



LIBERTY
MILLS LIMITED

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Financial Statements

for the third-quarter ended

March 31, 2010

(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 are pleased to present before you the financial statements of the company for the third quarter ended on 31st March 2010.

The Financial Results are as under:

The summarized financial results are given below

	Quarter Ended		3rd Quarter Ended	
	March 2010	March 2009	July-March 2010	July-March 2009
	(Rs. in millions)		(Rs. in millions)	
Sales	1420.14	1152.04	4102.44	3955.11
Gross profit	190.13	160.81	650.59	720.93
Operating profit	128.46	221.64	579.85	619.29
Profit / (loss) before tax	90.04	176.27	440.41	510.26
Profit after tax	75.28	159.91	395.77	466.51

During the current quarter under review the net sales increased to Rs. 1420.14 million as compared to Rs. 1152.04 million for the previous corresponding period, thus showing an increase of 23% and net profit reduced by 53% as compared for the previous corresponding period, due to higher cost of inputs.

The increase in the prices of cotton yarn and gray fabric due to the flight of cotton and cotton yarn to the international market especially to China is one of the major contributor of decline in profit. There are other factors also such as energy crisis, rising cost of imported inputs together with the rising prices of fuel cost have also contributed to this declining trend.

In the next quarter of the current year, we expect a competitive business environment. In order to meet this challenge our company is trying to cut costs through improves process and economy of scales. Our company is looking for new products and markets to increase sales as well as profitability.

Subsidiary Company

Liberty Power Tech Limited is the subsidiary of Liberty Mills Limited, All eleven engines were already arrived and steam turbine is expected to arrive in May 2010, Project is moving well and expected to achieve commercial production in the last quarter of 2010.

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 2010


CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT MARCH 31, 2010

ASSETS		Unaudited	Audited
NON CURRENT ASSETS	Note	31.03.2010	30.06.2009
Fixed Assets		Rupees	Rupees
Property, plant and equipment	4	1,232,888,658	1,244,216,480
Investment property	5	8,153,004	8,517,772
		1,241,041,662	1,252,734,252
Long term investment		1,247,001,000	534,000,000
Long term loans and advances		18,807,653	20,930,967
Long term deposits		3,026,023	3,026,023
CURRENT ASSETS			
Stores, spares and loose tools		114,970,956	107,148,450
Stock-in-trade		985,828,729	783,221,171
Trade debts	6	1,005,245,646	494,723,409
Loans and advances		47,624,510	33,534,397
Deposits and prepayments		4,392,016	15,369,370
Other receivables		88,128,037	47,532,907
Tax refunds due from government		53,122,848	27,509,199
Current maturity of long term investment		500,000	500,000
Financial assets at fair value through profit & loss		204,218,155	634,287,305
Cash and bank balances		293,670,983	575,622,089
		2,797,701,880	2,719,448,297
		<u>5,307,578,218</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
		<u>226,101,390</u>	<u>226,101,390</u>
Issued, subscribed and paid-up		1,570,000,000	1,170,000,000
Revenue Reserves		487,792,744	605,072,524
Un-appropriated profit		2,283,894,134	2,001,173,914
NON-CURRENT LIABILITIES			
Long term financing	7	325,712,649	139,311,448
Loans from related parties		19,255,913	23,755,913
Deferred liabilities		94,352,676	85,449,287
CURRENT LIABILITIES			
Trade and other payables	8	577,291,924	512,384,592
Accrued mark-up		9,777,551	31,955,350
Short term borrowings		1,954,110,097	1,710,854,715
Current portion of long term financing and loans from related parties		36,337,716	18,232,567
Provision of income tax net of payment		6,845,558	7,021,753
		2,584,363,846	2,280,448,977
CONTINGENCIES & COMMITMENTS	9	—	—
		<u>5,307,578,218</u>	<u>4,530,139,539</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

