



LIBERTY
MILLS LIMITED

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Quarterly Accounts

for the 3rd Quarter ended

March 31, 2008

(Un-Audited)

LIBERTY
MILLS LIMITED

**COMPANY INFORMATION****BOARD OF DIRECTORS:****CHAIRMAN:** Mr. Salim N. Mukaty**DIRECTORS:** Mr. Ashraf Salim Mukaty
Mr. Yusuf N. Mukaty
Mrs. Hamida Salim Mukaty
Mr. Noor Muhammad Yusuf Mukaty
Mr. Arif Haji Abdul Sattar Maniya
Mr. Luqman F. Poonawala
Mr. Madni Gul Muhammad
Mr. Asif Younus Bawany**CHIEF EXECUTIVE:** Mr. Ashraf Salim Mukaty**CHIEF FINANCIAL OFFICER:** Haji Younus Bhathda**COMPANY SECRETARY:** Mr. Muhammad Iqbal Haroon**AUDITORS :** Hyder Bhimji & Co.
Chartered AccountantsRauf Ayoob & Co.
Chartered Accountants**BANKERS :** Habib Metropolitan Bank Ltd.
Standard Chartered Bank
Habib Bank Limited
Bank Al Habib 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



LIBERTY MILLS LIMITED

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DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present before you the financial statements of the company for the third quarter ended on 31st March 2008.

Financial Results:

The summarized financial results are given below:

	Quarter Ended		3rd Quarter Ended	
	March 2008	March 2007	Jul-Mar 2008	Jul-Mar 2007
	(Rs. in '000')		(Rs. in '000')	
Sales	1210.03	1218.60	3424.79	3331.65
Gross Profit	226.47	171.78	515.53	466.67
Operating Profit	147.04	97.54	300.78	283.92
Profit/(loss) before tax	121.60	81.32	232.79	233.80
Profit after tax	109.62	65.52	200.93	191.60

During the current quarters under review the net sales remains similarly and over all profit increases. The management is trying to improve these ratios by increasing the sales volume of value added quality product and curtailing cost of production in the remaining quarter and onward.

The value added textile industry of the country has already been under lot of strain for one reason or the other for the last one year, which become more aggravated due to political instability, law and order situation are affecting adversely. On the other hand due to consistent increase in oil prices and currency fluctuation, the cost of production had increased. It is expected that new Government shall take certain remedial measures for the uplift of this industry.

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.

(Ashraf Salim Mukaty)
Chief Executive

Karachi: 30th April, 2008



BALANCE SHEET (UN-AUDITED) AS AT 31ST MARCH, 2008

	Notes	Un-audited 31.03.2008 Rupees	Audited 30.06.2007 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	1,257,761,731	1,269,866,081
Investment property		1,548,237	1,670,589
Long term investment		500,000	500,000
Long term loans and advances		25,409,028	20,405,075
Long term deposits		2,822,863	2,828,605
CURRENT ASSETS			
Stores, spares and loose tools		112,952,487	94,640,544
Stock-in-trade		699,634,438	596,348,301
Trade debts		721,981,303	701,320,877
Loans and advances		49,672,222	30,876,145
Trade deposits and prepayments		2,118,685	581,214
Accrued markup		896,188	787,438
Other receivables		128,289,013	64,470,563
Tax refunds due from government		42,840,348	34,874,981
Financial assets at fair value through profit & loss		116,760,030	20,042,937
Cash and bank balances		106,720,555	139,232,314
		1,981,865,269	1,683,175,314
		3,269,907,128	2,978,445,664
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		870,000,002	570,000,002
Un-appropriated profit		235,775,345	380,067,196
		1,331,876,737	1,176,168,588
NON-CURRENT LIABILITIES			
Long term financing		148,680,368	122,433,167
Loans from related parties		29,947,246	—
Deferred tax (net)		25,545,000	25,545,000
Deferred liabilities for staff retirements benefit		57,420,068	46,604,878
CURRENT LIABILITIES			
Trade and other payables		598,703,733	568,404,553
Accrued mark-up		13,073,323	11,568,617
Short term borrowings		1,038,571,353	776,462,429
Current portion of long term financing and loans from related parties		24,962,216	249,884,888
Taxation		1,127,084	1,373,544
		1,676,437,709	1,607,694,031
CONTINGENCIES & COMMITMENTS	5	—	—
		3,269,907,128	2,978,445,664

