

GULISTAN TEXTILE MILLS LIMITED

Financial Statements

For the Year Ended June 30, 2026



INDEPENDENT AUDITOR'S REPORT
to the Members of Gulistan Textile Mills Limited
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Gulistan Textile Mills Limited (the Company), which comprise the statement of financial position as of June 30, 2026, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2026 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

1. We did not receive confirmations from banks concerning balances with banks. Consequently, we are unable to verify bank balances totaling Rs. 23.744 million.
2. We were unable to satisfy ourselves regarding the accuracy of balances payable in respect of gratuity payable amounting to Rs. 79.1 million, trade and other payables of Rs. 247.68 million, and unclaimed dividends of Rs. 0.3 million as of June 30, 2026.

Due to the lack of sufficient appropriate audit evidence in the areas mentioned above, we could not determine whether any adjustments might be necessary to these amounts and related disclosures in the financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 leading 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 financial statements have been prepared on other than going concern basis. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Basis for Qualified Opinion section we have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No	Matter	How the matter was addressed in our audit
1.	Contingencies and commitments	
	Refer to note 18 to the financial statements; The Company is currently facing significant litigations pertaining to claims filed by various banks regarding loan facilities, as well as Government authorities concerning outstanding amounts owed. Given the nature and amount involved in such cases and the appellate forums at which these are pending, the outcome and resultant accounting in financial statements are subject to significant judgment, which can change over time as new fact emerged and each legal case progresses, and therefore, we have identified this as a key matter.	Our audit procedures included the following; • Read the scheme of arrangement and ensure that all the litigations as mentioned in the scheme are properly disclosed in the financial statements. • Read the minutes of the meeting and evaluate whether the provision of the scheme regarding the withdrawal of the filed litigations is still appropriate. • Held discussions with the Company's legal counsel regarding the status of ongoing litigations and reviewed any cases that were withdrawn during the year.

Information Other than the Financial Statements and Auditor's Report thereon;

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Chartered Accountants



- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the matters stated in Basis for Qualified Opinion section above:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Usher ordinance, 1980 (XVIII 1980).

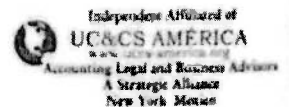
The engagement partner on the audit resulting in this independent auditor's report is *Muhammad Nawaz*.



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

Lahore
October 06, 2026
UDIN AR2026109161SI348Unt

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**Independent Auditor's Review Report
To the Members of "Gulistan Textile Mills Limited"**

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gulistan Textile Mills Limited for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

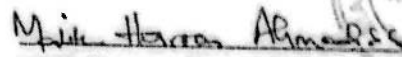
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

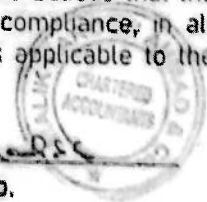
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

We draw attention to para 16 to the Statement of Compliance, which describe the reasons for non-compliance with certain non-mandatory requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, respectively. Our conclusion is not modified in respect of this matter.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.

Lahore
October 06 2026
UDIN: CR202610916QezYW7SHq


Malik Haroon Ahmad & Co.
Chartered Accountants



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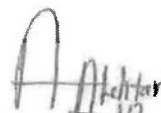
New York Mexico

GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
ASSETS			
Non-Current Assets			
Fixed assets		-	-
Investments	5	-	-
Current Assets			
Trade and other receivables	6	342,500,000	342,500,000
Advances, deposits and prepayments	7	744,073	744,073
Tax refunds due from Government	8	7,916,394	19,652,607
Cash and bank balances	9	23,769,970	25,714,412
Disposal group under scheme of arrangement	10	52,801,235	52,801,235
		427,731,672	441,412,327
TOTAL ASSETS		427,731,672	441,412,327
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Share capital	11	189,838,990	189,838,990
Reserves	12	576,748,715	576,748,715
Surplus on revaluation		29,596,402	29,596,402
Sub-ordinated loan	13	423,800,000	423,800,000
Accumulated losses		(9,667,902,832)	(9,626,952,075)
Total equity		(8,447,918,725)	(8,406,967,968)
Liabilities			
Non - Current Liabilities			
Current Liabilities			
Loan from associates and others	14	331,726,932	302,892,516
Gratuity payable	15	79,105,487	79,595,487
Trade and other payables	16	247,683,036	248,757,350
Unclaimed dividend		300,942	300,942
Payable to banking companies under scheme of arrangement	17	8,216,834,000	8,216,834,000
		8,875,650,397	8,848,380,295
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		427,731,672	441,412,327

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

	Note	2026 Rupees	2025 Rupees
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	19	(8,499,037)	(8,249,109)
Other operating expenses	20	(48,561,713)	(48,430,383)
Loss from operations		(57,060,750)	(56,679,492)
Other income	21	17,364,587	5,030,435
Finance cost	22	(74,694)	(18,901)
Loss before taxation & levies		(39,770,857)	(51,667,958)
Levies		(1,179,900)	-
Loss before taxation		(40,950,757)	(51,667,958)
Taxation	23	-	-
Loss after taxation		(40,950,757)	(51,667,958)
Loss per share - basic and diluted	24	(2.16)	(2.72)

MHA & CO

DIRECTOR

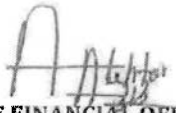
GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		Rupees	Rupees
Loss after taxation		(40,950,757)	(51,667,958)
Other comprehensive income		-	-
Total comprehensive loss for the year		(40,950,757)	(51,667,958)

The annexed notes from 1 to 33 form an integral part of these financial statements.

