

GULSHAN SPINNING MILLS LIMITED

Half Yearly Accounts

For six months ended

December 31, 2025

(Un-Audited)

GULSHAN SPINNING MILLS LIMITED

CONTENTS

	PAGE #
COMPANY INFORMATION	2
DIRECTOR'S REVIEW REPORT	3
INDEPENDENT AUDITOR,S REVIEW REPORT	4--5
BALANCE SHEET	6
PROFIT AND LOSS ACCOUNT	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF CHANGES IN EQUITY	9
CASH FLOW STATEMENT	10
NOTES TO THE ACCOUNTS	11--16

GULSHAN SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Akhtar Mirza (Chairman)
Mr. Sohail Maqsood (Chief Executive)
Mr. Muhammad Ashraf Khan
Mr. Abid Sattar
Mr. Muhammad Arif
Mrs. Zarqa Asif
Mr. Muhammad Junaid

AUDIT COMMITTEE

Mr. Muhammad Junaid (Chairman)
Mr. Abid Sattar
Mr. Muhammad Akhtar Mirza

HR & REMUNERATION COMMITTEE

Mr. Muhammad Arif (Chairman)
Mr. Abid Sattar
Mr. Muhammad Akhtar Mirza

CHIEF FINANCIAL OFFICER

Mr. Imran Aslam

COMPANY SECRETARY

Mr. Muhammad Ijaz

AUDITORS

M/s. Malik Haroon Ahmad & Co
Chartered Accountants
Lahore.

LEGAL ADVISOR

Akhtar Javed-Advocate

SHARE REGISTRAR OFFICE

M/s. Hameed Majeed Associates (Pvt) Ltd.
Karachi Chamber
Hasrat Mohani Road Karachi
Ph. 32424826, 32412754, Fax. 32424835

REGISTERED OFFICE

2nd Floor, Finlay House,
I.I. Chundrigar Road,
Karachi.

REGIONAL OFFICE

2nd Floor, Garden Heights,
8Aibak Block, New Garden Town,
Lahore.

WEB PRESENCE

<http://www.gulshan.com.pk/corporate/gulshan.html>



Gulshan Spinning Mills Limited

2nd Floor Finlay House I.I. Chundrigar Road,
Karachi (Pakistan)

Director's Report to Shareholders

The Director of your company pleased to present audited financial statements of the Company for the six months ended December 31, 2025.

Operating & Financial Performance

Operating indicators	Half Yearly Ended December 31,2025	Half Yearly Ended December 31,2025
	(Rupees)	(Rupees)
Sales	-	-
Gross loss	-	-
Pre tax Profit/ (Loss)	(6,767,575)	(2,496,645)
Provision for taxation	-	-
Profit / (Loss) after taxation	(6,767,575)	(2,496,645)

Over View:

The debt Amortization profile and associated issues have compelled the company to settle the existing financial liabilities of the Company through a Scheme of arrangement under section 279 to 283 and 285 of the Companies Act 2017 ("Scheme of Arrangement") filed before Sindh High Court at Karachi vide J.C.M. Petition No. 14/19. The Sindh High Court vide its order dated February 06, 2020, has sanctioned the Scheme of Arrangement which is being implemented. The pending litigation with financial institutions by and against the company shall be withdrawn in terms of the Scheme of Arrangement. Due to cessation of operation of the Company, the value of assets of the company has also depreciated considerably.

Future Outlook

The Scheme of Arrangement shall be implemented and legal proceedings with the Banks by and against the Company shall be withdrawn in terms of the Scheme of Arrangement. There after the Company would be in a better position to structure the way forward.

Acknowledgement

The Board wishes to place on record its appreciation for the employees, members of management team for their efforts, commitment and hard work during this tough time.

On behalf of the Board


SOHAIL MAQSOOD
CHIEF EXECUTIVE
Lahore:-26.02.2026



MALIK HAROON AHMAD & CO.
(Formerly Malik Haroon Shahid Safdar & Co.)
Chartered Accountants

An Independent Member of



AMERICA EUROPE ASIA AFRICA OCEANIA
www.ucsglobal.org

INDEPENDENT AUDITOR'S REVIEW REPORT
to the Members of Gulshan Spinning Mills Limited
Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Gulshan Spinning Mills Limited (the Company) as at 31 December, 2025 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended 31 December, 2025. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information 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.

Basis for Qualified Conclusion

1. We were unable to satisfy ourselves regarding the existence and valuation of property, plant, and equipment having carrying values as of December 31, 2025, amounting to Rs. 1.142 million.
2. Due to litigations with banks, we have not received confirmations from banks and other financial institutions. Accordingly, we are unable to verify cash and bank balances as of December 31, 2025, amounting to Rs. 16.129 million.
3. We were unable to satisfy ourselves regarding balances payable in respect of trade and other payables, post-employment benefits payable, and unclaimed dividends amounting to Rs. 19.467 million, Rs. 3.041 million and Rs. 1.037 million, respectively.

We conducted our review in accordance with International Standards on Review Engagement (ISREs). We are independent of the Company in accordance with the ethical requirements that are relevant to our review of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Head Office: 25-G, Gulberg II, Lahore - 54660 Pakistan.

Karachi Office: M 7/3, Khayaban-e-Saadi, DHA Phase VII, Karachi

Islamabad: Office No. 9 & 10, 3rd Floor Pakland Square G8 Markaz, Islamabad

0092 42 111 642 111

Info@mhaglobal.org

www.mhaglobal.org

Independent Affiliated of
UC&S AMERICA
Accounting, Legal and Business Advisors
A Strategic Alliance
New York Mexico



MALIK HAROON AHMAD & CO.
(Formerly Malik Haroon Shahid Safdar & Co.)
Chartered Accountants

An Independent Member of



AFRICA EUROPE ASIA A&S CA QATAR
www.uccsglobal.org

Qualified Conclusion

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at December 31, 2025, and of its financial performance and its cash flows for the six-month period then ended, in accordance with International Accounting Standard 34 Interim Financial Reporting as applicable Accounting and Reporting Standard in Pakistan.

Emphasis of Matter

We draw attention to notes 1.2 and 2.2 of the financial statements, which state that the Company along with its restructuring agent - United Bank Limited, and the majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act") and the directors have determined that the going concern basis of preparation is no longer appropriate. Accordingly, the interim financial statements have been prepared on non going concern basis of accounting. Our conclusion is not modified in respect of this matter.

Other Matter

The figures of unconsolidated interim statement of profit and loss and other comprehensive income for the three months period ended December 31, 2025 and December 31, 2024 have not been reviewed, as we are required to review the cumulative figures for the six months period ended December 31, 2025.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Nawaz, ACA.



Malik Haroon Ahmad & Co.
Malik Haroon Ahmad & Co.
Chartered Accountants

Lahore
Date: February 26, 2026
UDIN: RR202510916f1a7Enx1B

Head Office: 25-C, Gulberg II, Lahore - 54660 Pakistan.
Karachi Office: M 7/3, Khayaban-e-Saadi, DHA Phase VII, Karachi
Islamabad: Office No. 9 & 10, 3rd Floor Pakland Square G8 Markaz, Islamabad
0092 42 111 642 111 info@mhaglobal.org www.mhaglobal.org

Independent Affiliated of
UC&S AMERICA
www.uccs-america.org
Accounting Legal and Business Advisor
A Strategic Alliance
New York Mexico

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025 (UNAUDITED)

