



30th June 2015

**LANDMARK  
SPINNING INDUSTRIES  
LIMITED**

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## Corporate Information

### Board of Directors

**Chairman** : Mr. Nizam A. Hashwani

**Chief Executive** : Mr. Amin A. Hashwani

**Directors** : Mr. Abdullah A. Hashwani

Syed Raza Abbas Jafferri

Mrs. Sultana A. Hashwani

Mrs. Farieha A. Hashwani

Mrs. Shahrina Hashwani

**Audit Committee** : Mrs. Shahrina Hashwani - Chairperson

Mr. Nizam A. Hashwani

Mr. Abdullah A. Hashwani

**HR Remuneration Committee** : Mr. Abdullah A. Hashwani-Chairman

Mrs. Farieha A. Hashwani

Mrs. Shahrina Hashwani

### Chief Financial Officer &

**Company Secretary** : Mr. Yousuf Noorani

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

Chartered Accountants

**Bankers** : Habib Metropolitan Bank 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.**

**NOTICE OF 24TH ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held on Monday the 26th October 2015, at 05:00 pm at Landmark Spinning Industries Limited, 1st Floor Cotton Exchange Building I.I. Chundrigger Road , Karachi, to transact the following ordinary business:

1. To confirm the minutes of the Twenty Third Annual General Meeting held on 25th October 2014.
2. To receive consider and adopt the audited account for the year ended 30th June 2015, together with the Auditors and Directors report thereon.
3. To appoint Auditors for the year ended 30th June 2016, 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.
4. To transact any other business with the permission of Chairman.

By Order of the Board

Yousuf Noorani  
Company Secretary

Karachi 03rd, October 2015

**NOTES:**

1. The share Transfer Books of the Company will remain closed from 19-10-2015 to 26-10-2015 (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 made and retrieve the Corporate information and Financial reports from the Company's Website: [www.landmarkspinning.com](http://www.landmarkspinning.com)

## **DIRECTORS' REPORT**

The Directors of your company are pleased to present Twenty Fourth Annual Report together with Auditor's Report and Audited Financial Statements of the Company for the year ended 30th June 2015, at the Annual General Meeting of Company.

Your company has sustained a net loss after tax of Rs.1,139,741 for the year ended 30th June 2015, which was mainly for the salary of security staff and other general expenses during this period. Further, there has been no commercial activity during the financial year under review.

Referring to the unqualified observations of Auditors in Auditors Report regarding not 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 asset'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 in near future.

Referring about the observation from auditors that the company has not accounted for loan received from associated concern and directors with reference to IAS 39, these loans have been obtained from directors and Associated Concerns of the company to meet its financial obligationery losses and are unsecured and interest free loans. These will be paid as and when company generate financial resources. There is no fixed schedule and tenure for repayment of these loans. Owing to the prevailing Balochistan condition and cash flow position regarding remaining tenure of these loans, and future cash flows the amortized cost cannot be ascertained and accordingly these loans have been carried at historical cost.

Your Directors are constrained 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..

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 as the work for repair and maintenance of machinery is progressing and your management has planned to re-start the unit during the cotton crop .
- ❖ 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 10 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, NBFI 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. Amin A. Hashwani	(3)
2. Mr. Abdullah A. Hashwani	(3)
3. Mr. Nizam A. Hashwani	(4)
4. Syed Raza Abbas Jaffery	(2)
5. Mrs. Sultana A. Hashwani	(2)
6. Mrs. Farieha A. Haswani	(2)
7. Mrs. Shahrina Hashwani	(4)

**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 2015, annexed.

**KEY OPERATING AND FINANCIAL DATA;**

An statement reflecting the key operating financial data of last six years is 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**



**AMIN A. HASHWANI**  
**Chief Executive**

Karachi:

Dated : 03rd October, 2015

## FINANCIAL HIGHLIGHTS

(Rupees in Thousands)

