

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of GULISTAN SPINNING MILLS LIMITED (“the Company”) as at December 31, 2005, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “financial statements”) for the half year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400 applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Separate figures of the profit and loss account for the quarter ended December 31, 2005 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2005. Further, as a result of change in accounting year for textile sector from September to June effective June 30, 2005, the corresponding figures in these financial statements have not been reviewed because last year’s reviewed period of half year was not identical as of half year of the current year.

Based on our review, except for the effect of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Date:
Lahore

Chartered Accountants