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

ASHRAF S. MUKATY
Chief Executive

ASIF Y. BAWANY
Director

Karachi: 30th April, 2008



LIBERTY MILLS LIMITED

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PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED 31ST MARCH, 2008

	Quarter ended 31.03.2008 Rupees	Nine Months ended 31.03.2008 Rupees	Quarter ended 31.03.2007 Rupees	Nine Months ended 31.03.2007 Rupees
Sales and services	1,210,030,985	3,424,791,026	1,218,597,253	3,331,651,724
Cost of sales and services	983,555,850	2,909,265,408	1,046,818,161	2,864,986,323
Gross profit	226,475,135	515,525,618	171,779,092	466,665,401
Administrative expenses	(32,539,541)	(94,497,097)	(38,833,178)	(96,803,756)
Distribution cost	(48,028,553)	(118,763,536)	(34,797,123)	(80,439,722)
Other operating charges	(8,798,819)	(16,921,684)	(4,280,011)	(12,305,278)
Income from investment property	50,244	147,648	31,007	89,608
Other operating Income	9,881,793	15,284,671	3,641,258	6,711,017
Operating profit	147,040,259	300,775,620	97,541,045	283,917,270
Finance cost	(25,441,114)	(67,982,375)	(16,220,835)	(50,116,982)
Profit before taxation	121,599,145	232,793,245	81,320,210	233,800,288
Taxation	(11,978,877)	(31,864,818)	(15,797,761)	(42,197,422)
Profit after taxation	109,620,268	200,928,427	65,522,449	191,602,866
Earning per share - Basic and diluted	4.85	8.89	2.90	8.47

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

ASHRAF S. MUKATY
Chief Executive

ASIF Y. BAWANY
Director

Karachi: 30th April, 2008



CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31ST MARCH, 2008

	31.03.2008	31.03.2007
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	232,793,245	233,800,288
Adjustments for non cash charges and other items		
Depreciation	77,874,186	81,018,290
Provision for staff retirement benefits (net)	10,815,190	3,752,866
Gain on disposal of fixed assets	(22,262)	(1,883,028)
Finance cost	67,982,375	50,116,982
	156,649,489	133,005,110
	389,442,734	366,805,398
WORKING CAPITAL CHANGES (INCREASE)/DECREASE IN CURRENT ASSETS		
Stores, spares and loose tools	(18,311,943)	(17,137,940)
Stock-in-trade	(103,286,137)	65,469,600
Trade debts	(20,660,426)	(176,709,489)
Loans and advances	(18,796,077)	(10,421,928)
Trade deposits and prepayments	(1,537,471)	(1,589,404)
Accrued mark-up	(108,750)	(108,750)
Other receivables	(63,818,450)	(18,360,772)
Financial assets at fair value	(96,717,093)	—
	(323,236,347)	(158,858,683)
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Short term borrowings	262,108,924	(174,039,853)
Trade and other payables	30,299,179	169,192,950
Working capital changes	(30,828,244)	(163,705,586)
(Increase) in long term loans & advances	(5,003,953)	(900,403)
Long term deposit	5,742	(39,160)
Finance cost paid	(66,477,669)	(59,783,003)
Tax refund received	—	6,490,631
Taxes paid	(40,076,645)	(39,427,086)
Net cash in flow from operations	247,061,965	109,440,791
CASH FLOW FROM INVESTING ACTIVITIES:		
Fixed capital expenditures	(71,790,983)	(67,079,218)
Proceeds from disposal of fixed assets	6,165,762	3,262,500
Net cash out flow from investing activities	(65,625,221)	(63,816,718)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed of long term finance	27,067,034	—
(Payment) / Proceed of Loan from related parties	(195,795,259)	(50,000,000)
Dividend paid	(45,220,278)	(45,160,739)
Net cash in flow / (out flow) from financing activities	(213,948,503)	(95,160,739)
Net increase / (decrease) in cash and cash equivalents	(32,511,759)	(49,536,666)
Cash and cash equivalents at the beginning of the period	139,232,314	158,258,025
Cash and cash equivalents at the end of the period	106,720,555	108,721,360
CASH AND CASH EQUIVALENTS		
Cash and bank balances	106,720,555	108,721,360
	106,720,555	108,721,360

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

ASHRAF S. MUKATY

Chief Executive

Karachi: 30th April, 2008

ASIF Y. BAWANY

Director



LIBERTY MILLS LIMITED

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STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 31ST MARCH, 2008

	Share Capital	Revenue Reserve	Un- Appropriated Profit	Total
Balance as at June 30, 2006	226,101,390	450,000,002	248,870,614	924,972,006
Effect of change in Accounting policy of deferred taxation	—	—	20,120,000	20,120,000
Restated balances as at June 30, 2006	226,101,390	450,000,002	268,990,614	945,092,006
Transfer to revenue reserve	—	120,000,000	(120,000,000)	—
Final dividend for the year 2006 Rs. 2.00 per share (20%)	—	—	(45,220,278)	(45,220,278)
Net profit for the nine months ended 31st March, 2007	—	—	191,602,866	191,602,866
Balance as at March 31, 2007	226,101,390	570,000,002	295,373,202	1,091,474,594
Net Profit for the quarter ended 30th June 2007	—	—	84,693,994	84,693,994
Balances 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 Rs. 2.00 per share (20%)	—	—	(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

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

ASHRAF S. MUKATY
Chief Executive

ASIF Y. BAWANY
Director

Karachi: 30th April, 2008



**SELECTED NOTES
TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31ST MARCH, 2008**

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 un-audited 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 2007.

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 2007.

	Un-audited 31.03.2008	Audited 30.06.2007
4. TANGIBLE FIXED ASSETS		
Cost of Additions		
Factory building on lease hold land	279,768	8,375,485
Non factory building on lease hold land	—	13,110
Plant & machinery	1,190,058	122,612,480
Factory equipments	1,691,614	2,146,807
Office equipments	233,526	497,338
Computers / printers	18,700	186,825
Furniture & fixtures	936,214	388,660
Vehicles	1,560,500	7,280,640
	5,910,380	141,501,345
Cost of disposal		
Factory Building on lease hold land	28,186,023	—
Plant & machinery	1,706,223	—
Furniture & fixtures	222,866	—
Vehicles	419,000	8,911,480
	30,534,112	8,911,480



5. CONTINGENCIES AND COMMITMENTS:

For outstanding L/C's in respect of:

Raw material & spares etc.	13,509,491	15,248,617
For capital expenditures	—	2,202,225
Bank guarantees issued		
to Sui Southern Gas Company Ltd.	34,484,000	34,484,000
to Defence purchases, wah cantt.	1,076,400	1,076,400
Counter Guarantee issued		
to ABL for Liberty Power Tech Ltd.,	249,431,400	—

6. 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.

7. TRANSACTION WITH RELATED PARTIES

The related party comprises of related group companies, Liberty Energy (Pvt) Limited, Ashraf enterprises where directors also held directorship, directors and key management personnel. Transaction with associated companies and other related companies.

	Quarter ended 31.03.2008 Rupees	Nine Months ended 31.03.2008 Rupees	Quarter ended 31.03.2007 Rupees	Nine Months ended 31.03.2007 Rupees
Services obtained	26,176,802	74,490,538	25,507,479	73,693,963
Rent received	90,000	270,000	75,000	225,000
Rent paid	300,000	3,000,000	—	—

The cost of services, rent received and rent paid have been decided on the basis of the agreements between the company and the related associated company. It is based on an agreed methodology, consistently applied, on an arm's length basis. The price charged to related party is determined using the "Comparable Uncontrolled Price Method.

**9. DATE OF AUTHORISATION FOR ISSUE**

These financial Statements were authorized for issue by the Board of Directors on 30, April 2008.

10. GENERAL

Figures have been rounded off to the nearest rupees.

ASHRAF S. MUKATY
Chief Executive

ASIF Y. BAWANY
Director

Karachi: 30th April, 2008