GULSHAN SPINNING MILLS LIMITED

Financial Statements

For the Year Ended June 30, 2026

INDEPENDENT AUDITORS REPORT
to the Members of Gulshan Spinning Mills Limited
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Gulshan Spinning 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 the banks as a result, we were unable to verify cash and bank balances totaling Rs. 15.885 million as at June 30, 2026.
2. We were unable to satisfy ourselves regarding balances payable in respect of trade and other payables and unclaimed dividends amounting to Rs. 18.501 million, and Rs. 1.037 million, respectively.

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 the 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.

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

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 19 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.

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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.

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 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

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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.

- 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:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of 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;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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. CHARTERED ACCOUNTANTS

Malik Haroon Ahmad & Co.
Chartered Accountants

Lahore
October 06, 2026
UDIN: AR202610916GmhucdV8C

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Independent Auditor's Review Report
To the Members of "Gulshan Spinning 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 Gulshan Spinning 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. 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.

Malik Haroon Ahmad & Co.
Chartered Accountants

Lahore
October 06, 2026
UDIN: CR202610916slt8jh07O

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GULSHAN SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
ASSETS			
Non - Current Assets			
Fixed assets	5	1,112,471	976,422
Investments	6	-	75,283,928
		1,112,471	76,260,350
Current Assets			
Security deposits		500,000	500,000
Trade and other receivables	7	27,821,649	51,442,913
Loans and advances	8	161,000	264,250
Tax refund due from Government	9	4,136,426	11,876,148
Cash and bank balances	10	16,700,023	16,275,048
Disposal group under scheme of arrangement	11	44,597,308	44,597,308
		93,916,406	124,955,667
TOTAL ASSETS		95,028,877	201,216,017
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Share capital	12	222,250,380	222,250,380
Reserves	13	272,000,000	272,000,000
Sub-ordinated loan	14	250,000,000	250,000,000
Surplus on revaluation		28,965,054	28,965,054
Accumulated losses		(3,786,434,048)	(3,742,045,272)
Total equity		(3,013,218,614)	(2,968,829,838)
Liabilities			
Non- Current Liabilities		-	-
Current Liabilities			
Loan from associates and others	15	309,738,635	296,225,222
Trade and other payables	16	19,678,113	19,632,363
Gratuity payable	17	3,011,428	3,085,027
Unclaimed dividend		1,037,103	1,037,103
Payable to banking companies under scheme of arrangement	18	2,774,782,212	2,850,066,140
		3,108,247,491	3,170,045,855
CONTINGENCIES AND COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		95,028,877	201,216,017

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Sales		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	20	**(12,814,261)**	(16,269,515)
Other operating expenses	21	**(31,576,032)**	-
		(44,390,293)	(16,269,515)
Loss from operations		**(44,390,293)**	(16,269,515)
Other income	22	**163,746**	8,254,686
Finance cost	23	**(162,229)**	(10,220)
Loss before taxation and levies		**(44,388,776)**	(8,025,049)
Levy		-	-
Loss before taxation		**(44,388,776)**	(8,025,049)
Taxation		-	-
Loss after taxation		**(44,388,776)**	(8,025,049)
Loss per share - basic and diluted	24	**(2.00)**	(0.36)

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		Rupees	Rupees
Loss after taxation		**(44,388,776)**	(8,025,049)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(44,388,776)**	(8,025,049)

The annexed notes from 1 to 34 form an integral part of these financial statements.