	Note	Un-audited Dec 31, 2025	Audited June 30, 2025
-----Rupees-----			
ASSETS			
Non - Current Assets			
Fixed Assets	4	1,141,746	976,422
Investments	5	75,283,928	75,283,928
		76,425,674	76,260,350
Current Assets			
Security deposits		500,000	500,000
Trade and other receivables		52,387,287	51,442,913
Loans and advances		270,000	264,250
Tax refund due from Government	6	11,904,604	11,876,148
Disposal group under scheme of arrangement	7	44,597,308	44,597,308
Cash and bank balances	8	16,129,970	16,275,048
		125,789,169	124,955,667
Total Assets		202,214,843	201,216,017
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised capital			
25,000,000 (2025: 25,000,000) ordinary shares of Rs.10 /- each		<u>250,000,000</u>	<u>250,000,000</u>
Share capital		222,250,380	222,250,380
Reserves		272,000,000	272,000,000
Sub-ordinate loan		250,000,000	250,000,000
Surplus on revaluation of operating fixed assets		28,965,054	28,965,054
Accumulated loss		(3,748,812,847)	(3,742,045,272)
		(2,975,597,413)	(2,968,829,838)
Liabilities			
Non - Current Liabilities			
Current Liabilities			
Payable to banking companies under scheme of arrangement	9	2,850,066,140	2,850,066,140
Loan from associates and shareholders	10	304,200,222	296,225,222
Post employment benefits payables	11	3,041,428	3,085,027
Trade and other payables	12	19,467,363	19,632,363
Unclaimed dividend		1,037,103	1,037,103
		3,177,812,256	3,170,045,855
CONTINGENCIES AND COMMITMENTS			
	13		
Total Equity and Liabilities		<u>202,214,843</u>	<u>201,216,017</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

Shail . N

CHIEF FINANCIAL OFFICER

[Signature]

MHA & CO. *Handwritten*
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

	Notes	Six months ended		Three months ended	
		Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
----- Rupees -----					
Sales - net		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Administrative expenses		(6,772,951)	(8,401,605)	(3,327,649)	(4,139,620)
Other income	14	9,286	5,911,410	4,540	1,743,415
		(6,763,665)	(2,490,195)	(3,323,109)	(2,396,205)
Loss from operations		(6,763,665)	(2,490,195)	(3,323,109)	(2,396,205)
Finance cost		(3,910)	(6,450)	(3,504)	(3,144)
Loss before levies and taxation		(6,767,575)	(2,496,645)	(3,326,613)	(2,399,349)
Levies and taxation		-	-	-	-
Loss after levies and taxation		(6,767,575)	(2,496,645)	(3,326,613)	(2,399,349)
Loss per share- basic and diluted		(0.30)	(0.11)	(0.15)	(0.11)

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

MHA & CO

CHIEF EXECUTIVE
Sahil . M

[Signature]
CHIEF FINANCIAL OFFICER

Abid Sattar
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

	Six months ended		Three months ended	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
	-----Rupees-----			
Loss after levies and taxation	(6,767,575)	(2,496,645)	(3,326,613)	(2,399,349)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(6,767,575)	(2,496,645)	(3,326,613)	(2,399,349)

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

MHA & CO

Scheil . M
 CHIEF EXECUTIVE

[Signature]
 CHIEF FINANCIAL OFFICER

Abhishek
 DIRECTOR

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

	Share Capital	Capital reserve		Revenue reserve		Sub-ordinated loan	Total
		Share Premium	Revaluation surplus	General reserve	Accumulated losses		
Rupees							
Balance as at July 01, 2024 (Audited)	222,250,380	66,000,000	28,965,054	206,000,000	(3,734,020,223)	250,000,000	(2,960,804,789)
Total comprehensive loss for the period	-	-	-	-	(2,496,645)	-	(2,496,645)
Balance as at December 31, 2024	222,250,380	66,000,000	181,031,586	206,000,000	(3,844,940,108)	250,000,000	(2,963,301,434)
Balance as at July 01, 2025 (Audited)	222,250,380	66,000,000	28,965,054	206,000,000	(3,742,045,272)	250,000,000	(2,968,829,838)
Total comprehensive loss for the period	-	-	-	-	(6,767,575)	-	(6,767,575)
Balance as at December 31, 2025	222,250,380	66,000,000	28,965,054	206,000,000	(3,748,812,847)	250,000,000	(2,975,597,413)

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

MHA & CO

Schail . m
CHIEF EXECUTIVE

[Signature]
CHIEF FINANCIAL OFFICER

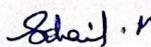
Abid Sattar
DIRECTOR

GULSHAN SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

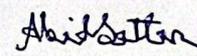
	Note	Six months ended	
		Dec 31, 2025	Dec 31, 2024
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	15	(7,877,969)	(2,676,220)
Finance cost paid		(3,910)	(6,450)
Interest received		-	17,410
Staff retirement benefits- gratuity paid		(43,599)	(125,000)
Net cash used in operating activities		(7,925,478)	(2,790,260)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(194,600)	(1,014,500)
Net cash used in investing activities		(194,600)	(1,014,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from associates and shareholders		7,975,000	3,545,000
Net cash generated from financing activities		7,975,000	3,545,000
Net decrease in cash and cash equivalents		(145,078)	(259,759)
Cash and cash equivalents - at beginning of the year		16,275,048	17,009,359
Cash and cash equivalents - at end of the year		16,129,970	16,749,600

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

MHA & CO


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GULSHAN SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Gulshan Spinning Mills Limited ("the Company") was incorporated on June 13, 1979, as a public limited company in Pakistan under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange Limited (PSX). Its main business was manufacturing and sale of yarn.

Geographical location and addresses of all business units and offices are as follows:

Sr #	Offices	Address
1	Registered office	2nd Floor, Finlay House, I.I. Chundryghar Road, Karachi.
2	Regional office	2nd Floor, Garden Heights, 8 Aibak Block, New Garden Town, Lahore.

1.2 Scheme of arrangement with secured creditors

The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The Scheme of Arrangement has been sanctioned by the Hon'ble High Court of Sindh at Karachi vide order dated February 06, 2020, passed in J. C. M. Petition No. 14 of 2019. The Scheme of Arrangement, after its sanction by the Court has become binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company. Under the Scheme of Arrangement, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of charged assets ("disposal group and stock in trade") the Company and payment of the proceeds thereof shall be paid to the secured creditors as contemplated under the Scheme of arrangement. All the pending litigation shall be withdrawn in terms of the Scheme of Arrangement.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 237 of the Companies Act, 2017. It has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 including accounting standard on "Non Going Concern Basis of Accounting". In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2025.

2.2 Basis of measurement

Due to the Scheme as described in note 1.2 to these financial statements, the directors have determined that the going concern basis of preparation of financial statements is no longer appropriate. Accordingly, the financial statements have been prepared on non going concern basis of accounting.

Under the non going concern basis of accounting, assets are measured at their net realizable value, being the estimated amount expected to be realized from their sale, less costs to sell. Liabilities are measured at amounts expected to be settled, considering the terms of settlement.

MHA & CO

GULSHAN SPINNING MILLS LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of preceding audited annual financial statements of the Company for the year ended June 30, 2025.

3.1 New standards, amendments and improvements which are effective during the year and standards, amendments and improvements which are not yet effective

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2024 but, pursuant to paragraphs 2.2, above are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements. The standards, amends and improvements which are not yet effective are also not considered relevant and accordingly are not detailed in these financial statements.

3.2 Accounting Estimates and Judgements

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. Estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates. Estimation and judgements made by the management in the preparation of this condensed interim financial information were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2025.

4 FIXED ASSETS

	Note	(Un-audited) Dec 31, 2025	(Audited) June 30, 2025
-----Rupees-----			
Fixed assets	4.1	1,141,746	976,422
		<u>1,141,746</u>	<u>976,422</u>
4.1 Operating fixed assets			
NRV at beginning of the period / year		976,422	-
Addition during the period / year		194,600	1,014,500
Change in NRV for the period / year		(29,276)	(38,078)
Disposal during the period / year		-	-
NRV at end of the period / year		<u>1,141,746</u>	<u>976,422</u>
4.2 Change in NRV is charged to administrative expenses.			
5 INVESTMENTS			
Investments in:			
- Joint venture	5.1	-	-
- Investment on order of court	5.2	75,283,928	75,283,928
		<u>75,283,928</u>	<u>75,283,928</u>
5.1 Investments in a Joint venture - under equity method			
Gujranwala Energy Limited			
7,500,000 (2025: 7,500,000) ordinary shares of Rs.10 each- cost		75,000,000	75,000,000
Accumulated share of post acquisition loss		(75,000,000)	(75,000,000)
		<u>-</u>	<u>-</u>

MHA & CO

GULSHAN SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

5.2 The Honorable High Court of Sindh via its order against suite no. B-64 of 2012 dated July 04, 2015 allowed a plaintiff bank the sale of cotton bales and stocks through public auction at the best market rate available. The Court assigned Official Assignee to sell the stocks through the public auction conducted August 28, 2015 in accordance with the law/rules and ordered the sales proceeds to be invested in some government profitable scheme upon realization. The Official Assignee via its report dated December 15, 2015 informed the Court of the sale of stock and investment of sale proceeds in government profitable scheme.

6 TAX REFUND DUE FROM GOVERNMENT

Income tax	244,657	216,201
Sales tax	11,659,947	11,659,947
	<u>11,904,604</u>	<u>11,876,148</u>

7 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT

The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions has signed a “Scheme of Arrangement” under sections 279 to 283 read with section 285 of the Companies Act, 2017 (“the Act”) as detailed in note 1.2. Hence, the assets as mentioned below have been classified and presented under disposal group under scheme of arrangement.

Freehold land	44,597,308	44,597,308
Factory buildings	-	-
Plant and machinery	-	-
Impairment of disposal group	-	-
	<u>44,597,308</u>	<u>44,597,308</u>

8 CASH AND BANK BALANCES

Cash in hand	71,207	188,015
Balances with banks in;		
- current accounts	9,219,305	9,247,576
- deposit accounts	63,522	63,522
- term deposit receipts	6,775,935	6,775,935
	<u>16,058,763</u>	<u>16,087,033</u>
	<u>16,129,970</u>	<u>16,275,048</u>

8.1 Majority of the Company's bank accounts operations have been blocked by the respective banks due to on-going litigations with these banks.

8.2 These are under lien regarding guarantees provided to different government departments.

9 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT

Principal payable to banking companies under scheme of arrangement	9.1	1,892,358,140	1,892,358,140
Mark-up payable under scheme of arrangement		957,708,000	957,708,000
		<u>2,850,066,140</u>	<u>2,850,066,140</u>

MHA & CO

GULSHAN SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

9.1 This represents payable to banking companies under scheme of arrangement as detailed below:
The Company along with its restructuring agent - United Bank Limited and majority of the lending financial institutions has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The said Scheme was approved by the Board of the Company on March 20, 2019 and submitted to the Honorable High Court of Sindh on May 06, 2019 for approval. Under this Scheme, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of moveable and immovable assets of the Company including land , building , plant & machinery and payment of the proceeds thereof to the secured creditors as contemplated under this Scheme of arrangement. The said Scheme was approved by the requisite majority of the secured creditors and shareholders of the Company as required in the Act, in their respective meeting held on August 07, 2019. The Honorable High Court of Sindh at Karachi (SHC) has approved the said "Scheme of Arrangement" vide judgement dated February 06, 2020 and now the Scheme has become binding on the Company, along with all the shareholders, creditors, stakeholders and any other regulatory / statutory bodies of/ or with respects to the Company.

The Scheme seeks to record the terms and conditions of a legally binding compromise and arrangement between the secured creditors on one part and the Company and its directors and sponsors on the other part, for ensuring, inter alia, the settlement of the existing liabilities and ancillary measures as mentioned in note 1.2 to these financial statements.