ASHRAF S. MUKATY

Chief Executive

 Karachi: 29th April, 2010

ASIF Y. BAWANY

Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2010**

		Quarter ended 31.03.2010 Rupees	Nine Months ended 31.03.2010 Rupees	Quarter ended 31.03.2009 Rupees	Nine Months ended 31.03.2009 Rupees
Sales and services	10	1,420,141,761	4,102,437,413	1,152,043,206	3,955,105,961
Cost of sales and services	11	1,230,013,635	3,451,849,496	991,233,322	3,234,178,751
Gross profit		190,128,126	670,587,917	160,809,884	720,927,210
Administrative expenses		(40,331,802)	(117,398,808)	(30,050,681)	(97,621,190)
Distribution cost		(32,637,774)	(88,640,522)	(27,403,417)	(114,381,730)
Other charges		(6,295,282)	(29,108,794)	(10,302,153)	(34,700,665)
		(79,264,858)	(235,148,124)	(67,756,251)	(246,703,585)
		110,863,268	415,439,793	93,053,633	474,223,625
Income from investment property		1,530,358	4,585,232	1,554,073	4,659,432
Other operating Income/(loss)		16,068,515	159,825,024	127,029,278	140,403,923
Operating profit		128,462,141	579,850,049	221,636,984	619,286,980
Finance cost		(38,420,331)	(139,437,114)	(45,362,034)	(109,032,113)
Profit before taxation		90,041,810	440,412,935	176,274,950	510,254,867
Provision for income tax		(14,762,255)	(44,642,020)	(16,362,241)	(43,740,707)
Profit after taxation		75,279,555	395,770,915	159,912,709	466,514,160
Other comprehensive income		—	—	—	—
Total comprehensive income		75,279,555	395,770,915	159,912,709	466,514,160
Earning per share - Basic and diluted		3.33	17.50	7.07	20.63

The annexed notes from 1 to 14 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive
Karachi: 29th April, 2010

ASIF Y. BAWANY
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	31.03.2010	31.03.2009
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	440,412,935	510,254,867
Adjustment for non cash charges and other items		
Depreciation	87,985,030	91,949,929
Provision for staff retirements benefit (net)	8,903,389	10,307,326
Loss\gain) on disposal of fixed assets	(544,468)	(370,178)
Finance cost	139,437,114	109,032,113
	235,781,065	210,919,190
Adjustments for non cash charges and other items	678,194,000	721,174,057
(INCREASE)/DECREASE IN CURRENT ASSETS		
Stores spares parts & loose tools	(7,822,506)	(13,726,202)
Stock-in-trade	(202,607,558)	155,897,968
Trade debts	(510,522,237)	24,445,095
Loans and advances	(14,090,113)	620,810
Deposits and prepayments	10,977,354	(2,139,148)
Other receivables	(40,595,130)	13,878,154
	(764,660,190)	178,976,677
INCREASE/(DECREASE) IN CURRENT LIABILITIES		
Short term borrowings	243,255,382	692,538,527
Trade and other payables	58,311,680	(21,498,601)
Working capital changes	(461,023,128)	850,016,603
(Increase)/decrease in long term loans & advances	2,123,314	3,566,765
Long term investment	(713,001,000)	(534,213,750)
Finance cost paid	(161,614,913)	(109,011,358)
Sales tax refunded	(25,613,649)	—
Taxes paid	(44,818,216)	(27,800,070)
Dividend paid	(108,525,043)	(33,915,209)
Net cash in flow generated from operations	(836,278,635)	869,817,038
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(77,372,972)	(43,638,249)
Proceeds from disposal of fixed assets	1,625,000	2,532,000
Net cash out flow towards investing activities	(75,747,972)	(41,106,249)
CASH FLOW FROM FINANCING ACTIVITIES		
(Payment)\Proceed of long term finance	204,506,350	(13,723,651)
(Payment)\Proceed of Loan from related parties	(4,500,000)	(58,417)
Net cash in flow / (out) flow from financing activities	200,006,350	(13,782,068)
Net increase/(decrease) in cash and cash equivalents	(712,020,256)	814,928,721
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	497,889,138	961,056,680

The annexed notes from 1 to 14 form an integral part of these financial statements.

