

LANDMARK SPINNING INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET
(UN-AUDITED) AS ON DECEMBER 31, 2015

	Note	For the Quarter year Ended	
		December 31, 2015	December 31, 2014
		Rupees	Rupees
NON CURRENT ASSETS			
FIXED ASSETS			
Property, Plant and Equipments - (At Cost less Accumulated Depreciation)	4	241,792,160	241,793,508
LONG TERM DEPOSITS		25,000	25,000

CURRENT ASSETS			
Loan and Advances		38,688	38,688
Other receivables		48,851	38,772
Cash and Bank Balances		87,539	77,460
CURRENT LIABILITIES			
Trade and Other Payables		268,850	281,270
		268,850	281,270
		(181,311)	(203,810)

CONTINGENCIES

	5	241,635,849	241,614,698
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SHAREHOLDERS EQUITY AND LIABILITIES

SHARE CAPITAL			
AUTHORISED CAPITAL			
15,000,000 (June 30, 2015: Rs. 15,000,000) Ordinary Shares of Rs.10/-each		150,000,000	150,000,000

ISSUED SUBSCRIBED & PAID UP CAPITAL

12,123,700 (June 30, 2015: 12,123,700) Ordinary Shares of Rs. 10/- each fully paid in cash		121,237,000	121,237,000
Accumulated Loss		(192,618,624)	(191,914,658)
		(71,381,624)	(70,677,658)

Surplus On Revaluation Of Property, Plant And Equipments 100,928,689 100,928,689

NON CURRENT LIABILITIES

LONG TERM LOANS - Unsecured, Interest Free	6	212,088,784	211,363,667
		241,635,849	241,614,698

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



AMIN A. HASHWANI
Chief Executive



ABDULLAH A. HASHWANI
Director

LANDMARK SPINNING INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT & LOSS ACCOUNT
(UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	For the Half year Ended		For the Quarter year Ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		Rupees	Rupees	Rupees	Rupees
SALES - NET		-	-	-	-
COST OF SALES		-	-	-	-
GROSS PROFIT		-	-	-	-

OPERATING EXPENSES

Administrative Expenses	702,484	666,077	281,699	399,723
Operating (Loss)	(702,484)	(666,077)	(281,699)	(399,723)
Financial Cost	(1,482)	(1,455)	(1,182)	(880)
Taxation	(703,966)	(667,532)	(282,881)	(400,603)
Current	-	-	-	-
(Loss) After Taxation	(703,966)	(667,532)	(282,881)	(400,603)
(Loss) Per Share -Basic 7	(0.06)	(0.06)	(0.02)	(0.03)

The annexed Notes form an integral part of these accounts.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Quarter Ended	
	Dec 31 2015	Dec 31 2014
	Rupees	Rupees
Profit / (loss) for the quarter	(703,966)	(667,532)
Other comprehensive income	-	-
Total Comprehensive income	(703,966)	(667,532)

The annexed Notes form an integral part of these accounts.



AMIN A. HASHWANI
Chief Executive



ABDULLAH A. HASHWANI
Director

LANDMARK SPINNING INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED) AS ON DECEMBER 31, 2015

	Dec 31		Dec 31	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) before taxation	(703,966)	(667,532)		
Adjustment of non-fund items:				
Depreciation	1,348	1,508		
Financial Charges	1,482	1,455		
	2,830	2,963		
	(701,136)	(664,569)		

Working capital charges (INCREASE)/DECREASE IN CURRENT ASSETS: Other Receivables	-	-		
INCREASE/(DECREASE) IN CURRENT LIABILITIES: Trade and Other Payables	(12,420)	(20,199)		
	(12,420)	(20,199)		
Cash generated from operations	(713,556)	(684,768)		
Financial Cost Paid	(1,482)	(1,455)		
	(1,482)	(1,455)		
NET CASH GENERATED FROM OPERATING ACTIVITIES	(715,038)	(686,223)		

CASH FLOW FROM FINANCING ACTIVITIES

Long term loans	725,117	685,021		
Net cash flow from investing activities	725,117	685,021		

NET INCREASE/(DECREASE) IN CASH & BANK BALANCES Cash and bank balances at the beginning of the period	10,079	(1,202)		
CASH AND BANK BALANCES AT THE END OF THE PERIOD	38,772	81,324		
	48,851	80,122		

The annexed Notes form an integral part of these account.



AMIN A. HASHWANI
Chief Executive



ABDULLAH A. HASHWANI
Director

FEROZE SHARIF TARIQ & CO
AUDITORS' REVIEW REPORT TO THE MEMBERS ON
REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying Condensed interim balance sheet of Landmark Spinning Industries Limited ("the company") as at December 31, 2015 and the related Condensed interim profit and loss account, Condensed interim Statement of comprehensive income, Condensed interim cash flow statement and Condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the "Condensed interim financial statements") for the six months period then ended. Management is responsible for the preparation and Presentation of this Condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this Condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and December 31, 2014 have not been reviewed as we are required to review only the cumulative figures for the Six month ended December 31, 2015.

Scope of Review

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

Bases for adverse conclusion

a) The interim condensed financial information of the company for the period ended December 31, 2015, reflects a net loss of Rs. 703,966/- and as of that date it has accumulated losses of Rs. 192,618,624 which have eroded its capital. Its current liabilities exceeded its current assets by Rs. 181,311 and its total liabilities exceeded its total assets by Rs. 71,381,624/=. Moreover, the 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 passed the order directing to file the winding up petition as fully disclosed in note 5.1 to these condensed interim financial statements. The company has not started its production for last many years despite representation made by the management to revive the production as fully disclosed in note 1.2 to these condensed interim financial statements. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

b) Depreciation on fixed assets except on Vehicle and sandspit hut has not been charged since the date of commercial operation 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 would have been reduced by Rs. 97,178,389 and Consequently Accumulated Losses of the Company as of Balance sheet date would have increased by Rs. 97,178,389. 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. 157,225,052 and Consequently Accumulated Losses of the Company as of Balance sheet date would have increased by Rs. 157,225,052.

c) The company has not accounted for Loans received from associated concerns and directors as disclosed in note 6 to the condensed interim financial Statements on amortised cost as required by IAS-39 due to uncertain of tenure of loan. We are therefore unable to quantify effect of the same.

Adverse conclusion

Our review indicates that, because of the significance of the matter discussed in paragraph (a) coupled with financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

CHARTERED ACCOUNTANTS

Audit Engagement Partner: Mohammad Ghalib
Karachi:

Dated: 26th February 2016

LAND MARK SPINNING INDUSTRIES LIMITED
CONDENSED INTERIM NOTES TO THE ACCOUNTS
(UN-AUDITED) FOR THE HALF YEAR ENDED
DECEMBER 31, 2015

1. **Nature and Status of Business**
 The Company was incorporated in Pakistan as a Private Limited Company on October 21, 1991 and was converted into a Public Limited Company on April 30, 1992. The Company is Listed at Karachi & Lahore Stock Exchanges.

1.1 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 5.1 and 9 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. 703,966, during the period ended December 31, 2015, and as of that date it has accumulated losses of Rs. 192,618,624 which have eroded its Capital and its current liabilities exceeded its current assets by Rs. 181,311 and total liabilities exceed its Total Assets by Rs. 71,381,624. Further, as mentioned in Note 1.1 and 5.1 to the financial Statements 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 started the unit to bear losses. Conversely, the Management is hopeful to revive the unit, and restart 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 supply the gas to Pakistan and the work has been started on the same and it is expected to this gas has also will supply to Winder Industrial State. Upon the supply of Gas connection, the management would commence commercial operation and ultimately, the shareholders would be benefited in future.

3. **Statement of Compliance**
 These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. These condensed interim financial statements of the company for the six months period ended December 31, 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) -34 "interim financial Reporting" and Provisions of and directives issued under the companies Ordinance, 1984, in case where the requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2015 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half years ended December 31, 2014 and 2015. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2015

3. **Summary of Significant Accounting Policies**
 The Accounting Policies adopted for the preparation of half yearly Financial Statements are the same as those applied in the preparation of the annual financial statements of the Company for the preceding period ended June 30, 2015.

4. **Depreciation**
 No. Depreciation on Assets except a Hut at Sand spit (Lease hold) and Vehicles has been charged during the Period as their has been no production activity and the same has also been mentioned in note no. 1.1 of these financial statements.

4.1 **Contingencies**
 5.1 The 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 communicating 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 same is still in pending as of reporting date.

	December 31, 2015	December 31, 2014
6. Long term Loan - unsecured, interest free		
Loan from Director	6.1	7,810,812
Loan from Associated Companies	6.1	203,552,855
	<u>212,088,784</u>	<u>211,365,667</u>

6.1 These loans have been obtained from directors and Associated Concerns of the company to meet its financial obligatory 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.

	For the Half Year Ended		For the Quarter Ended	
	Dec. 31, 2015	2014	Dec. 31, 2015	2014
Earning Per Share -Basic				
Net Loss for the period	(703,966)	(667,532)	(282,881)	(400,603)
Weighted average number of ordinary shares issued during the period	12,123,700	12,123,700	12,123,700	12,123,700
Earning Per Share -Basic	(0.06)	(0.06)	(0.02)	(0.03)

There is no diluted effect on the basic earnings per share.

8. **Transaction with Related Parties**
 Related parties transactions are carried out in the normal course of business with various related parties during the period are given below:
 Interest free loan received from related parties 685,021

9. **Reason for Suspension of Operation**
 The Production remain Suspended during the six month Period Ended December 31, 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.

10. **Date of Authorization for issue**
 These Financial Statements were authorized for issue on 26th February 2016 by the Board of Directors of the Company.

11. **General**
 Figures have been round off to the nearest rupee

LAND MARK SPINNING INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share Capital	Unappropriated (Loss)	Total
	Rupees	Rupees	Rupees
Balance as on June 30, 2014	121,237,000	(190,774,918)	(69,537,918)
Total Comprehensive Income	-	(667,532)	(667,532)
Balance as at December 31, 2014	<u>121,237,000</u>	<u>(191,442,450)</u>	<u>(70,205,450)</u>
Balance as at June 30, 2015	121,237,000	(191,914,658)	(70,677,658)
Total Comprehensive Income	-	(703,966)	(703,966)
Balance as on December 31, 2015	<u>121,237,000</u>	<u>(192,618,624)</u>	<u>(71,381,624)</u>

The annexed notes form an integral part of these accounts.



AMIN A. HASHWANI
 Chief Executive



ABDULLAH A. HASHWANI
 Director

LAND MARK SPINNING INDUSTRIES LIMITED.

DIRECTORS REPORT

The Board of directors of your company is presenting the un-audited half yearly financial statements of the Company, as reviewed by the Auditors for the period ended 31st December 2015. These financial statements have been prepared in compliance with IAS and are submitted under section 245 of the Companies Ordinance 1984.

Your company has sustained a net loss amounting to Rs.703, 966 for the half year ended 31st December 2015, which is mainly paid for salaries of security staff of factory, CDC/ Pakistan Stock Exchange annual fees, with printing of annual accounts, and other general expenses.

During the period under review no operational activity has taken place mainly because of power supply, law and order and other environmental problems. However, your management continuously keeps exploring opportunity to restart the factory at the earliest. There is finally, some light at the end of the tunnel. The law and order situation in Balochistan have started to improve. And our staff can now move about with minimum risk.

Further, The Pak-Iran Gas Line arrangement and policies of the Federal Government for Liquid Natural Gas (LNG), which is planned to be imported along with additional discoveries of other several natural gas deposits are encouraging sign to meet power requirement at reasonable price in the near future. The Government seemed determined to end the power crises and policies and planning are being designed with consultation of SNPL, SSGC, and PSO to end this decade long crises and strength the economy. Our management is hopeful for bright future. (InshAllah)

As regards, the Auditor's observation regarding none charging of depreciation on specific fixed assets, we state that the charging of depreciation on assets on regular bases will understate the book value of the Assets which are not utilized by the Company in the commercial operation.

Further the company revalued its assets through independent values as required by the IAS-16. The impairment of the assets adjusted the accumulated losses and the overvalued amount after revaluation which enhanced the surplus on revaluation in the accounts. Further the management has relied in ICAP circular No 10/2002, dated 11th November 2002, where in it is advised to apply depreciation on number of days utilized and the Para 55 of the IAS-16. However, when these assets are utilized upon start 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.

Regarding doubts on going concern with material uncertainty concluded by the Auditors, it is clarified that the Company was set-up with a view and concrete plan for manufacturing textile products but it could not start operation due to Gas and electricity power supply and other infrastructure facilities to make the Winder Industrial Zone so far as today by the Baluchistan Government.

The Management is confident that with its practical, possible view and managements experience and capacity to fulfill and meet its official and legal requirements with obligations for all financial and administrative responsibilities with commitment, strength and required working forces ready to start the operation, if all utilities and infrastructure facilities are provided by the Government as per their commitments.

The management feels the auditor's observation regarding the loan from directors and Associated concerns are booked at amortized cost as per IAS 39, is in the good faith of the company. However the management feels the conditions for discounting are not met without the operational activity which is dependent on availability of gas and electricity however, the loans are payable on demand/ will be paid as and when convenience to the company.

Your directors wish to express their appreciation to the staff of the Company for the rendered by them.

Dated, 26th February, 2016
 Karachi.

On Behalf of the Board.



(AMIN A. HASHWANI)
 Chief Executive.

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