<b>ASSETS EMPLOYED</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Property Plant & Equipment (Book Value)	241,794	241,797	240.548	240.548	240.553	240.557
Long Term Deposit	25	25	25	25	25	25
Net Current Assets	(204)	(144)	412	333	347	208
<b>Total Assets Employed</b>	<b>241,615</b>	<b>241,678</b>	<b>240.985</b>	<b>240.906</b>	<b>240.925</b>	<b>240.790</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	100,929	100,929	87.713	87.713	87.713	87.713
Accumulated Loss	(191,915)	(190,775)	(173.296)	(172.124)	(171.041)	(170.019)
<b>Shareholder's Equity</b>	<b>30,252</b>	<b>31,391</b>	<b>35.654</b>	<b>36.826</b>	<b>37.909</b>	<b>38.931</b>
Long Term Liabilities	211,363	210,287	205.327	204.080	203.015	201.859
<b>Total Capital Employed</b>	<b>241,615</b>	<b>241,678</b>	<b>240.981</b>	<b>240.906</b>	<b>240.942</b>	<b>240.790</b>
<b>OTHER DATA</b>						
Net Sales	-	-	-	-	-	-
(Loss) before Taxation	(1,139)	(17,479)	(1172)	(1082)	(1022)	(897)
(Loss) after Taxation	(1,139)	(17,479)	(1172)	(1082)	(1022)	(897)
(Loss) per Share	(0.09)	(1.44)	(0.10)	(0.09)	(0.08)	(0.07)

# LANDMARK SPINNING INDUSTRIES LIMITED

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2015

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 non executives.

Category	Name
Independent Director	1. Mr. Nizam A Hashwani 2. Mr. Syed Raza Abbas Jaffari 3. Mr. Abdullah Hashwani
Executive Director	1. Mr. Amin A Hashwani
Non Executive Director	1. Mrs.Shahrina Hashwani 2. Mrs. Sultana A Hashwani 3. Mrs. Farieha A Hashwani

2. The directors have confirmed that none of them is serving as a director on more than seven Listed companies, including this company
3. The condition of Maximum numbers of seven directorship to be held by a director in limited companies as per clause ii of the CCG will be applicable after election of next Board of Directors of the Company.
4. At 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 or, and they are not a member of any stock exchange.
5. No casual vacancies was occurred in the Board during the year ended 30th June 2015, Further the existing directors would be retiring in election to be held on or before 31st October 2016.
6. 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.
7. 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.
8. 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.
9. 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.
10. The board arranged training program for its directors during the year.
11. The board has approved [1] appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. 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.
13. The financial statements of the company were dully endorsed by CEO and CFO before approval of the board.
14. The directors, CEO and executive do not hold any interest in shares of the company other than that disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the CCG.
16. The board has formed an Audit Committee. It comprises (3). members, all of whom are non-executive directors including the chairman of the committee.
17. 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.
18. 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. Abdullah A. Hashwani, director.
19. 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.
20. 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.
21. The statutory auditors of 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.
22. 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).
23. Material /price sensitive information has been disseminated among all market participants at once through stock exchange (s).
24. We confirm that all other material principles enshrined in the CCG have been complied with [2] except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

By Order of the Board



AMIN A. HASHWANI  
Chief Executive

Dated : 03-10-2015

**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, 2015 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 are not required to consider whether the Board of Directors statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

The code of corporate governance requires the Company to place before the Audit Committee, and upon recommendation of the Audit committee, place before the Board of Directors for their consideration and approval its 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 arms' length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of 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, 2015.

Place: Karachi  
Dated : 03-10-2015CHARTERED ACCOUNTANTS  
Audit Engagement Partner : Mohammad Ghalib

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

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We have audited the annexed Balance Sheet of M/s Landmark Spinning Industries Limited, as at June 30, 2015 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. 94,979,417 and Consequently Accumulated Losses of the Company as of Balance sheet date would have been increased by Rs. 94,979,417, Furthermore the company has made revaluation on its fixed assets Land, Building and Plant and Machinery in the year 2014, 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. 153,223,690 and Consequently Accumulated Losses of the Company as of Balance sheet date would have been increased by Rs. 153,223,690.
- 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. 1,139,741 (2014: Rs. 17,478,978/-) during the year ended June 30, 2015 and as of that date it has accumulated losses of Rs. 191,914,658 (2014: Rs. 190,774,918) which have eroded its capital and its total liabilities exceeded its total assets by Rs. 203,810 (2014: Rs. 143,507) and its total liabilities exceeds its total assets by 70,677,658(2014: Rs. 69,527,918/=), the company has not started its production for last many years despite representation made by the management to revive the production. 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) The company has not accounted for Loans received from associated concerns and directors as disclosed in note 15 and 15.3 to the financial statements on amortised cost as required by IAS-39 due to unavailability of tenure of loan we therefore unable to quantify effect of the same.
- d) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- e) 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;
- f) 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, 2015 and of the Loss, its Comprehensive income, Cash flow and Changes in Equity for the year then ended; and
- g) In our opinion "no Zakat was deductible at source under the Zakat and Ushr ordinance 1980".