ASHRAF S. MUKATY

Chief Executive

Karachi: 29th April, 2010

ASIF Y. BAWANY

Director



**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Share Capital	Revenue Reserve	Un- Appropriated Profit	Total
	Rupees			
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 @ 15% Rs. 1.50 per share	—	—	(33,915,209)	(33,915,209)
Net comprehensive income 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	509,156,382	1,905,257,772
Net comprehensive income for the quarter ended June 30, 2009	—	—	95,916,142	95,916,142
Balance as at June 30, 2009	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 nine months ended March 31, 2010	—	—	395,770,915	395,770,915
Balance as at March 31, 2010	226,101,390	1,570,000,000	487,792,744	2,283,894,134

The annexed notes from 1 to 14 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 29th April, 2010

ASIF Y. BAWANY
Director



**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2010 (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.

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 31.03.2010	Audited 30.06.2009
Property, plant and equipment	Note 4.1	1,128,800,161	1,198,568,567
Capital work in progress	Note 4.2	104,088,497	45,647,913
		<u>1,232,888,658</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	18,932,389	56,419,268
		<u>1,217,500,956</u>	<u>1,322,936,483</u>
Less:			
Written down value of disposal		1,080,533	2,196,589
Depreciation charged for the period		87,620,262	122,171,327
		<u>1,128,800,161</u>	<u>1,198,568,567</u>



	Unaudited 31.03.2010	Audited 30.06.2009
4.1.1 Addition made during the year		
Factory building on lease hold land	126,201	6,333,396
Plant & machinery	14,361,583	42,193,924
Factory equipments	788,800	4,214,137
Office equipments	—	506,139
Furniture & fixtures	449,904	439,478
Vehicles	2,936,101	2,422,510
Computers / printers	269,800	309,684
	18,932,389	56,419,268
4.1.2 Written down value of disposal		
Plant & machinery	—	2,125,419
Furniture & fixtures	—	34,767
Vehicles	1,080,533	36,403
	1,080,533	2,196,589
4.2 Capital work in progress		
Civil works under progress	70,599,607	43,432,914
Plant & Machinery	33,488,890	2,214,999
	104,088,497	45,647,913
5. INVESTMENT PROPERTY		
Opening book value	8,517,772	1,509,475
Additions made during the period	—	7,242,357
	8,517,772	8,751,832
Less:		
Depreciation charged during the period	364,768	234,060
	8,153,004	8,517,772
6. TRADE DEBTS		
Export bills under collection (secured against export letter of credit)	865,691,517	294,836,984
Local (unsecured) Note 6.1	139,554,129	199,886,425
	1,005,245,646	494,723,409
6.1	It includes an amount of Rs. 9,883,302 (June 2009: Rs. 9,524,949) due from related parties.	



		Unaudited 31.03.2010	Audited 30.06.2009
7. LONG TERM FINANCING - SECURED FROM BANKING COMPANIES			
Habib metropolitan bank limited	note 7.1	74,413,579	74,901,996
Standard chartered bank (Pakistan) limited	note 7.2	30,272,536	33,641,769
Allied bank limited	note 7.3	43,000,250	43,000,250
Habib bank limited	note 7.4	200,000,000	—
Bank al-falah limited	note 7.5	8,364,000	—
		356,050,365	151,544,015
Current portion shown under current liabilities		(30,337,716)	(12,232,567)
		<u>325,712,649</u>	<u>139,311,448</u>

- 7.1 It carries interest at the rate of 6.25% per annum chargeable on quarterly basis and repayable in 12 equal half yearly installments commenced from 18th April 2007. The finance is secured by 1st charge on the specified machinery imported through lender under the scheme of Long Term Financing for Export Oriented Project and registered charge over stock / receivables
- 7.2 It carries interest at the rate of 6.5% per annum chargeable on quarterly basis and repayable in 12 equal half yearly installments commenced from 13th June 2007. The finance is secured by 1st charge on the specified machinery imported through lender under the scheme of Long Term Financing for Export Oriented Project and registered charge over stock / receivables
- 7.3 It carries interest at the rate of 8.7% per annum chargeable and payable on quarterly basis. The finance is repayable in 32 equal quarterly installments commencing from 15th May 2010. The finance is secured by 1st charge on the specified machinery imported through lender under the scheme of Long Term Financing for Export Oriented Project and registered charge over stock / receivables
- 7.4 It carries interest at the rate of 1.35% as a basic rate plus KIBOR. The KIBOR will be revised quarterly. The repayment will be made in 2 1/2 years payable after 1 year in equal 7 quarterly installment. The finance is secured against fixed assets of the company
- 7.5 It carries interest at the rate of 8.95% per annum. The finance is to be repaid in 40 equal quarterly installement comprising both principle and markup. The finance is secured by 1st charge on the specified machinery imported through lender under



the scheme of Long Term Finance for Export Oriented Industry and 1st pari passu charge over Company's plant & machinery

8. TRADE AND OTHER PAYABLES:	Unaudited 31.03.2010	Audited 30.06.2009
Creditors	438,006,837	385,935,959
Accrued liabilities Note 8.1	54,943,192	56,653,931
Advances from customers	6,464,150	1,269,191
Worker's profit participation fund	66,415,070	58,542,058
Worker's welfare fund	5,632,708	9,096,316
Unclaimed dividend & bonus fractions	5,136,992	611,340
Other liabilities	692,975	275,797
	<u>577,291,924</u>	<u>512,384,592</u>

- 8.1 It includes an amount of **Rs. 11,399,850** (June 2009: **Rs. 10,229,733**) due to associated company.

9. 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. 1,247.001 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. 32.624 million (June 2009: Rs. 20.557 million).

9. SALES AND SERVICES

Export Sales	3,218,247,660	3,228,410,986
Local Sales	270,373,462	236,169,969
Waste Sales	3,994,526	4,970,290
Sale of Dyes & Chemicals	—	1,488,860
	3,492,615,648	3,471,040,105
SERVICES:		
Cloth processing	609,821,765	484,065,856
	<u>4,102,437,413</u>	<u>3,955,105,961</u>



11. COST OF SALES	Unaudited 31.03.2010	Unaudited 31.03.2009
Raw material consumed	2,756,511,915	2,482,844,579
Stores & spare parts consumed	113,151,775	107,105,133
Design, stitching, weaving, raising & mending charges	133,470,357	97,624,883
Power, water and gas	314,022,011	273,458,449
Salaries, wages & other benefits	182,048,897	163,740,815
Repairs & maintenance	21,534,373	19,803,747
Packing charges	13,513,870	10,242,140
Rent, rates & taxes	1,782,687	1,448,061
Insurance	9,178,997	4,153,538
Research and development expenses	11,671,297	12,025,934
Depreciation	80,610,614	84,380,515
Less: Duty drawback	(59,744,561)	(19,802,500)
	3,577,752,232	3,237,025,294
Work-in-process		
- opening	93,827,537	84,532,970
- closing	(165,528,054)	(88,142,320)
	(71,700,517)	(3,609,350)
Cost of goods manufactured	3,506,051,715	3,233,415,944
Finished goods		
- opening	189,910,263	95,012,674
- closing	(244,112,482)	(94,249,868)
	(24,202,219)	762,806
	<u>3,451,849,496</u>	<u>3,234,178,751</u>

12. 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-Mar-10	Unaudited 31-Mar-09
Subsidiary Company	Rent Received	4,500,000	4,270,000
Associated Company	Services Obtained (Inclusive of Sales Tax)	96,238,093	57,723,627
Associated Company	Services Provided	68,200,453	—
Associated Company	Rent received	450,000	270,000
Associated Company	Rent paid	1,125,000	900,000
Associated Company	Re-payment of loan to directors	4,500,000	32,765

**13. DATE OF AUTHORISATION FOR ISSUE**

These Financial Statements were authorised for issue by the Board of Directors on 29th April 2010.