MHA & CO

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

GULSHAN SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	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	222,250,380	66,000,000	28,965,054	206,000,000	(3,734,020,223)	250,000,000	(2,960,804,789)
Loss for the year	-	-	-	-	(8,025,049)	-	(8,025,049)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(8,025,049)	-	(8,025,049)
Transfer from surplus on revaluation - net of tax	-	-	-	-	-	-	-
Balance as at June 30, 2025	222,250,380	66,000,000	28,965,054	206,000,000	(3,742,045,272)	250,000,000	(2,968,829,838)
Loss for the year	-	-	-	-	(44,388,776)	-	(44,388,776)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(44,388,776)	-	(44,388,776)
Transfer from surplus on revaluation - net of tax	-	-	-	-	-	-	-
Balance as at June 30, 2026	**222,250,380**	**66,000,000**	**28,965,054**	**206,000,000**	**(3,786,434,048)**	**250,000,000**	**(3,013,218,614)**

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

GULSHAN SPINNING 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		**(44,388,776)**	(8,025,049)
Adjustments for non-cash charges and other items:			
Depreciation		**58,552**	38,078
Finance cost		**162,229**	10,220
Interest income		**(13,746)**	(93,910)
Cash flows before working capital changes		**(44,181,741)**	(8,070,661)
Net changes in working capital	25	**31,537,667**	123,650
Cash used in operations		**(12,644,074)**	(7,947,011)
Interest received		**13,746**	93,910
Finance cost paid		**(162,229)**	(10,220)
Gratuity paid		**(73,599)**	(290,878)
Income tax paid		**(27,682)**	(117,612)
Net cash used in operating activities		**(12,893,838)**	(8,271,811)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(194,600)**	(1,014,500)
Proceeds from sale of disposal group		**-**	-
Net cash used in investing activities		**(194,600)**	(1,014,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from associates and others		**13,513,413**	8,552,000
Payments financial institution under scheme of arrangement		**-**	-
Net cash generated from financing activities		**13,513,413**	8,552,000
Net increase / (decrease) in cash and cash equivalents during the		**424,975**	(734,311)
Cash and cash equivalents at the beginning of year		**16,275,048**	17,009,359
Cash and cash equivalents at the end of year	10	**16,700,023**	16,275,048

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

Notes

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 (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, Pakistan.
2	Regional office	2nd Floor, Garden Heights, 8 Aibak Block, New Garden Town, Lahore, Pakistan.

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 are being 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

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 facts described in note 1.2 to these financial statements, and as the Company has no manufacturing facilities, no operations, no revenue and only thirteen 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.

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.

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Notes

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 companies

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.

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.

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Notes

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

Provisions 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 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.

4.14 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.

4.15 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 of assets and costs to sell.
(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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5 FIXED ASSETS

Particulars	Office Equipment	Furniture and fixtures	Vehicles	Total
2026				
Opening NRV July 01, 2025	976,422	-	-	976,422
Additions	194,600	-	-	194,600
Disposal during the year	-	-	-	-
Change in NRV	(58,551)	-	-	(58,551)
Closing NRV June 30, 2026	**1,112,471**	**-**	**-**	**1,112,471**

Particulars	Office Equipment	Furniture and fixtures	Vehicles	Total
2025				
Opening NRV July 01, 2024	1,014,500	-	-	1,014,500
Addition during the year				
Disposal during the year	-	-	-	-
Change in NRV	(38,078)	-	-	(38,078)
Closing NRV June 30, 2025	**976,422**	**-**	**-**	**976,422**

5.1 Change in NRV is charged to administrative expenses.

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	Note	2026 Rupees	2025 Rupees
6 INVESTMENTS			
Investments in:			
- Joint venture	6.1	-	-
- Defence saving certificate	6.2	-	-
- Investment on order of court	6.3	-	75,283,928
		-	75,283,928
6.1 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)
		-	-

6.2 This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 21.00 million (2025: Rs. 21.00 million). These certificates have matured on March 5, 2020. Accrued mark-up aggregating Rs. 45.103 million (2025: Rs. 45.103 million) is included in the carrying value. These are under lien with a bank against guarantee amounting Rs. 19.504 million (2025: Rs. 19.504 million). During the year, the bank encashed certain certificates and retained the accrued mark-up amounting to PKR 45.103 million. The principal value of the encashed certificates was categorized as a guarantee margin against a guarantee of PKR 19.504 million. Management has accounted for the accrued mark-up amount as retained by the bank amount as a payment to the bank against its liability. Additionally, an amount of PKR 21.00 million has been recognized as a guarantee margin under trade and other receivables instead of investments.

6.3 During the current year, the investment held by the Official Assignee was disposed as per the scheme and the proceeds were paid to the secured creditors, being the financial institutions, who settled their claims against the Company in accordance with the Scheme. Accordingly, the related liabilities payable to the financial institutions, which were outstanding in the financial statements, have been settled and derecognized in these financial statements.

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	Note	2026 Rupees	2025 Rupees
7 TRADE AND OTHER RECEIVABLES - unsecured considered good			
Gulistan Textile Mills Limited		**6,827,088**	6,827,088
Other receivable	**7.1**	**-**	23,621,264
Guarantee margin	**7.2**	**20,994,561**	20,994,561
		27,821,649	51,442,913

7.1 This represents receivable from Sapphire Textile Mills Limited against the sale of Unit II. Sapphire Textile Mills Limited is holding the said amount against a contingent liability, as disclosed in Note 19.2.2. During the year, the Company and Sapphire Textile Mills Limited entered into a legally enforceable agreement under which Sapphire Textile Mills Limited will bear all pending charges and outflows relating to the manufacturing unit previously sold to it and, in consideration, the Company will not receive the remaining balance of Rs. 23.42 million of the sale consideration. Accordingly, the receivable of Rs. 23.42 million has been derecognised, as it is no longer recoverable, and the amount has been charged to other operating expenses.

7.2 Refer note 6.2.

8 LOANS AND ADVANCES - unsecured			
Considered good			
Advances to:			
- Employees		**161,000**	264,250
- Others		**-**	-
		161,000	264,250
9 TAX REFUND DUE FROM GOVERNMENT			
Income tax		**243,882**	216,201
Sales tax		**3,892,544**	11,659,947
		4,136,426	11,876,148
10 CASH AND BANK BALANCES			
Cash-in-hand		**792,773**	188,015
Balances with banks in;			
- current accounts	**10.1**	**9,109,646**	9,099,851
- deposit / call treasury accounts	**10.2**	**21,669**	211,247
- term deposit receipts	**10.3**	**6,775,935**	6,775,935
		15,907,250	16,087,033
		16,700,023	16,275,048

10.1 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 note 19.1 to these financial statements.

10.2 Call treasury account carries profit ranging from 9% to 12% per annum.

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

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	Note	2026 Rupees	2025 Rupees
11 DISPOSAL GROUP UNDER SCHEME OF ARRANGEMENT			
Freehold land		**44,597,308**	44,597,308
Impairment:		-	-
Impairment of disposal group		-	-
		44,597,308	44,597,308

11.1 Particulars of immovable fixed assets are as follows:

Particulars	Address	Area of land (Kanals)	
Land	Qutab Pur, Lodhran, Pakistan.	**71.40**	71.40

11.2 The asset sale committee is in negotiations with prospective buyers fort the sale of land situated in Qutab Pur, Lodhran.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2026 Numbers	2025 Numbers		2026 Rupees	2025 Rupees
		Authorized capital		
25,000,000	25,000,000	Ordinary shares of Rs. 10 each	**250,000,000**	250,000,000
		Issued, subscribed and paid-up capital		
9,300,000	9,300,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	**93,000,000**	93,000,000
12,925,038	12,925,038	Ordinary shares of Rs. 10 each issued as fully bonus shares	**129,250,380**	129,250,380
22,225,038	22,225,038		**222,250,380**	222,250,380

	2025	2024
12.1 Ordinary shares held by the related parties at the year end;		
Gulistan Spinning Mills Limited - Number	**10,302**	10,302

13 RESERVES		
Capital reserve		
Share premium	**66,000,000**	66,000,000
Revenue reserve		
General reserve	**206,000,000**	206,000,000
	272,000,000	272,000,000
14 SUB-ORDINATED LOAN - unsecured	**250,000,000**	250,000,000

This is an interest-free loan obtained from Ex - 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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	Note	2026 Rupees	2025 Rupees
15 LOAN FROM ASSOCIATES AND OTHER PARTIES			
Gulshan Weaving Mills Limited		-	-
Interest free loan from other parties - unsecured	15.1	**309,738,635**	296,225,222
		309,738,635	296,225,222
15.1 Interest free loans from other parties - unsecured			
Balance at beginning of the year		**296,225,222**	287,673,222
Add: funds received during the year		**13,513,413**	8,552,000
Less: Payment made during the year		-	-
		309,738,635	296,225,222

15.2 These loans were advanced by the shareholders in order to meet working capital requirements.These loan will be repayable on demand.

16 TRADE AND OTHER PAYABLES			
Accrued expenses		**1,177,044**	1,131,294
Sindh development fund payable		**18,501,069**	18,501,069
		19,678,113	19,632,363
17 GRATUITY PAYABLE			
Gratuity payable	17.1	**3,011,428**	3,085,027
17.1 Movement in gratuity payable			
Net liability at beginning of the year		**3,085,027**	3,375,906
Less: Benefits paid		**(73,599)**	(290,879)
Less: Liability written off		-	-
Net liability at end of the year		**3,011,428**	3,085,027

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. 73,599, 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.

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	Note	2026	2025
		Rupees	Rupees
18 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT			
United Bank Limited		**116,918,000**	116,918,000
Faysal Bank Limited		**190,203,000**	190,203,000
Habib Bank Limited		**576,194,000**	576,194,000
Askari Bank Limited		**317,533,000**	317,533,000
Bank Alfalah Limited		**297,882,000**	297,882,000
MCB Bank Limited		**93,762,000**	93,762,000
Al-Baraka Bank (Pakistan) Limited		**197,160,000**	197,160,000
Allied Bank Limited		**299,434,000**	299,434,000
Standard Chartered Bank (Pakistan) Limited		**347,263,000**	347,263,000
Silk Bank Limited		**111,755,000**	111,755,000
Habib Metropolitan Bank Limited		**47,900,000**	47,900,000
Bank Islami Pakistan Limited		**67,000,000**	67,000,000
The Meezan Bank		**246,006,000**	246,006,000
Bank of Punjab Limited		**184,120,000**	184,120,000
National Bank of Pakistan		**194,012,000**	194,012,000
JS Bank Limited		**106,325,000**	106,325,000
First National Bank Modaraba		**45,000,000**	45,000,000
Mark-up payable under scheme of arrangement		**957,708,000**	957,708,000
Repayment under scheme of arrangement		**(1,621,392,788)**	(1,546,108,860)
		2,774,782,212	2,850,066,140

18.1 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.

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	Note	2026	2025
		Rupees	Rupees

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies due to litigation with banks and financial institutions

The Scheme of Arrangement has been sanctioned by the Honorable High Court of Sindh as detailed in note 1.2 to these financial statements. All the litigation by and against the Company with Financial Institution including the below-mentioned litigation will be withdrawn subject to the sale of Assets and Charged Stock and completion of all relevant formalities, in accordance with the provisions of the Scheme.

19.1.1 Various banks and financial institutions have filed recovery suits before various Banking Courts in Pakistan for recovery of their alleged long-term, short-term and lease liabilities through attachment and sale of Company's hypothecated / mortgaged / charged stocks and properties. The aggregate amount of these claims is Rs. 4,662.583 million (2025: Rs. 4,662.583 million). The pending litigations with financial institutions shall be withdrawn in terms of the scheme of arrangment on the conclusion of the scheme. The management was strongly contesting the above mentioned suits on the merits as well as cogent factual and legal grounds available to the Company under the law. All cases by and against the company with the Financial Institution shall be withdrawn in terms of the Scheme of Arrangement. however, at the moment most of the cases are adjourned since die on the basis of Scheme of Arrangement. Among all the case referred above, the most notable cases by or against the Company are explained in the following sub-notes.

19.1.2 Gujranwala Energy Limited (GEL), through Standard Chartered Bank Limited, issued a commitment guarantee of €3.00 million in favour of Wartsila Finland OY and a performance guarantee of US$1.00 million in favour of the Private Power and Infrastructure Board (PPIB). The Company, being a 50% joint venture partner, is liable for 50% of these guarantees. Although GEL initially obtained stay orders against encashment, both guarantees were later encashed after the stay was vacated. Suit No. 795/09 filed by GEL against PPIB, Wartsila Finland OY, and others before the Sindh High Court remains pending for decision on merits. The guarantee to Wartsila was conditional and, as contended by GEL, could not be encashed without fulfillment of conditions. The Sindh High Court dismissed GEL's stay application on July 22, 2015, and the appeal (HCA No. 21/2016) was dismissed on May 06, 2016. Consequently, the Company has recognized its share of loss in the financial statements. Standard Chartered Bank Pakistan Limited has also filed Suit No. B-18/2018 before the Sindh High Court for recovery of Rs. 246.939 million with associated costs and charges. Provision for the said amount has been made in the financial statements and will be settled under the proposed Scheme of Arrangement, as detailed in Notes 1.2 and 19.

19.1.3 Askari Bank Limited has filed a suit COS No. 37/2013 for recovery of Rs. 295.797 million on account of two facilities i.e. cash finance facility and running finance facility provided to the Company. The Honorable Lahore High Court decreed in favor of the plaintiff bank to the extent of Rs. 295.797 million together with the cost of funds. The Company has filed appeal against the impugned judgment, which is pending adjudication before the Division Bench of the Honorable Lahore High Court. At the same time, the plaintiff bank has filed an execution petition before the single bench of the Lahore High Court, which is pending adjudication.

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	Note	2026	2025
		Rupees	Rupees

19.1.4 Meezan Bank Limited has filed a suit COS No. B-09/2013 for recovery of Rs. 46.492 million on account of Murabaha finance facilities provided to the Company. The Honorable Banking Court No. II, Karachi decreed the suit vide its judgment dated December 20, 2016, in favor of the plaintiff bank to the extent of Rs. 46.492 million together with the cost of funds. The Company has filed appeal before the Honorable High Court of Sindh against the impugned judgment and the same is pending adjudication before the Honorable High Court of Sindh at Karachi.

19.1.5 First National Bank Modaraba filed a suit hearing # 122/15 against the Company for recovery of Rs. 45.905 million. The Honorable Banking Court Lahore vide its judgement dated September 19, 2017, decreed against the Company in favor of First national Bank Modaraba for recovery of Rs. 45.905 million. The execution proceedings under the said judgement were started under section 19 of the Financial Institutions (Recovery of Finance Ordinance, 2001. The management has not recognized the impact of the said decree and execution proceedings in these financial statements, since the same is pending adjudication.

19.1.6 Habib Metropolitan Bank Limited has filed a suit against the Company for recovery of Rs.57.605 million with the Honorable Lahore High Court, Lahore. The Honorable Lahore High Court vide its judgement dated May 27, 2016 decreed the suit against the Company and the same was converted into execution proceedings by the Court under section 19 of the Financial Institutions (Recovery of Finance) Ordinance, 2001. The Company has not recognized any adjustment to these financial statements. The execution proceeding is pending for adjudication at the Banking Court, Lahore.

19.1.7 Habib Bank Limited (previously First Habib Bank Modaraba) filed a suit against the Company for recovery of Rs. 2,633,486 in the Honorable Banking Court no. 1, Karachi. The said Court decreed suit against the Company vide its judgment dated April 21, 2016. The same was converted into execution proceedings by the court under section 19 of the Financial Institution (Recovery of Finance) Ordinance, 2001. The management of the Company has not recognized any adjustment to these financial statements. The execution proceeding is pending adjudication at the Banking Court, Lahore.

19.1.8 The Company has instituted a suit against MCB Bank Limited vide COS No. 22/15 wherein along with other prayers, the Company has also prayed for recovery of Rs. 413.094 million on account of acts and omissions committed by the Bank against the Company. The matter is pending adjudication before Lahore High Court, Lahore (LHC). MCB Bank Limited had also instituted a suit for recovery against the Company and others vide COS No. 104/13, before the LHC. However, the suit was returned vide order dated April 05, 2016 on account of lack of jurisdiction. Thereafter, the Bank instituted a suit bearing No. B-42/16 for recovery before the Sindh High Court at Karachi (SHC) which is pending adjudication.

19.1.9 AlBaraka Bank Limited has filed a suit under section 20 of the Financial Institution Recovery of Finance Ordinance, 2001, ("the Ordinance") against the Company and its management before the Banking Court Lahore and the same is pending adjudication.

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	Note	2026	2025
		Rupees	Rupees

19.1.1.9 Bank of Punjab instituted a suit for recovery of Rs. 501.719 million before the Honorable Lahore High Court, Lahore ("LHC") under section 9 of the Financial Institution Recovery of Finance Ordinance, 2001, ("the Ordinance") against the Company and others bearing COS No. 48/13. The suit was decreed vide judgment and decree dated March 28, 2018. However, the Company has filed an appeal before the LHC against the Judgment and decree dated March 28, 2018, which is also pending adjudication before the LHC. The Execution Petition No. 233642/18 for the same amount as decreed is also pending adjudication before the LHC.

19.2 Contingencies due to litigation with parties other than banks and financial institutions

19.2.1 The Company has not provided Rs. 12.519 million (2025: Rs. 12.519 million) in respect of infrastructure cess levied by the Government of Sindh. The Sindh High Court initially decided the case against the Company, but a Division Bench granted a stay. The Court later held that levy and collection of the cess prior to December 28, 2006, were illegal but valid thereafter. Both the Company and the Government of Sindh filed appeals before the Supreme Court, which were disposed of in May 2011 with directions to first obtain a decision from the High Court under the new law. During pendency, an interim arrangement required 50% bank guarantees for consignments cleared after December 27, 2006, and release of earlier guarantees. As of the reporting date, the Company has furnished bank guarantees of Rs. 19.504 million in favour of the Excise and Taxation Department. The petition was later disposed of through a consolidated judgment dated June 04, 2021, which the Company has challenged before the Supreme Court, where recovery of the levy remains suspended.

19.2.2 The Hon'ble Supreme Court of Pakistan, vide judgment dated August 22, 2014, declared the Gas Infrastructure Development Cess (GIDC) Act, 2011, unconstitutional and directed refund of the amounts recovered. To counter the effect of this judgment, the Federal Government promulgated the GIDC Ordinance, 2014, and later enacted the GIDC Act, 2015, reimposing the Cess. The Sindh High Court, through judgment dated October 26, 2016, again declared the GIDC Act, 2015, ultra vires and directed refund of amounts collected since 2011. Subsequently, the Supreme Court, vide judgment dated August 13, 2020 (Civil Appeals No. 1113-1155/2017 etc.), upheld recovery of GIDC but allowed its payment in 24 monthly installments while waiving late payment surcharge. However, under Section 8(2) of the GIDC Act, 2015, the Company is not liable, as it neither collected nor passed on the cess to its customers. Accordingly the Company has once again obtained a stay order from the Sindh High Court, while parallel suits were pending before Gas Utility Courts at Sheikhupura (filed by SNGPL) and Lahore (filed by the Company) regarding recovery and adjustment of GIDC and tariff differences. Furthermore, SNGPL has also filed a badly time barred suit for recovery of Rs. 38.785 million before Gas Utility Court Pattoki which is being contested on merit.

The Company remains primarily liable for any outflow arising from the above matter. However, under the agreement with Sapphire Textile Mills Limited, Sapphire Textile Mills Limited has agreed to bear and pay any such amount if it arises.

19.2.3 Company has challenged recovery of the Electricity Duty on self-generation of electricity. The Honorable Lahore high Court has passed order in favor of the Company. The Government of Punjab has challenged the order passed by High Court before Supreme court of Pakistan , the same is pending adjudication.

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	Note	2026	2025
		Rupees	Rupees

19.3 Other contingencies

19.3.1 The scheme of arrangement specify that mark up liability shall be updated on the asset sale date. As mentioned in note 20.2 that due to litigation with banks the mark up expense can not be reliably estimated and accordingly, the mark up expense relating to one and a half year has not been accounted for in these financial statements.

19.3.2 Counter guarantees of Rs. 78.363 million (2025: Rs. 78.363 million) were given by the Company to various banks / financial institutions as at reporting date, in respect of guarantees issued in favor of various Government Departments / Institutions and Sui Northern Gas Pipelines Limited. The bank guarantees given by various banks on behalf of the Company to various parties are remain with the respective banks.

19.4 Commitments

19.4.1 There is no capital commitment as at reporting date (2025: Nil).

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	Note	2026 Rupees	2025 Rupees
20 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		**7,525,198**	10,624,845
Fee and subscriptions		**627,200**	35,000
Rent, rates and taxes		**2,635,380**	2,635,380
Advertising		**31,600**	49,000
Entertainment		**94,660**	210,325
Travelling and conveyance		**38,268**	241,272
Utilities		**405,903**	888,115
Legal and professional		**1,000,000**	1,200,000
Auditor's remuneration	**20.1**	**397,500**	347,500
Change in NRV		**58,552**	38,078
		12,814,261	16,269,515
20.1 Auditor's remuneration			
Annual audit		**300,000**	250,000
Half yearly review		**85,000**	85,000
Compliance report on Code of Corporate Governance		**12,500**	12,500
		397,500	347,500
21 OTHER OPERATING EXPENSES			
Payment against liabilities previously written off		**363,817**	-
Sales tax refundable write off		**7,790,951**	-
Write-off of other receiveables		**23,421,264**	-
		31,576,032	-
22 OTHER INCOME			
Profit on bank deposits & saving account		**13,746**	93,910
Recovery from bad debt		**150,000**	8,160,776
		163,746	8,254,686
23 FINANCE COST			
Bank charges		**162,229**	10,220
24 LOSS PER SHARE - BASIC AND DILUTED			
Loss after taxation - (Rupees)		**(44,388,776)**	(8,025,049)
Weighted average number of ordinary shares Outstanding during the year - (Number)		**22,225,038**	22,225,038
Loss per share - basic and diluted - (Rupees)		**(2.00)**	(0.36)

There is no dilutive effect on the basic loss per share of the Company.

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	Note	2026 Rupees	2025 Rupees
25 CHANGES IN WORKING CAPITAL			
Decrease / (increase) in current assets:			
Trade and other receivables		**23,621,264**	(200,000)
Loans and advances		**103,250**	289,750
Sales tax		**7,767,403**	-
		31,491,917	89,750
Increase/(Decrease) in current liabilities:			
Trade and other payables		**45,750**	33,900
		31,537,667	123,650

26 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

No remuneration was paid to chief executive officer and 06 directors (2025: 06). The Company have 1 executive during the year (2025: 2) and his remuneration is 2.40 million (2025: 3.482 million).

27 CAPACITY AND PRODUCTION

Numbers of spindles installed	**44,784**	44,784
Numbers of rotors installed	**1,440**	1,440

Due to non-availability of working capital and shortage of funds, the Company had closed its all units since long.

28 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets - amortized cost		
Investments	-	75,283,928
Security deposits	**500,000**	500,000
Trade and other receivables	**27,821,649**	51,442,913
Loans and advances	**161,000**	264,250
Cash and bank balances	**16,700,023**	16,275,048
	45,182,672	143,766,139
Financial liabilities - amortized cost		
Loan from associates and others	**309,738,635**	296,225,222
Trade and other payables	**19,678,113**	19,632,363
Gratuity payable	**3,011,428**	3,085,027
Unclaimed dividend	**1,037,103**	1,037,103
Payable to banking companies under scheme of arrangement	**2,774,782,212**	2,850,066,140
	3,108,247,491	3,170,045,855

28.1 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.

28.2 Methods of determining fair values

Fair values of financial instruments 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.

28.3 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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	Note	2026	2025
		Rupees	Rupees

29 FINANCIAL RISK MANAGEMENT

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

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework.

29.1 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 deposits, 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:

Investments	-	75,283,928
Security deposits	**500,000**	500,000
Trade and other receivables	**27,821,649**	51,242,913
Loans and advances	**161,000**	554,000
Bank balances	**15,907,250**	16,087,033
	44,389,899	143,667,874

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
Bank Alfalah Limited	PACRA	**A1+**	AAA
Bank Al Habib Limited	PACRA	**A1+**	AAA
Askari Bank Limited	PACRA	**A1+**	AAA
Sindh Bank Limited	VIS	**A1+**	AA
National Bank of Pakistan Limited	VIS	**A1+**	AAA

29.2 Liquidity risk

Liquidity risk is the risk that an 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	309,738,635	309,738,635	-	296,225,222	296,225,222	-
Trade and other payables	19,678,113	19,678,113	-	19,632,363	19,632,363	-
Gratuity payable	3,011,428	3,011,428	-	3,085,027	3,085,027	-
Unclaimed dividend	1,037,103	1,037,103	-	1,037,103	1,037,103	-
Payable under scheme of arrangement	2,774,782,212	2,774,782,212	-	2,850,066,140	2,850,066,140	-
	3,108,247,491	3,108,247,491	-	3,170,045,855	3,170,045,855	-

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.

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	Note	2026	2025
		Rupees	Rupees

29.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

(a) 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.

(b) 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.

Majority of the interest rate risk of the Company arises from borrowings from banks and deposits with banks. However, the Company is not providing for mark-up/interest on its borrowings and liabilities due to litigation with banks and financial institutions as detailed in note 10.1. At the reporting date the profile of the Company's interest bearing financial instruments is as follows:

Fixed rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments		
Financial assets	**6,797,604**	6,987,182
Financial liabilities	-	-

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

Cash flow sensitivity analysis for variable rate instruments is not presented as the Company is not providing for mark-up institutions.

29.4 Fair value of financial instruments

As at reporing 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.

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	Note	2026	2025
		Rupees	Rupees

29.5 Capital risk management

The Company's prime objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares.

There were no changes 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.

30 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 of related party	Relationship	Transactions	2026	2025
Paramount Spinning Mills Limited	Common directorship	Advance / loan provided	-	-
		Payment received	-	-
Tanveer Ahmad Shakoor	Shareholder/Sponsor	Loan received	8,552,000	12,411,000
		Adjustment of loan	-	-

31 NUMBER OF EMPLOYEES

	..... Number	
Number of employees as at June 30,2026		
- Permanent	12	11
Average number of employees during the year		
- Permanent	12	11

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	Note	2026 Rupees	2025 Rupees
32 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		**957,708,000**	957,708,000
- Long-term and short-term shariah compliant investments		-	-
- Shariah compliant bank deposits / bank balances / TDRs		**6,797,604**	6,987,182
Statement of profit or loss:			
- Revenue earned from a shariah compliant		-	-
- Profit earned from shariah compliant bank deposits / balances / TDRs		**13,746**	93,910
- 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		-	-

33 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 06/oct/2026, Board of Directors of the Company.

34 GENERAL

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

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CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR