Annual Report

30th June 2012

LANDMARK
SPINNING INDUSTRIES
LIMITED

CONTENTS

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 Jafferi 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. Chatered Accountants
Bankers :	Habib Bank Ltd. 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 exchibit a socially responsible behaviors.**
- **To conduct business with integrity and strive to be the best.**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held on Saturday 20th October 2012, at 03:30 pm at Landmark Spinning Inductries Limited, 1st Floor Cotton Exchange Building I.I. Chundrigar Road, Karachi, to transact the following ordinary business:

1. To confirm the minutes of the Twentieth Annual General Meeting held on 29th October 2011.
2. To receive consider and adopt the audited account for the year ended 30th June 2012, together with the Auditors and Directors report thereon.
3. To appoint Auditors for the year ended 30th June 2013, and fix their remuneration. The retiring Auditor M/S. Feroz Sharif Tariq & Co. Chartered Accountants being eligible, offer themselves for appointment as auditor.
4. To transect any other business with the permission of Chairman.

By Order of the Board

Karachi. 26 September 2012.

Yousuf Noorani
Company Secretary

NOTES:

1. The share Transfer Books of the Company will remain closed from 14-10-2012 to 20 10-2012 (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 Security (Pvt) Limited.

DIRECTORS' REPORT

The Directors of your company are pleased to present Twenty First Annual Report together with Audited accounts and Report thereon for the period ended 30th June 2012.

Your company has sustained a net loss after tax of Rs.1,082,492 for the year ended 30th June 2012, 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 idle owing to the non-availability of infrastructural facilities in Winder, unworkable production cost due to the inflationary trends coupled with problem of law and order as well as political instability in the province. Our unit requires gas connection to be arranged by M/S.Sui Southern Gas Company so as to start factory at winder besides normal Law and order situation in the Balochistan Province also prevails.

Referring to the unqualified Auditors observations 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 resifual 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

Your Directors are anxiously looking forward to receive gas connection so as to bring your company in such position to bear the liabilities from its fixed assets in the event of realization as no mark up or interest bearing debts or liabilities are created which may result in aggravating the financial burden causing inability of the company to meet its obligations. 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..

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. Akberali Hashwani	4
2. Mr. Amin A. Hashwani	4
3. Mr. Abdullah A. Hashwani	3
4. Mr. Nizam A. Hashwani	4
5. Syed Raza Abbas Jaffery	1
6. Mrs. Sultana A. Hashwani	3
7. Mrs. Farieha A. Hashwani	2

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 , 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 2012, 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

Karachi:
Dated : 25th September, 2012

AKBARALI HASHWANI
Chief Executive

FINANCIAL HIGHLIGHTS

(Rupees in Thousands)

ASSETS EMPLYED	2012	2011	2010	2009	2008	2007
Property Plant & Equipment (Book Value)	240.548	240.553	240.557	240.563	240.569	152.862
Long Term Deposit	25	25	25	25	25	25
Net Current Assets	333	347	208	866	777	906
Total Assets Employed	**240.906**	**240.925**	**240.790**	**239.722**	**239.817**	**151.981**
FINANCED BY						
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	_
Accumulated Loss	(171.124)	(171.041)	(170.019)	(169.122)	(168.196)	(167,310)
Shareholder's Equity	36.826	37.909	**38.931**	**39.828**	**40.754**	**(46.073)**
Long Term Liabilities	204.080	203.015	201.859	199.893	199.063	198.054
Total Capital Employed	**240.906**	**240.942**	**240.790**	**239.721**	**239.817**	**151.981**
OTHER DATA						
Net Sales	-	-	-	-	-	-
(Loss) before Taxation	(1082)	(1022)	(897)	(926)	(886)	(801)
(Loss) after Taxation	(1082)	(1022)	(897)	(926)	(886)	(801)
(Loss) per Share	(0.09)	(0.08)	(0.07)	(0.08)	(0.07)	(0.07)

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED 30TH JUNE 2012

This statement is being presented to comply with the code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchange for the purpose of establishing a frame work and good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The company applies the principals contained in the Code in the following manner.

1. The Board comprises seven directors, including the CEO. The number of executive director on the Board is one.
2. The directors have confirmed that none of them is serving as a director in more then ten listed companies, including this Company.
3. All of the resident directors of the company are registered as Tax payers and none of them has defaulted in payment of any loan, to a banking company, a DFI or NBFI or being member of a stock exchange has been declared as a defaulter by that stock exchange.

4. The Board of directors has adopted a vision / mission statement and overall corporate strategy of the company and has also formulated significant policies as mentioned in the Code. A complete record of particulars significant policies along with the dates on which they were approved or amended has been maintained.
5. All the power of the Board have been duly exercised and decision on material transactions , including appointment and determination of terms and condition of employment of the Chief Executive officer , have been taken by the Board .
6. The meeting of the Board were presided over by the Chairman and, in his absence by a director elected by the Board for this purpose and the Board meets at least once in every quarter. Written notice of the Board meeting, along with agenda and working paper were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
7. The directors of the company have given a declaration that they are aware of their duties, power and responsibilities under Companies Ordinance, 1984 and the listing regulations.
8. The Board of director has approved the appointment of CFO,Company Secretary and Head of internal Audit including their remuneration and terms and conditions of employment as determined by CEO.
9. The Directors Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
10. The financial statements of the Company were duly endorsed by the CE0 before approval of the Board.
11. The directors, Chief Executive Officer and Executive do not hold any interest in the Shares of the Company other then that disclosed in the pattern of shareholding.
12. The Company has complied with all the corporate and financial reporting requirement of the Code.
13. The Board has formed an Audit Committee. It comprises 3 members, all of whom are non – Executive Director.
14. The meetings of audit committee were held at least once every quarter prior to approval of interim and final result of the company and as required by the Code.
15. The Board has set –up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the institute of Chartered Accountants Of Pakistan (ICAP), that they or 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 partner are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountant of Pakistan (ICAP) .
17. The statutory auditors or the persons 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.
18. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors.

AKBARALI HASHWANI
Chief Executive

Dated : 25-09-2012

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO
Chartered Accountants
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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, 2012 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.

Place: Karachi
Dated : 25-09-2012

CHARTERED ACCOUNTANTS
Audit Engagement Partner : Mohammad Ghalib

FEROZE SHARIF TARIQ & CO.

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

We have audited the annexed Balance Sheet of M/s Landmark Spinning Industries Limited, as at June 30, 2012 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. 90,644,176 and Consequently Accumulated Losses of the Company as of Balance sheet date would have been increased by Rs. 90,644,176 , 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. 114,675,415 and Consequently Accumulated Losses of the Company as of Balance sheet date would have been increased by Rs. 114,675,415.

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. 1,082,492 (2011: Rs. 1,022,119/-) during the year ended June 30, 2012 and as of that date it has accumulated losses of Rs. 172,123,738 (2011: Rs. 171,041,246) which have eroded its capital and its total liabilities exceeded its total assets by Rs. 50,886,738 (2011: Rs. 49,804,246/=), 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, 2012 and of the Loss, its Comprehensive income, Cash flow and Changes in Equity for the year then ended; and In our opinion "no Zakat was deductible at source under the Zakat and Ushr ordinance 1980".

KARACHI:
Dated: 25-09-2012

CHARTERED ACCOUNTANTS
Audit Engagement Partner : Mohammad Ghalib

BALANCE SHEET
AS AT JUNE 30, 2012.

	Note	June 30, 2012	June 30, 2011
		RUPEES	
NON CURRENT ASSETS			
FIXED ASSETS			
Property, Plant and Equipments	7.	240,548,347	240,552,609
Long term Deposits	8.	25,000	25,000
CURRENT ASSETS			
Advance Income tax	9.	38,688	38,688
Trade Deposits and Prepayments	10.	474,980	474,980
Cash and Bank Balances	11.	91,290	83,968
		604,958	597,636
CURRENT LIABILITIES			
Trade and Other Payables	12.	271,870	251,063
Provision for Taxation	19.	-	
		271,870	251,063
		333,088	346,573
Contingencies and Commitments	13.		
		240,906,435	240,924,182
SHAREHOLDERS EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized Capital			
15,000,000 (2010: Rs. 15,000,000) Ordinary Shares of Rs.10/-each		150,000,000	150,000,000
Issued subscribed and Paid up Capital			
12,123,700 (2011: 12,123,700) Ordinary Shares of Rs. 10/- each fully paid in cash	14.	121,237,000	121,237,000
Accumulated Loss		(172,123,738)	(171,041,247)
		(50,886,738)	(49,804,246)
Surplus on Revaluation of Property, Plant and Equipment	15.	87,713,358	87,713,358
NON CURRENT LIABILITIES			
Long term Loans - Unsecured, Interest Free	16.	204,079,815	203,015,070
		240,906,435	240,924,182

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

Akbarali Hashwani
Cheif Executive

Amin A. Hashwani
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Notes	June 30, 2012	June 30, 2011
		(Rupees)	
Sales - Net		--	
Cost of Sales		--	
Gross Profit		--	
Operating Expenses			
Administrative and General Expenses	**17.**	(1,080,734)	(1,020,836)
Operating Loss		(1,080,734)	(1,020,836)
Finance Cost	**18.**	(1,758)	(1,283)
Loss Before taxation		(1,082,492)	(1,022,119)
Taxation			
- **Current**	**19.**	--	--
- **Prior**		--	--
		--	--
Loss after Taxation for the year		(1,082,492)	(1,022,119)
Earning Per Share - Basic	**20.**	(0.09)	(0.08)

The annexed notes form an integral part of these accounts.

AKBAR ALI HASHWANI
(Chief Executive)

AMIN A. HASHWANI
(Director)

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	NOTE	June 30, 2012	June 30, 2011
		(RUPEES)	
A. Cash Flow From Operating Activities			
(Loss) before taxation		(1,082,492)	(1,022,119)
Adjustment of non-fund items:			
Depreciation		4,262	4,792
Financial Charges		1,758	1,283
		6,020	6,075
		(1,076,472)	(1,016,044)
Working capital charges			
(Increase)/Decrease in Current Assets			
Loan and Advance		-	-
Increase /(Decrease) In Current Liabilities			
Trade and Other Payables		20,808	(130,797)
		20,808	(130,797)
		(1,055,664)	(1,146,841)
Financial Cost Paid		(1,758)	(1,283)
Income tax Paid /adjusted		-	
Net Cash Generated from Operating Activities		(1,057,422)	(1,148,124)
B. Cash Flow from Investing Activities			
Long term deposits		-	-
Net Cash Generated from Investing Activities		-	-
C. Cash flow from financing Activities			
Long term loans		1,064,745	1,155,950
Waiver of loan/markup/ Repayment of Long Term Finance		-	-
Net cash flow from investing activities		1,064,745	1,155,950
Net Increase/(Decrease) in cash and Bank Balances (A+B+C)		7,323	7,826
Cash and bank balances at the beginning of the year		83,968	76,142
Cash and Bank Balances at the end of the year	11.	**91,291**	**83,968**

The annexed notes form an integral part of these account

AKBARALI HASHWANI
(Chief Executive)

AMIN A. HASHWANI
(Director)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	Year ended June 30, 2012	Year ended June 30, 2011
	(Rupees)	
Loss for the year	(1,082,492)	(1,022,119)
Other comprehensive income	-	-
Total comprehensive income for the year	(1,082,492)	(1,022,119)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share Capital	Unappropriated Profit	Total
		(Rupees)	
Balance as on June 30, 2010	121,237,000	(170,019,128)	(48,782,128)
Total Comprehensive (Loss) of the year	--	(1,022,119)	(1,022,119)
Balance as on June 30, 2011	**121,237,000**	**(171,041,247)**	**(49,804,247)**
Total Comprehensive (Loss) of the year	--	**(1,082,492)**	**(1,082,492)**
Balance as on June 30, 2012	**121,237,000**	**(172,123,738)**	**(50,886,738)**

The annexed notes form an integral part of these accounts.

AKBARALI HASHWANI
(Chief Executive)

AMIN A. HASHWANI
(Director)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 production will be expected to commence in future.

2. Going Concern Assumption

The Company has incurred a net loss, after tax, of Rs. 1,082,492/- (2011:Rs. 1,022,119), during the year ended June 30, 2012, and as of that date it has accumulated losses of Rs. 172,123,738 (2011:Rs. 171,041,246) which have eroded its Capital and Total Liabilities exceed its Total Assets by Rs. 50,886,738/-, (2011:Rs. 49,804,246) Further, as mentioned in Note 1, 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 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. 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 caseif 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 standars become effective. However ,they did nit have material affect on these financial statements.

Standards, Interprtation and amendments not yet effctive

The following Standards, amendments and interpretation of approved accounting standards will be effective for accounting periods beginning on or after 01 january 2012:

Amendments to IAS 12 -Deferred tax on investment property (effective for annual periods beginning on or after 1 january 2012).The 2010 amendments provides exception to the measurment principle in respect of investment property. The measurement of defrred tax assets and libilities,inthis limited circumtance,is based on a rebuttable presumption that the carrying amount of the investment property will be recoverd entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantailly all of the asset’s economic benefits over the life of the asset. The amendment has no impact on financial statments of the company.

IAS 19 Employee Benefits (amended 2011)-(effective for annual period beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehansive income ; this chane will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets recognised in profit or loss, which currently is allow under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the define benefit obligation. the Company's policy was to account for actuarial agains and losses using the corridor method and with the chane unreconized actuarial losses amounting to Rs.5.44 million at 30 june 2012would need to recognized in other comprehensuve income with revised actuarial estimate in 2013.

presentation of item of other comprehensive income (Amendments to IAS 1) - (effective for annual period beginning on or after 1 july 2012).the amendments reqire that an entity present separately the item of other comprehansive income that would be reclassified to profit or loss in the future if certain condition are met from those that would never be reclassified to profit or loss .the amensments do not address which item are presented in other comprehensive income or which item need to be reclassified. the requirements of other IFRSs continue to aplly in this regard. the amendments have no impact on financial statements of the Company.

IAS 27 Seprate Financial statements (2011)- effective for annual periods beginning on or after 1 january 2013). IAS 27 (2011) supersedes IAS 27(2008). Three new Standards IFRS 10- Consolidate financial Statements, IFRS 11-joint Arrangment and IFRS 12-Disclosure of interest in other Entities dealing with IAS 27 would be applicable effective 1 January 2013.IAS 27 (2011) carries forward the existing accounting and disclosure requirements for seprate Financial Statments,with some minor clarification .the amendments have no signification impact on financial statments of the Company.

IAS 28 investments in Associated and joint Ventures (2011)-(effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) Supersed IAS 28(2008).IAS 28(2011) make the amendments to apply IFRS 5 to an investment, or a portion of an investment,in an associate or a joint ventur that meets the criteris to be classified as held for sale;and on cessation in a joint venture. the amendments have no impact on financial Statements of the Company.

Offestting Financial Assets and Financial Liabilities (Amendments to IAS 32) -(effective for annual period beginninng on or after 1 January 2014). The amendments address incosistancies in current practice when applying the offsetting criteria in IAS 32 Financial instruments presentation. The amendments clarify the meaning of currently has a legally enforceable right of set - off ; and that some gross settlement systems may be considered equivalent to net settlement.

Offesetting Financial Assets Assets and Financial Liabilities (Amendments to IFRS 7) -(fffective for annual periods beginning on or after 1 january 2013). The amendments to IFRS 7 Cntain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position position or subject to master netting agreement or similar arrangement.

Annual improvements 2009 -2011 (effective for annual period beginning on or after 1 January 2013).The new cycle of imrovments contains amendments to the following five standars, with consequential amendments to other Standards and interpretation.

IAS 1 presentation of Financial Statements is amended to Clarify that only one Comparative period i.e.30 june 2011 which is the preceding period of 30june 2012 is required for a complete set of financial statements. If an entity present additional comparative information the that additional information need not be in the form of a complete set of financial statments.However,such informatio should be accompanied by related notes and should be in accordance with IFRS.Furthermore,it clarifies that the third statment of financial position ,when required,is only required if the effect of restatment is material to statement of financial position.

IAS 16 property, Plant and Equipment is amended to Clarify the accounting of spare parts,stand-by equipment and servicing equipment.the definition of 'property,Plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard.if these item do not meet the definition,then they are accounted for using IAS 2 inventories.

IAS 32 Financial Inutruments: Presentation-is amended to clarify that IAS 12 Incom Taxes applies to the accounting for income Taxes relating to distribution to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a pereived inconsistency between IAS 32 and IAS 12.

IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular repotable segment.in addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclsed in the last annual financial statments for that reportable segment.

IFRIC 20 - Stripping cost in the production phase of a surface mining(effective for annual periods biginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met.

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 25.09.2012.

6 Summary of Significant Accounting Policies

The signification accounting policies as set out below are consistently applied for all periods presented in these financial statements.

6.1 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.

6.2 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.

6.3 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.

6.4 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.

  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.

6.5 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.

6.6 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.

6.7 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.

6.8 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.

6.9 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.

6.10 Borrowing Cost

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

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 liabilityÊ isÊ alsoÊ 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.

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.

	June 30, 2012	June 30, 2011
	(Rupees)	
7. Tangible Fixed Assets		
Property, Plant and Equipment	240,548,347	240,552,609
	240,548,347	240,552,609

Property, Plant and Equipment - At cost less accumulated depreciation

Particulars	Cost/Revaluation As at July 01, 2011	Revluation	Additions / (Deletion)	As at June 30, 2012	Rate %	Depreciation As at July 01, 2011	For the period	As at June 30, 2012	Written Down Value 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 Eqipments	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:

	REVALUED AMOUNT	BOOK VALUE AS ON JUNE 30, 2008	DIFFERENCE BETWEEN BOOK VALUE & REVALUED AMOUNT
Lease hold land	10,956,340	2,969,450	7,986,890
Factory Building on lease hold land	97,170,546	65,679,261	31,491,285
Plant and Machinery	188,097,970	139,862,787	48,235,183
	296,224,856	**208,511,498**	**87,713,358**

Had there been no revaluation the related figures of Land and Building and plant and Machinery as at June 30, 2009 would have been as follows:

	COST	Accumulated Depreciation	Written Down Value
Lease hold land	2,969,450	433,952	2,535,498
Factory Building on lease hold land	65,679,261	30,774,609	34,904,652
Plant and Machinery	139,862,787	65,533,968	74,328,819
	208,511,498	**96,742,529**	**111,768,969**

Allocation of Depreciation

	June 30, 2012	June 30, 2011
	RUPEES	
Depreciation for the period has been allocated as follows:		
Production Expenses		
Administrative Expense	**4,262**	**4,792**
	4,262	**4,792**

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. 111,707,309 and consequently Accumulated losses of the company as of Balance sheet date would have been increased by Rs. 11,707,309 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. 83,969,903 and conseuently Accumulated losses of the company as of Balance sheet date would have been increased by Rs. 83,969,903.

Particulars	Cost/Revaluation				Rate	Depreciation			Written Down
	As at July 01, 2010	Revluation	Additions / (Deletion)	As at June 30, 2011	%	As at July 01, 2010	For the period	As at June 30, 2011	Value As At June 30, 2011
	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	265,670	4,283	265,953	38,548
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 Eqipments	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	191,454	509	192,963	2,038
Sales and Measuring Equipments	8,000	--	-	8,000	10	1,520	--	1,520	6,480
2010	297,391,060	--	-	297,391,060		56,833,661	4,792	56,838,453	240,552,609
2009	297,391,060	--	-	297,391,060		56,828,266	5,395	56,833,661	240,557,401

		June 30, 2012	June 30, 2011
		(Rupees)	
8.	**Long Term Deposits**		
	Central Depository Company	25,000	25,000
9.	**Advance Income Tax**	38,688	38,688
		38,688	38,688
10.	**Trade Deposits and Prepayments - Considered good**		
	Guarantee Margins	474,980	474,980
		474,980	474,980
11.	**Cash and Bank Balances**		
	Cash in Hand	--	
	Cash at Banks - Current Accounts	91,290	83,968
		91,290	83,968
12.	**Trade and Other Payables**		
	Creditors for Goods	266,590	244,090
	Others		
	With holding tax Payable	5,280	6,973
		271,870	251,063

13. Contingencies and Commitments

13.1. Karachi port trust's 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.

14. Issued, Subscribed and Paid-up Capital

No. of Ordinary Shares of Rs. 10/- each			June 30, 2012	June 30, 2011
2012	2011		(Rupees)	
12,123,700	12,123,700	Fully Paid in cash	121,237,000	121,237,000
12,123,700	12,123,700		121,237,000	121,237,000

15. Surplus on Revaluation of Property, Plant and Equipments

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.

		June 30, 2012	June 30, 2011
		(Rupees)	
16. Long term Loan			
(Unsecured & Interest free)			
From Directors	16.1.	23,427,751	23,427,751
From Associated Undertakings	16.2.	180,652,064	179,587,319
		204,079,815	203,015,070

16.1 Maximum balance due at the end of any month during the year is Rs 23,427,751 (2009 : Rs 23,427,751)
16.2 Maximum balance due at the end of any month during the year is Rs. 180,652,064 (2009 : Rs 179,587,319)
16.3 Terms of repayment of these loans have not been executed with the directors and associated undertakings
16.4 The above loans are unsecured and interest free.

17. Administrative and General Expenses

Salaries & Wages	568,131	513,300
Fees & Subscription	274,992	167,450
Printing & Stationery	40,749	35,273
Advertisement Expenses.	12,750	31,620
Legal and Professional Charges	60,000	30,000
Oil and Lubricants Consumed	44,850	163,400
Auditors' Remuneration	75,000	75,000
Depreciation Expenses.	4,262	4,792
	1,080,734	1,020,836

18. Finance Cost

Bank Charges and Commission	1,758	1,283
	1,758	1,283

19. Taxation

19.1 The company's income tax assessment have been finalized including and up to Tax year 2010.

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

19.3.The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in theses 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		(1,082,492)	(1,022,119)
Weighted Average Number of Ordinary Shares		12,123,700	12,123,700
Earning Per Share - Basic	Rupees	(0.09)	(0.08)

21. Related Party Transactions

Bridge financing	1,064,745	1,155,950

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	2012		2011	
	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	-	-	-	-

23. Reason for Suspension of Operation

The Production remain Suspended during the Period 2010-2011 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 fromÊ 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 nitors 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, 2012	June 30, 2011
	Rupees	
Deposits and Prepayments	474,980	474,980
Cash with banks in current accounts	91,290	83,968
	566,270	558,948

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.

	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	176,716	95,155	-	
	204,351,685	204,351,685	176,716	95,155	-	204,079,815

	2011					
	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	203,015,070	203,015,070	-	-	-	203,015,070
Trade and other payables	251,063	251,063	163,191	87,872	-	
	203,266,133	203,266,133	163,191	87,872	-	203,015,070

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. 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.

AKBERALI HASHWANI	**AMIN A. HASHWANI**
Chief Executive	**Director**

PATTERN OF SHARE HOLDING
AS AT JUNE 30, 2012

S/NO	NUMBER OF SHARE HOLDER	SHARE HOLDING BOUNDARIES			NOS. OF SHARE HELD
1	74	1	100	-	4,575
2	216	101	500	-	108,000
3	15	501	1,000	-	13,885
4	26	1,001	5,000	-	70,475
5	5	5,001	10,000	-	39,500
6	4	10,001	15,000	-	49,591
7	2	15,001	20,000	-	35,200
8	2	25,001	30,000	-	57,500
9	1	35,001	40,000	-	40,000
10	2	40,001	100,000	-	138,486
11	4	100,001	200,000	-	440,250
12	1	200,001	450,000	-	447,934
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
	357				12,123,700

CATEGORIES OF SHARE HOLDERS	NOS. OF SHARE HOLDERS	NOS. OF SHARE HELD	PERCENTAGE OF SHARES HELD
INVESTMENTS COMPANIES/MUTUAL FUND	3	676,437	5.58
INSURANCE COMPANIES	1	4,000	0.03
JOINT STOCK COMPANIES	3	30,500	0.25
BANKS & FINANCIAL INSTITUTIONS	5	4,136,781	34.12
DIRECTORS, CEO, THEIR SPOUSES			
& MINOR CHILDREN	7	7,167,816	59.13
INDIVIDUAL	338	108,166	0.89
TOTAL	357	12,123,700	100

Details of Categories of Shareholders
As At June 30, 2012

		NUMBER OF SHAREHOLDERS	SHARE HELD
INVESTMENT COMPANIES / MUTUAL FUND		3	676,437
INSURANCE COMPANIES		1	4,000
JOINT STOCK COMPANIES		3	30,500
BANKS AND FINANCIAL INSTITUTIONS		5	4,136,781
DIRECTORS, CEO THEIR SPOUSES AND MINOR CHILDREN			
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	7	500
Mrs. Farieha A. Hashwani	Director		500
Syed Raza Abbas Jaffery	(Represent-NBP-Trustee Dept.)		447,937
	(Represent-NIT)		11,535
			7,167,816
INDIVIDUALS		338	108,166
		357	12,123,700

Shareholders Holding 10% or More Voting Interest in the Company
As At June 30, 2012

		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

Form of Proxy
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 20th October 2012 at 3:30 p.m. at 1st Floor, Cotton Exchange Building, I.I. Chundrigar Road, Karachi.

Sidned this ....day of 2012

Signature..

Affix
Five Rupees
Revenue
Stamp

(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 undera 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.