*Feroze Sharif Tariq & Co.*

KARACHI:  
Dated: 03-10-2015

CHARTERED ACCOUNTANTS  
Audit Engagement Partner : Mohammad Ghalib

# LANDMARK SPINNING INDUSTRIES LIMITED

## BALANCE SHEET AS AT JUNE 30, 2015.

June 30,  
2015                      June 30,  
2014

	Note	RUPEES	
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Property, Plant and Equipments	7.	241,793,508	241,796,529
Long Term Deposits	8.	25,000	25,000
<b>CURRENT ASSETS</b>			
Advance Income Tax		38,688	38,688
Trade Deposits and Prepayments	9.	-	-
Cash and Bank Balances	10.	38,772	81,324
		77,460	120,012
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11.	281,270	263,520
Provision for Taxation	19.	-	-
		281,270	263,520
		(203,810)	(143,507)
Contingencies and Commitments	12.		
		241,614,698	241,678,022
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL</b>			
<u>Authorized Capital</u>			
15,000,000 (2014: Rs. 15,000,000) Ordinary Shares of Rs.10/-each		150,000,000	150,000,000
<u>Issued subscribed and Paid up Capital</u>			
12,123,700 (2014: 12,123,700) Ordinary Shares of Rs. 10/- each fully paid in cash	13.	121,237,000	121,237,000
Accumulated Loss		(191,914,658)	(190,774,918)
		(70,677,658)	(69,537,918)
Surplus on Revaluation of Property, Plant and Equipment	14.	100,928,689	100,928,689
<b>NON CURRENT LIABILITIES</b>			
Long term Loans - Unsecured, Interest Free	15.	211,363,667	210,287,251
		241,614,698	241,678,022

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



Amin A. Hashwani  
Chief Executive



Abdullah A. Hashwani  
Director

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2015**

	Notes	June 30, 2015	June 30, 2014
		(Rupees)	
<b>Sales - Net</b>		--	--
<b>Cost of Sales</b>		--	--
<b>Gross Profit</b>		<u>          --</u>	<u>          --</u>
<b>Operating Expenses</b>			
Administrative and General Expenses	16.	<u>(1,138,251)</u>	<u>(1,085,896)</u>
<b>Operating Loss</b>		<u>(1,138,251)</u>	<u>(1,085,896)</u>
Finance Cost	17.	<u>(1,490)</u>	<u>(931)</u>
		<u>(1,139,741)</u>	<u>(1,086,827)</u>
<b>Extra ordinary item</b>			
Impairment Loss on Value of Plant and Machinery after revaluation	18.	<u>          --</u>	<u>(11,959,971)</u>
Payment made to KPT for settlement of Case		<u>          --</u>	<u>(3,957,200)</u>
Guarantee Margin Written off		<u>          --</u>	<u>(474,980)</u>
		<u>          --</u>	<u>(16,392,151)</u>
<b>Loss Before taxation</b>		<u>(1,139,741)</u>	<u>(17,478,978)</u>
<b>Taxation</b>			
- Current	19	<u>          --</u>	<u>          --</u>
- Prior		<u>          --</u>	<u>          --</u>
		<u>          --</u>	<u>          --</u>
<b>Loss after Taxation for the year</b>		<u><u>(1,139,741)</u></u>	<u><u>(17,478,978)</u></u>
Earning Per Share - Basic	20	<u><u>(0.09)</u></u>	<u><u>(1.44)</u></u>

The annexed notes form an integral part of these accounts.



Amin A. Hashwani  
Chief Executive



Abdullah A. Hashwani  
Director

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2015**

	Year ended June 30, 2015	Year ended June 30, 2014
	(Rupees)	
Loss for the year	(1,139,741)	(17,478,978)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	<u>(1,139,741)</u>	<u>(17,478,978)</u>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015**

	Share Capital	Unappropriated Profit	Total
	(Rupees)		
Balance as on June 30, 2013	121,237,000	(173,295,940)	(52,058,940)
Total Comprehensive (Loss) of the year	--	(17,478,978)	(17,478,978)
Balance as on June 30, 2014	<u>121,237,000</u>	<u>(190,774,918)</u>	<u>(69,537,918)</u>
Total Comprehensive (Loss) of the year	--	(1,139,741)	(1,139,741)
Balance as on June 30, 2015	<u>121,237,000</u>	<u>(191,914,658)</u>	<u>(70,677,658)</u>

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



Amin A. Hashwani  
Chief Executive



Abdullah A. Hashwani  
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

	NOTE	June 30, 2015	June 30, 2014
(RUPEES)			
<b>A. Cash Flow From Operating Activities</b>			
( Loss) before taxation		(1,139,741)	(17,478,978)
<b>Adjustment of non-fund items:</b>			
Change in Value of Plant as per revaluation report		-	11,959,971
Depreciation		3,019	3,383
Financial Charges		1,490	931
		4,509	11,964,285
<b>Working capital charges</b>		(1,135,232)	(5,514,963)
<b>(Increase)/Decrease in Current Assets</b>			
Loan and Advance		-	-
Trade Deposits and Prepayments		-	560,980
<b>Increase /(Decrease) In Current Liabilities</b>			
Trade and Other Payables		17,754	(34,025)
		17,754	526,955
		(1,117,478)	(4,987,738)
Financial Cost Paid		(1,490)	(931)
Income tax Paid /adjusted			-
<b>Net Cash Generated from Operating Activities</b>		(1,118,968)	(4,988,669)
<b>B. Cash Flow from Investing Activities</b>			
Long term deposits		-	-
<b>Net Cash Generated from Investing Activities</b>		-	-
<b>C. Cash flow from financing Activities</b>			
Long term loans		1,076,416	4,959,928
<b>Net cash flow from investing activities</b>		1,076,416	4,959,928
Net Increase/(Decrease) in cash and Bank Balances (A+B+C)		(42,552)	(28,741)
Cash and bank balances at the beginning of the year		81,324	110,065
Cash and Bank Balances at the end of the year	11.	<b>38,772</b>	<b>81,324</b>

The annexed notes form an integral part of these account



Amin A. Hashwani  
Chief Executive



Abdullah A. Hashwani  
Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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 shares 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 Chundrigar Road, Karachi, Pakistan; while its manufacturing facilities are located at Winder Baluchistan, 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 by 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.1,139,741 (2014:Rs. 17,478,978/-), during the year ended June 30, 2015, and as of that date it has accumulated losses of Rs. 191,914,658 (2014: Rs. 190,772,918) which have eroded its Capital and its current liabilities exceeded its current assets by Rs.203,810 (2014: 143,507) and total liabilities exceed its Total Assets by Rs. 70,677,658 (2014: Rs. 69,537,918/-). 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 revive the unit, and start operations in the near future, The Government has plans to Provide Gas Connection at the mills in Winder (Baluchistan),and the company also is actively persuading the Government for supply of Gas connection at the factory which is expected to be supplied in future Currently the government has entered into the agreement with Iran to sully 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

- 3.1 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.
- 3.2 Standards and amendments to approved accounting standards that are 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:

	Effective date (accounting periods beginning Standard or Interpretation on or after)
IFRS 10- Consolidated Financial Statements	1-January-15
IFRS 10- Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Order Entities and IAS 27 Separate Financial Statements-Investment Entities (Amendments)	1-January-15
IFRS 10- Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Order Entities and IAS 27 Separate Financial Statements-Investment Entities Applying the Consolidation Exception (Amendments)	1-January-16

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	1-January-16
IFRS 11- Joint Arrangements	1-January-15
IFRS 11 Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)	1-January-16
IFRS 12-Disclosure Interest in Other Entities	1-January-15
IFRS 13-Fair Value Measurement	1-January-15
IAS 1-Presentation of Financial Statements-Disclosure Initiative (Amendment)	1-January-16
IAS 16 Property,Plant and Equipment and IAS 38 intangible assets -Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	1-January-16
IAS 16 Property,Plant and Equipment IAS 41 Agriculture-Agriculture Bearer Plants (Amendment)	1-January-16
IAS 27-Separate Financial Statements-Equity Method in Separate Financial Statements (Amendment)	1-January-16

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.

Standard	Effective date (accounting periods beginning Standard or Interpretation on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 15 – Revenue from Contracts with Customers	January 1, 2016

#### 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 outcome 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**

6.1 The Company has adopted the following revised amendments and Interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits –(Amendment)-Defined Benefit Plans:Employees Contributions

IFRS 32 – Financial Instruments : Presentation – (Amendments)-Offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets -(Amendment)-Recoverable Amount Disclosures for Non-Financial Assets.

IAS 39 - Financial Instruments: Recognition and Measurement-(Amendment)-Novation of Derivatives and Continuation of Hedge Accounting

##### **Improvements to Accounting Standards Issued by the IASB**

IFRS 13 - Fair value measurements : scope of paragraph 52 (portfolio exception)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets-Revaluation method proportionate restatement of accumulated depreciation / amortization

IAS 24 Related Party Disclosures-Key management personnel

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

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

The financial statements have primarily been prepared on the historical cost basis, unless an accounting policy herein states otherwise. The financial statements, except for the Land, Building and Plant and Machinery which are stated at revalued amount and 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.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax if any) is transferred to unappropriated profit through statement of comprehensive income.

**- Depreciation**

Depreciation is charged to income using reducing balance method, at the rates specified in the annexed schedule, whereby the cost/revalued amount 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. Except a Hut at Sandspit (Lease Hold) and Vehicles no Depreciation has been charged on the assets of the company since 2002-2003

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 Borrowing Cost**

Borrowing cost directly attribute to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds.

**6.11 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.

**6.12 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 losses 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.

**6.13 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.

**6.14 Cash and Cash Equivalents**

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

**6.15 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 in inflow of economic benefits is probable.

# LANDMARK SPINNING INDUSTRIES LIMITED

## 6.22 Dividend and Appropriation to reserves

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

	June 30, 2015	June 30, 2014
<b>7. Tangible Fixed Assets</b>		
Property, Plant and Equipment	241,793,508	241,796,529
	241,793,508	241,796,529

(Rupees)

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

Particulars	Cost/Revaluation			Rate %	Depreciation			Written Down Value As At June 30, 2015
	As at July 01, 2014	Additions / Revaluation (Deletion)	As at June 30, 2015		As at July 01, 2014	For the period	As at June 30, 2015	
	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	158,621,060	--	158,621,060	10	17,799,080	--	17,799,080	140,821,980
Plant and Machinery	127,902,816	--	127,902,816	10	37,902,816	--	37,902,816	90,000,000
Hut at Sanspit (Leasrhold)	308,500	--	308,500	10	280,399	2,810	283,209	25,291
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	193,957	209	194,166	834
Sales and Measuring Equipments	8,000	--	8,000	10	1,520	--	1,520	6,480
2015	298,646,420	--	298,646,420		56,849,893	3,019	56,852,912	241,793,508
2014	297,391,060	13,215,331	(11,959,971) 298,646,420		56,846,510	3,383	56,849,893	241,796,529

### NOTE:

7.1 Previously the following fixed assets were revalued by independent valuer namely M/s. A.R. Bherwani Pvt (Ltd) resulting the surplus arising from the revaluation is Rs. 87,713,358/-. During the current year as on December 29, 2013 the company has revalued the same class of assets land. Building on land and plant and machinery by independent valuer M/s. MYK Associates Pvt (Ltd.) resulting surplus over the previously revalued assets by Rs. 13,215,331 and impairment of cost price cost of plant is Rs.11,959,971.

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, 2014	DIFFERENCE BETWEEN BOOK VALUE & REVALUED AMOUNT	COST		
				COST	Accumulated Depreciation	Written Down Value
Lease hold land	10,600,000	10,600,000	-			
Factory Building on lease hold land	140,821,980	79,371,466	61,450,514	2,969,450	509,259	2,460,191
Plant and Machinery	90,000,000	150,195,154	(48,235,183)	65,679,261	40,233,770	25,445,491
Impairment in cost of the plant and machinery booked to profit and loss account			(11,959,971)	139,862,787	85,677,078	54,185,709
	<b>241,421,980</b>	<b>240,166,620</b>	<b>13,215,331</b>	<b>208,511,498</b>	<b>126,420,106</b>	<b>82,091,392</b>

### Allocation of Depreciation

Depreciation for the period has been allocated as follows:

	June 30, 2015	June 30, 2014
Production Expenses	3,019	3,383
Administrative Expense	3,019	3,383

# 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. 153,223,690 and consequently Accumulated losses of the company as of Balance sheet date would have been increased by Rs. 153,223,690 and also the company not considered the impact of depreciation on revaluation then written down value of Fixed assets (with out revaluation) would have been reduced by Rs. 94,979,417 and consequently Accumulated losses of the company as of Balance sheet date would have been increased by Rs. 94,979,417.

Particulars	Cost/Revaluation			Rate %	Depreciation			Written Down Value As At June 30, 2014
	As at July 01, 2013	Revaluation Additions / (Deletion)	As at June 30, 2014		As at July 01, 2013	For the period	As at June 30, 2014	
	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	61,450,514	158,621,060	10	17,799,080	--	17,799,080	140,821,980
Plant and Machinery	188,097,970	(48,235,183)	127,902,816	10	37,902,816	--	37,902,816	90,000,000
Hut at Sanspit (Leasrhold)	308,500	--	308,500	10	277,277	3,122	280,399	28,102
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	193,696	261	193,957	1,044
Sales and Measuring Equipments	8,000	--	8,000	10	1,520	--	1,520	6,480
2013	297,391,060	13,215,331	(11,959,971)		56,846,510	3,383	56,849,893	241,796,528
2012	297,391,060	--	297,391,060		56,842,715	3,795	56,846,510	240,544,552

NOTE:

7.1 Previously the following fixed assets were revalued by independent valuer namely M/s. A. R. Bherwani Pvt (Ltd) resulting the surplus arising from the revaluation is Rs. 87,713,358/-. During the current year as on December 29, 2013 the company has revalued the same class of assets land. Building on land and plant and machinery by independent valuer M/s. MYK Associates Pvt (Ltd.) resulting surplus over the previously revalued assets by Rs. 13,215,331 and impairment of cost price cost of plant is Rs.11,959,971-net.

REVALUED AMOUNT	BOOK VALUE AS ON JUNE 30, 2014	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	10,600,000	-			
Factory Building on lease hold land	140,821,980	61,450,514	2,969,450	484,409	2,485,041
Plant and Machinery	90,000,000	(48,235,183)	65,679,261	37,406,493	28,272,768
Impairment in cost of the Plant Machinery booked to Profit and Loss Account		(11,959,971)	139,862,787	79,656,444	60,206,343
<b>241,421,980</b>	<b>240,166,620</b>	<b>13,215,331</b>	<b>208,511,498</b>	<b>117,547,345</b>	<b>90,964,153</b>

### Allocation of Depreciation

Depreciation for the period has been allocated as follows:  
Production Expenses  
Administrative Expense

June 30, 2015	June 30, 2014
RUPEES	
--	--
3,383	3,795
<b>3,383</b>	<b>3,795</b>

# LANDMARK SPINNING INDUSTRIES LIMITED

	June 30, 2015	(Rupees)	June 30, 2014
<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
Prepaid Ground Rent	--		86,000
Less: Transfer to Profit & Loss Account	--		560,980
	--		--
<b>10. <u>Cash and Bank Balances</u></b>			
Cash in Hand	--		--
Cash at Banks - Current Accounts	38,772		81,324
	38,772		81,324
<b>11. <u>Trade and Other Payables</u></b>			
Accrued Expenses	279,040		257,590
<b><u>Others</u></b>			
With holding tax Payable	2,230		5,930
	281,270		263,520
<b>12. <u>Contingencies and Commitments</u></b>			
12.1. Securities and Exchange Commission of Pakistan issued notice under section 305 (c) of the companies ordinance 1984 regarding the winding up petition to be filed against the Company and the Deputy Director Enforcement Wing of SECP has passed the order directing to file the winding up petition vide their order dated May 07, 2013. The company filed a revision petition against the said order under section 484 of the Companies Ordinance 1984 in which the company requested SECP to allow time for commencing business operation of Factory up to 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 enabling the Company to start the commercial production therefore the SECP after considering this fact granted the time till December 31, 2014. The Proceedings of the same are still in Pending as of reporting date.			
<b>13. <u>Issued, Subscribed and Paid-up Capital</u></b>		(Rupees)	
No. of Ordinary Shares of Rs. 10/- each	2015	2014	
	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	121,237,000
<b>14. <u>Surplus on Revaluation of Property, Plant and Equipments</u></b>			
Opening Balance		100,928,689	87,713,358
Add: Surplus arises on assets during the year		--	13,215,331
		100,928,689	100,928,689

# LANDMARK SPINNING INDUSTRIES LIMITED

This represents net surplus over the book value resulting from the revaluation of land, Building and Plant and Machinery carried out by independent valuer namely M/s MYK Associates (Private) Limited, and their Report on the revaluation dated June 30, 2014 on the basis of market value or depreciated replacement values as applicable. Basis of revaluation are as follows:

## Land

Valuation of land is determined by obtaining key market data from property brokers, dealers and estate agents to ascertain the Present market value considering its location and market potential.

## Building

Revalued amount of building has been determined is simple. After taking into account the re-statement value have been computed after applying present market rate of construction. They have applied the depreciation factor of Structure at 1% per annum for the present assessed value and the covered area assessment are based on our physical measurements.

## Plant and Machinery

The plant, Machinery and Equipment values are derived from the make, model and year from the local machinery Dealer/ Agent and/or suppliers Local or Foreign. The values are consequent to the purchase and induction year, Frequency of running/operation, nature of periodic maintenance wear and tear and terrain effects on performance and storage, market demand of Equipment, special handling of machine, productivity and output and the availability of spare parts and repair expertise. These findings are the best of our knowledge true and correct and are issued WITHOUT PREJUDICE. In consideration of the foregoing, our estimated value can only be discussed with in three weeks from the date of issue of this report and received by the financial institution/client from the date of receipt of the same.

The revaluation has resulted in increase in surplus and corresponding carrying amounts of Land and Building by Rs.13.215 million and Decrease/impairment in the value of Plant and Equipment by Rs. 11.960 million as fully disclosed in note 7.1 to the financial statements below to the "Property, Plant and Equipment".

The company has not providing depreciation on its fixed assets as discussed in note 7.2 to the financial statement therefore the reversal of depreciation and Deferred tax to Profit and Loss account not made in the financial statements.

The closing balance of surplus on revaluation of property, plant and equipment is not available for distribution to shareholders.

		June 30, 2015	June 30, 2014
<b>15. Long term Loan</b>			
(Unsecured & Interest free)			(Rupees)
From Directors	15.1.	7,810,812	15,616,939
From Associated Undertakings	15.2.	203,552,855	194,670,312
		<u>211,363,667</u>	<u>210,287,251</u>

15.1 Maximum balance due at the end of any month during the year is Rs 15,616,939 ( 2013 : Rs 15,616,939 )

15.2 Maximum balance due at the end of any month during the year is Rs. 203,552,855 ( 2014 : Rs 194,640,312 )

15.3 These loans have been obtained from directors and Associated Concerns of the company to meet its financial obligationary losses and are unsecured and interest free loans. These will be paid as and when convenient to the company. There is no fixed schedule and tenure for repayment of these loans. Owing to the uncertainties regarding remaining tenure of these loans, and future cash flows the amortised cost cannot be ascertained and accordingly these loans have been carried at historical cost.

## 16. Administrative and General Expenses

Salaries & Wages	620,050	596,000
Fees & Subscription	333,282	289,509
Printing & Stationery	36,700	41,604
Advertisement Expenses.	10,200	20,400
Legal and Professional Charges	60,000	60,000
Auditors' Remuneration	75,000	75,000
Depreciation Expenses.	3,019	3,383
	<u>1,138,251</u>	<u>1,085,896</u>

## 17. Finance Cost

Bank Charges and Commission	1,490	931
	1,490	931

## 18. Impairment Loss on Value of Plant and Machinery

During the year as on (June 30, 2014) as on December 29, 2013, the company has revalued its assets. Which has been revalued by independent valuer M/s MYK Associates (Private) Limited. The surplus on revaluation works out to Land and Building by Rs.13.215 million and decrease/impairment in the value of Plant and Equipment value by Rs. 11.960 million as per the revaluation report as fully disclosed in note 7.1 to the financial statements.

## 19. Taxation

18.1 The company's income tax assessment have been finalized including and up to Tax year 2014.

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.

## 20. Earnings Per Share - Basic and Diluted

Profit after Taxation	(1,139,741)	(17,478,978)
Weighted Average Number of Ordinary Shares	12,123,700	12,123,700
Earning Per Share - Basic	(0.09)	(1.44)

Rupees

## 21. Related Party Transactions

Payment/adjustment to Director	7,806,127	7,810,812
Received/Adjustment of Loan Amount	8,882,543	12,770,740

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.

## 22. Plant Capacity and Production

Particulars	2015		2014	
	Average		Average	
	Count		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	-	-	-	-

## 23. Reason for Suspension of Operation

The Production remain Suspended during the Period 2014-2015 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.

## 24. 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.

## 25. 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.

## 25.1 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 Company 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:

	June 30, 2015	June 30, 2014
	Rupees	
Deposits and Prepayments	-	-
Cash with banks in current accounts	38,772	81,324
	<u>38,772</u>	<u>81,324</u>

## 25.2. 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.

2014						
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	211,363,667	211,363,667	-	-	-	-
Trade and other payables	281,270	281,270	182,826	98,445	-	-
	<u>211,644,937</u>	<u>211,644,937</u>	<u>182,826</u>	<u>98,445</u>	<u>-</u>	<u>-</u>

2014						
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	210,287,251	210,287,251	-	-	-	-
Trade and other payables	263,520	263,520	171,288	92,232	-	-
	<u>210,550,771</u>	<u>210,550,771</u>	<u>171,288</u>	<u>92,232</u>	<u>-</u>	<u>-</u>

## 25.3. 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.

**25.4. 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.

**25.5. 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.

**25.6. 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.

**26 Number of Employees**

Number of persons employed as at year end were 4 (2013: 4) and the average number of persons employed during the year were 4 (2014: 4) all are contractual employees.

**27. 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.
- iii) Comparative figures have been rearranged and reclassified wherever necessary for the purpose of better presentation and comparison. However, there was no material reclassification to report.



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Amin A. Hashwani  
Chief Executive



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Abdullah A. Hashwani  
Director

**PATTERN OF SHARE HOLDING  
AS AT JUNE 30, 2015**

<b>S/NO</b>	<b>NUMBER OF SHARE HOLDER</b>	<b>SHARE HOLDING BOUNDARIES</b>	<b>NOS. OF SHARE HELD</b>
1	134	1 ----- 100	- 4,938
2	245	101 ----- 500	- 120,932
3	30	501 ----- 1,000	- 29,281
4	40	1,001 ----- 5,000	- 112,056
5	13	5,001 ----- 10,000	- 100,500
6	2	10,001 ----- 15,000	- 28,800
7	1	15,001 ----- 20,000	- 16,000
8	1	21,000 ----- 25,000	- 24,500
9	1	25,001 ----- 40,000	- 28,500
11	3	40,001 ----- 100,000	- 140,542
12	1	100,001 ----- 200,000	- 200,000
13	2	200,001 ----- 450,000	- 639,437
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
	478		12,123,700

<b>CATEGORIES OF SHARE HOLDERS</b>	<b>NOS. OF SHARE HOLDERS</b>	<b>NOS. OF SHARE HELD</b>	<b>PERCENTAGE OF SHARES HELD</b>
INSURANCE COMPANIES	1	4,000	0.03
JOINT STOCK COMPANIES	3	38,501	0.32
BANKS & FINANCIAL INSTITUTIONS	3	3,987,011	32.89
DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDREN	8	7,347,781	60.61
INDIVIDUAL	460	702,518	5.79
OTHERS	3	43,889	0.36
<b>TOTAL</b>	<b>478</b>	<b>12,123,700</b>	<b>100</b>

**Details of Categories of Shareholders  
As At June 30, 2015**

	NUMBER OF SHAREHOLDERS	SHARE HELD
<b>BANKS AND FINANCIAL INSTITUTIONS</b>	3	3,987,011
<b>JOINT STOCK COMPANIES</b>	3	38,501
<b>INSURANCE COMPANIES</b>	1	4,000
<b>DIRECTORS, CEO THEIR SPOUSES AND MINOR CHILDREN</b>		
Mr. Amin A. Haswani	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. Shahrina A. Hashwani	Director	244,000
Mrs. Farieha A. Hashwani	Director	500
Syed Raza Abbas Jaffery	(Represent-National Investment (Unit) Trust)	395,437
Mr. Akberali Hashwani	(Late)	1,963,440
		7,347,781
<b>INDIVIDUALS</b>	460	702,518
<b>OTHERS</b>	3	43,889
	478	12,123,700

**Shareholders Holding 10% or More Voting Interest in the Company  
As At June 30, 2015**

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

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**LANDMARK SPINNING INDUSTRIES LIMITED**

**Form of Proxy**  
**24th 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  
2015 at 5:00 p.m. at 1st Floor, Cotton Exchange Building, I.I. Chundrigar Road, Karachi.

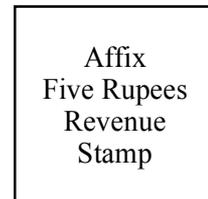
Signed this .....day of .....2015

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 alongwith 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.
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