	—	2,125,419
Furniture & fixtures	—	34,767
Vehicles	1,080,533	36,403
	<u>1,080,533</u>	<u>2,196,589</u>
4.2 Capital work in progress		
Civil works under progress	62,894,635	43,432,914
Plant & Machinery	665,305	2,214,999
	<u>63,559,940</u>	<u>45,647,913</u>
5. INVESTMENT PROPERTY		
Opening book value	8,517,772	1,509,475
Additions made during the period	—	7,242,357
	<u>8,517,772</u>	<u>8,751,832</u>
Depreciation charged during the period	245,126	234,060
	<u>8,272,646</u>	<u>8,517,772</u>
6. TRADE DEBTS		
Export bills under collection (secured against export letter of credit)	649,533,319	294,836,984
Local (unsecured) Note 6.1	171,741,641	199,886,425
	<u>821,274,960</u>	<u>494,723,409</u>
6.1	It includes an amount of Rs. 14,825,915 (June 2009: Rs. 9,524,949) due from related parties.	



7. TRADE AND OTHER PAYABLES:	Unaudited 31.12.2009	Audited 30.06.2009
Creditors	400,409,411	385,935,959
Accrued liabilities Note 7.1	39,627,087	56,653,931
Advances from customers	4,562,849	1,269,191
Worker's profit participation fund	58,558,999	58,542,058
Worker's welfare fund	4,154,280	9,096,316
Unclaimed dividend & bonus fractions	5,271,249	611,340
Other liabilities	670,025	275,797
	513,253,900	512,384,592

7.1 It includes an amount of **Rs. 9,961,909** (June 2009: **Rs. 10,229,733**) due to associated company.

8. CONTINGENCIES AND COMMITMENTS

Vide special resolution passed in the Extra Ordinary General Meetings dated March 14, 2009 and July 17, 2008 The Company approved (a) Investment in Subsidiary Company Liberty Power Tech Limited to the tune of Rs. 3,825 million out of which Rs. 1,000.25 million have been invested (June 2009: 534 million) (b) short term loans to the tune of Rs. 250 million and (c) guarantees or lien or charge of properties to the tune of Rs 500 million in favor of lending banks of the Subsidiary Company Liberty Power tech Limited. Security in favor of lending banks to the tune of Rs 200 million is given (June 2009: 200 million).

Guarantees of Rs. 44.159 Million (June 2009: Rs. 44.146 Million) have been given by banks to Sui Southern Gas Company Limited & Collector of Customs.

Letter of Credits & Contracts for supply of raw materials, spares & machinery amounting to Rs. 111.216 million (June 2009: Rs. 20.557 million).

9. <u>SALES AND SERVICES:</u>	Unaudited 31.12.2009	Audited 30.06.2009
Export Sales	2,100,922,447	2,306,574,007
Local Sales	163,574,298	188,945,260
Waste Sales	2,661,023	3,371,310
Sale of Dyes & Chemicals	—	829,250
	2,267,157,768	2,499,719,827
SERVICES:		
Cloth processing	415,137,884	303,342,928
	2,682,295,652	2,803,062,755



10. COST OF SALES	Unaudited 31.12.2009	Unaudited 31.12.2008
Raw material consumed	1,702,734,634	1,714,829,604
Stores & spare parts consumed	72,551,549	63,763,879
Design, stitching, weaving, raising & mending charges	87,327,552	64,628,513
Power, water and gas	186,022,632	187,113,982
Salaries, wages & other benefits	122,006,936	111,711,225
Repairs & maintenance	13,733,887	13,239,103
Packing charges	8,817,927	6,889,264
Rent, rates & taxes	1,331,411	895,330
Insurance	6,123,497	2,419,551
Research and development expenses	6,943,667	8,041,376
Depreciation	54,370,719	56,889,376
Less: Duty drawback	(20,076,794)	(14,583,762)
	2,241,887,617	2,215,837,441
Work-in-process		
- opening	93,827,537	84,532,970
- closing	(117,732,266)	(58,145,568)
	(23,904,729)	26,387,402
Cost of goods manufactured	2,217,982,888	2,242,224,843
Finished goods		
- opening	189,910,263	95,012,674
- closing	(186,057,290)	(94,292,088)
	3,852,973	720,586
	<u>2,221,835,861</u>	<u>2,242,945,429</u>

11. TRANSACTION WITH RELATED PARTIES

The related parties comprises of related group companies, Liberty Energy (Pvt.), Limited, Ashraf Enterprises, Soorty Enterprises (Pvt) Limited & Liberty Power Tech Limited, where directors also held directorship, directors and key management personnel. Transaction with associated companies and other related companies are as under.

Relationship	Nature of Transaction	Unaudited 31-Dec-09	Unaudited 31-Dec-08
Subsidiary Company	Rent Received	3,000,000	3,180,000
Associated Company	Services Obtained (Inclusive of Sales Tax)	62,388,213	57,723,627
Associated Company	Services Provided	42,388,213	—
Associated Company	Rent received	300,000	180,000
Associated Company	Rent paid	750,000	600,000
Associated Company	Re-payment of loan to directors	3,000,000	32,765

**12. DATE OF AUTHORISATION FOR ISSUE**

These Financial Statements were authorised for issue by the Board of Directors on 26th February, 2010.

13. GENERAL

- (i) Provision in respect of Worker's Profit Participation Fund, Worker's Welfare Fund and Taxation are estimated and are subject to final adjustment in the annual audited accounts.
- (ii) Figures have been rounded off to the nearest rupees.

ASHRAF S. MUKATY
Chief Executive
Karachi: 26th February, 2010

ASIF Y. BAWANY
Director

Consolidated Financial Statements

**THE LIBERTY MILLS LIMITED and its Subsidiary Company
LIBERTY POWER TECH LIMITED**



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED) AS AT 31ST DECEMBER 2009

		Unaudited 31.12.2009 Rupees	Audited (Restated) 30.06.2009 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	9,306,389,010	5,555,864,517
Investment property	5	8,272,646	8,517,772
		9,314,661,656	5,564,382,289
Goodwill		7,105,537	7,105,537
Long term loans and advances		24,911,424	20,930,967
Long term deposits		3,026,023	3,026,023
CURRENT ASSETS			
Stores, spares and loose tools		120,463,449	107,148,450
Stock-in-trade		855,163,803	783,221,171
Trade debts	6	821,274,960	494,723,410
Loans and advances		30,248,535	37,061,917
Deposits and prepayments		7,980,010	15,585,370
Other receivables		53,352,002	47,727,757
Tax refunds due from government		43,731,929	27,659,496
Current maturity of long term investment		500,000	500,000
Financial assets at fair value through profit & loss		219,206,550	634,287,305
Cash and bank balances		536,709,753	829,520,425
		2,688,630,991	2,977,435,302
		<u>12,038,335,630</u>	<u>8,572,880,118</u>
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		226,101,390	226,101,390
General reserves		1,570,000,000	1,170,000,000
Un-appropriated profit		390,630,932	589,007,585
		2,186,732,322	1,985,108,975
Minority		977,936,630	625,190,692
NON-CURRENT LIABILITIES			
Long term financing		5,607,600,153	3,390,210,907
Loans from related parties		20,755,913	23,755,913
Deferred liabilities		91,107,908	85,449,287
CURRENT LIABILITIES			
Trade and other payables	7	1,095,912,418	574,613,999
Accrued mark-up		214,908,354	152,441,310
Short term borrowings		1,805,959,000	1,710,854,715
Current portion of long term financing and loans from related parties		33,484,300	18,232,567
Provision for taxation net of payments		3,938,632	7,021,753
		3,154,202,704	2,463,164,344
CONTINGENCIES & COMMITMENTS			
	8	—	—
		<u>12,038,335,630</u>	<u>8,572,880,118</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 26th February, 2010

ASIF Y. BAWANY
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE HALF YEAR ENDED 31ST DECEMBER, 2009**

		Quarter ended 31.12.2009 Rupees	Six Months ended 31.12.2009 Rupees	Quarter ended 31.12.2008 Rupees	Six Months ended 31.12.2008 Rupees
Sales and services	9	1,372,188,600	2,682,295,652	1,315,943,046	2,803,062,755
Cost of sales and services	10	1,135,257,311	2,221,835,861	1,029,573,291	2,242,945,429
Gross profit		236,931,289	460,459,791	286,369,755	560,117,326
Administrative expenses		(39,375,344)	(85,719,404)	(30,740,059)	(67,570,509)
Distribution cost		(31,933,983)	(56,002,748)	(42,245,819)	(86,978,313)
Other charges		(10,133,416)	(22,813,512)	(12,134,554)	(24,398,512)
		(81,442,743)	(164,535,664)	(85,120,432)	(178,947,334)
		155,488,545	295,924,126	201,249,323	381,169,992
Income from investment property		28,423	54,874	1,553,152	3,105,359
Other operating Income/(loss)		41,916,361	143,756,509	(3,419,150)	13,374,645
Operating profit		197,433,329	439,735,509	199,383,325	397,649,996
Finance cost		(52,138,698)	(101,067,785)	(36,195,653)	(63,670,079)
Profit before taxation		145,294,631	338,667,724	163,187,672	333,979,917
Provision for income tax		(17,015,117)	(29,879,765)	(17,121,470)	(27,378,466)
Profit after taxation		128,279,514	308,787,959	146,066,202	306,601,451
Other comprehensive income		—	—	—	—
Total comprehensive income		128,279,514	308,787,959	146,066,202	306,601,451
Earning per share - Basic and diluted		5.67	13.66	6.46	13.56

The annexed notes from 1 to 13 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive
Karachi: 26th February, 2010

ASIF Y. BAWANY
Director



CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED 31ST DECEMBER, 2009

	31.12.2009	31.12.2008
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	338,667,724	333,979,917
Adjustment for non cash charges and other items		
Depreciation	61,607,851	61,994,704
Provision for staff retirements benefit (net)	5,658,621	6,460,781
Loss\ (gain) on disposal of fixed assets	(544,468)	4,403
Finance cost	101,067,785	63,670,079
	167,789,789	132,129,967
	506,457,513	466,109,884
WORKING CAPITAL CHANGES		
(INCREASE)/DECREASE IN CURRENT ASSETS		
Stores spares parts & loose tools	(13,314,999)	(13,269,077)
Stock-in-trade	(71,942,632)	82,806,051
Trade debts	(326,551,550)	(172,040,862)
Loans and advances	6,813,382	(876,592)
Deposits and prepayments	7,605,360	(2,130,669)
Other receivables	(5,623,269)	4,621,134
	(403,013,708)	(100,890,014)
(INCREASE)/DECREASE IN CURRENT LIABILITIES		
Short term borrowings	95,104,285	426,657,034
Trade and other payables	516,638,510	(60,154,053)
Add: Working capital changes	208,729,087	265,612,967
Less: (Increase)/decrease in long term loans & advances	(3,980,457)	918,482
Long term investment	—	(10,142,500)
Finance cost paid	(38,600,741)	(58,488,240)
Sales tax refunded	(13,899,249)	6,108,481
Taxes paid	(35,136,069)	(26,518,360)
Dividend paid	(108,390,786)	(33,915,209)
Net cash in flow generated from operations	515,179,299	609,685,505
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,812,967,525)	(38,414,677)
Proceeds from disposal of fixed assets	1,625,000	32,000
Net cash out flow towards investing activities	(3,811,342,525)	(38,382,677)
CASH FLOW FROM FINANCING ACTIVITIES		
(Payment)\ Proceed of long term finance	2,232,640,979	(13,392,235)
Shares subscription	358,630,820	—
(Payment)\ Proceed of Loan from related parties	(3,000,000)	59,967,235
Net cash in flow / (out) flow from financing activities	2,588,271,799	46,575,000
Net increase in cash and cash equivalents	(707,891,427)	617,877,828
Cash and cash equivalents at the beginning of the period	1,463,807,730	146,127,959
Cash and cash equivalents at the end of the period	755,916,303	764,005,787

The annexed notes from 1 to 13 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 26th February, 2010

ASIF Y. BAWANY
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER, 2009

	Share Capital	Reserve for Issue of Bonus Share	Revenue Reserve	Un-Appropriated Profit	Minority Interest	Total
Rupees						
Balance as at 30th June, 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: @ Rs. 15% Rs. 1.5 per share	—	—	—	(33,915,209)	—	(33,915,209)
Net comprehensive income for the half year ended 31 December 2008	—	—	—	306,604,451	—	306,604,451
Balance as at 31st December, 2008	226,101,390	—	1,170,000,000	349,246,673	—	1,745,348,063
Minority interest arising in investment in subsidiary	—	—	—	—	612,204,018	612,204,018
Net comprehensive income for the half year ended 30 June 2009	—	—	—	225,732,691	(36,817,554)	188,915,137
Balance as at 30th June, 2009	226,101,390	—	1,170,000,000	574,979,364	575,386,465	2,546,467,219
Effect of prior period errors	—	—	—	14,028,221	49,804,227	63,832,448
Balance as at June 30, 2009 (Restated)	226,101,390	—	1,170,000,000	589,007,585	625,190,692	2,610,299,667
Transfer to revenue reserve	—	—	400,000,000	(400,000,000)	—	—
Final dividend for the year 2009: @ Rs. 50% Rs. 5.00 per share	—	—	—	(113,050,695)	—	(113,050,695)
Minority Investment during the period	—	—	—	—	358,632,021	358,632,021
Net comprehensive income for the half year ended 31 December 2009	—	—	—	314,674,042	(5,886,083)	308,787,959
Balance as at December 31, 2009	226,101,390	—	1,570,000,000	390,630,932	977,936,630	3,164,668,952

The annexed notes from 1 to 13 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 26th February, 2010

ASIF Y. BAWANY
Director



**SELECTED NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR
THE HALF YEAR ENDED 31 DECEMBER 2009 (UNAUDITED)**

1. LEGAL STATUS AND OPERATIONS

The Group Consist of:

Holding Company

Liberty Mills Limited

Subsidiary Company

Liberty Power Tech Limited

Liberty Mills Limited

The Company was incorporated in Pakistan on February 22, 1965 as private limited company and was converted into Public Limited Company on 12th September 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.

Liberty Power Tech Limited

Liberty Power Tech Limited (the Company) was incorporated in Pakistan on September 13, 2007 as public limited company under the Companies Ordinance, 1984. (The Ordinance) and is the subsidiary company of Liberty Mills Limited. The principal activity of the Company is to own, operate and maintain a Residual Furnance Oil (RFO) power project with an installed capacity of 200 Megawatt near Faisalabad under 2002 Power Policy of the Government of Pakistan. The Company will supply electricity to WAPDA through its subsidiary National Transmission Distribution Company (NTDC) . The Registered Office of the Company is situated at 4th Floor, Rehman Plaza, Queens Road, Lahore. The Company achieved Financial Close on March 12, 2009 and is expected to commence commercial production in second half of 2010.

2. BASIS OF CONSOLIDATION

Subsidiary are those entities in which Holding Company directly or indirectly controls, beneficially owns or hold more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Company are included in the consolidated financial statement from the date control commences until the date that control ceases. These accounts are being submitted to the shareholders as required by the Section 245 of the Companies Ordinance, 1984.



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

Intra Group balance and transactions have been eliminated

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgements and method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2009 except for the adoption of new standards noted below:

3.1 IAS 1 (Revised) 'Presentation of the Financial Statements'

The revised standards prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statements of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity . All 'non owner changes' are required to be shown in the a performance statement. Companies can choose whether to presents one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The company has elected to present one statement.

3.2 IAS 23 'Borrowing Cost (Revised)

This standard requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction, or production of a qualifying assets as part of the cost of the assets. The option of immediately expensing those borrowing cost has been removed. The adoption of this revised standard has no impact on the Company financial statements, as the Company is currently following this policy.

4. PROPERTY, PLANT & EQUIPMENT		Unaudited 31.12.2009	Audited (Restated) 30.06.2009
Property, plant and equipment	Note 4.1	1,236,193,190	1,264,567,954
Capital work in progress	Note 4.2	8,070,195,820	4,291,296,563
		<u>9,306,389,010</u>	<u>5,555,864,517</u>



	Unaudited 31.12.2009	Audited (Restated) 30.06.2009
4.1 Property, plant and equipment		
Opening book value	1,264,567,954	1,266,517,215
Additions made during the period Note 4.1.1	34,068,494	124,415,781
	<u>1,298,636,448</u>	<u>1,390,932,996</u>
Less:		
Written down value of disposal Note 4.1.2	1,080,533	2,214,866
Depreciation charged for the period	61,362,725	124,150,176
	<u>1,236,193,190</u>	<u>1,264,567,954</u>
4.1.1 Addition made during the year		
Free hold land	—	54,825,158
Factory building on lease hold land	81,500	6,333,396
Plant & machinery	13,079,624	42,193,924
Factory equipments	734,800	4,214,137
Office equipments	11,500	524,739
Furniture & fixtures	553,342	1,122,378
Vehicles	18,950,502	14,441,717
Computers / printers	657,226	760,332
	<u>34,068,494</u>	<u>124,415,781</u>
4.1.2 Written down value of disposal		
Factory building on lease hold land	—	—
Plant & machinery	—	2,125,419
Office equipments	—	53,044
Vehicles	1,080,533	36,403
	<u>1,080,533</u>	<u>2,214,866</u>
4.2 Capital work in progress		
Advances to:		
- supplier	2,457,338,797	3,207,540,472
- civil contractors	357,478,606	356,948,626
- others	1,655,048	—
Civil works under progress	738,023,783	193,578,092
Plant, machinery and equipment	3,610,489,869	47,999,727
Professional fee	170,713,935	90,149,732
Insurance	180,852,236	180,852,236
Borrowing cost	431,621,610	120,495,344
Others	122,021,936	93,732,334
	<u>8,070,195,820</u>	<u>4,291,296,563</u>



	Unaudited 31.12.2009	Audited (Restated) 30.06.2009
5. INVESTMENT PROPERTY		
Opening book value	8,517,772	1,509,475
Additions made during the period	—	7,242,357
	<u>8,517,772</u>	<u>8,751,832</u>
Depreciation charged during the period	245,126	234,060
	<u>8,272,646</u>	<u>8,517,772</u>
6. TRADE DEBTS		
Export bills under collection (secured against export letter of credit)	649,533,319	294,836,984
Local (unsecured) Note 6.1	171,741,641	199,886,426
	<u>821,274,960</u>	<u>494,723,410</u>
6.1	It includes an amount of Rs. 14,825,915 (June 2009: Rs. 9,524,949) due from related parties.	
7. TRADE AND OTHER PAYABLES:		
Creditors	978,082,087	445,605,555
Accrued liabilities Note 7.1	41,745,574	57,145,390
Advances from customers	4,562,849	1,269,191
Worker's profit participation fund	58,558,999	58,542,057
Worker's welfare fund	4,154,280	9,096,316
Unclaimed dividend & bonus fractions	5,271,249	611,340
Retention payable	1,602,280	2,067,726
Other liabilities	1,935,100	276,424
	<u>1,095,912,418</u>	<u>574,613,999</u>

7.1 It includes an amount of **Rs. 9,961,909** (June 2009: **Rs. 10,229,733**) due to associated company.

8. CONTINGENCIES AND COMMITMENTS

Contingencies:

The Company has provided following guarantees:

- (i) Guarantees of Rs. 44.159 million (June 2009: Rs. 44.146 million) have been given by banks to Sui Southern Gas Company Limited & Collector of Customs.
- (ii) Guarantee in favour of PPIB for Rs. 81.3 million (2008: Rs. 63 million) against the securities provided by sponsors.



- (iii) Guarantee in favour of NTDC for Rs. 430.89 million (2008: nil) secured against First charge on all present and future current (excluding fuel stock) and fixed assets ranking pari passu with senior financiers. Foreign exchange risk cover through personal properties of Sponsors.

Commitments

Letter of Credits & Contracts for supply of raw materials, spares & machinery amounting to Rs. 10,790.73 million (June 2009: Rs. 326.557 million).

9. <u>SALES AND SERVICES:</u>	Unaudited 31.12.2009	Unaudited 31.12.2008
Export Sales	2,100,922,447	2,306,574,007
Local Sales	163,574,298	188,945,260
Waste Sales	2,661,023	3,371,310
Sale of Dyes & Chemicals	—	829,250
	2,267,157,768	2,499,719,827
SERVICES:		
Cloth processing	415,137,884	303,342,928
	<u>2,682,295,652</u>	<u>2,803,062,755</u>
10. <u>COST OF SALES</u>		
Raw material consumed	1,702,734,634	1,714,829,604
Stores & spare parts consumed	72,551,549	63,763,879
Design, stitching, weaving, raising & mending charges	87,327,552	64,628,513
Power, water and gas	186,022,632	187,113,982
Salaries, wages & other benefits	122,006,936	111,711,225
Repairs & maintenance	13,733,887	13,239,103
Packing charges	8,817,927	6,889,264
Rent, rates & taxes	1,331,411	895,330
Insurance	6,123,497	2,419,551
Research and development expenses	6,943,667	8,041,376
Depreciation	54,370,719	56,889,376
Less: Duty drawback	(20,076,794)	(14,583,762)
	2,241,887,617	2,215,837,441
Work-in-process		
-opening	93,827,537	84,532,970
-closing	(117,732,266)	(58,145,568)
	(23,904,729)	26,387,402
Cost of goods manufactured	2,217,982,888	2,242,224,843
Finished goods		
-opening	189,910,263	95,012,674
-closing	(186,057,290)	(94,292,088)
	3,852,973	720,586
	<u>2,221,835,861</u>	<u>2,242,945,429</u>



11. TRANSACTION WITH RELATED PARTIES

The related parties comprises of related group companies, Liberty Energy (Pvt.), Limited, Ashraf Enterprises, Soorty Enterprises (Pvt) Limited & Liberty Power Tech Limited, where directors also held directorship, directors and key management personnel. Transaction with associated companies and other related companies are as under.

Relationship	Nature of Transaction	Unaudited 31-Dec-09	Unaudited 31-Dec-08
Associated Company	Services Obtained (Inclusive of Sales Tax)	62,388,213	57,723,627
Associated Company	Services provided	42,388,213	—
Associated Company	Rent received	300,000	180,000
Associated Company	Rent paid	750,000	600,000
Associated Company	Repayment of loan to director	3,000,000	32,765
Associated Company	Shares issued	173,035,000	—
Associated Company	Payment against equipment supply contract	2,077,180,322	—
Associated Company	Payment against construction supply contract	295,336,824	—
Sponsor & Director	Shares issued	185,715,000	—

12. DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorised for issue by the Board of Directors on 26th February, 2010.

13. GENERAL

- (i) Provision in respect of Worker's Profit Participation Fund, Worker's Welfare Fund and Taxation are estimated and are subject to final adjustment in the annual audited accounts.
- (ii) Figures have been rounded off to the nearest rupees.

ASHRAF S. MUKATY
Chief Executive
Karachi: 26th February, 2010

ASIF Y. BAWANY
Director