

**GULISTAN SPINNING MILLS
LIMITED**

HALF YEARLY ACCOUNTS
FOR SIX MONTHS ENDED
DECEMBER 31, 2024
(UN AUDITED)

GULISTAN SPINNING MILLS LTD

CONTENTS

COMPANY INFORMATION	3
DIRECTOR'S REPORT	4
AUDITOR'S REPORT	05-06
BALANCE SHEET	7
PROFIT AND LOSS ACCOUNT	8
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF CHANGES IN EQUITY	10
CASH FLOW STATEMENT	11
NOTES TO THE FINANCIAL STATEMENTS	12-15

GULISTAN SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Salman Ali Riaz

COMPANY SECRETARY

Mr. Muhammad Ijaz

AUDITORS

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

LEGAL ADVISOR

Akhter Javed-Advocate

SHARE REGISTRAR OFFICE

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

REGISTERED OFFICE

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

REGIONAL OFFICE

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

WEB PRESENCE

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



Gulistan Spinning Mills Limited

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

Director's Report to Shareholders

The Director of your company pleased to present audited financial statements of the Company for the six months ended December 31, 2024.

Operating & Financial Performance

Operating indicators	Half Yearly Ended December 31,2024	Half Yearly Ended December 31,2023
	(Rupees)	(Rupees)
Sales	-	-
Gross loss	-	-
Pre tax Profit/ (Loss)	1,003,882	(196,736,421)
Provision for taxation	-	-
Profit / (Loss) after taxation	1,003,882	(196,736,421)

Over View:

On account of various reasons including, financial liquidity scarcity, significant losses along with depreciation in value of assets as well as prevailing economic conditions in the country the company has ceased its operations since May 1, 2014. In this back ground a Scheme of Arrangement under section 279 to 283 & 285 of the Companies Act 2017 (Scheme of Arrangement) was submitted before the Sindh High Court at Karachi (the "Court") vide J.C.M. No. 15/19, duly signed by majority of the secured creditors of the company. The Scheme of Arrangement was sanctioned by the Court vide judgment dated 30-10-2023. The Scheme of Arrangement is being implemented in letter and spirit as sanctioned by the Court. As per Scheme of Arrangement all pending litigation with the Banks, both by and against the company, shall be withdrawn by the secured creditors of the company.


Future Outlook

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

Acknowledgement

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

On behalf of the Board


SOHAIL MAQSOOD
CHIEF EXECUTIVE
Lahore:-26.02.2024



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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Gulistan Spinning Mills Limited (the Company) as at 31 December 2024 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended 31 December 2024. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

1. Due to litigations with banks, we have not received confirmations from banks and other financial institutions. Accordingly, we were unable to verify bank balances aggregating to Rs. 17.436 million.
2. We were unable to satisfy ourselves regarding balances payable in respect of trade, and other payables, and unclaimed dividends amounting to Rs. 11.308 million and Rs. 0.619 million, respectively.

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

MHA & CO



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



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



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New York Mexico



MALIK HAROON AHMAD & CO.

(Formerly Malik Haroon Shahid Safder & Co.)

Chartered Accountants

An Independent Member of



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Qualified Conclusion

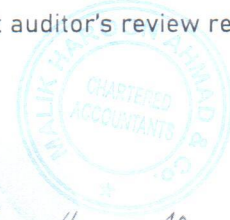
Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at December 31, 2024, and of its financial performance and its cash flows for the six-month period then ended, in accordance with International Accounting Standard 34 Interim Financial Reporting as applicable Accounting and Reporting Standard in Pakistan.

Other Matter

The figures of the unconsolidated interim statement of profit and loss and other comprehensive income for the three months period ended December 31, 2024 and December 31, 2023 have not been reviewed, as we are required to review the cumulative figures for the six months period ended December 31, 2024.

The engagement partner on the review resulting in this independent auditor's review report is Malik Haroon Ahmad.

Lahore
February 26, 2025
UDIN: RR202410206U03E5ISH1



Malik Haroon Ahmad
Malik Haroon Ahmad & Co.
Chartered Accountants



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GULISTAN SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024 (UNAUDITED)

	Note	(Un-audited)	(Audited)
		Dec 31, 2024	June 30, 2024
		-----Rupees-----	
ASSETS			
Property, plant and equipment	5	-	-
Disposal group under scheme of arrangement	5	36,574,356	36,574,357
Long term investments	6	-	-
Tax refunds due from government	7	9,589,306	9,452,426
Cash and bank balances	8	17,436,183	16,772,781
Total Assets		63,599,845	62,799,564
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
15,000,000 (2024: 15,000,000) Ordinary shares of Rs. 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital		146,410,000	146,410,000
Reserves		24,983,168	24,983,168
Sub-ordinate loan		103,000,000	103,000,000
Surplus on revaluation of property, plant and equipment		20,315,372	20,315,372
Accumulated losses		(1,974,904,201)	(1,975,908,082)
		(1,680,195,661)	(1,681,199,542)
LIABILITIES			
Trade and other payables	10	11,308,090	11,511,690
Payable to banking companies under the scheme of arrangement	11	1,443,576,653	1,443,576,653
Post employments benefits payables		-	-
Loan from associates and others		288,291,234	288,291,234
Unclaimed dividend		619,529	619,529
		1,743,795,506	1,743,999,106
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL EQUITY & LIABILITIES		63,599,845	62,799,564

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Sahil M
CHIEF EXECUTIVE

Sahar M
CHIEF FINANCIAL OFFICER

MHA & CO
Maid Sattar
DIRECTOR

GULISTAN SPINNING MILLS LIMITED
 CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2024 (UNAUDITED)

	Six months ended		Three months ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
----- Rupees -----				
Sales - net	-	-	-	-
Cost of sales	-	-	-	-
Gross profit/(loss)	-	-	-	-
Other income	1,099,532	-	548,086	-
Administrative expenses	(95,000)	(563,502)	(95,000)	(492,251)
Loss on sale of disposal group	-	(196,171,943)	-	(196,171,943)
Finance cost	(650)	(976)	(326)	-
	1,003,882	(196,736,421)	452,760	(196,664,194)
Profit before levies and taxation	1,003,882	(196,736,421)	452,760	(196,664,194)
Levies and taxation	-	-	-	-
Profit after levies and taxation	1,003,882	(196,736,421)	452,760	(196,664,194)
Loss per share - basic and diluted	0.07	(13.44)	0.03	(13.43)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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Shahid M
 CHIEF EXECUTIVE

Salman Ali
 CHIEF FINANCIAL OFFICER

Ahmed Sattar
 DIRECTOR

GULISTAN SPINNING MILLS LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2024 (UNAUDITED)

	Six months ended		Three months ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
-----Rupees-----				
Profit after levies and taxation	1,003,882	(196,736,421)	452,760	(196,664,194)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	1,003,882	(196,736,421)	452,760	(196,664,194)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

MHA & CO

Schail M
 CHIEF EXECUTIVE

Salman M
 CHIEF FINANCIAL OFFICER

Ahmad Hassan
 DIRECTOR

GULISTAN SPINNING MILLS LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2024 (UNAUDITED)

	Rupees					Total
	Share capital	Revaluation surplus	Other reserves	Accumulated losses	Sub-ordinated loan	
Balance as at 01 July 2023	146,410,000	351,461,447	24,983,168	(2,120,806,558)	103,000,000	(1,494,951,943)
Loss for the period	-	-	-	(196,736,421)	-	(196,736,421)
Revaluation surplus realized on disposal of assets	-	(351,461,447)	-	351,461,447	-	-
Balance as at 31 December 2023	146,410,000	-	24,983,168	(1,966,081,532)	103,000,000	(1,691,688,364)
Balance as at 01 July 2024	146,410,000	20,315,372	24,983,168	(1,975,908,083)	103,000,000	(1,681,199,543)
Profit after levies and taxation	-	-	-	1,003,882	-	1,003,882
Balance as at December 31, 2024	146,410,000	20,315,372	24,983,168	(1,974,904,201)	103,000,000	(1,680,195,661)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

MHA & CO

Solomon Als

CHIEF FINANCIAL OFFICER

Solomon Als
 CHIEF EXECUTIVE


Abdul Karim
 DIRECTOR

GULISTAN SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2024 (UNAUDITED)

	Note	December 31,	December 31,
		2024	2023
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levies and taxation		1,003,882	(196,736,421)
Adjustments for:			
Depreciation		-	84,266
Loss on sale of asset		-	196,171,943
Finance cost		650	976
		1,004,532	(479,236)
Changes in working capital			
(Increase) / decrease in current assets		(136,880)	-
Increase / (decrease) in current liabilities:			
Trade and other payables		(203,600)	(366,000)
Cash generated from operations		664,052	(845,236)
Finance cost paid		(650)	(976)
Net cash generated from / (used in) operating activities	A	663,402	(846,212)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of disposal group under scheme of arrangement		-	400,000,035
Cash generated from financing activities	B	-	400,000,035
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from associates and others		-	858,535
Paid to banking companies under the scheme of arrangement		-	-
Net cash used in financing activities	C	-	-
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	663,402	12,323
Cash and cash equivalents at beginning of the period		16,772,781	4,618,492
Cash and cash equivalents at end of period		17,436,183	4,630,815

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GULISTAN SPINNING MILLS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2024 (UNAUDITED)

1 THE COMPANY AND ITS OPERATIONS

1.1 Gulistan Spinning Mills Limited ("the Company") was incorporated in Pakistan on February 25, 1987 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited company and quoted on stock exchanges at Karachi and Lahore (now Pakistan Stock Exchange Limited). The registered office is located at Finlay House, I.I. Chundrigar Road, Karachi.

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 has signed a "Scheme of Arrangement" under sections 279 to 283 read with section 285 of the Companies Act, 2017 ("the Act"). 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 charged assets of the Company as detailed in the scheme and payment of the proceeds thereof to the secured creditors as contemplated under the scheme of arrangement.

The Scheme of Arrangement has been sanctioned by the Honorable High Court of Sindh at Karachi vide Judgment dated 30.10.2023, passed in J.C.M. Petition No. 15/2019. The Scheme of Arrangement after its sanction has become binding on the Company, along with all the shareholders, creditors - secured or otherwise, stakeholders and any other regulatory / statutory bodies of/ or with respect to the Company. Under the Scheme of Arrangement, the existing financial obligations / liabilities of the Company towards the secured creditors shall be settled by way of sale of charged assets ("disposal group and stock in trade") the Company and payment of the proceeds thereof shall be paid to the secured creditors as contemplated under the Scheme of Arrangement. All the pending litigation shall be withdrawn in terms of the Scheme of Arrangement.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 237 of the Companies Act, 2017. It has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2024.

2.2 Basis of measurement

Due to the Scheme as described in note 1.2 to these financial statements, the directors have determined that the going concern basis of preparation of financial statements is no longer appropriate. Accordingly, these financial statements have been prepared on liquidation/break-up value basis, following the intention of the parties to settle the liabilities through proceeds of disposal of assets of the company as contemplated in the scheme.

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GULISTAN SPINNING MILLS LIMITED
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2024 (UNAUDITED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are same as those applied in the preparation of preceding audited annual financial statements of the Company for the year ended June 30, 2024.

3.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current year

There are certain standards, amendments and interpretations to approved accounting standards that are effective in the current year but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments and interpretations to approved accounting standards that are effective for accounting periods beginning on July 1, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial information.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. Estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates. Estimation and judgements made by the management in the preparation of this condensed interim financial information were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2024.

5 FIXED ASSETS

	Un-audited Dec 31, 2024	Audited June 30, 2024
Note	(Rupees)	
Operating fixed assets	5.1	-
Disposal group under scheme of arrangement	5.2	36,574,357
	<u>36,574,356</u>	<u>36,574,357</u>
5.1 Operating fixed assets		
Book value at beginning of the period / year	-	1,479,489
Book value of assets disposed-off	-	(1,310,883)
Depreciation charge for the period / year	-	(168,606)
Book value at end of the period / year	<u>-</u>	<u>-</u>

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GULISTAN SPINNING MILLS LIMITED
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2024 (UNAUDITED)

5.2 The Company along with its restructuring agent – United Bank Limited and majority of the lending financial institutions has signed a “Scheme of Arrangement” under sections 279 to 283 read with section 285 of the Companies Act, 2017 (“the Act”) as detailed in note 1.2. Hence, these assets (note 5.2) have been classified and presented under disposal group under scheme of arrangement. All the manufacturing facilities have been disposed off by the asset sale committee during the period and the sale proceeds have been distributed among the lenders in accordance with terms mentioned in “Scheme of Arrangement”. The asset sale committee is in negotiations with prospective buyers about the sale of land located in Qadirpur, Vehari.

6 INVESTMENTS

Investment in associate - under equity method	6.1	-	-
Other investments in equity shares	6.2	-	-
		<u>-</u>	<u>-</u>

6.1 Investments in associates - under equity method

Quoted securities

Cost of investment	238,887	238,887
Accumulated share of post acquisition loss	<u>(238,887)</u>	<u>(238,887)</u>

-

The Company holds 10,303 share of Rs. 10 each (0.046% of total share capital) of Gulshan Spinning Mills Limited (an associate). The cost of these share was Rs. 238,887. The market value and recoverable amount of this investment has been calculated as Rs. Nil (2024: Rs. Nil) per share aggregating to Rs. Nil (2024: Rs. Nil) after considering the estimated future cash flows expected to be generated by the associate.

6.2 Other investments in equity shares

Number of share of Rs. 10 each

This represents the investments in equity shares of:

- Gulistan Textile Mills Limited	1,049	1,049
- Gulshan Weaving Mills Limited	778,900	778,900

Due the closure of business of both the entities the fair values of both the investments have been reduced to Rs. nil and hence fully charged off.

7 TAX REFUNDS DUE FROM GOVERNMENT

Advance income tax	178,061	-
Sales tax	9,411,245	9,452,426
	<u>9,589,306</u>	<u>9,452,426</u>

8 CASH AND BANK BALANCES

Cash-in-hand	3,356,234	306,234
Balances with banks - current accounts	9,715,220	12,101,818
Balances with banks - saving accounts	2,359	2,359
Term deposits	8.2	4,362,370
	<u>17,436,183</u>	<u>16,772,781</u>

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GULISTAN SPINNING MILLS LIMITED
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
 FOR THE SIX MONTHS ENDED DECEMBER 31, 2024 (UNAUDITED)

8.1 Majority of the Company's bank accounts operations have been blocked by the respective banks due to on-going litigations with these banks as detailed in note to the financial
 8.2 These are under lien with respect to guarantees provided on behalf of the company by various financial institutions.

9 TRADE AND OTHER PAYABLES

Accrued liabilities	2,838,706	3,042,306
Sindh infrastructure development cess payable	8,469,384	8,469,384
	<u>11,308,090</u>	<u>11,511,690</u>

10 PAYABLE TO BANKING COMPANIES UNDER SCHEME OF ARRANGEMENT

Principal payable to banking companies under scheme of arrangements	1,046,040,654	1,522,055,000
Mark-up / interest payable under scheme of arrangement	397,535,999	397,535,999
Principal paid during the period	-	(476,014,346)
	<u>1,443,576,653</u>	<u>1,443,576,653</u>

11 RELATED PARTY TRANSACTIONS

There has been no material transaction with related parties since the date of preceding published annual audited financial statements for the year ended June 30, 2024.

12 CONTINGENCIES AND COMMITMENTS

There has been no material change in the contingencies and commitments since the date of preceding published annual audited financial statements for the year ended June 30, 2024.

13 AUTHORIZATION OF INTERIM FINANCIAL INFORMATION

This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on 26/01/2025

14 GENERAL

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

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Schail M
 CHIEF EXECUTIVE

Q/Man NW
 CHIEF FINANCIAL OFFICER

Abid Sattar
 DIRECTOR