



***30th June 2013***

LANDMARK  
SPINNING INDUSTRIES  
LIMITED

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## Corporate Information

### Board of Directors

*Chairman & Chief Executive* : Mr. Akberali Hashwani

*Directors* : Mr. Amin A. Hashwani  
Mr. Abdullah A. Hashwani  
Mr. Nizam A. Hashwani  
Syed Raza Abbas Jafferri  
Mrs. Sultana A. Hashwani  
Mrs. Farieha A. Hashwani

*Audit Committee* : Mr. Amin A. Hashwani - Chairman  
Mr. Nizam A. Hashwani  
Mr. Abdullah A. Hashwani

### Chief Financial Officer &

*Company Secretary* : Mr. Yousuf Noorani

*Auditors* : Feroze Sharif Tariq & Co.  
Chartered Accountants

*Bankers* : Habib Metropolitan Bank Ltd.  
National Bank of Pakistan Ltd.

*Registered Office* : 1st Floor, Cotton Exchange Building,  
I.I. Chundrigar Road,  
Karachi.

*Share Registration Office* : Your's Secretary (Pvt.) Ltd.  
Suit # 1020, 10th Floor, Uni Plaza,  
I.I. Chundrigar Road, Karachi.

## **THE MISSION STATEMENT**

- **To effect high value, economical and qualitative solutions to address the textile needs of a diverse range of customers.**
- **To seek long-term and good relations with our suppliers and customers satisfaction.**
- **To be totally customer oriented company and to achieve total customer satisfaction.**
- **To create a working environment, which motivates, recognizes and rewards achievements at all levels of the organization.**
- **To be contributing cooperative citizen for the betterment of society, and exhibit a socially responsible behaviors.**
- **To conduct business with integrity and strive to be the best.**

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## LANDMARK SPINNING INDUSTRIES LIMITED

### NOTICE OF 22ND ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Saturday the 26th October 2013, at 03:00 pm at Landmark Spinning Industries Limited, 1st Floor Cotton Exchange Building I.I. Chundriger Road , Karachi, to transact the following ordinary business:

1. To confirm the minutes of the Twenty First Annual General Meeting held on 20th October 2012.
2. To receive consider and adopt the audited account for the year ended 30th June 2013, together with the Auditors and Directors report thereon.
3. To elect seven directors of the Company for a period of three years commencing from 30th October 2013, in accordance with the provision of the companies Ordinance 1984.

The following are the retiring directors:

- |                             |                             |
|-----------------------------|-----------------------------|
| 1. Mr. Akberali Hashwani    | 5. Mrs. Sultana A. Hashwani |
| 2. Mr. Amin A. hashwani     | 6. Mrs. Fariha A. Hahswani  |
| 3. Mr. Nizam A. Hashwani    | 7. Syed Raza Abbass Jafferi |
| 4. Mr. Abdullah A. Hashwani |                             |

4. To appoint Auditors for the year ended 30th June 2014, and fix their remuneration. The retiring Auditor M/S. M/S. Feroz Sharif Tariq & Co, Chartered Accountants being eligible, offer themselves for appointment as auditor.
5. To transect any other business with the permission of Chairman.

By Order of the Board

Yousuf Noorani  
Company Secretary

Karachi 02nd, October 2013

#### NOTES:

1. The share Transfer Books of the Company will remain closed from 19-10-2013 to 26-10-2013 (Both days inclusive).
2. All members should bring their Original National Identity Cards for identification purpose.
3. All beneficial owners of the share registered in their names to Central Depository Company (CDC) and / or their proxies are required to produce their Original National Identity Card for identification purpose at the time of attending the meeting. The form of the proxies must be submitted with the Company within the stipulated time, duly witnessed by person whose name , address and NIC number must be mentioned on the form along with attested copies of the NIC of the beneficial owner and the proxy.
4. Proxies in order to be effective must be received at the Registered office of the Company duly stamped, signed and witness not later than 48 hours before the time for holding the meeting during working hours.
5. The members are requested to immediately notify the change of address, if any and also to supply a copy of NIC for record of the Company's share registrar M/S. Your Secretary (Pvt) Limited.
6. The members shall note and retrieve the Corporate information and Financial reports from the Company's Website: [www.landmarkspinning.com](http://www.landmarkspinning.com)

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## LANDMARK SPINNING INDUSTRIES LIMITED

### DIRECTORS' REPORT

The Directors of your company are pleased to present Twenty Second Annual Report together with Audited accounts and Report thereon for the period ended 30th June 2013.

Your company has sustained a net loss after tax of Rs.1,172,203 for the year ended 30th June 2013, which was mainly for the salary of security staff and other general expenses. Further, there has been no commercial activity during the period under review.

During the period under review, the factory remained in-operative owing to the non-availability of infrastructural facilities in Winder, coupled with other factors of unworkable production cost due to the inflationary trends law and order condition as well as political instability in the province. Our unit is anxiously looking forward to receive gas connection to be arranged by M/S.Sui Southern Gas Company so as to start factory at winder.

Referring to the unqualified observations of Auditors in Auditors Report regarding non charging of depreciation on specific fixed assets since 2002-2003, we reiterate and clarify that the Company's Policy with regard to depreciation is to follow minimum recommended approach under IAS. According to IAS 16, the depreciation method envisaged at 62 for unit of production method has been adopted by your company as suited as the said method for expected use and output of the respective fixed assets is based on the life expectancy of the machineries having good condition. Hence, your management on each year while reviewing the expected pattern of consumption of those assets's residual value not made provision for charging the depreciation from the period of non usage. However, when these assets are utilized upon start of commercial production, the adjustment as required to the carrying of amount and classification of assets with an appropriate method would be applied and determined in recognition of impairment loss for charging depreciation.

It is further clarified that straight line depreciation charging during the period of non-utilization of assets would have inappropriately resulted in future depletion of value of assets and the burden of losses on the books of the company for the period when its operations were fully suspended and its fixed assets have useful life, regarding remarks for the unit's existence of material uncertainty and doubts on going concern of the Auditors it is further clarified that such observations for this unit over the years have not caused any event or instance at all as the management of your company has been trying with utmost efforts by putting funds from their own resources to run the unit

Securities and Exchange Commission of Pakistan issued notice under section 305 (c) of the Companies Ordinance 1984 regarding filing of the winding up petition against the company and subsequently Joint Registrar of Company, Karachi Director Enforcement Wing of SECP has passed the order directing to file the winding up petition. The company filed a Revision Petition under section 484 of the Companies Ordinance 1984, and in which the company requested SECP to allow time for commencing business operation of factory upto December 31, 2014 as at that time supply of Iran Gas will Commence to Pakistan, which onward will be supplied to the Company enabling the mill of the Company to start the commercial production therefore the SECP after considering this fact granted the time till December 31, 2014, and the matter stands disposed of for the time being.

Your Directors are struggling to utilize precious investment in Balochistan for healthy growth of the economy and to provide job opportunities to the local upon restart of its factory..

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**LANDMARK SPINNING INDUSTRIES LIMITED**

The Board of Directors through out the period under Review complied with the Code of Corporate Governance as per Listing Regulations of Stock Exchange and confirm that:-

- ⊞ The Financial statements prepared by the Company present fairly its state of affairs , the result of its operations, cash flows and changes in equity.
- ⊞ Proper books of accounts of the Company have been maintained.
- ⊞ Appropriate accounting policies have been adhered-to in preparation of financial statements based on reasonable and prudent practice,
- ⊞ International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- ⊞ The Internal Control system has been effectively implemented and monitored.
- ⊞ There are no significant doubts upon the Company's ability to continue as going concern your management is hopeful to revive the unit and start operation in the near future. The Government has plans to provide gas connection at the factory which is expected to be supplied in future. Currently Government has entered into the agreement with Iran to supply gas to Pakistan and the work has been started on the same and it is expected that gas has also will supply to Winder industrial Area.
- ⊞ There has been no trading during the year in the shares of the company carried out by the directors, CEO, CFO, Company Secretary and their spouse and minor children.
- ⊞ None of the directors of the Company is serving on the Board of 7 or more listed companies.
- ⊞ All of the Directors of the Company are registered as tax payers and none of the companies director s are in default of payment of any dues to a banking company,DFI, NBFBI and Stock Exchange .
- ⊞ There has been no material departure from the best practice of Corporate Governance.
- ⊞ During the year the meeting of the Board of Directors held , attended by each directors is as follows;

Names of Directors	No. of Meetings Attended
1. Mr. Akberali Hashwani	4
2. Mr. Amin A. Hashwani	4
3. Mr. Abdullah A. Hashwani	3
4. Mr. Nizam A. Hashwani	3
5. Mrs. Farieha A. Hashwani	2
6. Mrs. Sultana A. Hashwani	2
7. Syed Raza Abbas Jaffery	2

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**LANDMARK SPINNING INDUSTRIES LIMITED**

**DIVIDEND:**

As the Company has incurred losses during the year , therefore, no dividend has been recommended by the Board.

In accordance with the guidelines provided under the Code of Corporate Governance , the board of directors have recommended the name M/S. Feroz Sharif Tariq & Co , Chartered Accountants for appointment of Auditors, as required u/s, 253 of the Companies Ordinance 1984, as the retiring Auditors being eligible have offered themselves for appointment as auditors.

The pattern of share holding as required under section 234 of the Companies Ordinance 1984, for the period ended 30th June 2013, annexed.

**KEY OPERATING AND FINANCIAL DATA;**

An statement reflecting the key operating financial data of last six years are attached to the Annual Report.

The Board acknowledges excellent efforts of the shareholders for the Company and the Directors look forward to their continued assistance and support in the future as well.

**By Order of the Board**



**AKBARALI HASHWANI**  
**Chief Executive**

Karachi:

Dated : 20th September, 2013



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**LANDMARK SPINNING INDUSTRIES LIMITED**
**FINANCIAL HIGHLIGHTS**

(Rupees in Thousands)

<b>ASSETS EMPLOYED</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Property Plant & Equipment (Book Value)	240.548	240.548	240.553	240.557	240.563	240.569
Long Term Deposit	25	25	25	25	25	25
Net Current Assets	412	333	347	208	866	777
<b>Total Assets Employed</b>	<b>240.985</b>	<b>240.906</b>	<b>240.925</b>	<b>240.790</b>	<b>239.722</b>	<b>239.817</b>
<b>FINANCED BY</b>						
Issued Subscribed & Paid up Capital	121.237	121.237	121.237	121.237	121.237	121.237
Reserve & surplus on revaluation	87.713	87.713	87.713	87.713	87.713	87.713
Accumulated Loss	(173.296)	(172.124)	(171.041)	(170.019)	(169.122)	(168.196)
<b>Shareholder's Equity</b>	<b>35.654</b>	<b>36.826</b>	<b>37.909</b>	<b>38.931</b>	<b>39.828</b>	<b>40.754</b>
Long Term Liabilities	205.327	204.080	203.015	201.859	199.893	199.063
<b>Total Capital Employed</b>	<b>240.981</b>	<b>240.906</b>	<b>240.942</b>	<b>240.790</b>	<b>239.721</b>	<b>239.817</b>
<b>OTHER DATA</b>						
Net Sales	-	-	-	-	-	-
(Loss) before Taxation	(1,172)	(1,082)	(1,022)	(897)	(926)	(886)
(Loss) after Taxation	(1,172)	(1,082)	(1,022)	(897)	(926)	(886)
(Loss) per Share	(0.10)	(0.09)	(0.08)	(0.07)	(0.08)	(0.07)

## LANDMARK SPINNING INDUSTRIES LIMITED

### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2013

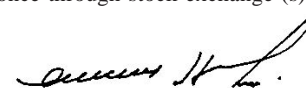
The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Listing regulation No.35, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principle contained in the CCG in the following manner:

1. The company encourages representation of independent non – executive directors and directors representing minority interest on its board of directors. At present all the directors on board are independent Directors.

Category	Name
Independent Director	1. Akberali Hashwani 2. Mr. Amin A. Haswani 3. Mr. Abdullah A. Hashwani 4. Mr. Nizam A. Hashwani 5. Mrs. Sultana A. Hashwani 6. Mrs. Farieha A. Hashwani 7. Mr. Syed Raza Abbass Jafferri
Executive Director	None
Non Executive Director	None

2. The directors have confirmed that none of them is serving as a director on more than seven Listed companies, including this company
3. All of the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, and they are not a member of any stock exchange.
4. No. casual vacancies occurred in the Board during the year 2013. Further the existing directors would be retired and election to be conducted on or before 31st October 2013.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedures.
6. The board has developed a vision/ mission statement, overall corporate strategy and significant policies of the company. A complete record of particular of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the CEO, other executive and non- executive directors, have been taken by the board / shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board of this purpose and the board met at least once in every quarter. Written notice of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board will arrange training program for its directors during the ensuing year.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The director’s report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executive do not hold any interest in shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises (3). member s, all of whom are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as requirement by the CCG. The terms of reference of the committee have been formed and advised to lthe committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, all are non-executive directors and the chairman of the committee is Mr. Nizam A. Hashwani, director.
18. The board has set up an effective internal audit function . Who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they are any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period , prior to the announcement of interim /final results, and business decisions which may materially affect the market price of company’s securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material /price sensitive information has been disseminated among all market participants at once through stock exchange (s). We confirm that all other material principles enshrined in the CCG have been complied with.



AKBARALI HASHWANI  
Chief Executive

Dated : 20-09-2013

*FEROZE SHARIF TARIQ & CO.*

FEROZE SHARIF TARIQ & CO  
Chartered Accountants  
4-N/4, BLOCK 6, P.E.C.H.S,  
KARACHI 75400

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(+ 9221) 34542607  
Facimile:(+ 9221) 34540891  
E-mail: fstc.ca@gmail.com

**AUDITORS REVIEW REPORT TO THE MEMBERS ON STATEMENT OF  
COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the 'Statement of Compliance with the Best Practices' contained in the 'Code of Corporate Governance' as applicable to the company for the year ended June 30, 2013 prepared by the Board of Directors of Landmark Spinning Industries Limited to comply with the Listing Regulation No(s). 37 of the Karachi and Lahore Stock Exchange (Guarantee) Limited where the company is listed.

The responsibility for compliance with the 'Code of Corporate Governance' is that of the board of directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the 'Statement of Compliance' reflects the status of the company's compliance with the provisions of the 'Code of Corporate Governance', and report if it does not. A review is limited primarily to inquiries of the company personnel and review of the various documents prepared by the company to comply with the code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems, sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the board's statement on internal control covers all controls, and the effectiveness of such controls.

Further, Sub-Regulation (xiii) of Listing Regulation on 35 (previously Regulation no 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Management Company to place before the Board of Director for their consideration and approval related party transactions distinguishing between transactions carried out on term equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transaction are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Director and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention that causes us to believe, that the 'Statement of Compliance' does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2012.



CHARTERED ACCOUNTANTS  
Audit Engagement Partner : Mohammad Ghalib

Place: Karachi  
Dated : 20-09-2013

**FEROZE SHARIF TARIQ & CO.**

FEROZE SHARIF TARIQ & CO  
Chartered Accountants  
4-N/4, BLOCK 6, P.E.C.H.S,  
KARACHI 75400

**AUDITORS' REPORT TO THE MEMBERS OF  
M/s. LANDMARK SPINNING INDUSTRIES LIMITED**

Voice: (+ 9221) 34540891  
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E-mail: fstc.ca@gmail.com

We have audited the annexed Balance Sheet of M/s Landmark Spinning Industries Limited, as at June 30, 2013 and the related Profit & Loss Account, statement of Comprehensive Statement, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof (hereinafter collectively referred to as the "financial statements"), for the year then ended, and we state that, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) Depreciation on fixed assets has not been charged except on Vehicle and Hut at sandpit since the date of commercial operation has suspended by the company in 2002-2003, Had the company charged depreciation on all the assets of the company without taking impact of revaluation the written down value of the fixed assets (without revaluation) would have been reduced by Rs. 96,653,992 and Consequently Accumulated Losses of the Company as of Balance sheet date would have been increased by Rs. 96,653,992 , Furthermore the company has made revaluation on its fixed assets Land, Building and Plant and Machinery in the year 2008, Had the company charged depreciation on all the assets of the company taking impact of revaluation the written down value of the fixed assets (revalued) would have been reduced by Rs. 143,424,655 and Consequently Accumulated Losses of the Company as of Balance sheet date would have been increased by Rs. 143,424,655.
- b) We draw attention to Note. 2 in the annexed notes to the Financial Statements wherein the company has incurred a net loss of Rs. 1,172,203 (2012: Rs. 1,082,492/-) during the year ended June 30, 2012 and as of that date it has accumulated losses of Rs. 173,295,941 (2012: Rs. 172,123,738) which have eroded its capital and its total liabilities exceeded its total assets by Rs. 52,058,941 (2012: Rs. 50,886,738/=), the company has not started its production for last many years despite representation made by the management to revive the production. Continuous breakdowns in electricity and non availability of gas line for gas generator are a major problem to run the factory at winder Baluchistan. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.
- c) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- d) in our opinion :-
- i) the Balance Sheet and Profit & Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
- ii) the expenditure incurred during the year was for the purpose of the Company's business; and,
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- e) in our opinion, except for the matter discussed in the preceding paragraph ( a ) and (b) Consequently if any adjustment may be required to the carrying amounts and classification of assets and liabilities, the financial statement and the notes thereto not disclose this fact, and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account , Statement of Comprehensive income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the Loss, its Comprehensive income, Cash flow and Changes in Equity for the year then ended; and
- f) In our opinion "no Zakat was deductible at source under the Zakat and Ushr ordinance 1980".

*Feroze Sharif Tariq & Co.*

CHARTERED ACCOUNTANTS

Audit Engagement Partner : Mohammad Ghalib

KARACHI:  
Dated: 20-09-2013

## LANDMARK SPINNING INDUSTRIES LIMITED

### BALANCE SHEET AS AT JUNE 30, 2013.

		June 30, 2013	June 30, 2012
	Note	RUPEES	
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Property, Plant and Equipments	7.	240,544,552	240,548,347
Long term Deposits	8.	25,000	25,000
<b>CURRENT ASSETS</b>			
Advance Income tax		38,688	38,688
Trade Deposits and Prepayments	9.	560,980	474,980
Cash and Bank Balances	10.	110,065	91,290
		709,733	604,958
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11.	297,545	271,870
Provision for Taxation	18.	-	-
		297,545	271,870
		412,188	333,088
Contingencies and Commitments	12.		
		<u>240,981,740</u>	<u>240,906,435</u>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
<u>Authorized Capital</u>			
15,000,000 (2012: Rs. 15,000,000) Ordinary Shares of Rs.10/-each		<u>150,000,000</u>	<u>150,000,000</u>
<u>Issued subscribed and Paid up Capital</u>			
12,123,700 (2012: 12,123,700) Ordinary Shares of Rs. 10/- each fully paid in cash	13.	121,237,000	121,237,000
Accumulated Loss		(173,295,941)	(172,123,738)
		(52,058,941)	(50,886,738)
Surplus on Revaluation of Property, Plant and Equipment	14.	87,713,358	87,713,358
<b>NON CURRENT LIABILITIES</b>			
Long term Loans - Unsecured, Interest Free	15.	205,327,323	204,079,815
		<u>240,981,740</u>	<u>240,906,435</u>

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



Akbarali Hashwani  
Chief Executive



Amin A. Hashwani  
Director

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**LANDMARK SPINNING INDUSTRIES LIMITED**
**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2013**

	Notes	June 30, 2013	June 30, 2012
		(Rupees)	
Sales - Net		--	--
Cost of Sales		--	--
<b>Gross Profit</b>		<u>          </u>	<u>          </u>
<b>Operating Expenses</b>			
Administrative and General Expenses	16.	<u>(1,170,797)</u>	<u>(1,080,734)</u>
<b>Operating Loss</b>		<u>(1,170,797)</u>	<u>(1,080,734)</u>
Finance Cost	17.	(1,406)	(1,758)
<b>Loss Before taxation</b>		<u>(1,172,203)</u>	<u>(1,082,492)</u>
<b>Taxation</b>			
- Current	18.	<span style="border: 1px solid black; padding: 2px;">--</span>	<span style="border: 1px solid black; padding: 2px;">--</span>
- Prior		<span style="border: 1px solid black; padding: 2px;">--</span>	<span style="border: 1px solid black; padding: 2px;">--</span>
		--	--
<b>Loss after Taxation for the year</b>		<u><u>(1,172,203)</u></u>	<u><u>(1,082,492)</u></u>
Earning Per Share - Basic	19.	<u><u>(0.10)</u></u>	<u><u>(0.09)</u></u>

The annexed notes form an integral part of these accounts.



**AKBAR ALI HASHWANI**  
(Chief Executive)



**AMIN A. HASHWANI**  
(Director)

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**LANDMARK SPINNING INDUSTRIES LIMITED**
**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>June 30, 2013</b>	<b>June 30, 2012</b>
<b>A. Cash Flow From Operating Activities</b>		
( Loss) before taxation	(1,172,203)	(1,082,492)
<b>Adjustment of non-fund items:</b>		
Depreciation	3,795	4,262
Financial Charges	1,406	1,758
	5,201	6,020
<b>Working capital charges</b>	(1,167,002)	(1,076,472)
<b>(Increase)/Decrease in Current Assets</b>		
Loan and Advance	-	-
Trade Deposits and Prepayments	(86,000)	
<b>Increase /(Decrease) In Current Liabilities</b>		
Trade and Other Payables	25,675	20,808
	(60,325)	20,808
	(1,227,327)	(1,055,665)
Financial Cost Paid	(1,406)	(1,758)
Income tax Paid /adjusted	-	-
<b>Net Cash Generated from Operating Activities</b>	<u>(1,228,733)</u>	<u>(1,057,423)</u>
<b>B. Cash Flow from Investing Activities</b>		
Long term deposits	-	-
<b>Net Cash Generated from Investing Activities</b>	<u>-</u>	<u>-</u>
<b>C. Cash flow from financing Activities</b>		
Long term loans	1,247,508	1,064,745
Waiver of loan/markup/ Repayment of Long Term Finance	-	-
<b>Net cash flow from investing activities</b>	<u>1,247,508</u>	<u>1,064,745</u>
Net Increase/(Decrease) in cash and Bank Balances (A+B+C)	18,775	7,323
Cash and bank balances at the beginning of the year	91,290	83,968
Cash and Bank Balances at the end of the year	<u><b>110,065</b></u>	<u><b>91,291</b></u>
The annexed notes form an integral part of these account	<b>11.</b>	


**AKBARALI HASHWANI**  
(Chief Executive)


**AMIN A. HASHWANI**  
(Director)



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**LANDMARK SPINNING INDUSTRIES LIMITED**
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2013**

	Year ended June 30, 2013	Year ended June 30, 2012
	(Rupees)	
Loss for the year	(1,172,203)	(1,082,492)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,172,203)</u>	<u>(1,082,492)</u>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2013**

	Share Capital	Unappropriated Profit	Total
	(Rupees)		
Balance as on June 30, 2011	121,237,000	(171,041,246)	(49,804,246)
Total Comprehensive (Loss) of the year	--	(1,082,492)	(1,082,492)
Balance as on June 30, 2012	<u>121,237,000</u>	<u>(172,123,738)</u>	<u>(50,886,738)</u>
Total Comprehensive (Loss) of the year	--	(1,172,203)	(1,172,203)
Balance as on June 30, 2013	<u>121,237,000</u>	<u>(173,295,941)</u>	<u>(52,058,941)</u>

*The annexed notes form an integral part of these accounts.*



**AKBARALI HASHWANI**  
(Chief Executive)



**AMIN A. HASHWANI**  
(Director)



# LANDMARK SPINNING INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 1. Corporate Information

Landmark Spinning Industries Limited (the Company) was incorporated in Pakistan, as a private Limited Company on October 21, 1991 and was converted into a public limited company on April 30, 1992 under the Companies Ordinance, 1984 and its share are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the Company is located at 1st floor, cotton Exchange Building, I.I. Chundigar Road, Karachi, Pakistan; while its manufacturing facilities are located at Winder Baluchitan, Pakistan. The Principal activity of the Company is trading, Manufacturing and sale of Yarn.

The company commenced its commercial operation, from 2001 after reactivation of plant which remained idle for the seven years. However, the company again suspended its production on November 29, 2002 to forestall the recurring losses on account of electricity breakdowns and frequent Load shedding stop gap arrangement was made to suspend operations for the time being until the market trends becomes conducive for positive results. The management feels that immediately upon the utility provision of gas supplies to winder Baluchistan industrial zone S.S.G.C. Limited, which is in progress, the same is also disclosed in note 12.2 to the financial statements, the production will be expected to commence in future.

### 2. Going Concern Assumption

The Company has incurred a net loss, after tax, of Rs. 1,172,203/- (2012:Rs. 1,082,492), during the year ended June 30, 2013, and as of that date it has accumulated losses of Rs. 173,295,941 (2012:Rs. 172,123,738) which have eroded its Capital and Total Liabilities exceed its Total Assets by Rs. 52,058,941/-, (2012:Rs. 50,886,738) Further, as mentioned in Note 1 and 12.2, the operations of the company are, and have been in recession for a considerable period of time. During the year under review the production remain suspended owing to unfavorable conditions and lack of infrastructure facilities at winder Industrial area, especially the non availability of gas, as prices of fuel, diesel and electricity breakdowns have already caused the unit to bear losses. Conversely, the Management is hopeful to review the unit, and start operations in the near future, The Government has plans to Provide Gas Connection at the factory which is expected to be supplied in future Currently the government has entered into the agreement with Iran to supply the Gas to Pakistan and the work has been started on the same and it is expected to this gas has also will supply to Winder Industrial State. Upon the supply of Gas connection, the management would commence commercial operation and ultimately, the shareholders would be benefited in future.

### 3. Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case if requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 3.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ARE EFFECTIVE DURING THE YEAR

During the year, certain amendments to standards become effective. However, they did not have material effect on these financial statements.

Standards, Interpretation and amendments not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial instruments : Disclosures-(Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 19 - Employee Benefits - (Revised)	January 01, 2013
IAS 32 - Offsetting Financial Assets and Financial liabilities - (Amendment)	January 01, 2014

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**LANDMARK SPINNING INDUSTRIES LIMITED**

The company expects that the adoption of the above revisions and amendments of the standards will not affect the company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

ISAB Effective date (accounting periods Beginning on or after)

IFRS 9 -Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 -Considered Financial Statements	January 01, 2013
IFRS 11 -Joint Arrangements	January 01, 2013
IFRS 12 -Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 -Fair Value Measurement	January 01, 2013

#### **4 Significant Accounting Judgments, Estimates and Assumption**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

##### **4.1 Property, plant and equipment**

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

##### **4.2 Taxation**

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

##### **4.3 Stock-in-trade**

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in the respective carrying values.

##### **4.4 Provision for doubtful receivables**

A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

#### **4.5 Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the out come of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates at the value of contingent assets and liabilities which may differ on the occurrence/non occurrence of the uncertain future events.

#### **5 Approval of Financial Statements**

These financial statements were approved by the Board of Directors and authorized for issue on \_\_\_\_\_.

#### **6 Summary of Significant Accounting Policies**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

##### **6.1 New and amended standards and interpretations**

The company has adopted the following amendments to IFRs which became effective during the year:

IAS 1 - Presentation of Financial Statements - Presentation of Items of other comprehensive income (Amendment)

IAS 12 - Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

##### **6.2 Basis of Preparation**

The financial statements have primarily been prepared on the historical cost basis except that the Land, Building and Plant and Machinery which are stated at revalued amounts, unless an accounting policy herein states otherwise. The financial statements, except for the cash flow statement, have been prepared under the accrual basis of accounting.

##### **6.3 Trade and Other Payables**

Liabilities for trade and other amounts payable are carried at cost, which is fair value of the consideration to be paid in the future for the goods or services so received whether billed to the Company or not.

##### **6.4 Taxation**

###### **Current Year**

Provision in respect of current year's taxation is based on the method of taxation prescribed under the Income Tax Ordinance, 2001, whereby taxable income is determined and tax charged at the current rates of taxation after taking into account tax credits and rebates available, if any, or the minimum tax liability determined under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

###### **Deferred**

The Company accounts for deferred taxation on all material timing differences between the tax base and accounting base of an asset or a liability. However, deferred tax is not provided if it can be established with reasonable certainty that these differences would not crystallize in the foreseeable future.

##### **6.5 Property, Plant and Equipment**

- Owned  
Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any; except for capital works in progress which are stated at cost and lease hold land which is on straight line basis.
- Depreciation  
Depreciation is charged to income using reducing balance method, at the rates specified in the annexed schedule, whereby the cost of asset is written off over its estimated useful life, reflecting the approximate value of the consumption of the respective assets economic benefits. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

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**LANDMARK SPINNING INDUSTRIES LIMITED**

Assets residual Values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet dates.

- Repairs, renewals and maintenance  
Major repairs and renewals are capitalized . Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

#### **6.6 Stores, Spares and Loose Tools**

These are stated at the lower of cost and net realizable value. The cost of inventory is based on the average cost. Items in transit are stated at cost accumulated up to the date of the balance sheet.

Provision for Slow moving, damaged and obsolete items are charged to Profit and Loss account. Value of items is reviewed at each balance sheet date to record provision for any slow moving items, damaged and obsolete items.

#### **6.7 Stock-in-Trade**

These are valued as follows :

Raw Material	:	At lower of average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	:	At lower of weighted average cost or net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

#### **6.8 Trade Debts & Other Receivables**

Trade debts are carried at the original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified. Debts considered bad, if any, by the management are written-off, and provision is made against those considered doubtful. No general provision is made for bad and doubtful debts.

#### **6.9 Foreign Currency Translation**

Transactions in foreign currencies, if any, are recorded using the rates of exchange prevalent at the date of the transaction. Assets and Liabilities in foreign currencies, if any, are translated into the reporting currency, i.e., Rupees, at the exchange rate prevalent at the balance sheet date, except where foreign exchange contracts are entered into; in which case, the contracted rates are used. Exchange gains and losses, if any, are included/charged into income currently.

#### **6.10 Deferred Costs - Unallocated Pre-production Expenses**

The company used to amortize this deferred cost over a period of five years from the year of commencement of commercial production.

#### **6.11 Borrowing Cost**

Borrowing cost are charged to income in the period in which they are incurred.

#### **6.12 Provisions**

A provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and that a reliable estimate can be made for the amount of this obligation. However, Provisions are reviewed at each balance sheet date adjusted to reflect current best estimate.

### **6.13 Financial Instruments**

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial Assets and liabilities are subsequently premeasured to fair value, amortized cost or cost as the case may be, Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial Assets are recognized when the company loses control of the contractual rights that comprises the financial asset. Financial Liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Assets and liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the government are not the financial instruments of the company.

### **6.14 Off Setting**

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

### **6.15 Cash and Cash Equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances.

### **6.16 Impairment of Assets**

The carrying amounts of the assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount, whereby the asset is written down and that impairment losses are recognized in the profit and loss account.

### **6.16 Related Party Transactions**

All transactions with related parties are carried out by the company at arm's length prices with the exception of loan taken from related parties which is interest / mark up free.

### **6.17 Loans, Advances and Other Receivables**

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

### **6.18 Revenue Recognition**

Revenue from Sales is recognized on dispatch of goods to customers.  
Other Income is recognized on accrual Basis.

### **6.19 Retirement and termination benefits**

The company does not operate any employee's benefits scheme.

### **6.20 Contingent Liability.**

A contingent liability is disclosed in the financial statements unless the possibility of an out flow of resources embodying economic benefits is remote.

### **6.21 Contingent Assets.**

A contingent asset is disclosed where inflow of economic benefits is probable.

### **6.22 Dividend and Appropriation to reserves**

Dividend and Appropriation to reserves are recognized in the financial Statements in the period in which these are approved.

## LANDMARK SPINNING INDUSTRIES LIMITED

	June 30, 2013	June 30, 2012
<b>7. Tangible Fixed Assets</b>	<b>(Rupees)</b>	
Property, Plant and Equipment	240,544,552	240,548,347
	240,544,552	240,548,347

### Property, Plant and Equipment - At cost less accumulated depreciation

Particulars	Cost/Revaluation			Rate %	Depreciation			Written Down Value As At June 30, 2013
	As at July 01, 2012	Revaluation Additions / (Deletion)	As at June 30, 2013		As at July 01, 2012	For the period	As at June 30, 2013	
	Rupees				Rupees			
Lease hold land	10,956,340	--	10,956,340	1	356,340	--	356,340	10,600,000
Factory Building on lease hold land	97,170,546	--	97,170,546	10	17,799,080	--	17,799,080	79,371,466
Plant and Machinery	188,097,970	--	188,097,970	10	37,902,816	--	37,902,816	150,195,154
Hut at Sanspit (Leasrhold)	308,500	--	308,500	10	273,808	3,469	277,277	31,224
Power House Generator	40,000	--	40,000	10	28,843	--	28,843	11,157
Telephone Instalations & Instrument	108,200	--	108,200	10	77,108	--	77,108	31,092
Factory Tools and Equipments	115,205	--	115,205	10	81,423	--	81,423	33,782
Furniture, Fixture and Equipments	3,183	--	3,183	10	2,184	--	2,184	999
Electrical Installations	388,116	--	388,116	10	126,223	--	126,223	261,893
Vehicles	195,000	--	195,000	20	193,371	326	193,696	1,305
Sales and Measuring Equipments	8,000	--	8,000	10	1,520	--	1,520	6,480
2013	297,391,060	--	297,391,060		56,842,715	3,795	56,846,510	240,544,552
2012	297,391,060	--	297,391,060		56,838,453	4,262	56,842,715	240,548,347

#### NOTE:

7.1. In the year 2008 the following fixed assets were revalued by independent valuer namely M/s A.R. Bherwani (Private) Limited, and their Report on the revaluation dated April 21, 2008 and Board of Directors of the Company have resolve to incorporate the effect of the revaluation in the financial statements for the year ended June 30, 2008. The surplus arising from the revaluation is Rs. 87,713,358/=. The depreciated values as per valuation reports on that date are as follows:

	REVALUED AMOUNT	BOOK VALUE AS ON JUNE 30, 2008	DIFFERENCE BETWEEN BOOK VALUE & REVALUED AMOUNT	Had there been no revaluation the related figures of Land and Building and plant and Machinery as at June 30, 2013 would have been as follows:		
				COST	Accumulated Depreciation	Written Down Value
Lease hold land	10,956,340	2,969,450	7,986,890	2,969,450	459,307	2,510,143
Factory Building on lease hold land	97,170,546	65,679,261	31,491,285	65,679,261	34,265,074	31,414,187
Plant and Machinery	188,097,970	139,862,787	48,235,183	139,862,787	72,966,850	66,895,937
	<b>296,224,856</b>	<b>208,511,498</b>	<b>87,713,358</b>	<b>208,511,498</b>	<b>107,691,231</b>	<b>100,820,267</b>
				<b>June 30, 2013</b>	<b>June 30, 2012</b>	<b>RUPEES</b>
<b>Allocation of Depreciation</b>	Depreciation for the period has been allocated as follows:					
Production Expenses				--	--	
Administrative Expense				3,795	4,262	
				3,795	4,262	



## LANDMARK SPINNING INDUSTRIES LIMITED

7.2. No Depreciation since 2002-2003 on Assets except a Hut on Sandspit (Lease Hold) and Vehicles has been charged during the period as their has been no production activity made during the period under review. Had the company charged depreciation on all the assets of the company the written down value of Fixed assets would have been reduced by Rs. 117,643,906 and consequently Accumulated losses of the company as of Balance sheet date would have been increased by Rs. 117,643,906 and also the company not considered the the impact of depreciation on revaluation then written down value of Fixed assets (with out revaluation) would have been reduced by Rs. 96,653,992 and consequently Accumulated losses of the company as of Balance sheet date would have been increased by Rs. 96,653,992.

Particulars	Cost/Revaluation			Rate %	Depreciation			Written Down Value As At June 30, 2012
	As at July 01, 2011	Revaluation Additions / (Deletion)	As at June 30, 2012		As at July 01, 2011	For the period	As at June 30, 2012	
	Rupees				Rupees			
Lease hold land	10,956,340	--	10,956,340	1	356,340	--	356,340	10,600,000
Factory Building on lease hold land	97,170,546	--	97,170,546	10	17,799,080	--	17,799,080	79,371,466
Plant and Machinery	188,097,970	--	188,097,970	10	37,902,816	--	37,902,816	150,195,154
Hut at Sanspit (Leasrhold)	308,500	--	308,500	10	269,953	3,855	273,808	34,693
Power House Generator	40,000	--	40,000	10	28,843	--	28,843	11,157
Tlephone Instalations & Instrument	108,200	--	108,200	10	77,108	--	77,108	31,092
Factory Tools and Equipments	115,205	--	115,205	10	81,423	--	81,423	33,782
Furniture, Fixture and Equipments	3,183	--	3,183	10	2,184	--	2,184	999
Electrical Installations	388,116	--	388,116	10	126,223	--	126,223	261,893
Vehicles	195,000	--	195,000	20	192,963	407	193,371	1,630
Sales and Measuring Equipments	8,000	--	8,000	10	1,520	--	1,520	6,480
2012	297,391,060	--	297,391,060		56,838,453	4,262	56,842,715	240,548,347
2011	297,391,060	--	297,391,060		56,833,661	4,792	56,838,453	240,552,609

### NOTE:

7.1. In the year 2008 the following fixed assets were revalued by independent valuer namely M/s A.R. Bherwani (Private) Limited, and their Report on the revaluation dated April 21, 2008 and Board of Directors of the Company have resolve to incorporate the effect of the revaluation in the financial statements for the year ended June 30, 2008. The surplus arising from the revaluation is Rs. 87,713,358/=. The depreciated values as per valuation reports on that date are as follows:

Had there been no revaluation the related figures of Land and Building and plant and Machinery as at June 30, 2013 would have been as follows:

REVALUED AMOUNT	BOOK VALUE AS ON JUNE 30, 2008	DIFFERENCE BETWEEN BOOK VALUE & REVALUED AMOUNT	Had there been no revaluation the related figures of Land and Building and plant and Machinery as at June 30, 2013 would have been as follows:			
			COST	Accumulated Depreciation	Written Down Value	
Lease hold land	10,956,340	2,969,450	7,986,890	2,969,450	433,952	2,535,498
Factory Building on lease hold land	97,170,546	65,679,261	31,491,285	65,679,261	30,774,609	34,904,652
Plant and Machinery	188,097,970	139,862,787	48,235,183	139,862,787	65,533,968	74,328,819
	<b>296,224,856</b>	<b>208,511,498</b>	<b>87,713,358</b>	<b>208,511,498</b>	<b>96,742,529</b>	<b>111,768,969</b>
				<b>June 30, 2012</b>	<b>June 30, 2011</b>	

### Allocation of Depreciation

Depreciation for the period has been allocated as follows:

Production Expenses	--	--
Administrative Expense	4,262	4,792
	<b>4,262</b>	<b>4,792</b>

RUPEES

7.2 No Depreciation 2002-2003 on Assets except a Hut on Sandpit (Lease Hold) and vehicles has been charged during the period as their has been no production activity made during the period under review. Has the company charged depreciation on all the assets of the company the written down value of Fixed assets would have been reduced by Rs.111,707,309 and consequently accumulated losses of the company as of Balance sheet date would have been increased by Rs.111,707,309 and also the company not considered the impact of depreciation on revaluation then written down value of fixed assets (without revaluation) would have been reduced by Rs.83,969,903 and consequently accumulated losses of the company as of Balance sheet date would have been increased by Rs.83,969,903.

## LANDMARK SPINNING INDUSTRIES LIMITED

	<b>June 30, 2013</b>	<b>June 30, 2012</b>
	(Rupees)	
<b>8. <u>Long Term Deposits</u></b>		
Central Depository Company	25,000	25,000
<b>9. <u>Trade Deposits and Prepayments - Considered good</u></b>		
Guarantee Margins	474,980	474,980
Prepaid Ground Rent	86,00	-
	560,980	474,980
<b>10. <u>Cash and Bank Balances</u></b>		
Cash in Hand	--	--
Cash at Banks - Current Accounts	110,065	91,290
	110,065	91,290
<b>11. <u>Trade and Other Payables</u></b>		
Accrued Expenses	285,440	266,590
<b><u>Others</u></b>		
With holding tax Payable	12,105	5,280
	297,545	271,870
<b>12. <u>Contingencies and Commitments</u></b>		
12.1. Karachi port trust has filed a suit bearing No.201 of 2001 in Banking Court No.1 against National Bank of Pakistan and other claiming recovery of Rs. 73, 23,546 under section 9 of the Banking Companies (Recovery of Loan, Advances, Credit and Finance) Act XV of 1997. The ultimate result of the suit can put the Company to bear liability in case of any order / decree is passed by the said Court in favor of K.P.T Landmark Spinning Industries Ltd. has filed litigation as Intervener / Defendant No. 3 in order to Contest the Suit as Party on invalid claim of KPT against the Bank guarantees of Rs. 3,245,000 which expired on 15th May, 1994. The matter is pending adjudication.		
12.2 Securities and Exchange Commission of Pakistan issued notice under section 305 (c) of the companies ordinance 1984 regarding the winding up petition to be filled on the company and the Deputy Director Enforcement wing of SECP has passed the order to file the winding up petition vide their order dated May 07, 2013. The company filed a revision petition against the order under section 484 of the companies ordinance 1984 in which the company requested SECP to extend the date of winding till December 31, 2014 as at that time supply of Iran Gas will commence to Pakistan, which onward will be supplied to M/s. Landmark Spinning Mills Limited (the company) enabling the company to start the operations therefore, the Joint Registrar of Companies registration after considering this fact grant the time till December 31, 2014.		
<b>13. <u>Issued, Subscribed and Paid-up Capital</u></b>	<b>June 30, 2013</b>	<b>June 30, 2012</b>
	(Rupees)	
No. of Ordinary Shares of Rs. 10/- each		
<b>2013</b>	<b>2012</b>	
12,123,700	12,123,700	Fully Paid in cash
12,123,700	12,123,700	121,237,000
	121,237,000	121,237,000
<b>14. <u>Surplus on Revaluation of Property, Plant and Equipments</u></b>		
This represents surplus over the book value resulting from the revaluation of land, Building and Plant and Machinery carried out by independent valuer namely M/s A.R. Bherwani (Private) Limited, and their Report on the revaluation dated April 21, 2008 on the basis of market value or depreciated replacement values as applicable.		



## LANDMARK SPINNING INDUSTRIES LIMITED

	June 30, 2013	June 30, 2012
	(Rupees)	
<b>15. Long term Loan</b>		
(Unsecured & Interest free)		
From Directors	15.1. 23,427,751	23,427,751
From Associated Undertakings	15.2. 181,899,572	180,652,064
	205,327,323	204,079,815

15.1 Maximum balance due at the end of any month during the year is Rs 23,427,751 ( 2012 : Rs 23,427,751 )

15.2 Maximum balance due at the end of any month during the year is Rs. 181,899,572 ( 2012 : Rs 180,652,064 )

15.3 Terms of repayment of these loans have not been executed with the directors and associated undertakings

15.4 The above loans are unsecured and interest free.

### 16. Administrative and General Expenses

Salaries & Wages	598,000	568,131
Fees & Subscription	374,875	274,992
Printing & Stationery	41,277	40,749
Advertisement Expenses.	17,850	12,750
Legal and Professional Charges	60,000	60,000
Oil and Lubricants Consumed	--	44,850
Auditors' Remuneration	75,000	75,000
Depreciation Expenses.	3,795	4,262
	1,170,797	1,080,734

### 17. Finance Cost

Bank Charges and Commission	1,406	1,758
	1,406	1,758

### 18. Taxation

18.1 The company's income tax assessment have been finalized including and up to Tax year 2012.

18.2 Management feels that there is no material temporary differences. Accordingly, deferred tax provision is not required.

18.3. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the company is not in operational activities as described in note 1 of these financial statements.

### 19. Earnings Per Share - Basic and Diluted

Profit after Taxation	(1,172,203)	(1,082,492)
Weighted Average Number of Ordinary Shares	12,123,700	12,123,700
Earning Per Share - Basic	(0.10)	(0.09)

Rupees

### 20. Related Party Transactions

Bridge financing	1,247,508	1,064,745
	1,247,508	1,064,745

All transactions were carried out on normal terms and conditions. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment.

### 21. Plant Capacity and Production

Particulars	2013		2012	
	Average	Count	Average	Count
Actual production converted to 20 count	-	-	-	-
Attainable capacity (in million kgs)	-	6,152	-	6,152
Number of spindles installed	-	22,848	-	22,848
Worked during the year	-	-	-	-
Number of shifts worked during the year	-	-	-	-

## LANDMARK SPINNING INDUSTRIES LIMITED

### 22. Reason for Suspension of Operation

The Production remain Suspended during the Period 2012-2013 under review due to repeated power break downs in winder (Baluchistan) causing damage to the machinery, beside, unfavorable market conditions, unworkable prices of raw Cotton and to increase overhead Costs. The company is in preparation to commence production activities in near future as and when Gas supplies are made available by SSGC in Winder Baluchistan.

### 23. Remuneration of Chief Executive, Directors and Executives

No. remuneration or Benefit paid to Chief Executive, Director and Executives of the company due to company not involve in the operational activities.

### 24. Financial Instruments

The Company has exposures to the following risks from its use of financial instruments:

Credit risk  
Liquidity risk  
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

#### 24.1. Credit risk

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is:

	<b>June 30, 2013</b>	<b>June 30, 2012</b>
	<b>Rupees</b>	
Deposits and Prepayments	560,980	474,980
Cash with banks in current accounts	110,065	91,290
	671,045	566,270

#### 24.2. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.

2013						
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve	One to two year	Two to five years
Rupees						
Financial liabilities						
Long term Loans from Associated companies - interest free	205,327,323	205,327,323	-	-	-	205,327,323
Trade and other payables	297,545	297,545	193,404	104,141	-	-
	205,624,868	205,624,868	193,404	104,141	-	205,327,323
2012						
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve	One to two year	Two to five years
Rupees						
Financial liabilities						
Long term Loans from Associated companies - interest free	204,079,815	204,079,815	-	-	-	204,079,815
Trade and other payables	271,870	271,870	176,715.50	95,154.50	-	-
	204,351,685	204,351,685	176,715.50	95,154.50	-	204,079,815

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**LANDMARK SPINNING INDUSTRIES LIMITED****24.3. Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices. The Company manages market risk through binding contracts.

**a) Currency risk**

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

**b) Interest rate risk**

The Company has availed interest free long term loans from associated companies therefore the Company is not exposed to Interest rate risk.

**24.4. Risk management policies**

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

**24.5. Capital risk management**

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

**24.6. Fair value of financial instruments**

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

**25. General**

- i) Figures have been rounded off to nearest rupee.
- ii) Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial Statements are presented in Pakistani rupees, which is the Company's functional and Presentational currency.



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**AKBERALI HASHWANI**  
Chief Executive



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**AMIN A. HASHWANI**  
Director



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**LANDMARK SPINNING INDUSTRIES LIMITED**
**PATTERN OF SHARE HOLDING  
AS AT JUNE 30, 2013**

S/NO	NUMBER OF SHARE HOLDER	SHARE HOLDING BOUNDARIES			NOS. OF SHARE HELD
1	113	1	100	-	5,419
2	237	101	500	-	117,315
3	15	501	1,000	-	14,501
4	39	1,001	5,000	-	105,192
5	9	5,001	10,000	-	67,000
6	1	10,001	15,000	-	11,000
7	3	15,001	20,000	-	63,300
8	2	25,001	30,000	-	57,500
9	1	35,001	40,000	-	40,952
10	1	40,001	100,000	-	70,500
11	2	100,001	200,000	-	444,780
12	1	200,001	450,000	-	447,937
14	1	450,001	1,485,000	-	1,481,440
15	1	1,485,001	1,515,000	-	1,510,445
16	1	1,515,001	1,755,000	-	1,752,019
17	1	1,755,001	1,965,000	-	1,963,440
18	1	1,965,001	4,000,000	-	3,970,960
	429				12,123,700

CATEGORIES OF SHARE HOLDERS	NOS. OF SHARE HOLDERS	NOS. OF SHARE HELD	PERCENTAGE OF SHARES HELD
INVESTMENTS COMPANIES & OTHERS	3	242,389	2.00
INSURANCE COMPANIES	1	4,000	0.03
JOINT STOCK COMPANIES	4	59,000	0.48
BANKS & FINANCIAL INSTITUTIONS	4	4,057,511	33.47
DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDREN	7	7,156,281	59.03
INDIVIDUAL	410	604,519	4.99
<b>TOTAL</b>	<b>429</b>	<b>12,123,700</b>	<b>100</b>

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**LANDMARK SPINNING INDUSTRIES LIMITED**

**Details of Categories of Shareholders  
As At June 30, 2013**

	NUMBER OF SHAREHOLDERS	SHARE HELD
INVESTMENT COMPANIES & Others	3	242,389
INSURANCE COMPANIES	1	4,000
JOINT STOCK COMPANIES	4	59,000
BANKS AND FINANCIAL INSTITUTIONS	4	4,057,511
<b>DIRECTORS, CEO THEIR SPOUSES AND MINOR CHILDREN</b>		
Mr. Akberali Hashwani	Chief Executive	1,963,440
Mr. Amin A. Hashwani	Director	1,510,445
Mr. Abdullah Hashwani	Director	1,752,019
Mr. Nizam A. Hashwani	Director	1,481,440
Mrs. Sultana Hashwani	Director	500
Mrs. Farieha A. Hashwani	Director	500
Syed Raza Abbas Jaffery	(Represent-NBP-Trustee Dept.)	447,937
		<b>7,156,281</b>
<b>INDIVIDUALS</b>	<b>410</b>	<b>604,519</b>
	<b>429</b>	<b>12,123,700</b>

**Shareholders Holding 10% or More Voting Interest in the Company  
As At June 30, 2013**

		Shares Hold	Percentage
Mr. Akberali Hashwani	Chief Executive	1,963,440	16.20
Mr. Amin A. Hashwani	Director	1,510,445	12.46
Mr. Abdullah Hashwani	Director	1,752,019	14.45
Mr. Nizam A. Hashwani	Director	1,481,440	12.22
National Bank of Pakistan (Formerly Mehran Bank Ltd.)		3,970,960	32.75

**LANDMARK SPINNING INDUSTRIES LIMITED**

**Form of Proxy  
22nd Annual General Meeting  
LANDMARK SPINNING INDUSTRIES LIMITED**

I/We.....  
of.....  
a member(s) of LANDMARK SPINNING INDUSTRIES LIMITED and holder of .....  
ordinary share, do hereby appoint.....  
of.....  
or failing him .....  
of.....

a member of LANDMARK SPINNING INDUSTRIES LIMITED, vide Registered Folio No.....  
as my/our proxy to act on my/our behalf at 18th Annual General Meeting of the Company to be held on 26th October  
2013 at 3:00 p.m. at 1st Floor, Cotton Exchange Building, I.I. Chundrigar Road, Karachi.

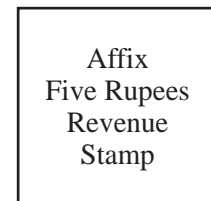
Signed this .....day of .....2013

Signature.....

Name .....

Address.....

CNIC/Passport No.....



(Signature should agree with the specimen signature registered with the Company)

**NOTES:**

1. No proxy shall be valid unless it is duly stamped with a revenue stamp worth Five Rupees.
2. In the case of Bank or Company, the proxy form must be executed under its Common seal and signed by its authorised person.
3. If this proxy form is signed under a Power of attorney or their authority then a notarially copy of that power of attorney/authority must be deposited along with this proxy form.
4. This form of proxy duly completed must be deposited at the Registered Office of the Company at least 48 hours before the time of holding the meeting.