14. 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

ASIF Y. BAWANY
Director

Karachi: 29th April, 2010

Consolidated Financial Statements

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



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED) AS AT MARCH 31, 2010

ASSETS	Note	Unaudited 31.03.2010 Rupees	Audited (Restated) 30.06.2009 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	14,481,131,540	5,573,207,388
Investment property	6	8,153,004	8,517,772
		14,489,284,544	5,581,725,160
Goodwill		5,316,649	5,316,649
Long term loans and advances		18,807,653	20,930,967
Long term deposits		3,026,023	3,026,023
CURRENT ASSETS			
Stores, spares and loose tools		114,970,956	107,148,450
Stock-in-trade		985,828,729	783,221,171
Trade debts	7	1,005,245,646	494,723,409
Loans and advances		49,629,596	37,061,917
Deposits and prepayments		4,608,016	15,585,370
Other receivables		89,001,388	47,727,757
Tax refunds due from government		58,297,850	27,659,496
Current maturity of long term investment		500,000	500,000
Financial assets at fair value through profit & loss		204,218,155	634,287,305
Cash and bank balances		361,497,291	829,520,425
		<u>2,873,797,627</u>	<u>2,977,435,301</u>
		<u>17,390,232,496</u>	<u>8,588,434,100</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		473,719,467	595,018,655
		2,269,820,857	1,991,120,045
Minority interest		2,103,181,114	634,733,572
NON-CURRENT LIABILITIES			
Long term financing	8	9,583,359,118	3,390,210,938
Loans from related parties		19,255,913	23,755,913
Deferred liabilities		94,352,676	85,449,287
CURRENT LIABILITIES			
Trade and other payables	9	1,038,135,914	574,614,000
Accrued mark-up		284,833,533	152,441,310
Short term borrowings		1,954,110,097	1,710,854,715
Current portion of long term financing and loans from related parties		36,337,716	18,232,567
Provision for taxation net of payments		6,845,558	7,021,753
		3,320,262,818	2,463,164,345
CONTINGENCIES & COMMITMENTS			
	10	—	—
		<u>17,390,232,496</u>	<u>8,588,434,100</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 29th April, 2010

ASIF Y. BAWANY
Director



**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Notes	Quarter ended 31.03.2010 Rupees	Nine Months ended 31.03.2010 Rupees	Quarter ended 31.03.2009 Rupees	Nine Months ended 31.03.2009 Rupees
Sales and services	11	1,420,141,761	4,102,437,413	1,152,043,206	3,955,105,961
Cost of sales and services	12	1,230,013,635	3,451,849,496	991,233,322	3,234,178,751
Gross profit		190,128,126	650,587,917	160,809,884	720,927,210
Administrative expenses		(56,756,180)	(133,823,186)	(30,050,681)	(97,621,190)
Distribution cost		(32,637,774)	(88,640,522)	(27,403,417)	(114,381,730)
Other operating charges		(4,225,282)	(27,038,794)	(10,302,153)	(34,700,665)
		(93,619,236)	(249,502,502)	(67,756,251)	(246,703,585)
		96,508,890	401,085,415	93,053,633	474,223,625
Income from investment property		1,530,358	4,585,232	1,554,073	4,659,432
Other operating Income/(loss)		16,068,515	159,825,024	127,029,278	140,403,923
Operating profit		114,107,763	565,495,671	221,636,984	619,286,980
Finance cost		(38,498,010)	(139,514,793)	(45,362,034)	(109,032,113)
Profit before taxation		75,609,753	425,980,878	176,274,950	510,254,867
Provision for income tax		(14,762,255)	(44,642,020)	(16,362,241)	(43,740,707)
Profit after taxation		60,847,498	381,338,858	159,912,709	466,514,160
Other comprehensive income		—	—	—	—
Total comprehensive income		60,847,498	381,338,858	159,912,709	466,514,160
Earning per share - Basic and diluted		2.69	16.87	7.07	20.63

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive
Karachi: 29th April, 2010

ASIF Y. BAWANY
Director



CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2010

	31.03.2010	31.03.2009
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	425,980,878	510,254,867
Adjustment for non cash charges and other items		
Depreciation	91,853,737	91,949,929
Provision for staff retirements benefit (net)	8,903,389	10,307,326
Loss\ (gain) on disposal of fixed assets	(544,468)	(370,178)
Finance cost	139,437,114	109,032,113
	239,649,772	210,919,190
	665,630,650	721,174,057
(INCREASE)/DECREASE IN CURRENT ASSETS		
Stores spares parts & loose tools	(7,822,506)	(13,726,202)
Stock-in-trade	(202,607,558)	155,897,968
Trade debts	(510,522,237)	24,445,095
Loans and advances	(12,567,679)	620,810
Deposits and prepayments	10,977,354	(2,139,148)
Other receivables	(41,273,631)	13,878,154
	(763,816,256)	178,976,677
(INCREASE)/DECREASE IN CURRENT LIABILITIES		
Short term borrowings	243,255,382	692,538,527
Trade and other payables	458,996,262	(21,498,601)
Working capital changes	(61,564,612)	850,016,603
(Increase)/decrease in long term loans & advances	2,123,314	3,566,765
Long term investment	—	(534,213,750)
Finance cost paid	(7,122,570)	(109,011,358)
Sales tax refunded	(25,613,649)	—
Taxes paid	(49,765,240)	(27,800,070)
Dividend paid	(108,525,043)	(33,915,209)
Net cash in flow generated from operations	415,162,850	869,817,038
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(9,000,493,655)	(43,638,249)
Share subscription by Minority Interest	1,478,860,191	—
Proceeds from disposal of fixed assets	1,625,000	2,532,000
Net cash out flow towards investing activities	(7,520,008,464)	(41,106,249)
CASH FLOW FROM FINANCING ACTIVITIES		
(Payment)\ Proceed of long term finance	6,211,253,329	(13,723,651)
(Payment)\ Proceed of Loan from related parties	(4,500,000)	(58,417)
Net cash in flow / (out) flow from financing activities	6,206,753,329	(13,782,068)
Net increase/(decrease) in cash and cash equivalents	(898,092,284)	814,928,721
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	565,715,446	961,056,680

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 29th April, 2010

ASIF Y. BAWANY
Director



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	Share Capital	Revenue Reserve	Un- Appropriated Profit	Minority Interest	Total
	Rupees				
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: @ Rs. 15% Rs. 1.5 per share	—	—	(33,915,209)	—	(33,915,209)
Minority interest arising in investment in subsidiary	—	—	—	612,204,018	612,204,018
Net comprehensive income 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	509,156,382	612,204,018	2,517,461,790
Effect of prior period errors	—	—	—	34,829,984	34,829,984
Balance as at March 31, 2009 (Restated)	226,101,390	1,170,000,000	509,156,382	647,034,002	2,552,291,774
Balance as at June 30, 2009 (Reported)	226,101,390	1,170,000,000	574,979,364	575,386,465	2,546,467,219
Effect of prior period errors	—	—	20,039,291	59,347,107	79,386,398
Balance as at June 30, 2009 (Restated)	226,101,390	1,170,000,000	595,018,655	634,733,572	2,625,853,617
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	—	—	—	1,478,860,191	1,478,860,191
Net comprehensive income for the nine months ended March 31, 2010	—	—	391,751,506	(10,412,649)	381,338,858
Balance as at March 31, 2010	226,101,390	1,570,000,000	473,719,467	2,103,181,114	4,373,001,971

The annexed notes from 1 to 15 form an integral part of these financial statements.

ASHRAF S. MUKATY
Chief Executive

Karachi: 29th April, 2010

ASIF Y. BAWANY
Director



**SELECTED NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR
THE NINE MONTHS ENDED MARCH 31, 2010 (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 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.



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 Prior period errors

During the current period, the Subsidiary Company has rectified the prior period errors related to years ended June 30, 2008 and June 30, 2009, due to which comparative figures in these financial statements have been restated in accordance



with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The errors pertained to charging off certain expenditures to profit and loss account that were allowed to be capitalized under IAS 16 'Property, Plant and Equipment' or allowed to be netted against the borrowings under IAS 39 'Financial Instruments: Recognition and Measurement'. These errors has been rectified retrospectively and the comparative figures have been restated.

	Unaudited 31.03.2010	Audited (Restated) 30.06.2009
4. PROPERTY, PLANT & EQUIPMENT		
Property, plant and equipment Note 5.1	1,210,062,946	1,264,567,954
Capital work in progress Note 5.2	13,271,068,594	4,308,639,433
	<u>14,481,131,540</u>	<u>5,573,207,388</u>
5.1 Property, plant and equipment		
Opening book value	1,264,567,954	1,266,517,215
Additions made during the period Note 5.1.1	38,064,494	124,415,781
	<u>1,302,632,448</u>	<u>1,390,932,996</u>
Less:		
Written down value of disposal Note 5.1.2	1,080,533	2,214,866
Depreciation charged for the period	91,488,969	124,150,176
	<u>1,210,062,946</u>	<u>1,264,567,954</u>
5.1.1 Addition made during the year		
Free hold land	—	54,825,158
Factory building on lease hold land	126,201	6,333,396
Plant & machinery	14,361,583	42,193,924
Factory equipments	788,800	4,214,137
Office equipments	11,500	524,739
Furniture & fixtures	697,904	1,122,378
Vehicles	21,255,082	14,441,717
Computers / printers	823,424	760,332
	<u>38,064,494</u>	<u>124,415,781</u>
5.1.2 Written down value of disposal		
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>



LIBERTY MILLS LIMITED

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	Unaudited	Audited (Restated)
	31.03.2010	30.06.2009
5.2 Capital work in progress		
Advances to:		
- supplier	1,297,273,605	3,207,540,472
- others	2,655,448	356,948,626
Building under construction	1,306,213,154	193,578,092
Plant, machinery and equipment	9,379,215,967	47,999,727
Professional fee	252,167,207	90,149,732
Insurance	180,852,236	180,852,236
Borrowing cost	703,021,117	120,495,344
Others	149,669,860	111,075,204
	13,271,068,594	4,308,639,433
6. INVESTMENT PROPERTY		
Opening book value	8,517,772	1,509,475
Additions made during the period	—	7,242,357
	8,517,772	8,751,832
Less:		
Depreciation charged during the period	364,768	234,060
	8,153,004	8,517,772
7. TRADE DEBTS		
Export bills under collection (secured against export letter of credit)	865,691,517	294,836,984
Local (unsecured) Note 7.1	139,554,129	199,886,426
	1,005,245,646	494,723,410
7.1	It includes an amount of Rs. 9,883,302 (June 2009: Rs. 9,524,949) due from related parties.	
8. LONG TERM FINANCING - SECURED FROM BANKING COMPANIES		
Habib metropolitan bank limited note 8.1	74,413,579	74,901,996
Standard chartered bank (Pakistan) limited note 8.2	30,272,536	33,641,769
Allied bank limited note 8.3	43,000,250	43,000,250
Habib Bank Limited note 8.4	200,000,000	374,118,359
Bank Al-Falah Limited note 8.5	8,364,000	3,080,181,000
Askari Bank Limited note 8.6	1,025,525,338	—
Long Term Musharaka note 8.6	8,435,521,000	—
	9,817,096,703	3,605,843,374
Debt arrangement fee	(203,399,869)	(203,399,869)
Current portion shown under current liabilities	(30,337,716)	(12,232,567)
	9,583,359,118	3,390,210,938



- 8.1 It carries interest at the rate of 6.25% per annum chargeable on quarterly basis and repayable in 12 equal half yearly installments commenced from 18th April 2007. The finance is secured by 1st charge on the specified machinery imported through lender under the scheme of Long Term Financing for Export Oriented Project and registered charge over stock / receivables
- 8.2 It carries interest at the rate of 6.5% per annum chargeable on quarterly basis and repayable in 12 equal half yearly installments commenced from 13th June 2007. The finance is secured by 1st charge on the specified machinery imported through lender under the scheme of Long Term Financing for Export Oriented Project and registered charge over stock / receivables
- 8.3 It carries interest at the rate of 8.7% per annum chargeable and payable on quarterly basis. The finance is repayable in 32 equal quarterly installments commencing from 15th May 2010. The finance is secured by 1st charge on the specified machinery imported through lender under the scheme of Long Term Financing for Export Oriented Project and registered charge over stock / receivables
- 8.4 It carries interest at the rate of 1.35% as a basic rate plus KIBOR. The KIBOR will be revised quarterly. The repayment will be made in 2 1/2 years payable after 1 year in equal 7 quarterly installment. The finance is secured against fixed assets of the company
- 8.5 It carries interest at the rate of 8.95% per annum. The finance is to be repaid in 40 equal quarterly installment comprising both principle and markup. The finance is secured by 1st charge on the specified machinery imported through lender under the scheme of Long Term Finance for Export Oriented Industry and 1st pari passu charge over Company's plant & machinery
- 8.6 The Company has entered into long-term financing agreement with a consortium of banks/financial institutions for Rs. 13,850 million. It carries interest/mark-up rate of 3 months KIBOR plus 3.0% per annum and is repayable in 40 quarterly installments, commencing from March 31, 2011 or within three months of commercial operations whichever is earlier. It is secured by first pari passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all property of the Company, lien and setoff rights over project accounts, assignment over project insurance and pledge of 51% shares of all sponsors in the Company. The Company may not pay dividend until certain financial requirements under the long term financing agreement are satisfied.



9. TRADE AND OTHER PAYABLES		Unaudited	Audited (Restated)
		31.03.2010	30.06.2009
	Creditors	893,569,847	445,605,555
	Accrued liabilities	Note 9.1 57,040,577	57,145,390
	Advances from customers	6,464,150	1,269,191
	Worker's profit participation fund	64,915,070	58,542,058
	Worker's welfare fund	5,062,708	9,096,316
	Unclaimed dividend & bonus fractions	5,136,992	611,340
	Retention payable	4,644,948	276,424
	Other liabilities	1,301,622	2,067,726
		1,038,135,914	574,614,000

9.1 It includes an amount of **Rs. 11,399,850** (June 2009: **Rs. 10,229,733**) due to associated company.

10. 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 NTDC for USD 5.36 million equals to Rs. 451.31 million (2009: USD 5.36 million equivalent to Rs 451.85) 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.
- (iii) The Company has entered into a construction contract with an associated undertaking for the construction of the plant. The remaining capital commitments against this contract amounts to USD 9.764 million (Rs. 822.13 million) (June 2009: USD 16.90). In order to meet this commitment, the Company has made arrangement with financial institutions for issuance of guarantee to the extent of 20% of the total amount of initial commitment amounting to USD 4.44 million equivalent to Rs. 373.85 million (2009: USD 4.44 million equivalent to Rs. 360.972 million). The guarantee is valid until January 31, 2011 and is secured by way of securities mentioned in note 8.1.

Commitments:

Letter of Credits & Contracts for supply of raw materials, spares & machinery amounting to Rs. 4,059.8 million (June 2009: Rs. 326.557 Million).



	Unaudited 31.03.2010	Unaudited (Restated) 31.03.2009
11. SALES AND SERVICES		
Export Sales	3,218,247,660	3,228,410,987
Local Sales	270,373,462	236,169,969
Waste Sales	3,994,526	4,970,290
Sale of Dyes & Chemicals	—	1,488,860
	3,492,615,648	3,471,040,105
SERVICES:		
Cloth processing	609,821,765	484,065,856
	<u>4,102,437,413</u>	<u>3,955,105,961</u>
12. COST OF SALES		
Raw material consumed	2,756,511,915	2,482,844,579
Stores & spare parts consumed	113,151,775	107,105,133
Design, stitching, weaving, raising & mending charges	133,470,357	97,624,883
Power, water and gas	314,022,011	273,458,449
Salaries, wages & other benefits	182,048,897	163,740,815
Repairs & maintenance	21,534,373	19,803,747
Packing charges	13,513,870	10,242,140
Rent, rates & taxes	1,782,687	1,448,061
Insurance	9,178,997	4,153,538
Research and development expenses	11,671,297	12,025,935
Depreciation	80,610,614	84,380,515
Less: Duty drawback	(59,744,561)	(19,802,500)
	3,577,752,232	3,237,025,295
Work-in-process		
-opening	93,827,537	84,532,970
-closing	(165,528,054)	(88,142,320)
	(71,700,517)	(3,609,350)
Cost of goods manufactured	3,506,051,715	3,233,415,945
Finished goods		
-opening	189,910,263	95,012,674
-closing	(244,112,482)	(94,249,868)
	(54,202,219)	762,806
	<u>3,451,849,496</u>	<u>3,234,178,751</u>



13. TRANSACTION WITH RELATED PARTIES

The related party 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 31-03-10	Unaudited 31-03-09
Associated Company	Services Obtained (Inclusive of Sales Tax)	96,238,093	57,723,627
Associated Company	Services provided	68,200,453	—
Associated Company	Rent received	450,000	270,000
Associated Company	Rent paid	1,125,000	900,000
Associated Company	Repayment of loan to director	4,500,000	32,765
Associated Company	Shares issued	459,884	227,320
Associated Company	Payment against equipment supply contract	6,482,363	—
Associated Company	Payment against construction supply contract	592,160	—
Sponsor & Director	Shares issued	1,019,115	320,900
Sponsor & Director	Performance Guarantee provided on behalf of subsidiary	84,200	81,300

14. DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorised for issue by the Board of Directors on 29th April, 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: 29th April, 2010


ASIF Y. BAWANY

Director