MHA & CO


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Share capital	Share premium	Capital reserve		Revenue reserve		Subordinated loan from directors	Total
			Other reserves	Revaluation surplus	General reserve	Accumulated losses		
								Rupees
Balance as at July 01, 2024	189,838,990	379,080,000	(6,252,679)	29,596,402	203,921,394	(9,575,284,117)	423,800,000	(8,355,300,010)
Loss for the year	-	-	-	-	-	(51,667,958)	-	(51,667,958)
Other comprehensive income	-	-	-	-	-	(51,667,958)	-	(51,667,958)
Surplus on revaluation realized during the year	-	-	-	-	-	-	-	-
Balance as at July 01, 2025	189,838,990	379,080,000	(6,252,679)	29,596,402	203,921,394	(9,626,952,075)	423,800,000	(8,406,967,968)
Loss for the year	-	-	-	-	-	(40,950,757)	-	(40,950,757)
Other comprehensive income	-	-	-	-	-	(40,950,757)	-	(40,950,757)
Surplus on revaluation realized during the year	-	-	-	-	-	-	-	-
Balance as at June 30, 2026	189,838,990	379,080,000	(6,252,679)	29,596,402	203,921,394	(9,667,902,832)	423,800,000	(8,447,918,725)

The annexed notes from 1 to 33 form an integral part of these financial statements.

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Nasir Ahmed
 CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

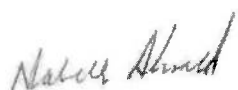

DIRECTOR

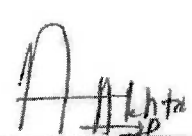
GULISTAN TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(40,950,757)	(51,667,958)
Adjustments for non-cash items:			
Levies		1,179,900	-
Finance cost	22	74,694	18,901
Cash flows before working capital changes		(39,696,163)	(51,649,057)
(Increase) / decrease in assets			
Advances, deposits and prepayments		-	9,272,200
Tax refunds due from Government		11,736,213	-
Increase / (decrease) in liabilities			
Trade and other payables	16	(1,074,314)	(6,518,329)
Cash used in operations		(29,034,264)	(48,895,186)
Finance cost paid	22	(74,694)	(18,901)
Gratuity paid	15.1	(490,000)	(897,000)
Tax and levies paid	23	(1,179,900)	-
Net cash used in operating activities		(30,778,858)	(49,811,087)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of disposal group		-	-
Net cash generated from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from associates and other parties		28,834,416	51,751,865
Payments financial institution under scheme of arrangement		-	-
Net cash generated from financing activities		28,834,416	51,751,865
Net increase / (decrease) in cash and cash equivalents		(1,944,442)	1,940,778
Cash and cash equivalents at the beginning of year		25,714,412	23,773,634
Cash and cash equivalents at the end of year		23,769,970	25,714,412

The annexed notes from 1 to 33 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Notes

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Gulistan Textile Mills Limited ("the Company") was incorporated on February 02, 1966 in Pakistan as a private company limited by shares and was converted into public limited company on April 11, 1966. The shares of the Company are listed on Pakistan Stock Exchange Limited (PSX). The Company was principally engaged in the manufacturing and sale of yarn, fabrics and other ancillary products.

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 Chundrigar Road, Karachi, Pakistan.
2	Regional office	2nd Floor, Garden Heights, New Garden Town, Lahore, Pakistan.

All three spinning units were sold out by the asset sale committee in prior years.

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 had signed a "Scheme of Arrangement" dated March 13, 2019 under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). The Scheme of Arrangement was sanctioned by the Honourable High Court of Sindh at Karachi vide order dated October 25, 2019, passed in J. C. M. Petition No. 5 of 2019. The Scheme of Arrangement, after its sanctioning by the Court became 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 had to be settled by way of sale of moveable and immovable charged assets of the Company, distribution of the sale proceeds among the secured creditors and withdrawal of all pending litigations. Asset sale committee, pursuant to the terms of scheme of arrangement has sold all charged assets and proceeds thereof is being distributed among the secured creditors. The realization and distribution of entire sale proceeds shall constitute full and final settlement of all liabilities of the company towards its secured creditors as contemplated under the Scheme. The pending litigations filed by and against the Company are now being withdrawn in accordance with terms of the scheme of arrangement.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with financial reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 including accounting standard on "Non-Going Concern Basis of Accounting issued by ICAP and notified by SECP under S.R.O. 69(I)/2024", provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

Due to the scheme described in note 1.2 to these financial statements, and as the Company has no manufacturing facilities, no operations, no revenue and only seven employees, and the directors have neither the intention nor the ability to recommence business, the directors have determined that the going concern basis of preparation is no longer appropriate. Accordingly, these financial statements have been prepared on the 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 the amounts expected to be settled, considering the terms of settlement.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Notes

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded-off to the nearest Rupee except stated otherwise.

3 STANDARDS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS

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, 2025 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.

4 MATERIAL ACCOUNTING POLICIES

4.1 Fixed assets

Fixed assets are stated at their net realizable value, being the estimated amount expected to be realized from their sale, less costs to sell. No depreciation is charged. Changes in net realizable value are recognized in the statement of profit or loss. Addition in and disposal from fixed asset is accounted for in accordance with International Financial Reporting Standards.

4.2 Investments in equity instruments of associated

Investments in associated companies are measured at net realizable value, representing the estimated amount recoverable from disposal or realization. Any change in value is recognized in profit or loss.

4.3 Trade & Other receivables

Trade and other receivables are stated at their expected realizable value, after making provisions for expected credit loss where recovery is uncertain.

4.4 Short term investments

Short-term investments are carried at their net realizable value as at the reporting date. Gains or losses arising from changes in realizable value are recognized in profit or loss.

4.5 Tax Refund Due from Government

Tax refunds due from the government are carried at amounts considered recoverable, based on management's assessment of claims and related correspondence with tax authorities.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at face value. For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand and balances with banks.