10 LOAN FROM ASSOCIATES AND SHAREHOLDERS

Gulshan Weaving Mills Limited

Interest free loan from other parties - unsecured

-	-
<u>304,200,222</u>	<u>296,225,222</u>
<u>304,200,222</u>	<u>296,225,222</u>

10.1 Interest free loans from shareholders - unsecured

Balance at beginning of the period / year

296,225,222 287,673,222

Add: Funds received

7,975,000 8,552,000

Less: Payment made

- -

Balance at end of the period / year

304,200,222 296,225,222

10.2 These loans were advanced by the shareholders in order to meet working capital requirements.

11 POST EMPLOYMENT BENEFITS PAYABLES

Post employment benefits payables

3,041,428 3,085,027

11.1 Movement in post employment benefits payable

Net liability at beginning of the period / year

3,085,027 3,375,906

Less: Benefits paid

(43,599) (290,879)

Less: Liability written off

- -

Net liability at end of the period / year

3,041,428 3,085,027

12 TRADE AND OTHER PAYABLES

Accrued expenses

966,294 1,131,294

Sindh development fund payable

18,501,069 18,501,069

19,467,363 19,632,363

MHA & CO

GULSHAN SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There has been no material change in the contingencies since the date of preceding published unconsolidated annual audited financial statements for the year ended June 30, 2025.

13.2 Commitments

There has been no material change in the matter since the date of preceding published unconsolidated annual audited financial statements for the year ended June 30, 2025.

14 OTHER INCOME

	Note	Dec 31, 2025	Dec 31, 2024
-----Rupees-----			
Profit on saving account		9,286	17,410
Bad debt recovered		-	5,894,000
Reversal of impairment loss		-	-
		<u>9,286</u>	<u>5,911,410</u>
15 CASH USED IN OPERATIONS			
Loss before taxation		(6,767,575)	(2,496,645)
Adjustments for non-cash charges and other items			
Change in NRV of operating fixed assets		29,276	12,681
Finance cost		3,910	6,450
Interest income		-	(17,410)
Reversal of provision for doubtful debts		-	-
Working capital changes	15.1	(1,143,580)	(181,296)
		<u>(7,877,969)</u>	<u>(2,676,220)</u>
15.1 Movement in working capital			
(Increase) / decrease in current assets:			
Trade and other receivables		(944,374)	-
Tax refund due from government		(28,456)	(82,296)
Loans and advances		(5,750)	208,000
Decrease in current liabilities:			
Trade and other payables		(165,000)	(307,000)
		<u>(1,143,580)</u>	<u>(181,296)</u>

16 RELATED PARTY TRANSACTIONS

The related parties comprises associated companies, directors and key management personnel. Material transactions with related parties during the period are as follows:

Name of party	Relationship	Transaction	Amount
Mr. Tanveer Ahmad	Shareholder	Loan received	7,975,000

MHA & CO

GULSHAN SPINNING MILLS LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2025 (UNAUDITED)

17 SHARIAH DISCLOSURE

Un-audited Dec 31, 2025	Audited June 30, 2025
(Rupees)	

Statement of financial position:

Financing / loans / advances obtained as per islamic mode	-	-
Interest or mark-up accrued on any conventional loan or advance	957,708,000	957,708,000
Long-term and short-term shariah compliant investments	-	-
Shariah compliant bank deposits / bank balances / TDRs	-	-
Statement of profit or loss:		
Revenue earned from a shariah compliant business segment	-	-
Profit earned from shariah compliant bank deposits / balances / TDRs	-	-
Exchange gain earned	-	-
Profit earned from shariah compliant investments	-	-
Profit / interest earned on any conventional loan or advance paid on any conventional loan or advance	-	-
Mark up / profit paid on islamic mode of financing	-	-
Interest paid on any conventional loan or advance	-	-

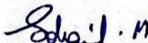
18 AUTHORIZATION OF INTERIM FINANCIAL INFORMATION

This condensed interim financial statements (un-audited) has been authorized for issue by the Board of Directors of the Company on 26/11/2026.

19 GENERAL

Figures have been rounded off to the nearest rupee except stated otherwise.

MHA & CO


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR