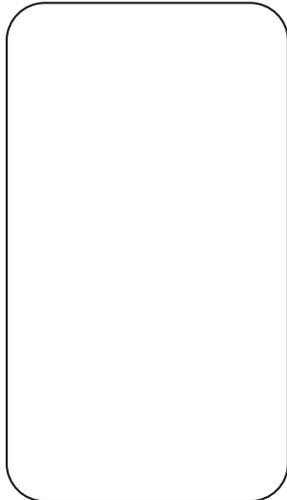


LANDMARK SPINNING INDUSTRIES LIMITED  
HALF YEARLY ACCOUNTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED  
31ST DECEMBER, 2008

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I. I. CHUNDRIGAR ROAD, KARACHI.

## LANDMARK SPINNING INDUSTRIES LIMITED

### DIRECTORS' REPORT

The Board of Directors of your company are presenting the un-audited half yearly financial statements of the company duly reviewed by the auditors for the six months ended 31st December, 2008.

Your company has incurred a net loss of Rs. 505,521 during the period under Review as the company has not re-started its production on account of unavailability of infrastructural facility at Winder and the high spiral prices of cotton and unworkable selling price of yarn being experienced by Textile sector. Your company would be able to start commercial production immediately upon Gas supply and connection to Winder Industrial Estate as being undertaken by Sui Southern Gas Company.

As regards, the Auditors observations regarding non charging of depreciation on specific fixed assets, we clarify that the Company's Policy with regard to charging of depreciation method is to adopt minimum recommended approach under IAS 16, 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 while reviewing the expected pattern of consumption of those asset's residual value for the period of non usage. However, when these assets are utilized upon start of commercial production, the adjustment as required to the carrying of amounts and classification of assets with an appropriate method would be applied & determined in recognition of impairment loss for charging depreciation.

Regarding doubts on going concern with material uncertainty highlighted by the Auditors at it is further clarified that such observation for this unit over the years have not caused any event at all as the management of your company has been trying with utmost efforts by injecting funds from their own account with eventual aim to run the unit.

Your Directors are struggling to resume the operations based on viability of the Unit upon supply of Gas connection which is in progress to utilize precious investment in Balochistan.

Your directors are thankful to staff and Bankers for their whole hearted support of rendering dedicated efforts for the benefit of your company.

Karachi :  
Dated: 28th February, 2009

By order of the Board

(Akber Ali Hashwani)  
Chief Executive

**LANDMARK SPINNING INDUSTRIES LIMITED**  
**NOTES TO THE ACCOUNTS ( UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

1. Nature and Status of Business

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. The Company is Listed at Karachi & Lahore Stock Exchanges.

The company commenced its commercial operation, from 2001 after reactivation of plant which remained idle for the seven years. However, the company again has 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 by Sui Southern Gas Company Limited, which is in Progress, the production will be expected to commence in near future.

2. Statement of Compliance

2.1. These condensed interim financial statements of the company are for the Six months period ended December 31, 2008 have been prepared in accordance with the requirements of International Accounting Standard-34 (IA5 -35) "Interim Financial Reporting" and being submitted to the shareholders under section 245 of the Companies Ordinance, 1984 and listing regulations of the Karachi and Lahore Stock Exchanges.

2.2 These condensed interim financial statements comprise of the balance sheet as at December 31, 2008 and the profit and loss account, statement of changes in equity and the cash flow statement for the six months period ended December 31, 2008, Which have been subjected to a review but not audited. These condensed interim financial statements also include the profit and loss account for the quarter ended December 31, 2008 which is not subjected to a review of the auditor.

2.3 These comparative balance sheet presented in these condensed interim financial statements as at June 30, 2008 has been extracted from the annual audited financial statements of the company for the year ended June 30, 2008 whereas the items of comparative profit and loss account, statement of changes in equity and cash flow statement are for the six months period ended December 31, 2007 is also included in these condensed interim financial statements, which has not been subjected to a review.

3. Summary of Significant Accounting Policies

The Accounting Policies and the methods of computations of balances adopted for the preparation in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the preceding year ended June 30, 2008.

4. Depreciation

No. depreciation on Assets except a Hut at Sand spit (Lease hold) and Vehicles has been charged during the period as their has been no production activity and the same has also been mentioned in note no. 1 of these condensed interim financial statements.

5. Contingencies

There is no significant change in Contingencies during the period.

6. Long term Loan - unsecured, interest free

Loan from Director	23,427,751	23,427,751
Loan from Associated Companies	<u>176,128,429</u>	<u>175,634,773</u>
	<u>199,556,180</u>	<u>199,062,524</u>

7. Date of Authorization for issue

These condensed interim financial statements were authorized for issue on February 28, 2009 by the board of directors of the company.

8. General:

8.1. Figures have been rounded off to the nearest of Rupee.

Akber Ali Hashwani  
Chief Executive

Amin A. Hashwani  
Director

Place : Karachi

Dated; February 28, 2009

**LANDMARK SPINNING INDUSTRIES LIMITED**  
**AUDITOR' REVIEW REPORT TO THE MEMBERS ON**  
**REVIEW OF INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying Condensed balance sheet of Landmark Spinning Industries Limited ("the company") as at December 31, 2008 and the related Condensed profit and loss account, Condensed cash flow statement and Condensed statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'Condensed interim financial statements') for the six months period then ended. Management is responsible for the preparation and Presentation of this Condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this Condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2008 and December 31, 2007 have not been reviewed as we are required to review only the cumulative figures for the Six month ended December 31, 2008.

**Scope of Review**

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of Condensed interim financial statements performed by the independent Auditor of the Entity". A review of Condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

- a) The company has incurred a net loss of Rs. 505,521/- during the period ended December 31, 2008; and as of that date it has accumulated losses of Rs. 168,701,561 which have been have eroded its capital and the Company's current liabilities exceeded its current assets by Rs. 785,861/- and its total liabilities its total assets by Rs. 47,464,561/- the company has not started its production for last many years despite representation made by the management to revive the production. Continues breakdowns in electricity and non availability of gas line for gas generator is 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.
- b) The depreciation has not been charged on fixed assets of the company except the vehicle and Hut at sandspit since the date of commercial operation has been suspended by the company in 2002-2003, Had the company charged depreciation on all the assets with taking effect of revaluation the written down value of the fixed assets would have been reduced by Rs. 75,432,432 and consequently the accumulated losses of the company as at balance sheet date would have been increased by Rs. 75,432,432

Based on our review, 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, nothing has come to our attention that causes us to believe that the accompanying Condensed interim financial statements as of and for the six months period ended December 31, 2008 are not prepared, in all material respects, in accordance with approved accounting standard as applicable in Pakistan.

**FEROZE SHARIF TARIQ & CO.**  
**CHARTERED ACCOUNTANTS**  
Karachi:  
Dated: February 28, 2009

**LANDMARK SPINNING INDUSTRIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Share Capital Rupees	Unappropriated (Loss) Rupees	Total Rupees
Balance as at July 1, 2007	121,237,000	(167,310,361)	(46,073,361)
Loss for the Six Months	-	(470,907)	(470,907)
Balance as at December 31, 2007	<u>121,237,000</u>	<u>(167,781,268)</u>	<u>(46,544,268)</u>
Balance as at July 1, 2008	121,237,000	(168,196,040)	(46,959,040)
Loss for the Six Months		(505,521)	(505,521)
Balance as at December 31, 2008	<u>121,237,000</u>	<u>(168,701,561)</u>	<u>(47,464,561)</u>

The annexed notes 1 to 8 form an integral part of these accounts.

Akber Ali Hashwani  
Chief Executive

Amin A. Hashwani  
Director

Place : Karachi  
Dated; February 28, 2009

**LANDMARK SPINNING INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**AS ON 31ST DECEMBER 2008**

	31st Dec. 2008 Rupees	31st Dec. 2007 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(505,521)	(470,907)
Adjustment of non-fund items:		
Depreciation	3,042	3,435
Financial Charges	1,320	628
	4,362	4,063
	(501,159)	(466,844)
 <b>WORKING CAPITAL CHANGES</b>		
(Increase)/Decrease in current assets		
Advances & Deposits	-	-
Increase/(decrease) in current liabilities		
Trade and Other Payables	8,003	(23,021)
Cash generated from operation	(493,156)	(489,865)
Financial Charges Paid	(1,320)	(628)
Net cash flow from operating activities	(494,476)	(490,493)
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term Deposit	-	-
Long term Loans	493,656	491,316
Net cash flow from financing activities	493,656	491,316
 <b>Net Increase/(decrease)</b>		
in cash & bank balances	(820)	823
Cash and bank balances at the beginning of the period	72,350	73,843
Cash and bank balances at the end of the period	71,530	74,666

The annexed notes 1 to 8 form an integral part of these accounts.

Akber Ali Hashwani  
Chief Executive

Amin A. Hashwani  
Director

Place : Karachi  
Dated: February 28, 2009

**LANDMARK SPINNING INDUSTRIES LIMITED**  
**PROFIT & LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	For the Half Year Ended		For the Quarter Ended	
	Dec. 31, 2008 Rupees	Dec. 31, 2007 Rupees	Dec. 31, 2008 Rupees	Dec. 31, 2007 Rupees
SALES - NET	-	-	-	-
COST OF SALES	-	-	-	-
GROSS (LOSS)	-	-	-	-
OPERATING EXPENSES				
Administrative Expenses	250,401	470,279	253,800	195,494
OPERATING (LOSS)	(504,201)	(470,279)	(253,800)	(195,494)
Financial Charges	(1,320)	(628)	(825)	(471)
	(505,521)	(470,907)	(254,625)	(195,965)
AMORTIZATION OF:				
Pre-Production Expenses	-	-	-	-
(Loss) Before Taxation	(505,521)	(470,907)	(254,625)	(195,965)
Taxation	-	-	-	-
(Loss) After Taxation	(505,521)	(470,907)	(254,625)	(195,965)
Accumulated loss brought forward	(168,196,040)	(167,310,361)	(168,446,937)	(167,585,303)
Accumulated loss carried forward	(168,701,561)	(167,781,268)	(168,701,561)	(167,781,268)
(Loss) Per Share - Basic	(0.04)	(0.04)	(0.02)	(0.02)

The annexed Notes 1 to 8 form an integral part of these accounts.

Akber Ali Hashwani  
Chief Executive

Amin A. Hashwani  
Director

Place : Karachi  
Dated; February 28, 2009

**LANDMARK SPINNING INDUSTRIES LIMITED**  
**BALANCE SHEET (UN-AUDITED)**  
**AS ON DECEMBER 31, 2008**

	Note	Dec. 30, 2008 Rupees	June 30, 2008 Rupees
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Property, Plant and Equipment - (At Cost Less Accumulated Depreciation)		240,565,838	240,568,880
<b>LONG TERM DEPOSITS</b>		25,000	25,000
<b>CURRENT ASSETS</b>			
Loan & Advances		38,688	38,688
Trade Deposits and Prepayments		474,980	474,980
Cash and Bank Balances		71,530	72,350
		585,198	586,018
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables		1,371,059	1,363,056
		1,371,059	1,363,056
		(785,861)	(777,038)
<b>Contingencies</b>	5	-	-
		239,804,977	239,816,842
<b>SHAREHOLDER EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHHORIZED CAPITAL</b>			
15,000,000 (June 30, 2008 : 15,000,000) Ordinary Shares of Rs. 10/- each		150,000,000	150,000,000
<b>ISSUED SUBSCRIBED &amp; PAID UP CAPITAL</b>			
12,123,700 (June 30, 2008 : 12,123,700) Ordinary Shares of Rs. 10/- each fully paid in cash		121,237,000	121,237,000
Accumulated Loss		(168,701,561)	(168,196,040)
		(47,464,561)	(46,959,040)
Surplus on Revaluation of Property, Plant & Equipments		87,713,358	87,713,358
<b>NON CURRENT LIABILITIES</b>			
Long Term Loans - Unsecured, Interest Free		199,556,180	199,062,524
		239,804,977	239,816,842

The annexed Notes 1 to 8 form an integral part of these accounts.

Akber Ali Hashwani  
Chief Executive

Amin A. Hashwani  
Director

Place : Karachi  
Dated: February 28, 2009