4.7 Gratuity payable

Gratuity payable is recognized at the amount payable to employees under the Company's gratuity schemes. The balance of gratuity liability at the reporting date represents the residual obligation under the discontinued scheme, which will be settled in once fund are available to Company. No new service cost, interest cost, or re-measurements are recognized subsequent to the discontinuation of the scheme.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Notes

4.8 Trade & Other payables

Trade and other payables are carried at the amounts expected to be settled, considering contractual terms and conditions.

4.9 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision for current tax is recognized on the basis of taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred

No deferred tax is recognized, as the Company is no longer a going concern and the realization of deferred tax assets and settlement of deferred tax liabilities is not considered probable.

4.10 Provisions, contingent assets and contingent liabilities

Provision are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is considered remote.

Contingent assets are not recognized in the financial statements. However, they are disclosed where the inflow of economic benefits is considered probable.

4.11 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of profit and loss account for the year.

4.12 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to off-set the recognized amounts and there is an intention to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

4.13 Impairment loss

The carrying amounts of the Company's assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the profit and loss account and in case revalued assets are tested for impairment, then impairment loss up to the extent of revaluation surplus shall be recognized in revaluation surplus and remaining loss, if any shall be recognized in profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Notes

4.14 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupee, using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognized in the profit or loss account.

4.15 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

4.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.17 Related party transactions

All related party transactions are carried out at mutually agreed terms. Transactions that are not at arm's length or lack clear commercial substance are undertaken with the approval of the Board of Directors.

4.18 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the period in which these are approved.

4.19 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

- (i) Determination of the net realizable value
- (ii) Estimation of amounts of liabilities expected to be settled.
- (iii) Provisions for current tax and recognition of refunds due from government.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	Rupees	Rupees

5 INVESTMENTS

5.1 Quoted Shares

This represents an investment of 967,907 (2025: 967,907) shares in Paramount Spinning Mills Limited, at cost of Rs. 3,679,589 (2025: Rs. 3,679,589). As these financial statements are prepared on a non-going concern basis, this investment is stated at net realisable value (NRV) rather than fair value. Although a quoted price continues to appear on the PSX, management does not expect to recover any amount against this investment, and accordingly its NRV has been assessed at Rs. Nil (2025: Rs. Nil) as on reporting date.

5.2 Unquoted Shares

This represents an investment of 616,890 (2025: 616,890) shares in Gulshan Weaving Mills Limited, at cost of Rs. 6,410,793 (2025: Rs. 6,410,793). As these financial statements are prepared on a non-going concern basis, this investment is stated at net realisable value (NRV) rather than fair value. Being an unquoted investment, no active market price is available, and based on the investee company's financial position, management does not expect to recover any amount against this investment. Accordingly, its NRV has been assessed at Rs. Nil (2025: Rs. Nil) as on reporting date.

6 TRADE AND OTHER RECEIVABLES

Receivable against sale of disposal group	342,500,000	342,500,000
Other receivables	-	-
	<u>342,500,000</u>	<u>342,500,000</u>

6.1 This represents receivable from AS Trader against the sale of disposal group.

7 ADVANCES, DEPOSITS AND PREPAYMENTS

Paramount Spinning Mills Limited	431,823	431,823
Security deposits	312,250	312,250
	<u>744,073</u>	<u>744,073</u>

8 TAX REFUNDS DUE FROM GOVERNMENT

Sales tax	7,916,394	19,652,607
	<u>7,916,394</u>	<u>19,652,607</u>

9 CASH AND BANK BALANCES

Cash-in-hand	1,553	1,844,963
Balances with banks in;		
- current accounts	9.1 23,920	124,797
- deposit accounts	-	155
- term deposit receipts	9.2 23,744,497	23,744,497
	<u>23,769,970</u>	<u>25,714,412</u>

9.1 Majority of the Company's bank accounts operations have been blocked by the respective banks due to on-going litigations with these banks as detailed in notes to the financial statements.

9.2 These are under lien against guarantees provided to different government departments.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	Rupees	Rupees

10 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT

Owned:

Freehold land	52,801,235	52,801,235
Impairment	-	-
	<u>52,801,235</u>	<u>52,801,235</u>

10.1 Particulars of immovable fixed assets are as follows:

Particulars	Address	Area of land (Kanals)	
Land	Qutab Pur, Lodhran, Pakistan.	78.8	78.8
		<u>78.8</u>	<u>78.8</u>

11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Numbers	Numbers		Rupees	Rupees
Authorized capital				
<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs. 10	<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up capital				
4,771,715	4,771,715	Ordinary shares of Rs. 10 each issued as fully paid in cash	47,717,150	47,717,150
14,212,184	14,212,184	Ordinary shares of Rs. 10 each	142,121,840	142,121,840
<u>18,983,899</u>	<u>18,983,899</u>		<u>189,838,990</u>	<u>189,838,990</u>

12 RESERVES

Capital reserve

Share premium	12.1	379,080,000	379,080,000
Un-realized loss on remeasurement of investment available for sale		(6,252,679)	(6,252,679)

Revenue reserve

General reserve		203,921,394	203,921,394
		<u>576,748,715</u>	<u>576,748,715</u>

12.1 This represents share premium received on 4,212,000 ordinary shares of Rs. 10 each issued at premium of Rs. 90 per share.

13 SUB-ORDINATED LOAN - unsecured

	<u>423,800,000</u>	<u>423,800,000</u>
--	--------------------	--------------------

This is an interest-free loan obtained from Director of the Company in previous years. This loan is sub-ordinated to the finances provided by secured creditors and does not carry mark-up. The loan shall not be repaid without obtaining consent from the secured creditors subject to availability of resources and at discretion of the Company. This loan has been classified in equity as per technical release 'Accounting Directors' Loan (TR-32) of the Institute of Chartered Accountants of Pakistan.

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

		2026 Rupees	2025 Rupees
14 LOAN FROM ASSOCIATES AND OTHERS - unsecured			
Gulshan Spinning Mills Limited	14.1	6,827,087	6,827,087
Gulistan Power Generation Limited	14.1	4,730,279	4,730,279
Interest free loan from other parties	14.2	320,169,566	291,335,150
		<u>331,726,932</u>	<u>302,892,516</u>
14.1 These loans are repayable on demand.			
14.2 Interest free loans from other parties			
Balance at beginning of the year		291,335,150	239,583,285
Add: funds received during the year		28,834,416	51,751,865
Less: adjustments/repayments made during the year		-	-
		<u>320,169,566</u>	<u>291,335,150</u>
These loans were advanced by the Chief Executive and relatives in order to meet working capital requirements. These are repayable on demand.			
15 GRATUITY PAYABLE			
Gratuity payable	15.1	<u>79,105,487</u>	<u>79,595,487</u>
15.1 Movement in gratuity payable			
Net liability at beginning of the year		79,595,487	80,492,487
Add: charge to profit and loss account		-	-
Less: benefits paid		(490,000)	(897,000)
Net liability at end of the year		<u>79,105,487</u>	<u>79,595,487</u>
The balance represents gratuity due to former employees, computed on the basis of last drawn wages and completed years of service up to the discontinuation of the scheme. The amount became due and payable at that date. During the year, the Company paid gratuity of the former employees amounting to Rs. 490,000, and the balance represents the amount remaining payable to the former employees. Although the remaining balance is long outstanding, management considers that the right of the former employees to receive their gratuity has not lapsed and has therefore not derecognised the liability.			
16 TRADE AND OTHER PAYABLES			
Salaries payable		112,023,799	113,185,799
Custom duty/regulatory duty payable		20,232,659	20,232,659
Accrued liabilities		83,784,552	83,716,702
Income tax deducted at source		19,836	-
Sindh development fund payable		31,622,190	31,622,190
		<u>247,683,036</u>	<u>248,757,350</u>

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	2026 Rupees	2025 Rupees
17 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT		
The Bank of Punjab	180,120,000	180,120,000
National Bank of Pakistan	979,891,000	979,891,000
United Bank Limited	708,071,000	708,071,000
Paysal Bank Limited	322,543,000	322,543,000
Habib Bank Limited	303,142,000	303,142,000
Askari Bank Limited	496,556,000	496,556,000
Bank Alfalah Limited	305,896,000	305,896,000
MCB Bank Limited	483,267,000	483,267,000
Al-Baraka Bank (Pakistan) Limited	418,970,000	418,970,000
Allied Bank Limited	290,000,000	290,000,000
Standard Chartered Bank (Pakistan) Limited	466,691,000	466,691,000
Silk Bank Limited	469,853,000	469,853,000
Habib Metropolitan Bank Limited	253,323,000	253,323,000
Bank Islamic Pakistan Limited	418,000,000	418,000,000
Meezan Bank Limited	275,280,000	275,280,000
The Bank Of Khyber	324,848,000	324,848,000
Summit Bank Limited	286,854,000	286,854,000
JS Bank Limited	155,000,000	155,000,000
First Women Bank Limited	181,149,000	181,149,000
Pak Libya Holding Company (Private)Limited	84,509,000	84,509,000
Dubai Islamic Bank Pakistan Limited	75,000,000	75,000,000
Soneri Bank Limited	51,756,000	51,756,000
Orix Leasing Pakistan Limited	22,119,000	22,119,000
First Habib Modarba	17,350,000	17,350,000
Accrued mark up	2,576,646,000	2,576,646,000
Repayment under Scheme of Arrangement	(1,930,000,000)	(1,930,000,000)
	8,216,834,000	8,216,834,000

17.1 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 has been approved by the Honourable Sindh High court at Karachi vide order dated 24-11-2021. Under this Scheme, the existing financial obligations / liabilities of the Company towards the secured creditors are being settled by way of sale of moveable and immovable items of property, plant and equipment (“charged assets”) of the Company and payment of the proceeds thereof to the secured creditors as contemplated under this Scheme along with incidental ancillary matters, thereto. 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.

17.2 Due to multiple litigations with banks the mark up expense for the year can not be reliably estimated, hence no provision for the markup for one and half year is recognised in these financial statements.

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	2026	2025
	Rupees	Rupees

18 CONTINGENCIES AND COMMITMENTS

18.1 Litigation with banks and financial institutions

On the conclusion of scheme of arrangement inter alia the below-mentioned litigations with banks / financial institutions will be withdrawn in manner as provided under the scheme.

18.1.1 Various banks and financial institutions have filed recovery suits before various courts in Pakistan inter alia for recovery of their alleged long-term and short-term liabilities and lease liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties.

The pending litigations with financial institutions shall be withdrawn in terms of the scheme of arrangement. Prior the sanction of the scheme the management was strongly contesting above mentioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. However, after sanction of the Scheme the litigation with financial institutions has been adjourned since die which shall be withdrawn upon realization of the sale proceeds of all assets of the company in terms of the Scheme. Since, all the cases are pending before various Courts therefore the ultimate outcome of these cases can not be established to the date of these financial statements. Among all the cases referred above, the most notable cases by or against the Company are explained in the following sub notes.

18.1.2 The Company filed a suit in the Honorable Lahore High Court (LHC) against almost all banks / financial institutions it was dealing with under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 ("the Ordinance") for redemption / release of security, rendition of accounts, recovery of damages, permanent injunction and ancillary reliefs. The LHC vide its interim order dated October 25, 2012, ordered not to disturb the present position of current assets and fixed assets of the Company and no coercive action shall be taken against the Company. The LHC through its order dated September 11, 2013, dismissed the case on legal grounds. The Company filed appeal before Divisional Bench of the LHC against the above-mentioned order. The Divisional Bench passed an order, dated November 27, 2013 that respondent banks will not liquidate the Company's assets and operation of impugned judgement and decree dated September 11, 2013, will remain suspended meanwhile. The Appeal filed by the company was allowed vide order dated 04.11.2020, whereby the case was remanded to the learned single judge to decide the application for leave to defend filed by the defendant banks. The case was disposed off vide order dated 17-03-2022.

18.1.3 The Bank of Khyber has filed a suit COS No. 140/ 2012 for recovery of Rs. 341.532 million on account of cash finance facilities provided to the Company. The Company filed PLA, however, the same was dismissed after hearing the parties and the suit was decreed in favor of the plaintiff bank to the extent of Rs. 338.879 million together with cost of funds. The Company has filed appeal in the Divisional Bench of Honorable Lahore High Court, and the case is being contested on merits.

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- 18.1.4** The Bank Alfalah Limited has filed a suit COS No. 91/2013 before the Honorable High Court of Sindh for recovery of Rs. 358.073 million on account of Cash finance and letter of credit facilities. The Company duly filed its leave application which is currently pending adjudication. During the course of proceedings the plaintiff bank also filed a CMA 11543, under section 16 of the Financial Institution (Recovery of Finance) Ordinance, 2001, seeking sale of the goods allegedly charged in favor of the Bank. The said CMA of plaintiff bank was allowed, however, the Company has challenged the same by filing an appeal on various grounds including that the Company was not provided with a proper opportunity to elucidate its stance and file counter affidavit to CMA 11543 and the relief claimed by the Plaintiff Bank i.e. sale of cotton bales through application under section 16 of the Ordinance is not maintainable as the said section 16 does not envisage a sale of pledged goods.
- 18.1.5** The Bank of Punjab Limited has filed a suit COS No. 49/2013 for recovery of Rs. 453.865 million on account of cash finance and letter of credit facilities. The Company filed PLA, however, the same was dismissed after hearing the parties and the Honorable Banking Court decreed the suit in favor of plaintiff bank to the extent Rs. 433.925 million, together with the costs of funds. The Company has filed appeal in the Divisional Bench of the Honorable Lahore High Court, and the case is still subjudice.
- 18.1.6** Summit Bank Limited filed a suit B-87/2012 against the Company in the Honorable High Court of Sindh for recovery of Rs. 167.00 million under the section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. The said litigation was dismissed by the Honorable High Court of Sindh due to withdrawal application of the Summit Bank Limited, resulting from out of court settlement/restructuring of the said finances.
- 18.1.7** First Habib Modaraba filed a suit 10/2012 in the Honorable Banking Court No. 1, Karachi against the Company for recovery of lease finances obtained by the Company. The said suit was dismissed upon withdrawal application to file afresh by the First Habib Bank Modaraba on June 19, 2014. The Company has not received any notice indicating the suit has been filed afresh.
- 18.1.8** Askari Bank Limited filed a suit COS No. 43/2013 against the Company for recovery of finance provided under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 amounting Rs. 483.53 million before the Honorable Lahore High Court. The said suit was decreed on December 12, 2017, against the Company in favor of plaintiff bank. The Company filed an appeal against the said judgment before the Division Bench of the Honorable Lahore High Court.

Additionally, the Bank has also filed execution petition no 11-B/2017, with the single bench of the Honorable Lahore High Court. Both of the said legal proceedings are pending adjudication to the date of these financial statements.

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	2026	2025
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- 18.1.9** Orix Leasing Pakistan Limited filed a suit 731/2012 with the Honorable Banking Court No. 01, Karachi for the recovery of Rs. 29.484 million under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 against the Company and others. The said suit was decreed against the Company vide judgment dated August 01, 2013, and August 23, 2013, where the Company was made liable, jointly and severally for a sum of Rs. 6.33 million with future rentals till expiry of the lease agreements, and thereafter the cost of funds at the rate prescribed by the State Bank of Pakistan from the date of expiry of the lease agreements till realization, along with the cost of the suit. The execution proceedings under the said decree are initiated vide execution no. 50/2013 and is pending before the Honorable Banking Court No. 01, Karachi. These financial statements do not reflect the impact of the above decision.
- 18.1.10** Habib Bank Limited, previously First Habib Bank Modaraba filed a suit 03/2014 against the Company and others before the Honorable Banking Court No. 1, Karachi for recovery of Rs. 1.493 million under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. The said suit was decreed by the Honorable Banking Court 01, Karachi vide its judgment dated April 21, 2016, and May 11, 2017, against the Company and others for the sum of Rs. 1.35 million with cost of the funds at the latest rate prescribed by the State Bank of Pakistan from the date of expiry of the agreement till realization, along with the cost of the suit. The Company did not file any appeal against the said judgment of the Honorable Banking Court no. 1, Karachi. However, the counter party has not initiated any execution proceedings against the said decree to the date of these financial statements.
- 18.1.11** Habib Metropolitan Bank Limited filed a suit for recovery of Rs. 304,771,857 against the Company vide COS No. 77/13 before the Honorable Lahore High Court. The said suit was decreed in favor of the bank to the extent of Rs. 109,652,301 via interim decree dated June 16, 2015. However, the Court allowed unconditional leave to defend the balance amount claimed by the bank to the Company because it was covered under LC, FAPC and LG facilities. Hence, suit in respect of the balance amount is pending before the said court for adjudication. The bank filed execution petition no. 108-B/15 for the decreed amount, which is also pending adjudication before the Single Bench of the Honorable Lahore High Court. The Company is contesting both these adjudications through its legal counsel on merits.

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	Rupees	Rupees

18.2 Litigation with parties other than banks and financial institutions

18.2.1 The Company has not provided for Rs. 28.85 million (2025: Rs. 28.85 million) in respect of infrastructure cess levied by the Government of Sindh. The case was decided against the Company by a single judge of the Honorable High Court of Sindh. The decision was challenged before a bench of same High Court and stay for collection of cess was allowed.

The Honorable High Court of Sindh decided the case by declaring that the levy and collection of infrastructure fee prior to December 28, 2006 was illegal and ultra vires and after that it was legal. The Company filed an appeal in the Honorable Supreme Court of Pakistan against the above-mentioned judgement of the Honorable High Court of Sindh. Further, the Government of Sindh also filed appeal against part of judgement decided against them.

The above appeals were disposed-off in May 2011 with a joint statement of the parties that, during the pendency of the appeals, another law come into existence which was not subject matter in the appeal, therefore, the decision thereon be first obtained from the Honorable High Court of Sindh before approaching the Honorable Supreme Court of Pakistan with the right to appeal.

Accordingly, the petition was filed in the Honorable High Court of Sindh in respect of the above view. During the pendency of this appeal an interim arrangement was agreed whereby bank guarantees furnished for consignments cleared up to December 27, 2006, were returned and bank guarantees were furnished for 50% of the levy for consignment released subsequent to December 27, 2006, while payment was made against the balance amount. this petition was disposed of in terms of the consolidated judgment dated June 4, 2021. The Company has challenged the impuged order before the honorable Supreme Court of Pakistan wherein, the Company has prayed the Court to suspend the operation of the impugned judgement of Sindh High Court and recovery of the levy.

18.2.2 A petition has been filed in the Honorable High Court of Sindh by United Bank Limited seeking among other things, the winding-up of the Company, appointment of official liquidator and restricting the board of directors from functioning. The Honorable High Court of Sindh through its order no J.Misc. 1 dated December 12, 2013, ordered the winding up of the Company and appointment of the official liquidator. Subsequently, the Company has filed a petition in the Honorable Supreme Court of Pakistan challenging the ruling of the Honorable High Court of Sindh. In response to the appeal filed by the Company, the Honorable Supreme Court of Pakistan vide its order dated February 25, 2014, has set aside the impugned judgment of the Honorable High Court of Sindh and remanded the matter. The legal counsel of the Company is of the opinion that the Company has several cogent factual and legal grounds for contesting its case and is very hopeful for a favorable decision.

18.2.3 Various Income Tax Appeals by the Company are pending for adjudication in the Honorable High Court of Sindh for Tax Year 2009 bearing number ITRA no 130/12, 131/12, 132/12 and 133/12. Likewise, the Federal Board of Revenue has filed an appeal against the Company for the Tax Year 2012, bearing number 215/A-1 against the order of disposal by the Income Tax Appellate Tribunal.

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	2026	2025
	Rupees	Rupees

18.2.4 The Honorable Supreme Court of Pakistan, vide judgment dated August 22, 2014, has already declared, the Gas Infrastructure Development Cess Act, 2011, ultra-vires to the Constitution and also directed that the entire amount so far recovered from the consumers be refunded. In order to nullify the legal effect of the above judgment of the Supreme Court of Pakistan, the Federal Government promulgated the Gas Infrastructure Development Cess Ordinance, 2014, whereby not only the cess was imposed fresh but all the judgments passed earlier were declared to have no legal effect against the previous recovery of the arrears of Gas Infrastructure Development Cess Ordinances, 2011, this Gas Infrastructure Development Cess Ordinances, 2014, was also challenged before different high court of Pakistan and in the mean while the Gas Infrastructure Development Cess Act, 2015, was imposed to the same effect as that of Gas Infrastructure Development Cess Ordinances, 2014. Yet again the Gas Infrastructure Development Cess Act, 2015, was challenged before the Honorable Lahore High Court as well as before Honorable High Court of Sindh.

The Honorable High Court of Sindh vide its judgment dated October 26, 2016, decreed the suits in favor of the consumer, whereby the Gas infrastructure Development Cess Act, 2016, was held to be ultra vires and unconstitutional and further directed Sui Southern Gas Company Limited as well as Sui Northern Gas Pipelines Limited to refund the amount received under the head of Gas Infrastructure Development Cess from 2011, till date. However latter on, the honorable Supreme Court of Pakistan in its judgement dated August 13, 2020 passed in civil appeals no. 1113 to 1155 of 2017 ect. had given directions to gas utility company (SNGPL) for the calculation of GIDC and the Supreme Court was pleased to waive off the late payment surcharge (LPS) and ordered to recover GIDC in 24 equal monthly installments.

However, in the light of judgment dated August 13, 2020 read with proviso to sub-section 2 of Section 8 of the GIDC Act 2015, the company is not liable to pay any cess under the Gas Infrastructure Development Cess Act, 2011 as well as Gas Infrastructure Development Cess Ordinance, 2014 as the company has neither passed the burden to its customers nor collected GIDC from them. Accordingly, the Company has filed a suit before Sindh High Court in Karachi, wherein, the honorable court was pleased to grant the stay order on GIDC. The amount of Gas Infrastructure Development Cess paid by the company during 2011 to 2015 is liable to be refunded/adjusted in addition to tariff differential amount for which the company has already filed a suit for recovery against SNGPL before Gas Utility Court Sheikhupura. SNGPL has also filed a suit against the Company before Gas Utility Court Sheikhupura. These suits filed by and against the Company before Utility Court Sheikhupura were Clubbed by the Court. The cases before Gas Utility Court Sheikhupura were adjourned sine die.

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The Company and SNGPL have also filed suit for recovery against each other before gas utility Court Bahawalpur. Two suits were filed by SNGPL against two separate connections i.e. for mills and the colony before gas utility Court Bahawalpur. The Gas Utility Court Bahawalpur decreed the suit of SNGPL by excluding GIDC amount of mills connection while to the extent of colony's bill the suit was decreed as prayed for. SNGPL has filed regular first appeal No. 52 of 2022 before Lahore High Court, Bahawalpur Bench, Bahawalpur. The suit filed by the Company against SNGPL before Gas Utility Court Bahawalpur was also partially decreed to the extent of 9,109,641/-vide order dated 24.01.2022. SNGPL has also filed suit for recovery before Gas Utility Court Mailsi, District Vehari. The suit was decreed vide exparte judgment and decree dated 18.10.2018. Later on SNGPL filed an application for satisfaction of decree through encashment of Bank Guarantee provided by Askari Bank Limited. the said application was allowed vide order dated 14.10.2021. However, the said order was challenged by Askari Bank Limited before Lahore High Court Multan Bench, Multan by filing an EFA and the Honorable Lahore High Court was pleased to grant stay order vide order dated 01.03.2022 whereby the amount under the bank guarantee in question was ordered not to be recovered from Askari Bank Limited.

- 18.2.5** The aggregated bank guarantees amounting to Rs. 28.44 million (2025: Rs. 28.44 million) are issued on behalf of the Company in favor of the Excise and Taxation Department are outstanding on the reporting date.

18.3 Other contingencies

- 18.3.1** The scheme of arrangement specify that mark up liability shall be updated on the asset sale date. In case of any dispute with respect to the amounts constituting the same which is payable to any creditor, the decision of the majority member constituting asset sale committee shall be final and binding. As mentioned in note 20.2 that due to litigation with banks the mark up expense can not be reliability estimated and accordingly, the mark up expense relating to one and a half year has not been accounted for in these financial statements.

- 18.3.2** Counter guarantees of Rs. 78.363 million (2025: Rs. 78.363 million) were given by the Company to various banks / financial institutions as at June 30, 2024, in respect of guarantees issued in favor of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited. Other bank guarantees given by various banks on behalf of the Company to various parties remain intact with the respective banks.

18.4 Commitments

- 18.4.1** There is no capital commitment as at June 30, 2026 (2025: Nil).

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	2026 Rupees	2025 Rupees
19 ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits	5,903,713	5,485,960
Rent, rates and taxes	1,586,880	1,460,258
Communication	142,890	184,720
Electricity, gas, water and diesel	173,224	281,192
Travelling and conveyance	14,400	118,276
Auditor's remuneration	398,600	348,600
Legal and professional	-	35,000
Printing and Stationary	3,732	-
Others	275,595	335,103
	<u>8,499,034</u>	<u>8,249,109</u>
19.1 Auditor's remuneration		
Annual audit	300,000	250,000
Half yearly review	85,000	85,000
Review report under code of corporate governance	13,600	13,600
	<u>398,600</u>	<u>348,600</u>
20 OTHER OPERATING EXPENSES		
Payment against liabilities previously written off	36,825,500	48,430,383
Sales tax refundable write off	11,736,213	-
	<u>48,561,713</u>	<u>48,430,383</u>
21 OTHER INCOME		
Consultancy services income	17,100,000	-
Income tax refund	-	5,030,435
Bad debt recovery income	264,587	-
	<u>17,364,587</u>	<u>5,030,435</u>
22 FINANCE COST		
Bank charges	74,694	18,901
Other financial charges	-	-
	<u>74,694</u>	<u>18,901</u>
23 TAXATION & LEVIES		
23.1 Levies		
Current year	1,179,900	-
Prior year	-	-
	<u>1,179,900</u>	<u>-</u>
23.2 Taxation		
Current	-	-
Deferred	-	-
	<u>-</u>	<u>-</u>
23.3 Reconciliation of current tax charged as per tax laws for the year, with current tax recognized in the statement of profit and loss is as follows:		
Current tax as per applicable tax laws	1,179,900	-
Portion of current tax representing current taxation	-	-
Portion of current tax representing levy	(1,179,900)	-
	<u>-</u>	<u>-</u>

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24 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED		
Loss after taxation - (Rupees)	<u>(40,950,757)</u>	<u>(51,667,958)</u>
Weighted average number of ordinary shares		
Outstanding during the year - (Number)	<u>18,983,899</u>	<u>18,983,899</u>
Loss per share - basic and diluted - (Rupees)	<u>(2.16)</u>	<u>(2.72)</u>
There is no dilutive effect on the basic earning per share of the Company.		
25 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES		
25.1 During the year, the Company paid remuneration amounting to Rs. 2,400,000 (2025: Nil) to its Chief Executive Officer, with no other benefits provided. The remaining six (2025: Nil) directors of the Company did not receive any remuneration or benefits during the year and served the Company in an honorary capacity.		
25.2 No employee of the Company meet the definition of executive officer.		
26 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		
Financial assets - amortized cost		
Trade and other receivables	342,500,000	342,500,000
Advances, deposits and prepayments	744,073	744,073
Cash and bank balances	23,769,970	25,714,412
	<u>367,014,043</u>	<u>368,958,485</u>
Financial liabilities - amortized cost		
Loan from associates and others	331,726,932	302,892,516
Gratuity payable	79,105,487	79,595,487
Trade and other payables	247,683,036	248,757,350
Unclaimed dividend	300,942	300,942
Disposal group under scheme of arrangement	8,216,834,000	8,216,834,000
	<u>8,875,650,397</u>	<u>8,848,380,295</u>
26.1 Fair values of financial instruments		
Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.		
26.2 Methods of determining fair values		
Fair values of financial instruments, with the exception of investment in associates, for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market and those of investments in subsidiaries are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.		
26.3 Discount/interest rates used for determining fair values		
The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.		

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26.4 Significant assumptions used in determining fair values

Fair values of financial asset and liabilities that are measured at fair value subsequent to initial recognition are determined by using discounted cash flow analysis. This analysis requires management to make significant assumptions and estimates which may cause material adjustments to the carrying amounts of financial assets and financial liabilities in future periods. These assumptions are not fully supportable by observable market prices or rates. The Company uses various significant assumptions for determining fair value of financial assets and liabilities and incorporates information about other estimation uncertainties as well.

26.5 Significance of fair value accounting estimates to the Company's financial position and performance

The Company uses fair value accounting for its financial instruments in determining its overall financial position and in making decisions about individual financial instruments. This approach reflects the judgement of the Company about the present value of expected future cash flows relating to an instrument. The management believes that fair value information is relevant to many decisions made by users of financial statements as it permits comparison of financial instruments having substantially the same economic characteristics and provides neutral basis for assessing the management's stewardship by indicating effects of its decisions to acquire, sell or hold financial assets and to incur, maintain or discharge financial liabilities.

27 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company may have exposures to credit risk, liquidity risk and market risk from its use of financial instruments. 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.

27.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date, if counter parties fail completely to perform as contracted/fail to discharge an obligation/commitment that it has entered into with the Company. Credit risk mainly arises from trade debts, loans and advances, other receivables and balances with banks. The carrying amounts of financial assets that represent the Company's maximum credit exposure as at the reporting date are as follows:

Trade and other receivables	342,500,000	342,500,000
Advances, deposits and prepayments	744,073	744,073
Bank balances	23,768,417	23,869,449
	<u>24,512,490</u>	<u>367,113,522</u>

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Rating	
		Short term	Long term
United Bank Limited	VIS	A1+	AAA
Habib Bank Limited	VIS	A1+	AAA
Bank Alfalah Limited	PACRA	A1+	AAA
Bank Al Habib Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA

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	2026	2025
	Rupees	Rupees

27.2 Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company is facing difficulty in maintaining sufficient level of liquidity due to financial problems as all the banks and financial institutions have blocked / ceased their finance facilities and filed suits for recovery of these finances.

	2026			2025		
	Carrying amount	Due within one year	Due after one year	Carrying amount	Due within one year	Due after one year
	Rupees					
Loan from associates and other parties	331,726,932	331,726,932	-	302,892,516	302,892,516	-
Gratuity payable	79,105,487	79,105,487	-	79,595,487	79,595,487	-
Trade and other payables	247,683,036	247,683,036	-	248,757,350	248,757,350	-
Unclaimed dividend	300,942	300,942	-	300,942	300,942	-
Payable under scheme of arrangement	8,216,834,000	8,216,834,000	-	8,216,834,000	8,216,834,000	-
	8,875,650,397	8,875,650,397	-	8,848,380,295	8,848,380,295	-

In order to manage liquidity risk, the management along with its restructuring agent (a leading bank) and a few other banks are negotiating with banks / financial institutions for restructuring of principal and mark-up / interest and rescheduling of repayment terms as detailed in note 1.2 to the financial statements and the management envisages that sufficient financial resources will be available to manage the liquidity risk.

27.3 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

27.3.1

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At reporting date, the Company is not exposed to currency risk that's why currency risk analysis has not been provided.

27.3.2

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At reporting date, the Company is not exposed to interest rate risk that's why interest rate risk analysis has not been provided.

27.4 Fair value of financial assets and liabilities

As at reporting date the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except investment in an associated Company which is valued under equity method of accounting. Further, staff loans which are valued at their original cost less repayments.

27.5 Off balance sheet items

Bank guarantees issued in ordinary course of business	109,156,649	109,156,649
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27.6 Capital risk management

There was no change in the Company's approach to capital management during the year. Further, the Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date.

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	2026 Rupees	2025 Rupees
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28 RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors of the Company, key management personnel, companies in which directors, key management personnel and close members of the families of the directors and key management personnel are interested. The Company, in the normal course of business, carries out transactions with various related parties. Remuneration of the key management personnel is disclosed in note 26. Amounts due from and to related parties are shown under loan from associate and others. Other significant transactions with related parties are as follows:

Name	Relationship	Transactions	2026 Rupees	2025 Rupees
Mr. Naseer Ahmad	Chief Executive	Amount repaid	-	-
		Amount received	28,834,416	51,751,865

29 CAPACITY AND PRODUCTION

All manufacturing facilities of the Company have been disposed off.

30 NUMBER OF EMPLOYEES

Number of employees as at June 30, 2026

Average number of employees during the year

7	7
7	7

31 SHARIAH DISCLOSURE

Statement of financial position:

- Financing / loans / advances obtained as per islamic mode	-	-
- Interest or mark-up accrued on any conventional loan or advance	2,576,646,000	2,576,646,000
- Long-term and short-term shariah compliant investments	-	-
- Shariah compliant bank deposits / bank balances / TDRs	23,744,497	23,744,652

Statement of profit or loss:

- Revenue earned from a shariah compliant business segment	17,100,000	-
- 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	-	-

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GULISTAN TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	Rupees	Rupees

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 08/oct/2026 by the Board of Directors of the Company.

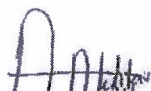
33 GENERAL

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

MHA & CO



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR