



QUEEN SOUTH TEXTILE MILLS LTD.

“পুঁজিবাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

“Investment in capital market involves certain degree of risks. The investors are required to read the prospectus and risk factors carefully, assess their own financial conditions and risk taking ability before making their investment decisions.”

PUBLIC ISSUE OF 15,000,000 ORDINARY SHARES

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PROSPECTUS

Name of Issuer:



QUEEN SOUTH TEXTILE MILLS LTD.

Name of Issue Manager:



ALPHA CAPITAL MANAGEMENT LIMITED



Preliminary Information and Declarations:

Name & Address	Contact Person	Telephone & Fax Number, E-mail, Web Address
Issuer		
Queen South Textile Mills Limited Plot No: 85-88 (Extension Area), Dhaka Export Processing Zone Savar Dhaka, Bangladesh	Massum Rana Company Secretary	Tel: 88-2-7790219-21 Fax: 88-2-7790216 Email: info@qstmills.com Website: www.qstmills.com
Issue Manager		
Alpha Capital Management Limited Eastern Arzoo Complex (7th Floor), 61, Bijoy Nagar, Dhaka-1000.	Noor Ahamed, FCA CEO and Managing Director	Tel: +88-02- 8316540, 8313947, 8316519 Fax: 88-2-8316547 Email: alpha.acml@gmail.com Website: www.acmlbd.com
Underwriter		
Alpha Capital Management Limited Eastern Arzoo Complex (7th Floor), 61, Bijoy Nagar, Dhaka-1000.	Noor Ahamed, FCA CEO and Managing Director	Tel: +88-02- 8316540, 8313947, 8316519 Fax: 88-2-8316547 Email: alpha.acml@gmail.com Website: www.acmlbd.com
AUDITOR		
MAHFEL HUQ & CO. Chartered Accounts BGIC Tower (4th Floor), 34, Topkhana Road Dhaka-1000.	Abdul Kayum Akhunjee Manager	Tel: +88-02-7171316, +88-02-9553143 Fax: 88-2-9571005 Email: mahfelcofca@yahoo.com Website: www.mahfelhuq.com

“A PERSON INTERESTED TO GET A PROSPECTUS MAY OBTAIN FROM THE ISSUER, AND THE ISSUE MANAGER.”

“If you have any query about this document, you may consult the issuer, issue manager and underwriter”



"CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2015. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER, MANAGING DIRECTOR, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, ISSUE MANAGER, ISSUE MANAGER'S CHIEF EXECUTIVE OFFICER, UNDERWRITERS, AUDITOR(S), VALUER AND/OR CREDIT RATING COMPANY (IF ANY)."

"Risks in relation to the First Issue"

"This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the securities is tk. 10.00 (ten) and the issue price is tk. 10.00, i.e. the face value. The issue price has been determined and justified by the issuer and the issue manager as stated under the paragraph on "justification of issue price" should not be taken to be indicative of the market price of the securities after listing. No assurance can be given regarding an active or sustained trading of the securities or the price after listing."

"General Risk"

"Investment in securities involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offer. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended by the Bangladesh Securities and Exchange Commission (BSEC) nor does BSEC guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'risk factors' given on page number(s) 180-189"

"Queen South Textile Mills Limited's Absolute Responsibility"

"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this prospectus contains all material information with regard to the issuer and the issue, that the information contained in the prospectus are true, fair and correct in all material aspects and are not misleading in any respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."



AVAILABILITY OF PROSPECTUS

The Prospectus and abridged version prospectus in hard and soft forms of the Company shall be obtained from the following addresses:

Name & Address	Contact Person	Telephone & Fax Number, E-mail, Web Address
Issuer Company		
Queen South Textile Mills Limited Plot No: 85-88 (Extension Area), Dhaka Export Processing Zone Savar Dhaka, Bangladesh	Massum Rana Company Secretary	Tel: 88-2-7790219-21 Fax: 88-2-7790216 Email: info@qstmills.com Website: www.qstmills.com
Issue Manager		
Alpha Capital Management Limited Eastern Arzoo Complex (7th Floor), 61, Bijoy Nagar, Dhaka-1000.	Noor Ahamed, FCA CEO and Managing Director	Tel: +88-02- 8316540, 8313947, 8316519 Fax: 88-2-8316547 Email: alpha.acml@gmail.com Website: www.acmlbd.com
Underwriter		
Alpha Capital Management Limited Eastern Arzoo Complex (7th Floor), 61, Bijoy Nagar, Dhaka-1000.	Noor Ahamed, FCA CEO and Managing Director	Tel: +88-02- 8316540, 8313947, 8316519 Fax: 88-2-8316547 Email: alpha.acml@gmail.com Website: www.acmlbd.com
Stock Exchanges		
Dhaka Stock Exchange Limited (DSE) DSE Library, Research and Information Department, 9/F, Motijheel C/A, Dhaka- 1000.	Mr. Md. Afzalur Rahman Manager	Tel: +88 02 9564601-7, 9666944-8 Fax: +88 02 9569755, 9564727 E-mail: research @dsebd.org website: www.dsebd.org
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sheikh Mujib Road, Chittagong-41000. Dhaka Liaison Office: 52-53, Dilkusha C/A, Dhaka-1000.	Mr. Mohammad Javed Sarwar Assistant Manager	Tel: +88 031 714632-3, +88 031 720871 Fax: +88 031 714101; +88 02 9513911-15 E-mail: javed@cse.com.bd website: www.cse.com.bd

Prospectus would also be available on the web sites of BSEC (www.sec.gov.bd), DSE (www.dsebd.org), CSE (www.csebd.com), Queen South Textile Mills Limited (www.qstmills.com), Alpha Capital Management Limited (www.acmlbd.com) and at the Public Reference room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and studying.

Names and dates of the newspapers where abridged version of prospectus was published:

Sl. No.	Newspaper Name	Date	Page Number of the Newspaper
1	The Financial Express	11/12/2017	19
2	New Age	11/12/2017	11
3	Bonik Barta	11/12/2017	6
4	Samakal	11/12/2017	17



A	
Allotment	Letter of allotment for shares
B	
BB	Bangladesh Bank
BEPZA	Bangladesh Export Processing Zone Authority
BSEC	Bangladesh Securities and Exchange Commission
C	
Commission	Bangladesh Securities and Exchange Commission
Companies Act	The Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	Chittagong Stock Exchange Limited
D	
DSE	Dhaka Stock Exchange Limited
DEPZ	Dhaka Export Processing Zone
DBL	Dhaka Bank Limited
DBBL	Dutch-Bangla Bank Ltd.
E	
ETP	Effluent Treatment Plant
F	
FC Account	Foreign Currency Account
FI	Financial Institution
G	
GOB	The Government of People's Republic of Bangladesh
H	
HSBC	Hongkong & Shanghai Banking Corporation
I	
IPO	Initial Public Offering
Issue	Public offer of QSTML's shares
Issuer	Queen South Textile Mills Limited

MBE	Member of the Excellent Order of British Empire
N	
NAV	Net Asset Value of the Company
NBR	National Board of Revenue
NRB	Non Resident Bangladeshi
O	
Offering Price	Price of the securities of QSTML being offered
P	
PSI	Pre Shipment Inspection
PBL	Prime Bank Ltd.
Q	
QSTML	Queen South Textile Mills Limited
R	
Registered Office	Registered Office of QSTML
RJSC	Registrar of Joint Stock Companies & Firms
RMG	Ready Made Garment
S	
SCB	Standard Chartered Bank
SC	Share Certificate
Securities	Shares of Queen South Textile Mills Limited
Share Market	Market of the Securities
Sponsors	The sponsor shareholders of QSTML
Stockholders	Shareholders
Subscription	Application money
T	
The Company	Queen South Textile Mills Limited
W	
WBL	Woori Bank Ltd.
W.S.T	Water Saving Technology



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SECTION-I

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

SECTION: (I)

(a) About the industry:

Dyeing is the process of adding color to textile products like fibers, yarns, and fabrics. Dyeing is normally done in a special solution containing dyes and particular chemical material. After dyeing dye molecules have uncut chemical bond with fiber molecules. The temperature and time are the two key factors in dyeing.

According to McKinsey's apparel CPO survey 2013, KPMG report -2013, & World Bank report it was observed that large share of sourcing value will be moved away from China to other countries over the next five years. Within 2020 there will be a demand for US\$ 650 Billion in the global clothing & apparel market, where there is a scope for Bangladesh to contribute \$ 44.56 billion. (Source: www.bkmea.com).

We see our lion portion of export earnings comes from textile and RMG industry and we provide backward linkage facility to textile and RMG sector. At the moment the company is engaged in dyeing of different count of yarn for sweater industry. The company has ample scope for diversification and the company has aimed to serve other industries also who requires dyed yarn for other textiles goods. Here most of our textile companies use dyed yarn imported from outside Bangladesh. So we have immense potentials in yarn dyeing sector with the rapid expansion of textile industry.



(b) About the Issuer:

Queen South Textile Mills Limited (QSTML) is a 100% export oriented yarn dyeing Industry located in Dhaka Export Processing Zone, Savar, capital of Bangladesh. The company is engaged in dyeing of different counts of Cotton, Polyester, Viscose, Acrylic, Nylon and Blended yarn to market the processed yarn as deemed exporter. The company was incorporated in 2003 and started operation in mid-2005.

QSTML has obtained the “Oeko-Tex Standard 100” certificate for Yarn, and Dyes, as well as Sewing and Embroidery Threads of QSTML. QSTML is also the only dyeing factory to obtain the “W.S.T.” environmental certificates.

Not only the dyeing of yarn quality remains one of the highest satisfactions in the market, QSTML is also capable of providing huge production with very short lead time to meet customers’ delivery deadlines. QSTML’s production machineries are equipped with the State of the art technology, including Central Controlling and Monitoring System, Laboratory is equipped with computer matching machine and dispensing machines, monitored by qualified expert technicians.



(c) Financial Information:

Major financial information of Queen South Textile Mills Limited (QSTML) are as follows:

Sl.	Particulars	01-July-2016 to 31-Dec-2016 (6 Months)	01-Dec-2015 to 30-Jun-2016 (7 Months)	Year ended on				
				30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
		-	-	Restated	-	-	-	-
1	Turnover	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623
2	Gross Profit	165,038,035	185,105,075	295,273,083	350,646,233	315,306,456	278,548,676	213,828,212
3	Net profit before tax	74,383,866	95,174,031	129,740,794	210,907,712	169,743,824	59,471,549	85,727,773
4	Net Profit after tax	62,450,982	80,883,845	118,428,442	210,907,712	169,743,824	59,471,549	85,727,773
5	Total Assets	2,839,947,312	2,866,136,415	2,823,644,516	2,707,021,674	2,237,462,048	1,928,895,400	1,681,220,014
6	Share Capital	851,500,000	143,750,000	143,750,000	143,750,000	143,750,000	143,750,000	143,750,000
7	Retained Earnings	528,109,332	1,023,408,350	943,196,472	860,523,764	649,616,052	479,872,228	420,400,679
8	No. of Shares	85,150,000	14,375,000	14,375,000	143,750	143,750	143,750	143,750
9	Face Value	10	10	10	1000	1000	1000	1000
10	NAV Per Share (Considering Face Value Tk. 10/- for all year)	16.20	81.19	75.61	69.86	55.19	43.38	39.25
11	Earnings per Share (EPS) (Considering Face Value Tk. 10/- for all year)	0.86	1.15	1.69	3.01	2.42	0.85	1.22

**Face value of company's share was Tk. 1000/- each up to 30 November, 2014 and was converted to Tk. 10/- vide EGM dated January 23, 2015; Face value of shares on the above table was considered as Tk. 10/- for better presentation.*

**(d) Features of the issue and its objects:**

Issue at (Taka)	10
Number of Shares	15,000,000
Issue Size	150,000,000
Issue Manager	Alpha Capital Management Limited
Underwriter	Alpha Capital Management Limited
NAV per Share	16.20
EPS	0.86
Purposes of raising Fund	Net Proceeds from initial public offering (IPO) will be used for procurement and installation of automatic warehouse storage machine, acquisition and installation of machineries for modernization of existing factory unit, partial repayment of long term bank loan of the company and to meet up the IPO expenses.


(e) Legal and other Information:

Sl.	Name of License/Registration/NOC	License Issuer/Issuing Authority	Certificate / License No.	Issue Date	Validity Status	Remarks
1	Incorporation	RJSC	C – 49529(1513)/2003	15/06/2003	N/A	
2	Certificate of Commencement of Business	RJSC			N/A	Incorporated as a private limited company
3	Trade License	স্বনির্ভর ধামসোনা ইউনিয়ন পরিষদ	627(14)/2017-2018	12-07-17	30-06-18	
4	Fire	Bangladesh Fire Service and Civil Defense	DD/Dhaka/18777/2005	2012	30-06-18	
5	Bonded Warehouse	Customs Bond Commission rate	97/2004	17-02-04	N/A	
6	Environment Certificate	Department of Environment	30.26.72.4.8226.311004/Noba-93	20/08/2017	12.12.2017	
7	Boiler	Office of Chief Boiler Inspector	বাঃব ৩৭১৯	03-10-16	03/05/2017-02/11/2017	
			বাঃব ৩৭৬০	03-10-16	14/05/2017-13/11/2017	
			বাঃব ৬৫০০	12-06-17	12/06/2017 - 11/12/2017	
			বাঃব ৬১২৪	03-10-16	14/05/2017-13/11/2017	
8	Membership Certificate	Bangladesh EPZ Investors' Association	DHK-041	05-03-17	31-12-17	
9	Membership Certificate	Bangladesh Textile Mills Association (BTMA)	003-0009-1323	24-02-16	January-December, 2017	
10	TIN Certificate	National Board of Revenue	285431586145	28-10-13	N/A	
11	Value Added Tax	National Board of Revenue	17151000606	09-07-13	N/A	
12	OEKO-TEX Standard 100 for acrylic/cotton, white reactive and cationic dyed	Institute of the International Association for research and testing in the field of Ecology	10.HBD.80004	17.01.2017	31.12.2017	
13	OEKO-TEX Standard 100 for 100% viscose, white and reactive dyed	Institute of the International Association for research and testing in the field of Ecology	05.B.6122	13-10-16	31-08-17	

**(f) Promoters' background:**

When the company was incorporated the following persons were the subscribers to the memorandum:

Sl.	Name	Present Status in the company
1	Country Smart Agents Limited, Represented by Lee Hung Chun	Country Smart Agents Limited transferred entire shares to Wong Jammy Kwok Chan.
2	Gain Plus Agents Limited, Represented by Wong Kwok Chuen	Chairman & Director

Lee Hung Chun

Nominee Director of Country Smart Agents Limited

Ms. Lee Hung Chung, Representative of Country Smart Agents Limited was the sponsor Director of QSTML. She was born and brought up in Hong Kong and hails from a renowned business family. She is wife of Chairman and she is running textile and fashion business since 1986. She is vastly experienced in textile is dying industry. She joined the board of directors of QSTML again as a shareholder Director in December 17, 2015.

Wong Kwok Chuen

Nominee Director of Gain plus Agents Limited

Mr, Wong Kwok Chuen is a Hong Kong national and representing Gain Plus Agents Limited in Queen South Textile Mills Limited. He is vastly experienced in Textile Industry and Leading QSTML with his innovative idea. He is well-reputed Businessman and highly qualified professional with proven record of success in marketing and project management. He visited many countries in connection with business and has gathered sufficient knowledge required to run a business smoothly and profitably.



(g) Capital structure and history of capital raising:

The Company intends to issue 15,000,000 ordinary shares of Tk. 10.00 each through Initial public offering (IPO) at an issue price of Tk. 10.00 each at par totaling to Tk. 150,000,000.00 subject to regulatory approvals.

Particulars	No. of Ordinary Shares	Nominal price	Issue price	Amount in Taka
Before IPO:				
Authorized Capital	200,000,000	10	10	2,000,000,000
Issued, Subscribed and Paid up capital	85,150,000	10	10	851,500,000
Total paid up capital before IPO (A)	85,150,000	10	10	851,500,000
After IPO:				
To be issued as IPO (B)	15,000,000	10	10	150,000,000
Paid up capital (Post IPO) (A+B)	100,150,000	10	10	1,001,500,000

The Company has raised its paid-up capital in following phases:

Particulars	Allotment Date	Consideration			Amount Tk.
		Cash	Other than cash	Bonus Issue	
1st Allotment	Subscribers to the Memorandum & Articles of Association at the time of Incorporation	200	-	-	2,000
2nd Allotment	29-Nov-07	-	14,374,800	-	143,748,000
3rd Allotment	31-08-16	-	-	55,775,000	557,750,000
4th Allotment	29-11-16	15,000,000	-	-	150,000,000
Total		15,000,200	14,374,800	55,775,000	851,500,000

**Face value of company's share was Tk. 1000/- each up to 30 November, 2014 and was converted into Tk. 10/- vide EGM dated January 23, 2015; Face value of shares on the above table was considered at Tk. 10/- for better presentation.*

(h) Summary of Valuation Report of securities:

Particulars	Amount (in Tk.)
Method 1: Net Asset Value (NAV) per share/Equity based value per share	
Price based on Net Asset Value per share	16.20
Method 2: Historical Earnings based value per share	
Earnings based Value per share based on Overall Market P/E	20.01
Method 3: Average market price per share of similar stocks:	30.99



SECTION -II

CONDITIONS IMPOSED BY THE COMMISSION IN THE CONSENT LETTER



SECTION (ii): CONDITIONS IMPOSED BY THE COMMISSION IN THE CONSENT LETTER

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITIES IN DEMAT FORM

As per provision of the Depository Act, 1999 and regulation made there under, shares will be issued in dematerialized condition. All Transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issue of shares (rights/bonus) will be issued in dematerialized form only.

CONDITIONS UNDER 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

PART-A

1. The Company shall go for Initial Public Offer (IPO) for 1,50,00,000 ordinary shares of Tk. 10.00 each at par totaling to **Tk. 15,00,00,000.00 (Taka fifteen Crore only)** following the Securities and Exchange Ordinance, 1969, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Depository Act, 1999 and rules made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within **02 (two) working days** of issuance of this consent letter. The issuer shall post the full prospectus, vetted by Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue manager, within **3 (three) working days** from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to the Commission, the stock exchanges and the issue manager a diskette containing the text of the vetted prospectus in "MS -Word" format.
3. The company shall submit **40 (Forty)** copies of the printed prospectus to the Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
4. The issuer company and the issue manager shall ensure transmission of the prospectus and its abridged version for NRBs through email to the Bangladesh Embassies and Missions abroad within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper. A compliance report shall be submitted in this respect to the Commission jointly by the issuer and the Issue Manager within **02 (Two) working days** from the date of said transmission of the prospectus.
5. The following declaration shall be made by the company in the prospectus, namely: -

"Declaration about Listing of Shares with the stock exchange (s):

None of the stock exchange(s), if for any reason, grants listing within **75 (Seventy Five) days** from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within **15 (Fifteen) days** from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said **75 (Seventy Five) days**, as the case may be.

In case of non-refund of the subscription money within the aforesaid **15 (Fifteen) days**, the Directors of the company, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of **2% (two percent)** above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within **07 (Seven) days** of expiry of the aforesaid **15 (Fifteen) days** time period allowed for refund of the subscription money."

6. All applicants shall apply for a minimum lot of 500 shares worth Taka 5,000/- (Taka five thousand only) or its multiples.
7. The IPO shall stand cancelled in case of under-subscription in any category above 35%. In such an event, the issuer and issue manger shall inform the Commission **within 2 (two) working days** and release the subscription



money within 10 (ten) working days after receiving verification report from CDBL and the information from exchanges regarding subscription.

8. **20% of the securities reserved for other general public shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী.** In case of under-subscription under any of sub-categories of eligible investors category or general public category, the unsubscribed portion shall be added to other sub-category of the same category. In case of over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery. In case of over subscription in the eligible investors category, securities shall be allotted on pro-rata basis. No eligible investor shall apply for more than 2% (two percent) of the total securities reserved for the other eligible investors.
9. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case, an applicant submits more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
10. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money.**
11. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of the application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**
12. **The company shall furnish the list of allottees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within 24 (Twenty Four) hours of allotment.**
13. **Shares not allotted at the time of according this consent, but allotted after listing, in favor of sponsors, directors or shareholders having 5% or more shares through stock dividends, shall be subject to a lock-in period of 02(two) years from the date of issuance of the prospectus.**
14. **If any share of Sponsors/Directors/Promoters is in paper format, it shall be handed over to securities custodian registered with the Commission and shall remain held till completion of lock-in period and the name of the securities custodian shall be furnished to the Commission jointly by the issuer and issue manager, along with a confirmation thereof from the custodian, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/ Directors/ Promoters) can be demated and shall remain in lock-in under CDBL system and issuer shall submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with the lock-in confirmation to the Commission within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to the Commission.**
15. **The company shall not declare any dividend/bonus shares before listing of its capital with any Exchange from the date of this consent for raising of capital.**
16. **The company shall not engage itself into any merger/amalgamation or acquisition activities without taking "No Objection" from the Commission, on the scheme of the said merger/amalgamation or acquisition, as recommended by the Board of Directors, before approval by the shareholders in General Meeting.**



PART-B

Application Process

Step-1 (Applicant)

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the **25th (twenty fifth) working day** from the date of publication of abridged version of prospectus.
2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
 - a) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
 - b) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains Foreign Currency account debiting the same account **and provide the customer with a certificate mentioning the FC account number which has been debited to issue the FDD. The applicant shall also submit the certificate with their application.** No banker shall issue more than two drafts from any Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.
 - c) Eligible investors shall submit application through the electronic subscription system of the exchange(s) and deposit the full amount intended to subscribe by the method as determined by exchange(s).

Step-2 (Intermediary)

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely "Public Issue Application Account". The Stockbroker/Merchant Banker shall:
 - a) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
 - b) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the "Public Issue Application Account" maintained with its bank within the first banking hour of **next working day** of the cut-off date;
 - c) instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.
4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.
5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.



6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and within 03 (three) working days from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde '~' separator) format, the certificate(s) issued by its banker, the drafts **and certificates** received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.
7. **On the next working day**, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts **and certificates** submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.
8. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

Step-3 (Issuer)

9. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.
11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.
12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The Issuer and issue manager shall arrange posting the lottery result on their websites within **06 (six) hours** and on the websites of the Commission and Exchanges within **12 (twelve) hours** of lottery.
14. Within **02 (two) working days** of conducting lottery, the Issuer shall:
 - a) send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
 - b) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
 - c) issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
 - d) send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

Step-4 (Intermediary)

15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:



- a) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;
 - b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;
16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:
- a) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
 - b) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the Issuer opened for subscription purpose.
17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account.
18. **Simultaneously**, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.
19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account (**FC account which has been debited to apply by NRB or foreign applicants**) through banking channel within 10 (ten) working days from the date of lottery.
- Miscellaneous:**
20. The Issuer, Issue Manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.
21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.
23. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.
24. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.
26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.
27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.



PART-C

1. The issue manager shall carefully examine and compare the published prospectus and its abridged version on the date of publication with the copies vetted by the Commission. If any discrepancy is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to the Commission and the stock exchanges concerned. In this regard, the issue manager shall submit a compliance report to the Commission within 5 working days from the date of such publications.
2. The fund collected through Public Offering shall not be utilized prior to listing with Exchange(s) and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
3. **The company shall furnish status report on utilization of Public Offering proceeds audited by foreign affiliated auditors and authenticated by the board of directors to the Commission and the Exchanges within 15 (Fifteen) days of the closing of each month until such fund is fully utilized, as mentioned in the schedule contained in the prospectus. The issuer shall simultaneously post the status report in its website and Exchanges shall also post the same in company information contained in websites of the Exchanges. In the event of any irregularity or inconsistency, the Commission may employ or engage any person to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.**
4. **While auditing the utilization of IPO proceeds, the auditors will perform their jobs under the following terms of reference (TOR) and confirm the same in their report/certificate:**
 - (a) **Whether IPO proceeds have been utilized for the purposes/heads as specified in the prospectus;**
 - (b) **Whether IPO proceeds have been utilized in line with the condition (if any) of the Commission's consent letter;**
 - (c) **Whether utilization of IPO proceeds have been completed within the time schedule/implementation schedule as specified in the published prospectus;**
 - (d) **Whether utilization of IPO proceeds is accurate and for the purpose of the company as mentioned/specified in the published prospectus; and**
 - (e) **The auditors should also confirm that: (i) assets have been procured/imported/constructed maintaining proper/required procedure as well as at reasonable price; and (ii) auditors' report has been made on verification of all necessary documents/papers/vouchers in support of IPO proceeds making reconciliation with Bank Statement.**
5. All transactions, excluding petty cash expenses, shall be effected by crossed cheques or bank transfers.
6. Proceeds of the public offering shall not be transferred to any other bank account before listing with the Exchange(s). The proceeds shall not be used for any purpose other than those specified in the prospectus without any valid ground. Any deviation in respect of time or purpose of utilization must have prior approval of the shareholders in the general meeting and if approved by the shareholders, the meeting resolution shall be submitted to the Commission and the Exchanges along with reasonable explanations.
7. If any quarter or half-year of the financial year ends after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the said quarterly/half yearly financial statements in accordance with the Commission's Notification SEC/CMRRCD/2008-183/admin/03-34 dated September 27, 2009 and Rules 13 of the Securities and Exchange Rules, 1987.
8. In the event of arising issues concerning Price Sensitive Information as defined under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সুবিধাজোগী ব্যবসা নিষিদ্ধকরণ) বিধিমালা ১৯৯৫ after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the information as price sensitive in accordance with the Commission's Notification No. SEC/SRMI/200-953/1950 dated October 24, 2000.



PART-D

1. As per provision of the Depository Act, 1999 & Regulations made thereunder, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the depository system of Central Depository Bangladesh Ltd. (CDBL) and any further issuance of shares (including rights/bonus) will be made in dematerialized form only.
2. The issuer and the issue manager shall ensure due compliance of all the above conditions, the 'Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015' and the listing regulations of the Exchanges.
3. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.



SECTION -III

DECLARATION AND DUE DILIGENCE CERTIFICATES



SECTION (iii): DECLARATION AND DUE DILIGENCE CERTIFICATES

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS, INCLUDING THE CEO OF THE ISSUER IN RESPECT OF THE PROSPECTUS

[Rule 4(1)(d)]

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/-	Sd/-	Sd/-
Wong Jammy Kwok Chan	Rathindra Kumar Chowdhury MBE	Wong Kwok Chuen
Managing Director & Director	Chief Executive Officer	Chairman and Director
Date: November 15, 2017	Date: November 15, 2017	Nominee Director of Gain Plus Agents Ltd.
		Date: November 15, 2017

Sd/-	Sd/-	Sd/-
Ms. Wong Elisa Dai Wah	Maqbul Ahmed, FCA	Ms. Lee Hung Chun
Director	Independent Director	Director
Date: November 15, 2017	Date: November 15, 2017	Date: November 15, 2017

Date: 13 February 2017

STATEMENT REGARDING ANY MATERIAL CHANGE INCLUDING RAISING OF PAID-UP CAPITAL AFTER THE DATE OF AUDITED FINANCIAL STATEMENTS

This is to certify that, "Queen South Textile Mills Limited" has not made any material change including raising of paid up capital after the date of Audited Financial Statements (31 December 2016) as included in the prospectus.

Sd/-	Sd/-
Goutam Chandra Roy	Wong Jammy Kwok Chan
Chief Financial Officer	Managing Director
Queen South Textile Mills Limited	Queen South Textile Mills Limited



DUE DILIGENCE CERTIFICATE BY ISSUE MANAGER(S)

[Rule 4(1)(d)]

To
The Bangladesh Securities and Exchange Commission

Sub: Public Issue of 15,000,000 Ordinary Shares of Tk. 150,000,000.00 by Queen South Textile Mills Limited.

Dear Sir,

We, the issue manager to the above-mentioned forthcoming issue, state and confirm as follows:

- (1) We have examined all the documents submitted with the application for the above mentioned public issue, visited the premises of the issuer and interviewed the Chairperson, Directors and key management personnel of the issuer in connection with the finalization of the prospectus pertaining to the said issue;
- (2) On the basis of such examination and the discussions with the directors, officers and auditors of the issuer, other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer.

WE CONFIRM THAT:

- (a) The prospectus filed with the Commission is in conformity with the documents, materials and papers relevant to the issue;
- (b) All the legal requirements relating to the issue as also in the rules, notification, guidelines, instructions, etc. framed/issued by the Commission, other competent authorities in this behalf and the Government have been duly complied with;
- (c) The disclosures made in prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1994, the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and other applicable laws;
- (d) Besides ourselves, all the intermediaries named in the prospectus are registered with the Commission and that till date such registrations are valid;
- (e) We have satisfied ourselves about the capability of the underwriters to fulfill their underwriting commitments;
- (f) The proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out till now are valid in terms of the object clause of its Memorandum of Association;
- (g) Necessary arrangements have been made to ensure that the moneys to be received pursuant to the issue shall be kept in a separate bank account and shall be used for the purposes disclosed in the use of proceeds section of the prospectus;
- (h) All the applicable disclosures mandated in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 have been made in addition to other disclosures which, in our view, are fair and adequate to enable the investor to make a well informed decision;
- (i) We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background of the issuer, situation at which the proposed business stands, the risk factors, sponsors experiences etc. We also confirm that the due diligence related process, documents and approval memos shall be kept in record by us for the next 5 (five) years after the IPO for any further inspection by the Commission;
- (j) We enclose a checklist confirming rule-wise compliance with the applicable provisions of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 containing details such as the rule number, its text, the status of compliance, page numbers of the prospectus where the rules have been complied with and



our comments, if any;

(k) We also declare that we have managed the public issue of following issuers in the last 05 (five) years:

Serial. No.	Name of the Issue	Month/Year	Issue Price (Tk.)	Dividend Payment History	
				Cash	Bonus
1	Mozaffar Hossain Spinning Mills Limited	September/2013	10.00	- - 5% 2016	25% 2014, 20% 2015*
2	Hwa Well Textiles (BD) Ltd.	April/2014	10.00	15% 2014 15% 2015 15% 2016	-
3	Alfad Autos Limited	June/2014	30.00	7% 2015 13% 2016	30% 2015 4% 2016
4	Shepherd Industries Limited	December/2016	10.00	-	-

**15% Stock Dividend for the year ended on June 30, 2015 has been credited to all the shareholders' respective BO accounts through CDBL system as per Order dated 17.01.2016 passed by the Hon'ble High Court Division of the Supreme Court of Bangladesh in Writ Petition No. 447/2016. The Court did not provide any Decision regarding the remaining 5% dividend yet.*

Place: Dhaka

Date: February 13, 2017

Sd/-

Noor Ahamed, FCA

CEO & Managing Director

Alpha Capital Management Limited

**DUE DILIGENCE CERTIFICATE BY THE UNDERWRITER**

[Rule 4(1)(d)]

To
The Bangladesh Securities and Exchange Commission

Sub: Public offer of 15,000,000 Ordinary Shares of Tk. 10.00 of Queen South Textile Mills Limited

Dear Sir,

We, the under-noted Underwriter to the above-mentioned forthcoming issue, state individually and collectively as follows:

- (1) We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
- (2) On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

(a) We are registered with the Bangladesh Securities and Exchange Commission as a merchant banker and eligible to carry out the underwriting activities. Our present paid-up capital stands at Tk. 255,500,000 (Twenty five crore and Fifty Five Lac) and we have the capacity to underwrite a total amount of Tk. 1,277,500,000 (One hundred twenty Seven crore Seventy Five Lac) as per relevant legal requirements. We have committed to underwrite for up to Tk. 52,500,000 (Five crore Twenty Five Lac) for the upcoming issue.

(b) At present, the following underwriting obligations are pending for us:

Sl. No.	Name of The Company	Amount Underwritten (in Tk.)
1	Advent Pharma Limited	20,000,000
2	Esquire Knit Composite Limited	20,000,000
Total:		40,000,000

(c) All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;

(d) We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and

(e) This underwriting commitment is unequivocal and irrevocable.

For the Underwriter:

Sd/-

Noor Ahamed, FCA

CEO & Managing Director

Alpha Capital Management Ltd

Date: June 20, 2017




SECTION -IV

ABOUT THE ISSUER



QUEEN SOUTH TEXTILE MILLS LTD.

- a) About the Issuer Name of the issuer, dates of incorporation and commencement of its commercial operations, its logo, addresses of its registered office, other offices and plants, telephone number, fax number, contact person, website address and e-mail address;

Particulars		Description
Name of the issuer	:	Queen South Textile Mills Limited
Dates of incorporation	:	Queen South Textile Mills Limited was incorporated as a private limited company on 15th June 2003 under the Companies Act 1994 with the registrar of Joint Stock companies and Firms, Bangladesh vide registration no: C-49529(11513)/2003 and was subsequently converted in to a public limited company on 25th January 2016
Commencement of its commercial operations	:	1st June 2005
Logo	:	
Addresses of its registered office	:	Plot No.85-88, Extension Area Dhaka Export Processing Zone Savar Dhaka,Bangladesh
Other offices and plants (Factory)	:	Plot No.85-88, Extension Area Dhaka Export Processing Zone Savar Dhaka,Bangladesh
Telephone number	:	88-2-7790219-21
Fax number	:	88-2-7790216
Contact person	:	Massum Rana, Company Secretary
Website address	:	www.qstmills.com
E-mail address	:	info@qstmills.com

- b) The names of the sponsors and directors of the issuer:

Sponsors:


Sl.	Name	Present Status in the company	Remarks
1	Country Smart Agents Limited, Represented by Lee Hung Chun	Resigned and left from the company	Transferred entire shares to Wong Jammy Kwok Chan
2	Gain Plus Agents Limited, Represented by Wong Kwok Chuen	Director	

Directors:

Sl. No.	Directors
1	Wong Jammy Kwok Chan, Managing Director & Director
2	Wong Kwok Chuen (Nominee of Gain Plus Agents Limited), Chairman & Director
3	Wong Elisa Dai Wah, Director
4	Lee Hung Chun, Director
5	Maqbul Ahmed, FCA , Independent Director



- (c) The name, logo and address of the auditors along with their telephone numbers, fax numbers, contact persons, website and e-mail addresses:

Particulars		Description
Name	:	MAHFEL HUQ & CO.
Logo	:	
Address	:	BGIC Tower (4th Floor), 34, Topkhana Road Dhaka-1000.
Telephone number	:	+88-02-7171316, +88-02-9553143
Fax numbers	:	88-2-9571005
Contact person	:	Abdul Kayum Akhunjee, Manager
Website address	:	www.mahfelhuq.com
E-mail address	:	mahfelcofca@yahoo.com

- (d) The name(s) of the stock exchanges where the specified securities are proposed to be listed.

Stock Exchanges	Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C/A, Dhaka-1000.	Tel: +88 02 9564601-7, 9666944-8 Fax: +88 02 9569755, 9564727 E-mail: research@dsebd.org website: www.dsebd.org
	Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sheikh Mujib Road, Chittagong-41000. Dhaka Liaison Office: 52-53, Dilkusha C/A, Dhaka-1000.	Tel: +88 031 714632-3, +88 031 720871 Fax: +88 031 714101; +88 02 9513911-15 E-mail: jamed@cse.com.bd website: www.cse.com.bd




SECTION -V

CORPORATE DIRECTORY OF THE ISSUER



SECTION (V): CORPORATE DIRECTORY OF THE ISSUER

Company Name	:	Queen South Textile Mills Limited
Logo	:	
Legal Position	:	Queen South Textile Mills Limited was incorporated as a private limited company on 15th June 2003 under the Companies Act 1994 with the registrar of Joint Stock companies and Firms, Bangladesh vide registration no: C-49529(11513)/2003 and was subsequently converted in to a public limited company on 25th January 2016
Incorporation & Reg. No.	:	C-49529(11513)/2003
Commencement of Commercial Production	:	1st June 2005
Authorized Capital		Tk. 2,000,000,000 divided into 200,000,000 ordinary shares of tk. 10.00 each
Paid up Capital		Tk. 851,500,000 divided into 85,150,000 ordinary shares of tk. 10.00 each
Registered office		Plot No: 85-88 (Extension Area), Dhaka Export Processing Zone Savar Dhaka, Bangladesh
Office Telephone & FAX		Telephone: 88-2-7790219-21, Fax: 88-2-7790216
Website		www.qstmills.com
Email		info@qstmills.com
Factory		Plot No.85-88, Extension Area Dhaka Export Processing Zone Savar Dhaka, Bangladesh
Factory Telephone & FAX	:	Telephone: 88-2-7790219-21, Fax: 88-2-7790216
Website		www.qstmills.com
Email		info@qstmills.com
Board of Directors	:	5 (Five)
Auditor	:	MAHFEL HUQ & CO. Chartered Accountants BGIC Tower (4th Floor), 34, Topkhana Road Dhaka-1000.
Tax Consultant	:	Mr. Arup Chowdhury FCA Partner, Ahmed Zaker & Co. 45, Shaheed Syed Nazrul Islam Sarani, Saiham Sky View Tower (2nd Floor) Bijoy Nagar, Dhaka-1000 Tel: 8391440-3, 8391012-13 Fax: 880-2-8391011
Legal Advisor	:	Podder & Associates 6/A/1 Segun Bagicha (Ground Floor) Topkhana Road, Dhaka-1000 Mobile: 01819-286959
Banker for IPO	:	Prime Bank Limited
Banker of the Company	:	Woori Bank Limited Standard Chartered Bank HSBC Dhaka Bank Limited Dutch-Bangla Bank Limited Prime Bank Limited
Compliance officer	:	Massum Rana, Company Secretary



SECTION -VI

DESCRIPTION OF THE ISSUER



SECTION (VI): DESCRIPTION OF THE ISSUER

a) Summary:

(i) The summary of the industry and business environment of the issuer. The summary shall not be one-sided or biased to highlight the issuer or the issue

Dyeing is the process of adding color to textile products like fibers, yarns, and fabrics. Dyeing is normally done in a special solution containing dyes and particular chemical material. After dyeing dye molecules have uncut chemical bond with fiber molecules. The temperature and time are the two key factors in dyeing.

According to McKinsey's apparel CPO survey 2013, KPMG report -2013, & World Bank report it was observed that large share of sourcing value will be moved away from China to other countries over the next five years. Within 2020 there will be a demand for US\$ 650 Billion in the global clothing & apparel market, where there is a scope for Bangladesh to contribute \$ 44.56 billion. (Source: www.bkmea.com).

We see our lion portion of export earnings comes from textile and RMG industry and we provide backward linkage facility to textile and RMG sector. At the moment the company is engaged in dyeing of different count of yarn for sweater industry. The company has ample scope for diversification and the company has aimed to serve other industries also who requires dyed yarn for other textiles goods. Here most of our textile companies use dyed yarn imported from outside Bangladesh. So we have immense potentials in yarn dyeing sector with the rapid expansion of textile industry.

Business environment:

The issuer has good supply of raw materials and availability of affordable labour force in Bangladesh as a result Issuer's business environment is conducive in which it operates. Manpower has become skilled over the period. Moreover, favorable government policy towards the export oriented sector has created business friendly situation.

(ii) Summary of consolidated financial, operating and other information.

This information is not applicable for the issuer since it has no subsidiary or associate company.



b) General Information:

- (i) **Name and address, telephone and fax numbers of the registered office, corporate head office, other offices, factory, business premises and outlets of the issue manager(s), registrar to the issue etc.**

Particulars	Description
Name and Address of the registered office	Queen South Textile Mills Limited Plot No: 85-88 (Extension Area), Dhaka Export Processing Zone Savar Dhaka, Bangladesh
Corporate head office	Plot No.85-88, Extension Area Dhaka Export Processing Zone Savar Dhaka, Bangladesh
Telephone and fax numbers of the registered/corporate office	Telephone: 88-2-7790219-21 Fax: 88-2-7790216 Website: www.qstmills.com Email: info@qstmills.com
Factory	Plot No.85-88, Extension Area Dhaka Export Processing Zone Savar Dhaka, Bangladesh
Telephone and fax numbers of the factory	88-2-7790219-21
Outlets of the issuer	As 100% export oriented industry, we have a sales office at Baridhara.
Other Offices	House # 235, G/F. Road # 3 D.O.H.S, Baridhara, Dhaka Tel: +88-02-8817216, 8855318

(ii) The board of directors of the issuer;

Sl	Board of Directors	Designation
1	Wong Jammy Kwok Chan	Managing Director & Director
2	Wong Kwok Chuen (Nominee of Gain Plus Agents Limited)	Chairman & Director
3	Wong Elisa Dai Wah	Director
4	Lee Hung Chun	Director
5	Maqbul Ahmed, FCA	Independent Director



(iii) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the chairman, managing director, whole time directors, etc. of the issuer;

Sl. No.	Name	Designation	Address		Telephone & fax numbers	E-mail address
			Foreign Address	Local Address		
1	Wong Jammy Kwok Chan	Managing Director & Director	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong			jamie@qstmills.com
2	Wong Kwok Chuen (Nominee of Gain Plus Agents Limited)	Chairman & Director	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	Plot No: 85-88 (Extension Area), Dhaka Export Processing Zone Savar Dhaka, Bangladesh	Telephone: 88-2-7790219-21, Fax: 88-2-7790216	tommy@qstmills.com
3	Wong Elisa Dai Wah	Director	30 B, Block 1, 29 Lyttelton Road, Hongkong			elisadai@qstmills.com
4	Lee Hung Chun	Director	House-87, 328 fan kam road, Miami Crescent, Sheung Shui, NT Hongkong			leehung@qstmills.com
5	Maqbul Ahmed, FCA	Independent Director	-	House# 3/A, Road# 74, Gulshan-2, Dhaka-1212.	880-2-9560933	maqbul.ahmed@yahoo.com

(iv) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the CFO, company secretary, legal advisor, auditors and compliance officer;

Sl No	Names	Designation	Address	Telephone Number	Fax number	E-mail addresses
1	Rathindra Kumar Chowdhury MBE	Chief Executive Officer	Plot No: 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh	Telephone: +88-02-7790219-21	Fax: +88-02-7790216	ceo@qstmills.com
2	Goutam Chandra Roy	Chief Financial Officer	Plot No: 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh	Telephone: +88-02-7790219-21	Fax: +88-02-7790216	goutam@qstmills.com
3	Massum Rana	Company Secretary	Plot No: 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh	Telephone: +88-02-7790219-21	Fax: +88-02-7790216	massum@qstmills.com
4	MAHFEL HUQ & CO.	Auditors	BGIC Tower (4th Floor), 34, Topkhana Road Dhaka-1000.	+88-02-7171316, +88-02-9553143	88-2-9571005	mahfelcofca@yahoo.com
5	Podder & Associates	Legal Advisor	6/A/1, Segun Bagicha (Ground Road), Topkhana Road, Dhaka-1000	01819-286959	-	sosanta.podder@gmail.com
6	Massum Rana	Compliance Officer	Plot No: 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh	Telephone: +88-02-7790219-21	Fax: +88-02-7790216	massum@qstmills.com



(v) Names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the issue manager(s), registrar to the issue etc;

Particulars	Name	Address	Telephone Number	Fax Number	Contact Person	Website Address	E-mail Address
Issue Manager	Alpha Capital Management Limited	Eastern Arzoo Complex (7thFloor), 61, Bijoy Nagar, Dhaka-1000.	+88-02-8316540,8313947,8316519	88-2-8316547	Noor Ahamed, FCA CEO and Managing Director	www.acmlbd.com	alpha.acml@gmail.com
Registrar to the issue	Registrar to the Issue is not applicable for the company.						

(vi) Details of Credit Rating:

The company is issuing shares at par. As such no credit rating is required.

(vii) Following details of underwriter:

a) The names, addresses, telephone numbers, fax numbers, contact persons and e-mail addresses of the underwriters and the amount underwritten by them;

Names	Address	Contact Person	Telephone & Fax Number and E-mail address	Amount Underwritten
Alpha Capital Management Limited	Eastern Arzoo Complex (7thFloor), 61, Bijoy Nagar, Dhaka-1000.	Noor Ahamed, FCA CEO and Managing Director	Telephone: +88-02-8316540,8313947,8316519 Fax:88-2-8316547 Email: alpha.acml@gmail.com Web: www.acmlbd.com	52,500,000



b) Declaration by the underwriters that they have sufficient resources as per the regulatory requirements to discharge their respective obligations;

Declaration by Alpha Capital Management Limited

We the underwriter(s) have sufficient resources as per the regulatory requirements to discharge our respective obligations.

Place: Dhaka
Date: February 13, 2017

Sd/-
Noor Ahamed, FCA
CEO & Managing Director
Alpha Capital Management Limited

c) **Major terms and conditions of the underwriting agreements.**

- (i) The IPO shall stand cancelled if at least 65% in any category of the IPO is not subscribed.
- (ii) In case of under subscription in any category by up to 35% of the IPO the under-subscribed securities shall be taken up by the underwriters.
- (iii) Notwithstanding anything contained in the agreement in case of inconsistency between the provision of the agreement and the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Public Issue Rules shall prevail.
- (iv) Prior to publication of the prospectus, the Company shall have obtained consent from the Bangladesh Securities and Exchange Commission permitting the issue as described in Article 2.01 and providing for payment of underwriting commission .50% **(point five percent)** on the amount underwritten.
- (v) If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the Closing Date, the Company shall within **10 (ten) days** of the closure of subscription call upon the underwriters in writing with a copy of the said writing to the Bangladesh Securities and Exchange Commission, to subscribe the shares not so subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within **15 (fifteen) days** after being called upon to do so. The amount so received shall be credited to the share subscription account of the Company within the said period. If payment is made by Cheque/Bank Draft by the Underwriter, it will be deemed that the Underwriter has not fulfilled his obligation towards his underwriting commitment under this Agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's share subscription account credited.

In any case within **7 (seven) days** after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the Underwriters to the Commission.

In the case of failure by the underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under this Agreement.



c) Capital Structure:

- (i) Authorized, issued, subscribed and paid up capital (number and class of securities, allotment dates, nominal price, issue price and form of consideration);

Particulars	No. of Ordinary Shares	Nominal price	Issue price	Amount in Taka
Before IPO:				
Authorized Capital	200,000,000	10	10	2,000,000,000
Issued, Subscribed and Paid up capital	85,150,000	10	10	851,500,000
Total paid up capital before IPO (A)	85,150,000	10	10	851,500,000
After IPO:				
To be issued as IPO (B)	15,000,000	10	10	150,000,000
Paid up capital (Post IPO) (A+B)	100,150,000	10	10	1,001,500,000

The Company has raised its paid-up capital in following phases:

Particulars	Allotment Date	Consideration			Amount Tk.
		Cash	Other than cash	Bonus Issue	
1st Allotment	Subscribers to the Memorandum & Articles of Association at the time of Incorporation	200	-	-	2,000
2nd Allotment	29-Nov-07	-	14,374,800	-	143,748,000
3rd Allotment	31-08-16	-	-	55,775,000	557,750,000
4th Allotment	29-11-16	15,000,000	-	-	150,000,000
Total		15,000,200	14,374,800	55,775,000	851,500,000

**Face value of company's share was Tk. 1000/- each up to 30 November, 2014 and was converted to Tk. 10/- vide EGM dated January 23, 2015; Face value of shares on the above table was considered at Tk. 10/- for better presentation.*

- (ii) Size of the present issue, with break-up (number of securities, description, nominal value and issue amount);

Particulars/Description			%	No of Ordinary Shares	Nominal Value per share	Issue Price	Total Amount in BDT
Initial Public Offering Under Fixed Price Method	For EIS	Mutual Funds	10%	1,500,000	10	10	15,000,000
		Other EIs	40%	6,000,000			60,000,000
	For General Public	NRB	10%	1,500,000			15,000,000
		Other*	40%	6,000,000			60,000,000
	Total		100%	15,000,000			150,000,000

Other*: 6,000,000 ordinary shares will be reserved for general public and Small Affected Investors.



- (iii) Paid up capital before and after the present issue, after conversion of convertible instruments (if any) and share premium account (before and after the issue);

Particulars	Amount in Tk.
Paid up capital before the present issue	851,500,000
Paid up capital after the present issue	1,001,500,000
Paid up capital after conversion of convertible instruments (if any)	No convertible Instrument
Share premium account before the present issue	No share premium account
Share premium account after the present issue	

****The Company has no convertible instruments and share premium account.***



(iv) Category wise shareholding structure with percentage before and after the present issue and after conversion of convertible instruments (if any);

SL No	Category of Shareholders		No of ordinary shares held		% of Holding		After Conversion	
			Pre-IPO	Post-IPO	Pre-IPO	Post-IPO	Pre-IPO	Post-IPO
1	Director or Sponsors	Individual	23,149,500	23,149,500	27.187%	23.11%	N/A	N/A
		Institutions	30,164,500	30,164,500	35.425%	30.12%		
2	Other Than Director or Sponsor		31,836,000	31,836,000	37.388%	31.79%		
3	Eligible Investors	Mutual Funds	-	1,500,000	0.00%	1.50%		
		Other EIS	-	6,000,000	0.00%	5.99%		
4	General Public	NRB	-	1,500,000	0.00%	1.50%		
		Others	-	6,000,000	0.00%	5.99%		
Total			85,150,000	100,150,000	100%	100%		

**The Company did not convert any instrument as there is none.*



- (v) Where shares have been issued for consideration in other than cash at any point of time, details in a separate table, indicating the date of issue, persons to whom those are issued, relationship with the issuer, issue price, consideration and valuation thereof, reasons for the issue and whether any benefits have been accrued to the issuer out of the issue;

Details of shares issued for consideration in other than cash are as follows:

Date of Issue	Persons to whom those are issued	Relationship with the issuer	Issue Price	Number of Ordinary Shares Allotted	Amount in Tk.	Consideration	Valuation	Reasons for the issue
29.11.07	Wong Jammy Kwok Chan	Managing Director	1,000	1,438	1,438,000	Other Than Cash against Fixed Assets	At Par	As per board decision brand new machines were acquired
	Gain Plus Agents Limited Represented By Mr. Wong Kwok Chuen	Director		142,310	142,310,000			

- (vi) Where shares have been allotted in terms of any merger, amalgamation or acquisition scheme, details of such scheme and shares allotted;

The company did not issue or allot any shares of any merger, amalgamation or acquisition scheme.

- (vii) Where the issuer has issued equity shares under one or more employee stock option schemes, date-wise details of equity shares issued under the schemes, including the price at which such equity shares were issued;

The Company has not issued equity shares to employees under any stock option.

- (viii) If the issuer has made any issue of specified securities at a price lower than the issue price during the preceding two years, specific details of the names of the persons to whom such specified securities have been issued, relation with the issuer, reasons for such issue and the price thereof;

There is no such transaction where the company has made any issue of specified securities at a price lower than the issue price during the preceding two years.

- (ix) The decision or intention, negotiation and consideration of the issuer to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue;

The Company has no such decision or intention, negotiation and consideration to alter the capital structure by way of issue of specified securities in any manner within a period of one year from the date of listing of the present issue.



- (x) The total shareholding of the sponsors and directors in a tabular form, clearly stating the names, nature of issue, date of allotment, number of shares, face value, issue price, consideration, date when the shares were made fully paid up, percentage of the total pre and post issue capital, the lock in period and the number and percentage of pledged shares, if any, held by each of them;

SL.	Name of Director and Sponsor	Position	Nature of Issue	Date of allotment	No of Shares	Amount in Tk.	Face Value/Issue Price	Consideration	Total	No of Shares Total	Percentage (%)		*Lock-in Period from the issue date of prospectus	% of Pledge Share
											Pre-IPO	Post IPO		
1	Country Smart Agents Limited represented by Lee Hung Chun	Sponsor	Ordinary	MOA & AOA	100	1,000	10	Cash	-	-	-	-	Presently this Sponsors do not hold any share of the company	No Pledge
				Transfer(15/09/2007)	(100)	(1,000)		Cash						
2	Gainplus agents Limited represented by Wong Kwok Chuen	Sponsor	Ordinary	MOA & AOA	100	1,000	10	Cash	301,645,000	30,164,500	35.43%	30.12%	3 Years	No Pledge
				29-11-07	14,231,000	142,310,000		Other Than Cash						
				Transfer(17/12/2015)	(8,049,850)	(80,498,500)		Cash						
				31-08-16	23,983,250	239,832,500		Bonus Share						
3	Wong Jammy Kwok Chan	Managing Director	Ordinary	Transfer(15/09/2007)	100	1,000	10	Cash	175,375,000	17,537,500	20.60%	17.51%	3 Years	No Pledge
				29-11-07	143,800	1,438,000		Other Than Cash						
				Transfer(17/12/2015)	3,449,850	34,498,500		Cash						
				31-08-16	13,943,750	139,437,500		Bonus Share						
4	Wong Elisa Dai Wah	Director	Ordinary	Transfer(17/12/2015)	575,000	5,750,000	10	Cash	28,060,000	2,806,000	3.30%	2.80%	3 Years	No Pledge
				31-08-16	2,231,000	22,310,000		Bonus Share						
5	Lee Hung Chun	Director	Ordinary	Transfer(17/12/2015)	575,000	5,750,000	10	Cash	28,060,000	2,806,000	3.30%	2.80%	3 Years	No Pledge
				31-08-16	2,231,000	22,310,000		Bonus Share						

Face value of company's share was Tk. 1000/- each up to November 30, 2014 and was converted in to Tk. 10/- vide EGM dated January 23, 2015; Face value of shares on the above table was considered at Tk. 10/- for better presentation.



- (xi) **The details of the aggregate shareholding of the sponsors and directors, the aggregate number of specified securities purchased or sold or otherwise transferred by the sponsor and/or by the directors of the issuer and their related parties within six months immediate preceding the date of filing the prospectus;**

Aggregate shareholding of the sponsors and directors:

SL.	Name of Director and Sponsor	Position	Date of allotment	No of Shares	Total	Percentage (%)	
						Pre-IPO	Post IPO
1	Country Smart Agents Limited represented by Lee Hung Chun	Sponsor	MOA & AOA	100	-	-	-
			Transfer(15/09/2007)	(100)			
2	Gainplus agents Limited represented by Wong Kwok Chuen	Sponsor	MOA & AOA	100	301,645,000	35.43%	30.12%
			29/11/2007	14,231,000			
			Transfer(17/12/2015)	(8,049,850)			
			31/08/2016	23,983,250			
3	Wong Jammy Kwok Chan	Managing Director	Transfer(15/09/2007)	100	175,375,000	20.60%	17.51%
			29/11/2007	143,800			
			Transfer(17/12/2015)	3,449,850			
			31/08/2016	13,943,750			
4	Wong Elisa Dai Wah	Director	Transfer(17/12/2015)	575,000	28,060,000	3.30%	2.80%
			31/08/2016	2,231,000			
5	Lee Hung Chun	Director	Transfer (17/12/2015)	575,000	28,060,000	3.30%	2.80%
			31/08/2016	2,231,000			
Total					533,140,000	62.63%	53.23%

No specific securities purchased or sold or otherwise transferred within six months immediate preceding the date of filling the prospectus by the sponsors and/or by the directors of the issuer and their related parties except the following newly issued bonus shares:

SL#	Name	Position	Date of Acquisition	Newly issued no of shares
1	Gainplus agents Limited represented by Wong Kwok Chuen	Sponsor	31-08-16	23,983,250
2	Wong Jammy Kwok Chan	Managing Director	31-08-16	13,943,750
3	Wong Elisa Dai Wah	Director	31-08-16	2,231,000
4	Lee Hung Chun	Director	31-08-16	2,231,000



- (xii) The name and address of any person who owns, beneficially or of record, 5% or more of the securities of the issuer, indicating the amount of securities owned, whether they are owned beneficially or of record, and the percentage of the securities represented by such ownership including number of equity shares which they would be entitled to upon exercise of warrant, option or right to convert any convertible instrument;

SL	Name of Shareholders	Address	Position	No of Shares	%	No of Equity Shares entitled to upon exercise of warrant, option or right to convert any convertible instrument
1	Gainplus agents Limited represented by Wong Kwok Chuen	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	Chairman and Director	30,164,500	35.43%	N/A
2	Wong Jammy Kwok Chan	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	Managing Director	17,537,500	20.60%	N/A

- (xiii) The number of securities of the issuer owned by each of the top ten salaried officers, and all other officers or employees as group, indicating the percentage of outstanding shares represented by the securities owned.

As on 31 December 2016, Wong Jammy Kwok Chan, Managing Director & Director, Md. Massum Rana, Company Secretary, Md. Parves Sarwar (Nuton), Head of Sales and Marketing, Mohammad Kutubul Alam, Head of Production, Goutam Chandra Roy, Chief Financial Officer and Md. Rafiul Alam Ripon, Manager - Sales hold shares of Queen South Textile Mills Limited. Status of their holding are as under:

SL	Name of Shareholders	Address	Position	No of Shares	Pre IPO Percentage
1	Wong Jammy Kwok Chan	Plot No: 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh	Managing Director & Director	17,537,500	20.60%
2	Md. Massum Rana		Company Secretary	450,000	0.53%
3	Md. Parves Sarwar (Nuton)		Head of Sales and Marketing	85,000	0.10%
4	Mohammad Kutubul Alam		Head of Production	240,000	0.28%
5	Goutam Chandra Roy		Chief Financial Officer	150,000	0.18%
6	Md. Rafiul Alam Ripon		Manager - Sales	50,000	0.06%



d) DESCRIPTION OF BUSINESS:

- (i) The date on which the issuer company was incorporated and the date on which it commenced operations and the nature of the business which the company and its subsidiaries are engaged in or propose to engage in;**

Queen South Textile Mills Limited was incorporated as a private limited company on 15th June 2003 under the Companies Act 1994 with the registrar of Joint Stock companies and Firms, Bangladesh vide registration no: C-49529(11513)/2003 and was subsequently converted in to a public limited company on 25th January 2016

The company started its commercial operation on 1st June 2005.

The Company has no subsidiary and/or associate company.

Nature of Business: Queen South Textile Mills Limited is a 100% export oriented textile manufacturing Company engaged in dying of yarn for consumption by sweater industry through local LC (**Deemed** Export). Queen South Textile Mills Ltd. set up business establishment in the export -processing zone, Dhaka.

- (ii) Location of the project:** Factory of the company is located at Plot No. 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh.

- (iii) Plant, machinery, technology, process, etc.**

Queen South Textile Mills Limited has been using State of the Art machineries and technologies in order to dye of (acrylic, nylon, cotton, viscose) yarn. Its manufacturing process is heavily technology driven, dynamic in nature with cutting edge technology. Queen South Textile Mills Limited has up-to-date water generation and fire management system. Quality control is the requirement of its production and for this independent quality control department has been established to maintain the quality of the company's product. Total quality management lead by the trained professionals, strict monitoring, and true measurement always provided competitive advantage.



iv) Details of the major events in the history of the issuer, including details of capacity or facility creation, launching of plant, products, marketing, change in ownership and/or key management personnel etc.;

Date of Incorporation:	As a private limited company on 15th June 2003 having a Vide Registration No. C-49529(11513)/2003.			
Private to Public:	Converted into a public limited company on 25th January 2016 with the Registrar of Joint Stock Companies and Firms (RJSC) in Bangladesh under the Companies Act, 1994.			
Capacity:	42 Metric Ton per day			
Launching of Plant:	27th March 2005			
Launching of Products:	15th May 2005			
Launching of Distribution Channel:	1st June 2005			
Date of Commercial Operation:	1st June 2005			
Change in Owner Ship	Name	Position	Date of Change in Ownership	Remarks
	Lee Hung Chun (Representative of Country Smart Agents Limited)	Sponsor Director	15-Sep-2007	Transferred her entire shares to Wong Kwok Chuen (Representative of Gain Plus Agents Limited)
	Wong Kwok Chuen (Representative of Gain Plus Agents Limited)	Chairman	17-Dec-2015	Transferred 8,049,850 shares to Wong Jammy Kwok Chan, Wong Elisa Dai Wah, Lee Hung Chun, Shen Wai Chwang Johnny, Tasang Wai Kwan, Chu Kam Tong, Tasang Wing Hei and Wong Kai Chung.
Chang in Key Management Personnel	1.Mr. Rathindra Kumar Chowdhury MBE joined the company as Chief Executive Officer on November 01, 2017. 2. Md. Muzahid Hassan Joined the company as Head of Maintenance On 08 Mach 2016. 3. Mr. Maqbul Ahmed, FCA joined the board as Independent Director on 04 December 2016 which is approved by the shareholders.			



- (v) **Principal products or services of the issuer and markets for such products or services. Past trends and future prospects regarding exports (if applicable) and local market, demand and supply forecasts for the sector in which the product is included with source of data;**

Queen South Textile Mills Limited operates its business as a backward linkage industry and engaged in dyeing different count of cotton, acrylic, nylon and viscos yarn in Bangladesh. QSTML is a 100% export oriented industry. QSTML sells its products through L/Cs to the 100% export oriented sweater manufacturers who consume the dyed yarn as raw material for production of readymade sweater to export abroad. Therefore, the final destination of the company's products is overseas market. Queen South Textile Mills Limited ultimately produces yarn for renowned sweater manufacturers which are later on consumed by the world-famous brand.

Past Trends:

Last five years sales of Queen South Textile Mills Limited:

Particular	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30-06-2016 (7 Months)	Year ended on				
			30-11-2015	30-11-2014	30-11-2013	30-11-2012	30-11-2011
Turnover	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623

Future Prospects:

Bangladesh Export sector is heavily inclined to RMG. RMG and textile sector contributes maximum of national export of Bangladesh. This sector has remarkable growth and huge contribution to the overall export of the country. As a backward linkage of RMG sector QSTML also has the opportunity to increase its export.

- (vi) **If the issuer has more than one product or service, the relative contribution to sales and income of each product or service that accounts for more than 10% of the company's total revenues;**

Since, the company is engaged in the business of yarn dyeing. Hence, dyed yarn is the only product that contributes 100% on the total revenue.

- (vii) **Description of associates, subsidiary and holding company of the issuer and core areas of business thereof;**

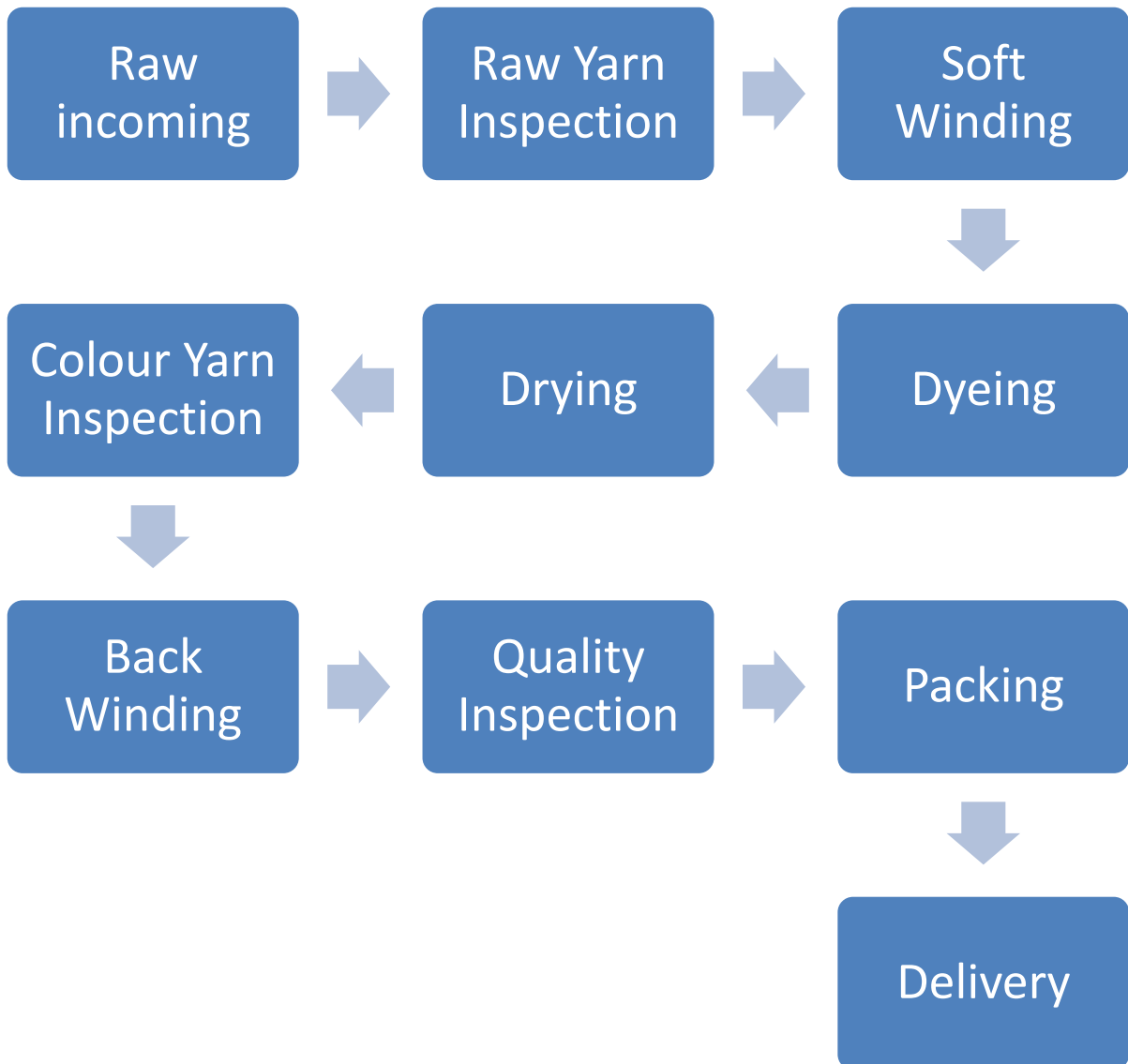
Queen South Textile Mills Limited has no associate, subsidiary and holding company.

- (viii) **How the products or services are distributed with details of the distribution channel. Export possibilities and export obligations, if any;**

On receiving the orders from its customers, Queen South Textile Mills Limited produces the products and supplies to the destination as per the requirements of the customers. Since the company is deemed exporter, it supplies the products to the local destinations.



Process Flow:



Export possibilities and export obligations:

We do not have any export obligation rather there is good potential of expansion for export.



(ix) Competitive conditions in business with names, percentage and volume of market shares of major competitors;

There is huge demand –supply gap for the product of the Company in the sweater manufacturing market (Local and International market). QSTML is capable of exploiting the opportunities though there are a number of competitors in the local market. Such as:

Sl. No.	Name	Sl. No.	Name
1	Kung Keng Ltd	7	Tamishna Yarn Dyeing Limited
2	Chunji Ltd	8	Belly Yarn Dyeing Limited
3	Ring Shine Ltd	9	Masuma Kahatun Yarn Dyeing
4	Everway Textile Ltd	10	F M Yarn Dyeing Ltd
5	Dong beng Ltd	11	Shepherd Industries Limited
6	Labib Yarn Dyeing Ltd	12	Anlima Yarn Dyeing Limited
		13	Nurani Dying & Sweater Limited

Apart from this, as per annual report/prospectus of the following listed companies the sales amount are listed below:

Name of the company	Turnover (Amount in BDT)	Period	Year End
Shepherd Industries Limited	756,861,925	April, 01 2016 to June 30, 2016	June 30
Anlima Yarn Dyeing Limited	217,313,142	July, 01 2015 to June 30 2016	June 30
Nurani Dying & Sweater Limited	269,987,635	April, 01 2016 to June 30, 2016	June 30

Source of Data: Annual report/prospectus

N.B. There is no entity listed with the stock exchange except the above company and there is no data available regarding market shares of the respective listed company in their annual report. Due to unavailability of information, it is not possible to input the other competitors.

(X) Sources and availability of raw materials, names and addresses of the principal suppliers and contingency plan in case of any disruption:

Basic raw materials used for production are raw yarn and dyes chemical which are mostly procured from abroad. For the better quality assurance, the company mostly looks for foreign sources. However, to maintain the steady production sometimes the company has to procure from local sources as well. Suppliers are evaluated periodically on supplier's reliability, quality and prices with new suppliers being added after they meet the required quality and reliability benchmarks. Names of main suppliers are mentioned below:

Supplier Name	Address
Gain Plus Agents Limited	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong
Queensin Limited	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong
Kingpro Trading Limited	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong
Viet Cotton Yarn Investment Trading Jsc	17 Lf Duan Avenue, Ben Nghe Ward, District 1, HCMC Vietnam
T and T Industries Ltd.	6th Floor, Wan-I - Chen BLDG, 124 Manking E. Road, Sec: 2, Taipei, Taiwan R.O.C
Kohinoor Spinning Mills Ltd.	7/1, E-3 Main Boulevard Gulberg III, Lahor, Pakistan
Duy Nam Spinning Jsc.	Binh An Garment and Textile Industrial Zone, Di An District, Binh Duong Province, Vietnam
Bhalchandram Clothing Limited	307, Arun Chambers, Tardeo Road, Mumbai-400 034, India
Le Merite Exports Pvt. Ltd.	104D, B1-Wing, Boomerang Chandivili, Andheri (E), Mumbai, India
Lahoti Overseas Limited	307, Arun Chambers, Tardeo Road, Mumbai-400 034, India
Jiangsu Guo Tai International Group Guo Mao Co. Ltd.	22F, Guotai Times Plaza, Ren Min Rd, Zhangjiagang City, Jiangsu, China
Huntsman (Singapore) Pte. Ltd.	152 Beach Road, 29-00 Gateway East, Singapore 189721.

Contingency Plan: As numbers of suppliers of raw materials are plenty in the market, if one fails to provide raw material there are always another suppliers available. So, there is no possibility of disruption.



(xi) Sources of, and requirement for, power, gas and water; or any other utilities and contingency plan in case of any disruption;

Power: The required power for production including expansion is 3530 KW and will be met through R.E.B through DEPZ. In addition to R.E.B there are 2 GAS generators of 1030 KW and 2 (two) diesel generators of 650 KW will be used in case of any disruption. No further generator is required for the proposed expansion.

Water: The requisite water supply is available from DEPZ and own deep tube-well installed in the factory premises.

Gas: QSTML meets the requirement of GAS from TITAS Gas Transmission and Distribution Company Limited (TGTDCL). In case of shortage of natural gas, QSTML have 2 Gasifiers, total of 13210 KCAL/day to support efficient gas to our boilers without any disruption to the production.

**xii) Names, address(s), telephone number, web address, e-mail and fax number of the customers who account for 10% or more of the company's products/services with amount and percentage thereof;**

Queen South Textiles Mills Limited has no customers who are purchasing 10% or more of the company's product during the period 31 December, 2016.

(xiii) Names, address(s), telephone number, web address, e-mail and fax number of the suppliers from whom the issuer purchases 10% or more of its raw material or finished goods with amount and percentage thereof;

The Company has the following suppliers from whom the company purchases 10% or more of its raw materials/finish goods.

Supplier Name	Address	Telephone No.	Web Address	E-mail	Fax Number	Amount in US\$. 1.07.2016 to 31.12.2016	Percentage
Gain Plus Agents Limited	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	(852) 23275202	No Web Address	icw128@gmail.com	(852) 23522031	4,638,718	28.84%
Queensin Limited	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	(852)23216806	No Web Address	dabby@queensin.com.hk	(852)23216806	4,022,105	25.01%
Kingpro Trading Limited	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	(852) 23212773	No Web Address	tokingon@yahoo.com	(852) 23211606	2,547,263	15.84%



- (xiv) Description of any contract which the issuer has with its principal suppliers or customers showing the total amount and quantity of transaction for which the contract is made and the duration of the contract. If there are not any of such contracts, a declaration is to be disclosed duly signed by CEO or MD, CFO and Chairman on behalf of Board of Directors;

The company has not entered into any contract with any of its suppliers or customers.

Declaration regarding contract with principal suppliers or customers

Date: February 13, 2017

We, on behalf of the Board of Directors certify that the Queen South Textile Mills Limited did not enter into contract with its principal suppliers or customers.

Sd/-

Wong Jammy Kwok Chan
Managing Director & Director

Sd/-

Wong Kwok Chuen
Chairman & Director

Sd/-

Goutam Chandra Roy
Chief Financial Officer



xv) Description of licenses, registrations, NOC and permissions obtained by the issuer with issue, renewal and expiry dates;

Sl.	Name of License/Registration/NOC	License Issuer/Issuing Authority	Certificate / License No.	Issue Date	Validity Status
1	Incorporation	RJSC	C – 49529(1513)/2003	15/06/2003	N/A
2	Certificate of Commencement of Business	RJSC			N/A
3	Trade License	স্বনির্ভর ধামসোনা ইউনিয়ন পরিষদ	627(14)/2017-2018	12-07-17	30-06-18
4	Fire	Bangladesh Fire Service and Civil Defense	DD/Dhaka/18777/2005	2012	30-06-18
5	Bonded Warehouse	Customs Bond Commission rate	97/2004	17-02-04	N/A
6	Environment Certificate	Department of Environment	30.26.72.4.8226.311004/Noba-93	20/08/2017	12.12.2017
7	Boiler	Office of Chief Boiler Inspector	বাঃব ৩৭১৯	03-10-16	03/05/2017-02/11/2017
			বাঃব ৩৭৬০	03-10-16	14/05/2017-13/11/2017
			বাঃব ৬৫০০	12-06-17	12/06/2017 - 11/12/2017
			বাঃব ৬১২৪	03-10-16	14/05/2017-13/11/2017
8	Membership Certificate	Bangladesh EPZ Investors' Association	DHK-041	05-03-17	31-12-17
9	Membership Certificate	Bangladesh Textile Mills Association (BTMA)	003-0009-1323	24-02-16	January-December, 2017
10	TIN Certificate	National Board of Revenue	285431586145	28-10-13	N/A
11	Value Added Tax	National Board of Revenue	17151000606	09-07-13	N/A
12	OEKO-TEX Standard 100 for acrylic/cotton, white reactive and cationic dyed	Institute of the International Association for research and testing in the field of Ecology	10.HBD.80004	17.01.2017	31.12.2017
13	OEKO-TEX Standard 100 for 100% viscose, white and reactive dyed	Institute of the International Association for research and testing in the field of Ecology	05.B.6122	13-10-16	31-08-17

**(xvi) Description of any material patents, trademarks, licenses or royalty agreements;**

The Company neither obtained any patent right/trademarks nor signed any royalty agreement with any party.

(xvii) Number of total employees and number of full-time employees;

All employees are permanent and employee position as per Audited Financial Statements as on December 31, 2016 is as under:

Salary (Monthly)	Staffs	Workers	Total
Below Tk. 3000/-	-	-	-
Above Tk. 3000/-	114	740	854
Total	114	740	854

xviii) A brief description of business strategy;

QSTML's key strategic objectives are to:

- Modernize of existing facilities to ensure sustainable growth and to achieve technological superiority.
- Introducing Current Products to New Markets and Creating New Products for New Markets
- Catch up the latest fashion prevailing around the world
- Developing New Products for Current Customers
- Continuous expansion and improvement of product
- Maintain close contact with buyers to ensure efficient distribution of products.
- Achieve global competitiveness and to derive the benefit of our demographic and wages.
- Continuously investing in people for better team and development of team to produce and market the company's product.



- (xix) A table containing the existing installed capacities for each product or service, capacity utilization for these products or services in the previous years, projected capacities for existing as well as proposed products or services and the assumptions for future capacity utilization for the next three years in respect of existing as well as proposed products or services. If, the projected capacity utilization is higher than the actual average capacity utilization, rationale to achieve the projected levels.

Existing Capacity Utilization:

Description	Installed Capacity	Actual Production	% of Capacity Utilization
Different Count of Yarn Dyeing	42 Metric ton per day	31.08 Metric ton per day	74.00%

Projected capacity utilization:

Sl. No	Name of Product	2019-20			2018-19			2017-18		
		Production Capacity/day	Capacity Utilization /day	Utilization (%)	Production Capacity /day	Capacity Utilization /day	Utilization (%)	Production Capacity /day	Capacity Utilization /day	Utilization (%)
1	Dyed Yarn	57 MT	48.3 MT	84.73%	57 MT	47.3 MT	82.98%	57 MT	44.8 MT	78.60%

ASSUMPTIONS FOR FINANCIAL CALCULATION:

The assumptions underlying the earning forecast are as under:

- The project will operate for 280 days in a year 3 shifts operation basis of 8 hours per shift.
- The capacity buildup has been assumed to be achieved gradually at the rate of 60%, 65%, 70%, 75% & 80 % of estimated attainable capacity in the 1st , 2nd , 3rd , 4th and 5th year of operations and onwards.
- The price of raw materials and finished goods have been assumed to remain constant throughout the projected years of operation with the assumption that increase in the price of raw materials will be offset by the corresponding increase in the price of Selling price.
- Sales prices of the proposed product have been assumed on the basis of price of such products prevailing in the market.
- Stores and Spares for the Project has been calculated at 0.5%,1.0% , 1.5%, 2% and 2% for the 1st, 2nd , 3rd , 4th and 5th year of the machinery.
- The cost of repair and maintenance for the project has been calculated at 0.5%,1.0% , 1.5%, 2% and 2% for the 1st, 2nd , 3rd , 4th and 5th year on the building & civil construction.
- Rent, Tax, Insurance etc. for the project has been calculated 1.00% every year on the fixed cost.
- Annual increment of 10% has been considered for calculation of wages and salaries.
- Economic life of the project has been assumed to be 10 years without any major replacement and depreciation has been charged on reducing balance method accordingly.
- Construction period -12 months.

RATIONALE TO ACHIEVE:

The company has projected that the capacity utilization will be increased due to installation of new machine and with the construction automatic ware house system will enable the company to manage the stock efficiently and effectively. Moreover the existing demand for dyed yarn is huge and increasing day by day. There is huge demand and supply gap in this industry and to meet the existing demand of dyed yarn of the factories who consumed dyed yarn we have to rely on import as such there is ample scope for development. The company will be able to utilize the projected enhance capacity to meet the additional market demand for existing products.



e) Description of Property:

The Written down value of Property, Plant and equipment's owned by the company as per audited accounts as on 31st December, 2016 are stated below:

**Queen South Textile Mills Limited
Dhaka export Processing Zone
Savar Dhaka
Schedule of Property Plant and Equipment 31 December 2016**

Sl. No.	Name of Assets	Written down value as on 31 December 2016
1	Machinery & Equipment	391,081,743
2	Building & Civil Const.	206,697,873
3	Furniture and fixture	847,030
4	Office equipment	4,648,306
5	Electrical Installation	17,440,192
6	Vehicles	3,414,492
	December 31, 2016	624,129,636
	June 30, 2016	661,006,035

(i) Location and area of the land, building, principal plants and other property of the company and the condition thereof;

The entire above-mentioned assets are located at the Company's registered office and factory located at Plot No: 85-88, Extension Area Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh.

All of the above mentioned Property, Plant & Equipment's are in good condition. No re-condition or second hand assets or machinery is used in the company.

Sl. No.	Particulars	Location and Area	Condition of the Property
01	Building	Plot No. 85-88, Extension Area, Dhaka Export Processing Zone (DEPZ), Savar, Dhaka	Factory sheds and building are in good condition.
02	Principal plants and Machineries	Plot No. 85-88, Extension Area, Dhaka Export Processing Zone (DEPZ), Savar, Dhaka	Working in good condition
03	Office equipment	At Factory and Head Office	Good Condition
04	Furniture & Fixture	At Factory and Head Office	Good Condition
05	Vehicles	At Factory and Head Office	Running

(ii) Whether the property is owned by the company or taken on lease;

The company's registered office and factory is situated in Dhaka Export Processing Zone (DEPZ), Savar Dhaka, Bangladesh which is leasehold property was taken from Bangladesh Export Processing Zone Authority (BEPZA), duration of the said lease is 30 years starting from 9th November 2003 and can be renewed by mutual understanding with BEPZA. Except the aforesaid land all the assets of the company are in its own name.

(iii) Dates of purchase, last payment date of current rent (খাজনা) and mutation date of lands, deed value and other costs including details of land development cost, if any and current use thereof;

The company's registered office and factory is situated in Dhaka Export Processing Zone (DEPZ), Savar Dhaka, Bangladesh which is on a leasehold property taken from BEPZA. So, the above information is not applicable for the company.



- (iv) **The names of the persons from whom the lands has been acquired or proposed to be acquired along with the cost of acquisition and relation, if any, of such persons to the issuer or any sponsor or director thereof;**

The company did not purchase any land.

- (v) **Details of whether the issuer has received all the approvals pertaining to use of the land, if required;**

The company did not purchase any land.

- (vi) **If the property is owned by the issuer, whether there is a mortgage or other type of charge on the property, with name of the mortgagee;**

The factory building, all the plant and machineries, all spare parts along with the stocks are under registered mortgage to the lending banks as follows:

Sl. No.	Mortgage	Description of Property	Location
1	Woori Bank	Plant and Machineries, Equipment's of the project and other assets imported or to be imported through Woori Bank, Dhaka	At Factory
		Leasehold interest of Factory Building and other structure already constructed or to be constructed on the plot #85-88 at DEPZ (Excluding Building No. 01)	At Factory
		Hypothecation on the Book Debts arises from export through Woori Bank, Dhaka	At Factory
		Hypothecation on the Stock of Raw Materials, Work-in-Progress and Finished goods already imported or to be imported through Woori Bank, Dhaka	At Factory
2	Prime Bank Limited	4 Storied Main Building of the company located at plot no 85-88 in DEPZ	At Factory
		Pre-fabricated Auto Ware House of the company at plot no 85-88 in DEPZ	At Factory
		Salt Recovery Plant (Steel Structured) of the company at plot no 85-88 in DEPZ	At Factory
		Existing 2 nd charge after BEPZA with RJSC & Firms on the stocks, plants & machinery and book debts of the company	At Factory
3	HSBC Bank	First Charge after BEPZA over the borrower's stocks of raw materials, work in progress, finished goods & book debts and receivables with the RJSC on pari passu basis with other lenders	At Factory
		First Charge after BEPZA over the borrower's plant & machineries with the RJSC on pari passu basis with other lenders	At Factory
4	Standard Chartered Bank	Book Debts and Receivables	At Factory

- (vii) **If the property is taken on lease, the expiration dates of the lease with name of the lessor, principal terms and conditions of the lease agreements and details of payment;**

Lessor	Principal terms and conditions of the lease agreements				Remarks
	Address	Area	Rent/Sq.mtr /per annum	Term	
Bangladesh Export Processing Zones Authority (BEPZA)	Plot No. 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Bangladesh.	10,166.67 sq. meter (approx.)	\$2.20	30 years from the date of 9 th November 2003	lease is 30 years and can be renewed by mutual understanding with BEPZA



(viii) Dates of purchase of plant and machineries along with sellers name, address, years of sale, condition when purchased, country of origin, useful economic life at purchase and remaining economic life, purchase price and written down value;

Date of Purchase	Seller Name	Address	Year of Sale	Condition When Purchased	Country of origin	Useful Economic Life at purchase	Estimated Remaining Useful life	Purchase price (US\$)	BDT
14/05/2004	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON, HONG KONG	Not Sold	Brand New	Taiwan	20 Years	7	70,000	4,095,000
24/05/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	Singapore	20 Years	7	349,050	20,419,425
25/06/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	140,574	8,223,579
25/06/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	25,766	1,507,311
25/06/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	47,081	2,754,239
27/06/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	35,000	2,047,500
27/06/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	20,000	1,170,000
02/07/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	37,930	2,218,905
02/07/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	34,934	2,043,639
02/07/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	62,734	3,669,939
06/07/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hong kong	20 Years	7	45,027	2,634,080
30/09/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	7	70,000	4,095,000
30/09/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	7	40,000	2,340,000
06/10/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	142,000	8,307,000
06/10/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	7	45,255	2,647,418
03/11/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hong kong	20 Years	7	47,225	2,762,633
29/11/2004	Gain Plus Agents Limited	Do	Not Sold	Brand New	Many	20 Years	7	639,000	37,381,500
24/09/2005	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	8	62,680	3,823,480
11/10/2005	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	8	60,000	3,660,000
18/11/2005	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	8	84,378	5,147,060
03/01/2006	Gain plus agents limited	Do	Not Sold	Brand New	Hongkong	20 Years	9	125,000	8,125,000
09/01/2006	Kingpro Trading Limited	Do	Not Sold	Brand New	Hongkong	20 Years	9	419,800	27,287,000
19/01/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	9	18,000	1,170,000
12/04/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	9	125,000	8,125,000
08/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	47,187	3,067,155
08/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	35,583	2,312,895
08/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	57,740	3,753,100
08/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	26,390	1,715,350
08/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	81,500	5,297,500
09/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	15,350	997,750
09/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	6,800	442,000



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09/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	14,100	916,500
19/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	51,660	3,357,900
19/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	17,500	1,137,500
19/05/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	Mauritius	20 Years	9	10,400	676,000
28/08/2006	Kingpro Trading Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Hongkong	20 Years	9	62,476	4,060,956
22/12/2006	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	MANY	20 Years	9	148,936	9,680,853
19/05/2006	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	China	20 Years	10	16,447	1,101,929
20/06/2006	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	10	40,500	2,713,500
12/02/2007	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	10	131,225	8,792,075
20/04/2007	Caterpillar S.A.R.L	Singapore Branch, 7 Tractor Road, Singapore 627968	Not Sold	Brand New	United State	20 Years	10	290,000	19,430,000
15/05/2007	Gofront Holding Limited	Unit 13-15,21/F peninsula Tower,538,Castle Peak Road, Cheung Sha Wan,Kowloon,Hong kong	Not Sold	Brand New	China	20 Years	10	470,000	31,490,000
04/05/2007	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	China	20 Years	10	236,480	15,844,160
25/01/2007	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	10	50,000	3,350,000
03/04/2007	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	10	250,900	16,810,300
25/06/2007	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	10	163,134	10,929,978
29/07/2007	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	10	71,650	4,800,550
20/10/2008	Parktek Engineering Co.	Flat 804,8/F,Global Trade Center,15 Wing Kin Road,Kwai Chung,N.T.,Hong kong	Not Sold	Brand New	Hongkong	20 Years	11	236,800	15,865,600
05/12/2007	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	China	20 Years	11	21,000	1,407,000
18/09/2008	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	11	250,000	16,750,000
13/07/2008	Gain plus agents limited	Do	Not Sold	Brand New	China	20 Years	11	29,975	2,008,325
13/07/2008	Gain plus agents limited	Do	Not Sold	Brand New	Hong Kong	20 Years	11	60,000	4,020,000
15/08/2008	Sin Yeang Co Ltd.	No 6-18,Shencing Road,Cingshuei Town,Taichung, Taiwan 436	Not Sold	Brand New	Taiwan	20 Years	11	327,750	21,959,250
25/01/2008	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	New Taiwan	20 Years	11	55,000	3,685,000
26/03/2008	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	11	304,100	20,374,700
06/04/2008	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	11	55,733	3,734,111



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30/05/2008	Gain plus agents limited	Do	Not Sold	Brand New	China	20 Years	11	128,780	8,628,260
24/10/2008	Gain plus agents limited	Do	Not Sold	Brand New	Hongkong	20 Years	11	63,690	4,267,230
14/02/2008	Gain plus agents limited	Do	Not Sold	Brand New	China	20 Years	11	232,960	15,608,320
03/09/2008	Gain plus agents limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	China	20 Years	11	32,440	2,173,480
20/04/2009	Parktek Engineering Co.	Flat 804,8/F,Global Trade Center,15 Wing Kin Road,Kwai Chung,N.T.,Hong kong	Not Sold	Brand New	China	20 Years	12	60,730	4,068,937
08/12/2008	Caterpillar S.A.R.L	Singapore Branch, 7 Tractor Road, Singapore 627968	Not Sold	Brand New	United State	20 Years	12	320,000	21,440,000
17/04/2009	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Hongkong	20 Years	12	220,000	14,740,000
05/05/2009	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	12	61,556	4,124,262
10/11/2008	Gain plus agents limited	Do	Not Sold	Brand New	New Taiwan	20 Years	12	150,000	10,050,000
01/02/2009	Parktek Engineering Co.	Flat 804,8/F,Global Trade Center,15 Wing Kin Road,Kwai Chung,N.T.,Hong kong	Not Sold	Brand New	Hong Kong	20 Years	12	165,000	11,055,000
04/05/2009	Kingpro Trading Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Hong Kong	20 Years	12	48,205	3,229,735
29/06/2009	Gain plus agents limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Hong kong	20 Years	12	79,470	5,324,490
05/05/2009	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	12	74,737	5,007,359
10/08/2009	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	12	37,400	2,505,800
10/04/2009	GOFRONT HOLDING LTD.	UNIT-13-15,21/F,PENINSULATOWER,538 CASTLE PEAK ROAD , CHEUNG SHAWAN,KOWLOON, HONGKONG.	Not Sold	Brand New	Hongkong	20 Years	12	220,000	14,740,000
25/08/2009	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Hongkong	20 Years	12	220,000	14,740,000
03/09/2009	Gain plus agents limited	Do	Not Sold	Brand New	China	20 Years	12	239,200	16,026,400
12/11/2009	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	12	24,960	1,672,320
20/01/2010	Gain plus agents limited	Do	Not Sold	Brand New	New Taiwan	20 Years	13	214,460	14,583,280
04/02/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	New Taiwan	20 Years	13	74,420	5,060,560
28/04/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	New Taiwan	20 Years	13	75,000	5,100,000
22/05/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	13	50,000	3,400,000
22/04/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	New Taiwan	20 Years	13	150,000	10,200,000
12/05/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	13	70,200	4,773,600
22/06/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	13	40,480	2,752,640
08/07/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	13	220,000	14,960,000



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23/07/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	13	93,885	6,384,194
30/07/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	13	25,000	1,700,000
01/02/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	13	75,570	5,138,760
08/02/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	13	82,800	5,630,400
10/02/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	13	44,860	3,050,480
21/12/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	New Taiwan	20 Years	13	372,700	25,343,600
02/07/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	14	55,000	3,740,000
29/12/2010	Gain Plus Agents Limited	Do	Not Sold	Brand New	New Taiwan	20 Years	14	31,200	2,121,600
21/07/2011	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	14	172,800	11,750,400
27/09/2011	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	14	48,900	3,325,200
28/11/2011	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	14	252,950	17,200,600
20/09/2011	Gain Plus Agents Limited	Do	Not Sold	Brand New	India	20 Years	14	300,000	20,400,000
30/12/2011	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	14	63,000	4,284,000
21/03/2012	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hong kong	20 Years	14	115,920	7,882,560
14/05/2012	Tecnoroma SRL	Via Onorio Vannucchi 15 15-1-2-3 59100 Prato Italy	Not Sold	Brand New	Italy	20 Years	14	67,835	4,612,797
01/08/2012	Logic Art Automation Co.Ltd	8F-7, Bo.16 Lane 609 SEC.5 Chung-SHIN RD, SAN CHUNG City Taipei HSIEN, TAIWAN	Not Sold	Brand New	New Taiwan	20 Years	14	65,000	4,420,000
24/03/2012	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Philippines	20 Years	15	41,120	3,084,000
29/09/2012	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hong kong	20 Years	15	310,646	23,298,465
03/12/2012	Gain Plus Agents Limited	Do	Not Sold	Brand New	China		15	145,000	10,875,000
06/09/2013	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Hongkong	20 Years	16	57,131	4,284,825
19/07/2013	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	16	85,539	6,415,418
13/07/2013	Pacific Power Engeneering Import Export Co., Ltd	Doung Ngiep II Street Khan Dankor,Phnom Oenh,Combodia	Not Sold	Brand New	Hong kong	20 Years	16	16,586	1,243,950
28/01/2013	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Hong kong	20 Years	16	311,354	23,351,558
18/02/2013	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hong kong	20 Years	16	60,496	4,537,200
30/09/2013	Gain Plus Agents Limited	Do	Not Sold	Brand New	Netherlands	20 Years	16	7,540	565,500
28/01/2014	Gain Plus Agents Limited	FLAT C 1/F VICTORIOUS FTY BLDG,35 TSEUK LUK ST SAN PO KONG KOWLOON HONG KONG	Not Sold	Brand New	Netherlands	20 Years	17	20,630	1,602,951
03/07/2014	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hong kong	20 Years	17	90,776	7,053,295
19/12/2013	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	17	358,027	27,818,698
19/12/2013	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	17	75,825	5,891,603
31/12/2013	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	17	78,000	6,060,600



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30/11/2015	Gain Plus Agents Limited	Do	Not Sold	Brand New	China	20 Years	17	120,000	9,324,000
07/03/2014	FADIS S.P.A	Via Colombera, 70- 21048 Solbiate Arno,Varese (Italy)	Not Sold	Brand New	Italy	20 Years	17	8,146	632,946
12/06/2015	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	18	787,620	62,174,723
28/01/2015	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	18	18,448	1,456,285
02/06/2015	Gain Plus Agents Limited	Do	Not Sold	Brand New	Hongkong	20 Years	18	425,815	33,613,836
	Total Machineries							14,902,558	988,637,762
	Installation Cost							794,145	53,106,724
	Total							15,696,703	1,041,744,486
	Less: Accumulated Depreciation								650,662,743
	Written Down Value								391,081,743



ix) Details of the machineries required to be bought by the issuer, cost of the machineries, name of the suppliers, date of placement of order and the date or expected date of supply, etc.

No machineries are required to be bought by the issuer except machineries to be bought from IPO proceeds as under:

Sl.	List of Machineries to be bought from IPO Proceeds	Country of origin	Quantity Sets	Name of the suppliers	Address	Date of Placement Order	Date or Expected date of Supply
1	Automatic warehouse System	Taiwan	1 Set	Queenproduct Enterprise Company Limited	1 st Floor, 16-20 SAM CHUK STREET, WONG TAI SIN, KOWLOON, HONGKONG	The company will place order soon through 180 deferred L/C. Payment of the machineries will be made after receiving the IPO Proceeds.	120 Days from Placement of order
2	RCT-III Yarn Package Drying Machine -1*Fan, 55 KW, Single Chamber, 1200 bobbins	China	2 SET	Queenproduct Enterprise Company Limited			
3	RCT-III Yarn Package Drying Machine -2*Fan, 2*37 KW, Dual Chamber, 1200 bobbins	China	2 SET	Queenproduct Enterprise Company Limited			
4	Natural Gas Boiler SZ20-2.5/450-YQ	China	1 Set	Queenproduct Enterprise Company Limited			



- (x) **In case the machineries are yet to be delivered, the date of quotations relied upon for the cost estimates given shall also be mentioned;**

There are no such machineries which are yet to be delivered.

- (xi) **If plant is purchased in brand new condition then it should be mentioned;**

All the plants and machineries are in good condition and all are brand new.

Declaration Related to Machineries

We do hereby certify that all the plants and machineries of Queen South Textile Mills Limited were purchased and installed in brand new condition.

Place: Dhaka

Date: June 20, 2017

Sd/-

Mahfel Huq & Co.
Chartered Accountants

- (xii) **Details of the second hand or reconditioned machineries bought or proposed to be bought, if any, including the age of the machineries, balance estimated useful life, etc. as per PSI certificates of the said machineries as submitted to the Commission;**

The Company has no plan to purchase any second hand or reconditioned machineries. All the plants and machineries are in good condition and all are brand new.



- xiii) A physical verification report by the issue manager regarding the properties as submitted to the Commission;

**PHYSICAL VERIFICATION REPORT BY THE ISSUE MANAGER
Of
QUEEN SOUTH TEXTILE MILLS LIMITED**

This is to certify that we have visited the registered office and factory of Queen South Textile Mills Limited on February 05, 2017 and we have found the registered office and factory as details below:

Purpose of Visit:

As a part of Issue Manager's due diligence process in order to verify the operational status and assets of Queen South Textile Mills Ltd. before public issue of ordinary shares.

Visited and Accompanied by:

Particulars		Name & Designation	Company
Visited by	:	Noor Ahamed, FCA CEO and Managing Director	Alpha Capital Management Limited
Accompanied by	:	Massum Rana Company Secretary	Queen South Textile Mills Limited
		Goutam Chandra Roy Chief Financial Officer	

Registered Office:

The registered office of the company is located at Plot No. 85-88, Extension Area Dhaka Export Processing Zone Savar Dhaka, Bangladesh.

Location of the Factory:

Export Processing Zone, Savar, Dhaka.

Nature of Business:

Queen South Textile Mills Limited is a 100% export oriented textile manufacturing Company engaged in dying of yarn for consumption by sweater industry through local LC (Deemed Export). Queen South Textile Mills Ltd. set up business establishment in the export -processing zone, Dhaka.

Products:

Various types of dyed yarn (100% cotton, 100% viscose, 100% nylon, 50/50 acrylic/cotton, 100% polyester, 60/40 acrylic/viscose, 40/60 viscose/acrylic, 60/40 acrylic/cotton, 40/60 acrylic/cotton)



Description of Property:

We have identified the properties of Queen South Textile Mills Limited are as follows:

A. BUILDINGS

Description in details of the buildings/construction are shown as under:

Sl. No.	Particulars of Buildings/Structures	Class of constructions	Floor area / Covered area
1	4-STORIED FACTORY BUILDING- (part-I) Having heavy necessary machineries foundations (ground, 1st & 2nd floor)	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC- Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	17,791 x 3 = 53,373 sft.
		Pre-fabricated structures	3rd floor (top floor) 17,791 sft.
2	Dyeing Section/Area adjacent to factory building part-1 (prefabricate steel building) Having heavy necessary machineries foundation with a height of 40'-45' feet	Pre-fabricated steel structures	Covered area 7,488 sft.
3	5-STORIED FACTORY BUILDING- (part II) Having heavy necessary machineries foundations (ground to 3rd floor) Roof of the top floor of the building set-up with prefabricated steel structure (4th floor)	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC- Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	16,827 x 4 = 67,308 sft.
		Pre-fabricated steel structures	4th floor (top floor) 16,827 sft.
4	4-storied building (Chemical store, Canteen, Generator sections) adjacent to factory building part-II	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC- Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	2,478 x 4 = 9,912 sft.
5	Double storied building (Boiler sections) adjacent to factory building part-II	Pre-fabricated steel structure	3,068 x 2 = 6,136 sft.
6	Auto warehouse/silo adjacent to factory building part-II (prefabricate steel building with a height of 65'-72' feet) Computerized with mechanical storing & sorting system	Pre-fabricated steel structure	Covered area 9,360 sft.
7	Loading & Unloading section Front side of factory building part-II (prefabricate steel structure)	Pre-fabricated steel structure	Covered area 2,678 sft.
8	4-storied building (Salt recovery plant) adjacent to factory building part-I (ground, 1st & 2nd floor)	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC- Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	3,328 x 3 = 9,984 sft.



	Roof of the top floor of the building set-up with prefabricated steel structure (3rd floor)	Pre-fabricated steel structure	3rd floor (top floor) 3,328 sft.
9	Extension buildings: a. Single storied dyeing sample building (adjacent to Factory building-I)	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC- Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	644 sft.
	b. Pre-fabricated Steel Shed (adjacent to Dyeing section)	Pre-fabricated steel structures	2,875 sft.
10	Chemical Store/warehouse	Pre-fabricated steel structures	Covered area 6,368 sft.
11	Coal Shed	Brick Wall & Teen Shed Roof with M.S angle	6,216 sft.

B. FIRE EXTINGUISHER AND FIRE EQUIPEMENT

Description in details of the fire extinguisher and fire equipment are shown as under:

Sl #	Particulars	Quantity	Sl#	Particulars	Quantity
1	Foam	2	11	Hook	5
2	CO2	49	12	Gas Mask	15
3	ABC Powder	133	13	Hand Gloves	10 Pairs
4	Hydrant Box	27	14	Hammer	2
5	Fire Alarm	25	15	Lock Cutter Blade	5
6	Smoke Detector	74	16	Stretcher	5
7	Bitter	10	17	Exit Light	17
8	Fire Blanket	10	18	Emergency Light	52
9	Cutter	5			
10	Sprinkler	528			

PLANT AND MACHINERIES:

All the machineries used for production are purchased in brand new condition. The machineries are running well and maintained properly.

ETP:

The company waste water are purified through the Central Effluent Treatment Plant (CETP) of BEPZA and the company pays the required fees to BEPZA and follows rules and guidelines of environment directorate's policies and directives.

SIGNBOARD:

The signboard of the Company is well displayed at the factory premises and there is no other Office/Factory with in the said factory premises.

Place: Dhaka
Date: 20 June, 2017

Sd/-
Noor Ahamed, FCA
CEO & Managing Director



- (xiv) If the issuer is entitled to any intellectual property right or intangible asset, full description of the property, whether the same are legally held by the issuer and whether all formalities in this regard have been complied with;

The Company has no intellectual property right or intangibles assets.

- (xv) Full description of other properties of the issuer:

**Queen South Textile Mills Limited
Dhaka export Processing Zone
Savar Dhaka**

Schedule of Property Plant and Equipment 31 December 2016

Sl. No.	Name of Assets	Written down value as on 31 December 2016
1	Machinery & Equipment	391,081,743
2	Building & Civil Const.	206,697,873
3	Furniture and fixture	847,030
4	Office equipment	4,648,306
5	Electrical Installation	17,440,192
6	Vehicles	3,414,492
	December 31, 2016	624,129,636
	June 30, 2016	661,006,035



(a) Details of the factory Building:

Sl. No.	Particulars of Buildings/Structures	Class of constructions	Floor area / Covered area
1	4-STORIED FACTORY BUILDING-(part-I) Having heavy necessary machineries foundations (ground, 1st & 2nd floor)	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	17,791 x 3 = 53,373 sft.
		Pre-fabricated structures	3rd floor (top floor) 17,791 sft.
2	Dyeing Section/Area adjacent to factory building part-1 (prefabricate steel building) Having heavy necessary machineries foundation with a height of 40'-45' feet	Pre-fabricated steel structures	Covered area 7,488 sft.
3	5-STORIED FACTORY BUILDING-(part II) Having heavy necessary machineries foundations (ground to 3rd floor)	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	16,827 x 4 = 67,308 sft.
	Roof of the top floor of the building set-up with prefabricated steel structure (4th floor)	Pre-fabricated steel structures	4th floor (top floor) 16,827 sft.
4	4-storied building (Chemical store, Canteen, Generator sections) adjacent to factory building part-II	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	2,478 x 4 = 9,912 sft.
5	Double storied building (Boiler sections) adjacent to factory building part-II	Pre-fabricated steel structures	3,068 x 2 = 6,136 sft.
6	Auto warehouse/silo adjacent to factory building part-II (prefabricate steel building with a height of 65'-72' feet) Computerized with mechanical storing & sorting system	Pre-fabricated steel structures	Covered area 9,360 sft.
7	Loading & Unloading section Front side of factory building part-II (prefabricate steel structure)	Pre-fabricated steel structures	Covered area 2,678 sft.
8	4-storied building (Salt recovery plant) adjacent to factory building part-I (ground, 1st & 2nd floor)	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	3,328 x 3 = 9,984 sft.
	Roof of the top floor of the building set-up with prefabricated steel structure (3rd floor)	Pre-fabricated steel structures	3rd floor (top floor) 3,328 sft.
9	Extension buildings: a. Single storied dyeing sample building (adjacent to Factory building-I)	RCC-Grade Beam, RCC-Floor Slab, RCC-Pillar, RCC-Slab with Beam, RCC-Stair, RCC-Lintel, Brick Wall, Plaster, Wall Paint, Thai Aluminum & 5mm Glass in window, Door, M.S Grill in Window.	644 sft.
	b. Pre-fabricated Steel Shed (adjacent to Dyeing section)	Pre-fabricated steel structures	2,875 sft.
10	Chemical Store/warehouse	Pre-fabricated steel structures	Covered area 6,368 sft.
11	Coal Shed	Brick Wall & Teen Shed Roof with M.S angle	6,216 sft.



(b) Head office Building:

Registered office of the building is situated at the same premises.

(c) Fire Fighting Equipment:

List of Fire Fighting Equipment are as follows:

Sl #	Particulars	Quantity	Sl#	Particulars	Quantity
1	Foam	2	11	Hook	5
2	CO2	49	12	Gas Mask	15
3	ABC Powder	133	13	Hand Gloves	10 Pairs
4	Hydrant Box	27	14	Hammer	2
5	Fire Alarm	25	15	Lock Cutter Blade	5
6	Smoke Detector	74	16	Stretcher	5
7	Bitter	10	17	Exit Light	17
8	Fire Blanket	10	18	Emergency Light	52
9	Cutter	5			
10	Sprinkler	528			

(d) Car & Vehicles:

The company at present owns following car and vehicles:

SL.No	Vehicle Number	Vehicle Type	Chassis & Engine Number
1	DM-CHA-51-6192	Kia Microbus	KNHTR731257-211761 / 12-425752
2	DM-CHA-51-0041	Kia Jeep	KNAUP752366776562 / K5118527
3	DM-KHA-12-7681	Toyota Probox	NCP 50-0035942 / 2NZ-3395872
4	DM-KHA-12-7671	Toyota Probox	NCP 50-0023656 / 2NZ-3017022
5	DM-GHA-11-0032	Mercedes Benz	WDB4613332X190143 / 64288441100572



f) Plan of Operation and Discussion of Financial Condition:

i) If the issuer has not started its commercial operation, the company's plan of operations for the period which would be required to start commercial operation which shall, among there, include the following information

Not applicable for the company

(ii) If the issuer had been in operation, the issuer's revenue and results from operation, financial position and changes in financial position and cash flows for the last five years or from commercial operation, which is shorter, shall be furnished in tabular form which shall, among others, include the following information:

The Company's revenue and results from operations, Statement of Financial position, changes in financial position and statement of cash flows for the last five years are mentioned below:

Particulars	Amount in Taka						
	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30-06-2016 (7 Months)	Year ended on				
			30-11-2015	30-11-2014	30-11-2013	30-11-2012	30-11-2011
	Restated						
Revenue	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623
Cost of Sales	1,505,255,293	1,684,982,163	2,920,699,655	3,370,237,708	3,061,367,005	2,742,525,465	2,220,752,411
Gross Profit	165,038,035	185,105,075	295,273,083	350,646,233	315,306,456	278,548,676	213,828,212
FC Gain/(Loss)	(1,188,370)	3,139,589	(4,040,656)	2,254,897	(28,121,539)	(111,116,470)	(44,361,348)
Less: Operating Expenses	52,760,753	59,826,922	87,795,506	82,707,179	74,031,333	62,172,898	54,109,667
Administrative expenses	45,802,686	51,890,709	73,189,720	68,265,352	74,031,333	62,172,898	54,109,667
Distribution Cost	6,958,067	7,936,213	14,605,786	14,441,827	-		
		-	-	-			
Operating Profit for the Year	111,088,912	128,417,742	203,436,921	270,193,951	213,153,584	105,259,308	115,357,197
Add: Other Income	58,354	70,402	82,318	73,948	150,433	157,873	219,790
Profit Before Financial Expenses and Tax	111,147,266	128,488,144	203,519,239	270,267,899	213,304,017	105,417,181	115,576,987
Less: Financial Expenses	36,763,400	33,314,113	73,778,445	59,360,187	43,560,193	45,945,632	29,849,214
Net profit before tax	74,383,866	95,174,031	129,740,794	210,907,712	169,743,824	59,471,549	85,727,773
Less: Income tax expense	11,932,884	14,290,186	11,312,352				
Net profit/(Loss) after Tax for the Year	62,450,982	80,883,845	118,428,442	210,907,712	169,743,824	59,471,549	85,727,773
Basic Earnings Per Share (EPS)	0.86	1.15	1.69	3.01	2.42	0.85	1.22



Statement of Financial Positions:

Particulars	Amount in Taka						
	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
	Restated						
NON-CURRENT ASSETS							
Property, Plant & Equipment	624,129,636	661,006,035	705,067,852	685,844,942	683,013,410	721,414,841	712,925,640
Constructional Work in Progress	40,505,086	40,505,086	-	-	25,457,449	18,317,864	-
Total Non-Current Assets	664,634,722	701,511,121	705,067,852	685,844,942	708,470,859	739,732,705	712,925,640
CURRENT ASSETS							
Inventory	1,359,320,933	1,396,783,451	1,362,214,278	1,422,441,585	1,134,543,117	685,432,791	714,890,315
Trade & other receivables	493,629,062	619,161,933	553,325,282	472,557,019	326,442,832	438,322,164	159,346,994
Advance, Deposits & Prepayments	90,415,814	74,822,835	64,021,198	45,022,537	39,771,123	36,374,718	38,926,569
Investment FDR	22,217,531	22,074,707	22,155,865	21,725,926	22,292,801	20,758,470	20,600,597
Cash and Cash Equivalents	209,729,250	51,782,368	116,860,041	59,429,665	5,941,316	8,274,552	34,529,899
Total Current assets	2,175,312,590	2,164,625,294	2,118,576,664	2,021,176,732	1,528,991,189	1,189,162,695	968,294,374
TOTAL ASSETS	2,839,947,312	2,866,136,415	2,823,644,516	2,707,021,674	2,237,462,048	1,928,895,400	1,681,220,014
EQUITY & LIABILITIES							
Equity attributable to share holders							
Issued, Subscribed & paid up capital	851,500,000	143,750,000	143,750,000	143,750,000	143,750,000	143,750,000	143,750,000
Retained earnings	528,109,332	1,023,408,350	943,196,472	860,523,764	649,616,052	479,872,228	420,400,679
Total Shareholder's equity	1,379,609,332	1,167,158,350	1,086,946,472	1,004,273,764	793,366,052	623,622,228	564,150,679
NON-CURRENT LIABILITIES							
Long Term borrowing	441,726,697	455,972,530	454,689,821	546,262,676	508,462,443	224,872,299	183,206,526
Deferred tax liability	40,769,315	40,603,121	39,965,582	-	-	-	-
Total non-current liabilities	482,496,012	496,575,651	494,655,403	546,262,676	508,462,443	224,872,299	183,206,526
CURRENT LIABILITIES							
Trade & other Payables	518,223,211	663,284,938	722,317,359	860,887,911	704,289,772	807,841,149	759,099,767
Current portion of long term borrowing	31,579,694	33,367,042	22,400,640	-	-	-	-
Short Term borrowing	334,205,851	422,211,515	442,801,217	255,678,745	188,035,960	225,301,357	132,932,884
Liabilities for Expenses	93,833,212	83,538,919	54,523,425	39,918,578	43,307,821	47,258,367	41,830,158
Total Current Liabilities	977,841,968	1,202,402,414	1,242,042,641	1,156,485,234	935,633,553	1,080,400,873	933,862,809
Total Liabilities	1,460,337,980	1,698,978,065	1,736,698,044	1,702,747,910	1,444,095,996	1,305,273,172	1,117,069,335
TOTAL EQUITY & LIABILITIES	2,839,947,312	2,866,136,415	2,823,644,516	2,707,021,674	2,237,462,048	1,928,895,400	1,681,220,014
NAV per Share	16.20	81.19	75.61	69.86	55.19	43.38	39.25

Face value of company's share was Tk. 1000/- each up to November 30, 2014 and was converted in to Tk. 10/- vide EGM dated January 23,2015 ; Thus , Net Asset Value (NAV) per Share for all the years is calculated through using tk. 10.00 per share.

**Statement of Changes in Financial Position:**

For the period ended December 31, 2016, June 30, 2016 and for the year ended November 30, 2015, 2014, 2013, 2012, 2011

Particulars	Ordinary Share Capital	Retained Earnings	Total
Balance as on November 30, 2011	143,750,000	420,400,679	564,150,679
Balance as on November 30, 2012	143,750,000	479,872,228	623,622,228
Balance as on November 30, 2013	143,750,000	649,616,052	793,366,052
Balance as on November 30, 2014	143,750,000	860,523,764	1,004,273,764
Balance as on November 30, 2015	143,750,000	943,196,472	1,086,946,472
Balance as on June 30, 2016	143,750,000	1023408350	1,167,158,350
Balance as on December 31, 2016	851,500,000	528,109,332	1,379,609,332



Statement of Cash flows:

Particulars	Amount in Taka						
	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30-06-2016 (7 Months)	30-11-2015	30-11-2014	30-11-2013	30-11-2012	30-11-2011
Restated							
a) Cash flow from operating activities :							
Received from Customers and Others	1,797,539,126	1,780,123,955	3,135,286,793	3,574,825,481	3,488,703,226	2,742,256,844	2,505,523,133
Payment to Creditors, Suppliers, Others	(1,634,870,424)	(1,752,999,826)	(3,012,704,999)	(3,508,167,837)	(3,638,297,279)	(2,742,012,301)	(2,510,748,121)
Income Tax Paid	(11,746,266)	(13,056,410)	(6,523,076)	-			
Net cash provided by operating activities	150,922,436	14,067,719	116,058,718	66,657,644	(149,594,053)	244,543	(5,224,988)
b) Cash flow from investing activities							
Acquisition of Property Plant and Equipment	(599,242)	(2,568,702)	(99,597,366)	(59,375,900)	(46,829,821)	(96,112,767)	(108,889,009)
Investment/(Encashment) in FDR	(58,354)	-	(82,318)	(73,948)	(1,534,331)	(157,873)	(2,121,999)
Construction Work In Progress	-	(40,505,086)	-	-	(7,139,585)	(18,317,864)	-
Net cash used by investing activities	(657,596)	(43,073,788)	(99,679,684)	(59,449,848)	(55,503,737)	(114,588,504)	(111,011,008)
c) Cash flow from financing activities :							
Proceeds from issuance of shares	150,000,000	-					
Financial Expenses Paid	(36,763,400)	(33,314,113)	(73,778,445)	(59,360,187)	(43,560,193)	(45,945,632)	(29,849,214)
Short Term bank Loan Received/(Paid)	(88,864,293)	(17,543,471)	187,122,472	67,642,785	(37,265,397)	92,368,473	107,969,193
Long term bank loan (Paid)/Received	(16,888,799)	15,418,301	(69,172,215)	37,800,233	283,590,144	41,665,773	59,558,776
Net cash provided by financing activities	7,483,508	(35,439,283)	44,171,812	46,082,831	202,764,554	88,088,614	137,678,755
d) Net increase in cash (a+b+c)	157,748,348	(64,445,352)	60,550,846	53,290,627	(2,333,236)	(26,255,347)	21,442,759
e) Unrealized gain/(loss)	198,534	(632,321)	(3,120,470)	179,501	-	-	-
f) Cash at beginning of the period	51,782,368	116,860,041	59,429,665	5,959,537	8,274,552	34,529,899	13,087,140
g) Cash at the end of the period (d+e+f)	209,729,250	51,782,368	116,860,041	59,429,665	5,941,316	8,274,552	34,529,899



a) Internal and external sources of cash;

Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
	-	-	Restated	-	-	-	-
Internal Source of Cash							
Share Capital	851,500,000	143,750,000	143,750,000	143,750,000	143,750,000	143,750,000	143,750,000
Retained earnings	528,109,332	1,023,408,350	943,196,472	860,523,764	649,616,052	479,872,228	420,400,679
Sub Total	1,379,609,332	1,167,158,350	1,086,946,472	1,004,273,764	793,366,052	623,622,228	564,150,679
External Sources of cash							
Long Term Foreign Loan	473,306,391	489,339,572	477,090,461	546,262,676	508,462,443	224,872,299	183,206,526
Short Term Borrowing	334,205,851	422,211,515	442,801,217	255,678,745	188,035,960	225,301,357	132,932,884
Sub Total	807,512,242	911,551,087	919,891,678	801,941,421	696,498,403	450,173,656	316,139,410
Grand Total	2,187,121,574	2,078,709,437	2,006,838,150	1,806,215,185	1,489,864,455	1,073,795,884	880,290,089

b) Any material commitments for capital expenditure and expected sources of funds for such expenditure;

QSTML has no other material commitments for capital expenditures except for those mentioned in the Utilization of IPO proceeds in this prospectus.



C) Causes for any material changes from period to period in revenues, cost of goods sold, other operating expenses and net income;

The Company's revenue and other income as well as operating expenses and net income have continued to change due to increasing business volume.

Particulars	Amount in Taka						
	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30-06-2016 (7 Months)	Year ended on				
			30-11-15	30-11-14	30-11-13	30-11-12	30-11-11
			Restated				
Revenue	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623
Cost of Sales	1,505,255,293	1,684,982,163	2,920,699,655	3,370,237,708	3,061,367,005	2,742,525,465	2,220,752,411
Gross Profit	165,038,035	185,105,075	295,273,083	350,646,233	315,306,456	278,548,676	213,828,212
FC Gain/(Loss)	-1,188,370	3,139,589	-4,040,656	2,254,897	-28,121,539	-111,116,470	-44,361,348
Less: Operating Expenses	52,760,753	59,826,922	87,795,506	82,707,179	74,031,333	62,172,898	54,109,667
Administrative expenses	45,802,686	51,890,709	73,189,720	68,265,352	74,031,333	62,172,898	54,109,667
Distribution Cost	6,958,067	7,936,213	14,605,786	14,441,827	-	-	-
		-	-	-	-	-	-
Operating Profit for the Year	111,088,912	128,417,742	203,436,921	270,193,951	213,153,584	105,259,308	115,357,197
Add: Other Income	58,354	70,402	82,318	73,948	150,433	157,873	219,790
Profit Before Financial Expenses and Tax	111,147,266	128,488,144	203,519,239	270,267,899	213,304,017	105,417,181	115,576,987
Less: Financial Expenses	36,763,400	33,314,113	73,778,445	59,360,187	43,560,193	45,945,632	29,849,214
Net profit before tax	74,383,866	95,174,031	129,740,794	210,907,712	169,743,824	59,471,549	85,727,773
Less: Income tax expense	11,932,884	14,290,186	11,312,352				
Net profit/(Loss) after Tax for the Year	62,450,982	80,883,845	118,428,442	210,907,712	169,743,824	59,471,549	85,727,773
Basic Earnings Per Share (EPS)	0.86	1.15	1.69	3.01	2.42	0.85	1.22



Causes for any changes from period to period in revenues, cost of goods sold, other operating expenses and net profit are as under:

Period	Sales	COGS	Operating Expenses	Net Profit
01-07-2016 to 31-12-2016 (6 Months)	Slight increase in sales of the company were observed during this period.	Cost of goods sold of the company also increased during this period due to increase in sales.	Operating expenses of the company also increased and in consistent with the sales and cost of goods sold.	Net profit slightly decreased due to decrease in gross profit ratio due to increase cost of raw material and slight increase in operating expenses and financial expenses.
01-12-2015 to 30-06-2016 (7 Months)	Sales of the company were steady during that period & financial statement was prepared during that period to comply with condition of section of finance act 2015.	Cost of goods sold of the company decreased due to decrease in cost of raw material resulting in increased GP ratio.	Operating expenses increased slightly mainly because of increase in salary and allowances.	Net profit increased mainly increase in GP ratio due to decrease in cost of raw material and decrease in financial expenses.
30-11-2015	Sales of the company decreased by 14% from 01 December 2014 to 30 November 2015.	Cost of goods sold of the company decreased due to decrease in sales volume.	Company's administrative and selling and distribution expenses were maintained efficiently, and there were general changes in operating expenses in this period.	Net profit mainly decreased due to decrease in sales and increase in financial expenses.
30-11-2014	Sales of the company increased by 10% from 01 December 2013 to 30 November 2014	Cost of goods sold of the company changed in line with sales.	The company's administrative expenses were managed efficiently and selling and distribution expenses were in line with the sales revenue.	Because of increase in sales revenue net profit of the company had increased.
30-11-2013	Sales of the company increased by 12% from 01 December 2012 to 30 November 2012 due to installation of some machinery in the production line to cope up with the demand.	Costs of goods sold changed due to increase in sales revenue.	The company's administrative expenses mainly increased due to increase in salary and allowances.	Net profit mainly increased due to increase in sales.
30-11-2012	Sales of Queen South Textile Mills Limited increased from 01 December 2011 to 30 November 2012 by 24% due to installation of some machinery in the production line to cope up with the demand.	Costs of goods sold changed in line with sales revenue.	The company's administrative expenses were managed efficiently.	In spite of high sales revenue net profit of the company decreased because of higher foreign currency loss and higher finance cost.
30/11/2011	Sales of the company increased by 13% from 01 December 2010 to 30 November 2011.	Costs of goods sold changed due to increase in sales revenue.	The company's administrative expenses were managed efficiently and were consistent with operating activities.	In this period net profit increased because of higher sales revenue.



d) Any seasonal aspects of the issuer's business;

The demand for company's product goes high between March to October. The company dyes yarn for the 100% export oriented sweater industries and generally demand goes high between the said periods to the sweater industries for manufacturing of finished goods before winter.

e) Any known trends, events or uncertainties that may have material effect on the issuer's future business;

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

i) Political Unrest	ii) Natural Disaster
iii) Increased Competition	iv) Entrance of New Technology
v) Down Trend Demand in International Market	

f) Any assets of the company used to pay off any liabilities;

None of the operating assets of the company has been disposed off to liquidate any liabilities of the company.



g) **Any loan taken from or given to any related party or connected person of the issuer with details of the same;**

The company takes loan from its related party which are under common management during last five years are as follows:

Name	Relationship	Nature of Transaction	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Gain Plus Agents Limited	Common Management	Loan originated through Raw material procurement and Acquisition of PPE	(418,808,674)	(417,212,199)	(419,990,791)	(541,219,388)	(467,773,365)	(125,125,352)	(118,875,860)

Figures in brackets indicate credit balances



QUEEN SOUTH TEXTILE MILLS LTD.

- h) **Any future contractual liabilities the issuer may enter into within next one year, and the impact, if any, on the financial fundamentals of the issuer;**

The company neither has any future contractual liabilities nor has any plan to enter into any contractual liabilities other than normal course of business within next one year that would impact the financial fundamentals of the company.

- i) **The estimated amount, where applicable, of future capital expenditure;**

The Company has no plan to make any capital expenditure except for those mentioned in the 'Use of Proceeds' section in this prospectus.

- j) **Any VAT, income tax, customs duty or other tax liability which is yet to be paid, including any contingent liabilities stating why the same was not paid prior to the issuance of the prospectus. Updated income tax status for the last 5 years or from commercial operation, which is shorter;**

Value Added Tax (VAT):

The QSTML has the VAT registration No. 17151000606, area code-170306. Since the company is a 100% export oriented, it does not have to pay VAT. Therefore, no VAT liability is there.

Income Tax:

Queen South Textile Mills Limited having its TIN No. 285431586145 and regularly pays income taxes.

Following is the summary of income taxes of the company:

Accounting Year	Assessment Year	Status	Remarks
2011	2012-2013	Assessment Completed	The company enjoys tax holiday. Hence there was no tax liability on regular business income except other income and disallowances of Tk. 1,04,498/- as per sec 30 (aa) of income tax ordinance. During the year total tax liability was Tk. 1,21,605/- which was subsequently paid in full.
2012	2013-2014	Assessment Completed	The company enjoys tax holiday. Hence there was no tax liability on regular business income except other income and disallowances of Tk. 48,450/- as per sec 30 (aa) of income tax ordinance. During the year total tax liability was Tk. 77,371/- which was subsequently paid in full.
2013	2014-2015	Assessment Completed	The company enjoys tax holiday. Hence there was no tax liability on regular business income except other income and disallowances of Tk. 74,084/- as per sec 30 (aa) of income tax ordinance. During the year total tax liability was Tk. 78,581/- which was subsequently paid in full.
2014	2015-2016	Assessment Completed	The company enjoys tax holiday. Hence there was no tax liability on regular business income except other income and disallowances of Tk. 58,659/- as per sec 30 (aa) of income tax ordinance. During the year total tax liability was Tk. 46,412/- which was subsequently paid in full.
2015	2016-2017	Assessment Completed	Tax Holiday period expired on June 04, 2015. Total tax liability for the year after final assessment is Tk. 7,859,160/- out of which tk. 6,914,473/- has been paid as advance tax and due tax amount is tk. 944,687/-

Customs Duty:

QSTML pays all customs duty as per the customs act of the country and there is no due in this regard pending.



Contingent Liability:

There exists no situation involving QSTML for which any liability for the company is most likely to occur or which may create any possibility of company's liability in the near future.

- k) **Any financial commitment, including lease commitment, the company had entered into during the past five years or from commercial operation, which is shorter, giving details as to how the liquidation was or is to be effected;**

Financial and Lease commitments during last five years

a) Financial Commitment (Long Term)

SL #	Company	Type of Loan (Foreign Loan)	Total Amount (Sanctioned)	Rate of Interest (%)	Outstanding Balance as of 31 December 2016 (Taka)
1	Gainplus Agents Limited	Related party	-	0%	418,808,674
2	Woori Bank Limited	Time Loan	\$1,200,000	LIBOR+3.5%	33,053,056
3	Prime Bank Limited	Time Loan	\$360,000	6 Months LIBOR + 3.75%	21,444,661

f) Financial Commitment (Short Term)

SL #	Bank	Type of loan	Limit of loan	Rate of Interest (%)	Outstanding Balance as of 31 December 2016 (Taka)
1	Prime Bank Limited	TR Loan	\$2,000,000	LIBOR+3.5%	110,453,365
2	Prime Bank Limited	Overdraft	\$300,000	LIBOR+3.5%	22,823,000
3	Woori Bank Limited	TR Loan	\$3,950,000	LIBOR+3.25%	195,854,433
4	Woori Bank Limited	Overdraft	\$500,000	LIBOR+3.25%	5,075,053
	Total				334,205,851

g) Lease commitment

Queen South Textile Mills Limited entered into the following lease commitment during the last five years. The status as on 31 December 2016 are presented below:

Address	Area	Rent/Sq.mtr/per annum	Term	Remarks
Plot No. 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh.	10,166.67 sq.meter (approx.)	\$2.20	30 years from the date of 9 th November 2003	Renewal for a further period of 30 years by mutual agreement



l) Details of all personnel related schemes for which the company has to make provision for in future years;

The company considers its human resources as the most valuable assets and the profitability of the company largely depends on the effective and efficient productivity of human resources. The company provides various benefit packages to its employees in addition to monthly benefit of salary, wages and allowances. Lists of provided benefits are as under:

Festival Bonus	:	The Company Pays two festival bonuses @ 100% of basic salaries.
Yearly Increment/Promotions	:	Employees are awarded with a minimum increment of at least 10% of salary and promotion for extra ordinary performances.
Group Insurance	:	The company has established group insurance policy with Progati Life Insurance Limited for its permanent employees.
Provident Fund	:	The company has been maintaining a recognized contributory provident fund for all of its permanent executives. The fund is administrated by a board of trustee and is funded by 8.33% contributions from the salaries equally by the employees and the company.
Medical Treatment Facility	:	Employees of Queen South Textile Mills Limited receive medical treatment facility for any kind of injury during the course of their service in the company.
Leave encashment	:	Employees are entitled to enjoy encashment against leave (Annual only) if not enjoyed.



m) Break down of all expenses related to the public issue;

Sl.	Particulars	Basis	Amount in BDT (approx.)	
A.	MANAGERS TO THE ISSUE FEES			1,725,000
1	Managers to the Issue fee	1% of public offering	1,500,000	
2	VAT against Issue Management Fees	15% of issue management fees	225,000	
B.	FEES RELATED TO LISTING WITH THE STOCK EXCHANGES			4,305,100
3	Prospectus Submission Fees to DSE & CSE	Tk. 50,000 for each stock exchanges	100,000.00	
4	DSE and CSE Annual Fee	0.05% Up to Tk. 100 crore and 0.02% up above Tk. 100 cr. paid up capital	1,000,600	
5	Fees related to Listing with the stock exchanges	@ 0.25% on Tk. 10 Crore and 0.15% on the rest amount of paid up capital range; (minimum 50 thousand maximum Tk. 1 Crore for each exchanges)	3,204,500	
C.	BSEC FEES			650,000
6	Application fee	Fixed	50,000	
7	Consent fee	fee @ 0.40% on entire offer	600,000	
D.	IPO RELATED FEES			462,500
8	Underwriting commission (.5%)	Commission @ .5% on Underwritten Amount	262,500	
9	Auditors Certification fees	Estimated (to be paid at actual)	200,000	
E.	CDBL FEES AND EXPENSES			758,725
10	Security Deposit	At Actual	500,000	
11	Documentation fee	At Actual	2,500	
12	Annual fee	At Actual	100,000	
13	Connection Fee (TK. 500 per month* 12)	At Actual	6,000	
14	Initial Public Offering fee	0.015% of the Issue size and 0.015% of Pre IPO paid up capital	150,225	
F.	PRINTING AND POST PUBLIC OFFER EXPENSES			5,098,675
15	Publication of prospectus	Estimated (to be paid at actual)	600,000	
16	Abridge Version of Prospectus and Notice in 4 daily news paper	Estimated (to be paid at actual)	600,000	
17	Notice for prospectus, Lottery, Refund etc .in 4 daily news paper	Estimated (to be paid at actual)	300,000	
18	Lottery related expenses including BUET fee	Estimated (to be paid at actual)	850,000	
19	Data Processing and Share Software Charge	Estimated (to be paid at actual)	1,950,000	
20	Courier expenses	Estimated (to be paid at actual)	150,000	
21	Administrative & Stationary Expense	Estimated (to be paid at actual)	648,675	
Grand Total				13,000,000

N:B: Actual costs will differ if above mentioned estimates differ and will be adjusted accordingly

n) If the issuer has revalued any of its assets, the name, qualification and experiences of the valuer and the reason for the revaluation, showing the value of the assets prior to the revaluation separately for each asset revalued in a manner which shall facilitate comparison between the historical value and the amount after revaluation and giving a summary of the valuation report along with basis of pricing and certificates required under the revaluation guideline of the Commission;

Queen South Textile Mills Limited did not revalue its fixed assets and does not have any plan to revalue its fixed assets.

o) Where the issuer is a holding/subsidiary company, full disclosure about the transactions, including its nature and amount, between the issuer and its subsidiary or holding company, including transactions which had taken place within the last five years of the issuance of the prospectus or since the date of incorporation of the issuer, whichever is later, clearly indicating whether the issuer is a debtor or a creditor;

The Company neither has any subsidiary nor has operated under a holding company.



- p) Financial Information of Group Companies and Companies under common ownership by more than 50%: following information for the last three years based on the audited financial statements, in respect of all the group companies of the issuer, wherever applicable, along with significant notes of auditors:**

As there are no companies under common ownership more than 50%, this section is not applicable for Queen South Textile Mills Limited.

- q) Where the issuer is a banking company, insurance company, non-banking financial institution or any other company which is regulated and licensed by another primary regulator, a declaration by the board of directors shall be included in the prospectus stating that all requirements of the relevant laws and regulatory requirements of its primary regulator have been adhered to by the issuer;**

Queen South Textile Mills Limited is established in Dhaka Export Processing zone and follows all the rules and regulations provided by Bangladesh Export Processing Zone Authority (BEPZA).



- r) A report from the auditors regarding any allotment of shares to any person for any consideration otherwise than cash along with relationship of that person with the issuer and rationale of issue price of the shares;

Auditor's Certificate regarding allotment of shares to Sponsor/Director/Shareholders for consideration in cash/other than cash

After verification, we certify the paid up capital of Queen South Textile Mills Limited as at 31 December, 2016 was BDT 851,500,000 divided into 85,150,000 ordinary shares of taka 10/- each made up as follows:

Particulars	Date	Consideration			No of Ordinary Shares	Amount Tk.
		Cash	Bonus Share	Other than cash		
MOA and AOA	04-06-03	200	-	-	200	2,000
1st Allotment	29-11-07	-	-	14,374,800	14,374,800	143,748,000
2nd Allotment	31-08-16	-	55,775,000	-	55,775,000	557,750,000
3rd Allotment	29-11-16	15,000,000	-	-	15,000,000	150,000,000
Total		15,000,200	55,775,000	14,374,800	85,150,000	851,500,000

The company applied and obtained approval from Bangladesh Securities and Exchange Commission (BSEC) vide its letter no. SEC/CI/CPLC (Pvt.)-148/08/418 dated September 03, 2008 for issuance of 143,748 ordinary shares of taka 1,000.00 each.

The company, however has sub divided the face value of its ordinary shares from taka 1000/- to taka 10 /- by passing special resolution in its extra ordinary general meeting held on 23-01-2015 and necessary amendments in the capital clause of Memorandum and Articles of Association were made accordingly.

Again the company applied and obtained approval from Bangladesh Securities and Exchange Commission (BSEC) vide its letter no. BSEC/CI/CPLC dated August 10, 2016 for issuance of 55,775,000 bonus shares and 15,000,000 Shares of taka 10.00 each.

Dated: Dhaka
February 13, 2017

Sd/-
Mahfel Huq & Co.
Chartered Accountants



- s) **Any material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public;**

There is no such material information which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public

- t) **Business strategies and future plans - Projected financial statements shall be required only for companies not started commercial operation yet and authenticated by Chairman, two Directors, Managing Director, CFO, and Company Secretary.**

The company started commercial operation on 1st June, 2005. As such the above requirements are not applicable for the company.



QUEEN SOUTH TEXTILE MILLS LTD.

u) Discussion on the results of operations shall inter-alia contain the following:

1) A summary of the past financial results after adjustments as given in the auditor's report containing significant items of income and expenditure;

Summary of the results and operations are presented below:

Particulars	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30-06- 2016 (7 Months)	30-11-2015	30-11-2014	30-11-2013	30-11-2012	30-11-2011
	-	-	Restated	-	-	-	-
Non-Current Assets	664,634,722	701,511,121	705,067,852	685,844,942	708,470,859	739,732,705	712,925,640
Current Asset	2,175,312,590	2,164,625,294	2,118,576,664	2,021,176,732	1,528,991,189	1,189,162,695	968,294,374
Shareholders' Equity	1,379,609,332	1,167,158,350	1,086,946,472	1,004,273,764	793,366,052	623,622,228	564,150,679
Non-Current Liability	482,496,012	496,575,651	494,655,403	546,262,676	508,462,443	224,872,299	183,206,526
Current Liabilities	977,841,968	1,202,402,414	1,242,042,641	1,156,485,234	935,633,553	1,080,400,873	933,862,809
Turnover	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623
Gross Profit	165,038,035	185,105,075	295,273,083	350,646,233	315,306,456	278,548,676	213,828,212
Net profit before tax	74,383,866	95,174,031	129,740,794	210,907,712	169,743,824	59,471,549	85,727,773
Net Profit after tax	62,450,982	80,883,845	118,428,442	210,907,712	169,743,824	59,471,549	85,727,773

2) A summary of major items of income and expenditure;

Major items of income:

Particulars	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30-06-2016 (7 Months)	Year ended on				
			30-11-2015	30-11-2014	30-11-2013	30-11-2012	30-11-2011
	-	-	Restated	-	-	-	-
Turnover	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623
Gross Profit	165,038,035	185,105,075	295,273,083	350,646,233	315,306,456	278,548,676	213,828,212
Net profit before tax	74,383,866	95,174,031	129,740,794	210,907,712	169,743,824	59,471,549	85,727,773
Net Profit after tax	62,450,982	80,883,845	118,428,442	210,907,712	169,743,824	59,471,549	85,727,773



Major items of expenditure:

Particulars	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30-06-2016 (7 Months)	Year ended on				
			30-11-2015	30-11-2014	30-11-2013	30-11-2012	30-11-2011
	-	-	Restated	-	-	-	-
Cost of Sales	1,505,255,293	1,684,982,163	2,920,699,655	3,370,237,708	3,061,367,005	2,742,525,465	2,220,752,411
Selling distribution expenses	6,958,067	7,936,213	14,605,786	14,441,827	-	-	-
Administrative Expense	45,802,686	51,890,709	73,189,720	68,265,352	74,031,333	62,172,898	54,109,667
Financial Expenses	36,763,400	33,314,113	73,778,445	59,360,187	43,560,193	45,945,632	29,849,214
Income Tax Expense	11,932,884	14,290,186	11,312,352	-	-	-	-



3) **The income and sales on account of major products or services;**

Since, the company is engaged in the business of yarn dyeing. Hence, dyed yarn is the only product contributes 100% on the total revenue.

4) **In case, other income constitutes more than 10% of the total income, the breakup of the same along with the nature of the income, i.e., recurring or non-recurring;**

The Company's other income is not more than 10% of the total income.

5) **If a material part of the income is dependent upon a single customer or a few major customers, disclosure of this fact along with relevant data. Similarly, if any foreign customer constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business considering exchange rate fluctuations;**

The Company's material part of the income is not dependent upon a single customer or a few major customers. The company has huge customer base and sells its products to 100% export oriented industries. Due to huge volume of buyer we did not include the list of buyers in the prospectus.

6) **In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact shall be analyzed and disclosed.**

The issuer has not followed any unorthodox procedure for recording sales and revenues.



QUEEN SOUTH TEXTILE MILLS LTD.

- v) Comparison of recent financial year with the previous financial years on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure, inter-alia, containing the following:

Revenue and Results from Operation

Particulars	Amount in Taka												
	01-07-2016 to 31-12-2016 (6 Months)	Increase/D ecrease(%)	01-12-2015 to 30-06-2016 (7 Months)	Increase /Decrease(%)	Year ended on 30-11-2015	Increase/ Decrease (%)	Year ended on 30-11-2014	Increase/ Decrease (%)	Year ended on 30-11-2013	Increase/ Decrease (%)	Year ended on 30-11-2012	Increase /Decrease(%)	Year ended on 30-11-2011
					Restated								
Revenue	1,670,293,328	-10.68%	1,870,087,238	-41.85%	3,215,972,738	-13.57%	3,720,883,941	10.19%	3,376,673,461	11.77%	3,021,074,141	24.09%	2,434,580,623
Cost of Sales	1,505,255,293	-10.67%	1,684,982,163	-42.31%	2,920,699,655	-13.34%	3,370,237,708	10.09%	3,061,367,005	11.63%	2,742,525,465	23.50%	2,220,752,411
Gross Profit	165,038,035	-10.84%	185,105,075	-37.31%	295,273,083	-15.79%	350,646,233	11.21%	315,306,456	13.20%	278,548,676	30.27%	213,828,212
FC Gain/(Loss)	(1,188,370)	-137.85%	3,139,589	-177.70%	(4,040,656)	-279.19%	2,254,897	-108.02%	(28,121,539)	-74.69%	(111,116,470)	150.48%	(44,361,348)
Less: Operating Expenses	52,760,753	-11.81%	59,826,922	-31.86%	87,795,506	6.15%	82,707,179	11.72%	74,031,333	19.07%	62,172,898	14.90%	54,109,667
Administrative expenses	45,802,686	-11.73%	51,890,709	-29.10%	73,189,720	7.21%	68,265,352	-7.79%	74,031,333	19.07%	62,172,898	14.90%	54,109,667
Distribution Cost	6,958,067	-12.33%	7,936,213	-45.66%	14,605,786	1.14%	14,441,827	0.00%	-	0.00%	-	0.00%	-
			-		-		-						
Operating Profit for the Year	111,088,912	-13.49%	128,417,742	-36.88%	203,436,921	-24.71%	270,193,951	26.76%	213,153,584	102.50%	105,259,308	-8.75%	115,357,197
Add: Other Income	58,354	-17.11%	70,402	-14.48%	82,318	11.32%	73,948	-50.84%	150,433	-4.71%	157,873	-28.17%	219,790
Profit Before Financial Expenses and Tax	111,147,266	-13.50%	128,488,144	-36.87%	203,519,239	-24.70%	270,267,899	26.71%	213,304,017	102.34%	105,417,181	-8.79%	115,576,987
Less: Financial Expenses	36,763,400	10.35%	33,314,113	-54.85%	73,778,445	24.29%	59,360,187	36.27%	43,560,193	-5.19%	45,945,632	53.93%	29,849,214
Net profit before tax	74,383,866	-21.84%	95,174,031	-26.64%	129,740,794	-38.48%	210,907,712	24.25%	169,743,824	185.42%	59,471,549	-30.63%	85,727,773
Less: Income tax expense	11,932,884	-16.50%	14,290,186	26.32%	11,312,352	0.00%	-	0.00%	-		-		-
Net profit/(Loss) after Tax for the Year	62,450,982	-22.79%	80,883,845	-31.70%	118,428,442	-43.85%	210,907,712	24.25%	169,743,824	185.42%	59,471,549	-30.63%	85,727,773
Basic Earnings Per Share (EPS)	0.86	-25.59%	1.15	-31.70%	1.69	-43.85%	3.01	24.25%	2.42	185.42%	0.85	-30.63%	1.22



Analysis of reasons for the changes in significant items of income and expenditure are as follows:

Period	Sales	COGS	Operating Expenses	Net Profit
01-07-2016 to 31-12-2016 (6 Months)	Slight increase in sales of the company were observed during this period.	Cost of goods sold of the company also increased during this period due to increase in sales.	Operating expenses of the company also increased and in consistent with the sales and cost of goods sold.	Net profit slightly decreased due to decrease in gross profit ratio due to increase cost of raw material and slight increase in operating expenses and financial expenses.
01-12-2015 to 30-06-2016 (7 Months)	Sales of the company were steady during that period & financial statement was prepared during that period to comply with condition of section of finance act 2015.	Cost of goods sold of the company decreased due to decrease in cost of raw material resulting in increased GP ratio.	Operating expenses increased slightly mainly because of increase in salary and allowances.	Net profit increased mainly increase in GP ratio due to decrease in cost of raw material and decrease in financial expenses.
30-11-2015	Sales of the company decreased by 14% from 01 December 2014 to 30 November 2015.	Cost of goods sold of the company decreased due to decrease in sales volume.	Company's administrative and selling and distribution expenses were maintained efficiently, and there were general changes in operating expenses in this period.	Net profit mainly decreased due to decrease in sales and increase in financial expenses.
30-11-2014	Sales of the company increased by 10% from 01 December 2013 to 30 November 2014	Cost of goods sold of the company changed in line with sales.	The company's administrative expenses were managed efficiently and selling and distribution expenses were in line with the sales revenue.	Because of increase in sales revenue net profit of the company had increased.
30-11-2013	Sales of the company increased by 12% from 01 December 2012 to 30 November 2012 due to installation of some machinery in the production line to cope up with the demand.	Costs of goods sold changed due to increase in sales revenue.	The company's administrative expenses mainly increased due to increase in salary and allowances.	Net profit mainly increased due to increase in sales.
30-11-2012	Sales of Queen South Textile Mills Limited increased from 01 December 2011 to 30 November 2012 by 24% due to installation of some machinery in the production line to cope up with the demand.	Costs of goods sold changed in line with sales revenue.	The company's administrative expenses were managed efficiently.	In spite of high sales revenue net profit of the company decreased because of higher foreign currency loss and higher finance cost.
30/11/2011	Sales of the company increased by 13% from 01 December 2010 to 30 November 2011.	Costs of goods sold changed due to increase in sales revenue.	The company's administrative expenses were managed efficiently and were consistent with operating activities.	In this period net profit increased because of higher sales revenue.



- 1) **Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**

There are no unusual or infrequent events or transaction including unusual trend in account of business activity, unusual items of income or discretionary reduction of expenses except changes in accounting policies as under.

Changes in accounting policy FY	:	Changes
30 November 2012		Nil
30 November 2013		Nil
30 November 2014		Nil
30 November 2015		Nil
30 June 2016	:	Introduction of BAS-12: Income Taxes
31 December 2016	:	Nil

- 2) **Significant economic changes that materially affect or are likely to affect income from continuing operations;**

There is no significant economic changes that materially affect or are likely to affect income from continuing operations.

- 3) **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;**

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- i. Decrease in the demand of readymade garments products in the local and International Market,
- ii. Increased production cost
- iii. Decrease in product selling price
- iv. Increased Competition
- v. Scarcity of GAS, Electricity and raw materials
- vi. Govt. Policy Changes towards the industry,
- vii. Political unrest
- viii. Natural disaster

- 4) **Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known;**

We are aware of the fact that future is always uncertain that affect business and plan as well. So, in future labor price or material price may change. However, revenue is always adjusted and follows the trend in line with production cost. Hence, any change in cost will be reflected in sales price. We have strong influence over market to set the trend as well.

- 5) **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;**

We are expecting increased net sales or revenue because of sales volume, new product line added to the company. It is forecasted that we will be able to increase our net sales or revenue around 16 percent on an average for the next 3 years.



6) Total turnover of each major industry segment in which the issuer operated;

Year	Export of RMG (in Million US\$)	Total Export (In million US\$)	% of RMG's to total Export
2009-10	12,496	16,204	77.12%
2010-11	17,914	22,924	78.15%
2011-12	19,089	24,287	78.60%
2012-13	21,515	27,018	79.63%
2013-14	24,491	30,186	81.13%
2014-15	25,491	31,208	81.68%
2015-16	28,094	34,257	82.01%

Source: EPB (Export Promotion Bureau). Since, there is no direct data of dying industry we could not provide any data related to the dying industry.

7) Status of any publicly announced new products or business segment;

The company did not announce new products or business segment.

8) The extent to which the business is seasonal.

Generally demand for company's product goes is high between March to October.

w) Defaults or rescheduling of borrowings with financial institutions or banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc. during the history of operation of the company.

The Company neither has defaulted nor rescheduled of borrowings with financial institutions/banks nor has converted any of its loan into equity since inception.

x) Details regarding the changes in the activities of the issuer during the last five years which may had a material effect on the profits or loss, including discontinuance of lines of business, loss of agencies or markets and similar factors;

There were no changes in the activities of the Company during the last five years and had not any material effect on the profits/loss, including discontinuance of lines of business, loss of agencies or markets and similar factors.

y) Injunction or restraining order, if any, with possible implications;

The company never faces any injunction or restraining order from any court of law or from any competent authority.

z) Technology, market, managerial competence and capacity built-up;

Technology

Technology is the prime concern of any production process. Queen South Textile Mills Limited has been using State of the Art machineries and technologies in order to dye of (100% cotton, 100% viscose, 100% nylon, 50/50 acrylic/cotton, 100% polyester, 60/40 acrylic/viscose, 40/60 viscose/acrylic, 60/40 acrylic/cotton, 40/60 acrylic/cotton) yarn. Its manufacturing process is heavily technology driven, dynamic in nature with cutting edge technology imported from different countries. Queen South Textile Mills Limited has modern research and development facilities, up-to-date water generation and fire management system supervised by expert professionals.

Market

Bangladesh has immense market expansion possibility in textile & garments industry around the globe. According to McKinsey survey report it was forecasted that export-value growth of 7 to 9% annually within the next five years, the market will be tripled by 2020.

Queen South Textile Mills Limited has good market position with nearly 13 years of experience in dying industries. QSTML dyes different types of yarn including various types of 100%



cotton, 100% viscose, 50/50 acrylic/cotton, 100% polyester, 60/40 acrylic/viscose, 40/60 viscose/acrylic, 60/40 acrylic/cotton, 40/60 acrylic/cotton.

Managerial competence

All the members of the management team of the company are highly qualified, trained & skilled professionals, well experienced and extremely devoted. The management team is lead by Mr. Wong Jammy Kwok Chan, Managing Director acts for the best interest of the company. The expert team of Queen South Textile Mills Limited, which consists of a good number of professionals from various disciplines, is seasoned and experienced enough to use the facilities for production to fulfill the demand of target customers. Successive strong financial performance is the result of unwavering commitment of the promoters, management efficiency, employees' sincerity, use of appropriate technology.

Capacity builds up

QSTML always tries to enhance its Capacity with the contemporary technology and customer demand. The company is continuously investing and deploying enough resources including human resources to accelerate & retain its sustainability.

aa) Changes in accounting policies in the last three years;

Changes in accounting policy FY	:	Changes
30 November 2014		Nil
30 November 2015		Nil
30 June 2016	:	Introduction of BAS-12: Income Taxes



- bb) **Significant developments subsequent to the last financial year: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months;**

February 13, 2017

Statement regarding significant developments subsequent to the last financial year

This is to certify that In our opinion, there have not arisen any circumstances since the date of the last financial statements as disclosed in the prospectus which materially and adversely affect or is likely to affect the trading or profitability of the Queen South Textile Mills Limited or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Sd/-

Wong Jammy Kwok Chan

Managing Director & Director

Sd/-

Wong Kwok Chuen

Nominee Director of Gain Plus Agents Ltd.
Chairman and Director

Sd/-

Ms. Wong Elisa Dai Wah

Director

Sd/-

Maqbul Ahmed, FCA

Independent Director

Sd/-

Ms. Lee Hung Chun

Director



- cc) If any quarter of the financial year of the issuer ends after the period ended in the audited financial statements as disclosed in the prospectus, unaudited financial statements for each of the said quarters duly authenticated by the CEO and CFO of the issuer;

Queen South Textile Mills Limited
Statement of Financial Position (Un-audited)
as at 30 September 2017

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u> <u>30-Sep-2017</u>	<u>Amount in Taka</u> <u>30-Jun-2017</u>
Assets:			
Non-current assets		684,758,554	700,314,214
Property, plant and equipment	5	684,758,554	700,314,214
Current assets:		2,330,561,828	2,313,004,252
Inventories	6	1,361,349,586	1,353,410,576
Trade and Other receivables	7	796,332,414	820,765,892
Advances, deposits and prepayments	8	103,288,582	97,498,555
Investments-FDR	9	22,899,657	22,840,140
Cash & Cash Equivalent	10	46,691,589	18,489,089
Total Assets		3,015,320,382	3,013,318,466
Equity and liabilities			
Shareholder's equity		1,501,952,798	1,463,101,279
Share capital	11	851,500,000	851,500,000
Retained earnings	12	650,452,798	611,601,279
Non-current liabilities		472,892,123	480,169,603
Long-term borrowing	13	429,125,334	436,289,605
Deferred tax liability (Annexure-B)		43,766,789	43,879,998
Current liabilities		1,040,475,461	1,070,047,584
Trade and other payables	14	527,362,104	578,059,984
Current portion of long term borrowing		32,443,928	32,489,870
Short-term borrowing	15	379,570,258	331,031,264
Liabilities for Expenses	16	56,101,301	85,005,684
Income Tax provision	17	44,997,870	43,460,782
Total liabilities		1,513,367,584	1,550,217,187
Total Equity and Liabilities		3,015,320,382	3,013,318,466
NAVPS (Net Assets Value Per Share)		17.64	17.18

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Managing Director	Director	Chairman

Dated: Dhaka
October 26, 2017



Queen South Textile Mills Limited
Statement of Profit or Loss and Other Comprehensive Income (Un-audited)
for the period from 01 July 2017 to 30 September 2017

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	<u>Amount in Taka</u>
		1-Jul-2017	1-Jul-2016
		to	to
		30-Sep-2017	30-Sep-2016
Revenue	18	920,968,637	887,611,043
Cost of Sales	19	(828,512,641)	(799,091,050)
Gross Profit		92,455,996	88,519,993
Foreign Currency Gain/(Loss)		5,093,648	(2,444,093)
Other Income		-	-
Operating Expenses:		(28,645,389)	(26,326,337)
Distribution Costs	20	(5,112,960)	(3,545,212)
Administrative Expenses	21	(23,532,429)	(22,781,125)
Operating profit		68,904,255	59,749,563
Financial Expenses	22	(22,105,781)	(16,452,166)
Net profit before tax		46,798,474	43,297,397
Income tax expenses	23	(7,946,955)	(6,494,609)
Net Profit / (Loss) during the year		38,851,519	36,802,788
Earnings per share	24	0.46	0.52

The annexed notes form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Managing Director	Director	Chairman

Dated: Dhaka
October 26, 2017



Queen South Textile Mills limited
Statement of Cash Flows (Un-audited)
for the period from 01 July 2017 to 30 September 2017

<u>Particulars</u>	<u>Amount in Taka</u> <u>1-Jul-2017</u> <u>to</u> <u>30-Sep-2017</u>	<u>Amount in Taka</u> <u>1-Jul-2016</u> <u>to</u> <u>30-Sep-2016</u>
A. Cash flows from operating activities:		
Cash received from customer & other income	953,051,495	851,764,930
Cash paid to Suppliers and employees	(923,482,766)	(832,072,863)
Income Tax Paid/Deducted at Source	(14,331,056)	(5,235,274)
Net Cash provided by operating activities	15,237,673	14,456,793
B. Cash flows from investing activities:		
Acquisition of property, plant and Equipment	(5,621,600)	(24,380)
Net Cash used in investing activities	(5,621,600)	(24,380)
C. Cash flows from financing activities:		
Financial Expenses	(22,105,781)	(16,452,166)
Short term bank loan (paid)/Received	48,615,384	38,360,335
Long Term Bank Loan (paid)/Received	(8,348,268)	(6,522,692)
Net Cash from financing Activities	18,161,335	15,385,477
Net Decrease in cash & cash equivalents (A+B+C)	27,777,408	29,817,890
Unrealized Foreign Exchange Gain/(Loss)	425,092	(18,694)
Cash & cash equivalents at the beginning of the year	18,489,089	51,782,368
Cash & cash equivalents at the end of the year	46,691,589	81,581,564
Net Operating Cash Flow per share	0.20	0.21

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Managing Director	Director	Chairman

Dated: Dhaka
October 26, 2017



Queen South Textile Mills Limited
Statement of Changes in Equity (Un-audited)
For the Period ended 01 July 2017 to 30 September 2017

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2017	851,500,000	611,601,279	1,463,101,279
Net profit for the period	-	38,851,519	38,851,519
Balance at 30 September 2017	851,500,000	650,452,798	1,501,952,798

Queen South Textile Mills Limited
Statement of Changes in Equity (Un-audited)
For the Period ended 01 July 2016 to 30 September 2016

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2016	143,750,000	1,023,408,350	1,167,158,350
Bonus Dividend	557,750,000	(557,750,000)	-
Net profit for the period	-	36,802,788	36,802,788
Balance at 30 September 2016	701,500,000	502,461,138	1,203,961,138

The annexed notes form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Managing Director	Director	Chairman

Dated: Dhaka
October 26, 2017

**Queen South Textile Mills Limited**

Notes to the financial statements(Un-audited)
for the period from 01 July 2017 to 30 September 2017

1 Legal form of the enterprise

Queen South Textile Mills Ltd was incorporated as a private limited company in Bangladesh on 15th June, 2003 under the Companies Act- 1994 and the registration number is C-49529(11513)/2003. The company was converted into a public limited company on 25 January 2016. The company went into commercial operation on 1st June 2005.

Address of registered office of the company and factory of the company

The address of the registered office is at plot No. 85-88, Extension Area, Dhaka Export processing Zone, Savar, Dhaka, Bangladesh. The company carrying out its production activities on factory premises constructed on leased land from DEPZ.

Nature of business

Queen South Textile Mills Limited is a 100% export oriented textile manufacturing Company engaged in dying of yarn for consumption by sweater industry through local LC (Deemed Export). Queen South Textile Mills Ltd. set up business establishment in the export -processing zone, Dhaka.

2 Basis of preparation**2.01 Corporate financial statements and reporting**

This comprises Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and other explanatory notes covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, International Financial Reporting Standards (IFRS) and International Accounting Standards (IASS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at reporting date. Due to the inherent uncertainty involved in making estimates, actual result could differ from those estimates.

2.02 Fundamental accounting concepts/ assumptions

The financial statements have been prepared based on Going concern assumption, Consistency concept, Accrual basis and such other convention as required by BAS-1 for fair presentation of financial statements.

2.03 Going concern

The company has adequate resources to continue its operation for the foreseeable future. For this reasons, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.04 Compliance with BAS & BFRS

The following BAS is applicable to the financial statements for the period under review:

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Cash Flows Statement
BAS 8	Accounting policies , Changes in Accounting Estimates and Errors
BAS 10	Events after the Balance sheet Date
BAS 12	Income Taxes
BAS 16	Property, Plant And Equipment
BAS 18	Revenue
BAS 19	Employee Benefits
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Costs
BAS 24	Related Party Disclosures
BAS 32	Financial Instruments: Presentation



BAS 33	Earnings Per Share
BAS 34	Interim Financial Reporting
BAS 36	Impairment of Assets
BAS 37	Provision , Contingent Liabilities and Contingent Assets
BAS 39	Financial Instruments: Recognition and Measurement

The following BFRS is applicable to the financial statements for the period under review:

BFRS 1 First-time Adoption of Bangladesh Financial Reporting Standards

BFRS 7 Financial Instruments: Disclosures

2.05 Reporting period

The period of the financial statements covers from 1 July 2017 to 30 September 2017.

2.06 Events after the reporting period.

Events after the reporting period are those events, favorable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period)

Adjusting Events after the reporting period, "Post Balance Events" that provide additional information about the company's position at the balance date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

2.07 Functional and presentational (Reporting) currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

2.08 Comparative information and rearrangement thereof

Comparative information has been disclosed in respect of the previous period for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period financial statements. Previous year's/period's figures have been re-arranged/re-stated whenever considered necessary to ensure comparability with the current period presentation as per BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors.

2.09 Summary of significant accounting policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in prior periods.

For a proper understanding of the financial statements, these accounting policies are set out in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

2.10 Recognition of tangible fixed assets

Tangible assets have been at cost less accumulated depreciation (Written down value). The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended used. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that expenditure has resulted in an increase in the future economic benefit expected to be obtained from the used of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and the net sales proceeds.

**2.11 Depreciation of tangible fixed assets**

Depreciation on all fixed assets is computed consistently using the reducing balance method on monthly basis so as to write off the assets over their expected useful life from the date when the corresponding assets are ready for use as per management intention. No depreciation has been charged after the date of retirement.

After considering the useful life of assets as per BAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

<u>Category of fixed assets</u>	<u>Rate of depreciation (%)</u>
Machinery & Equipment	15%
Building	5%
Furniture and fixture	20%
Office equipment	25%
Electrical Installation	5%
Vehicles	20%

2.12 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates exclusive of VAT as per BAS-18, Revenue. Revenue is recognized when the significant risks and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably & there is no continuing management involvement with the goods sold. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents, L/Cs and invoices to customers.

Interest Income

Revenue arising from the use by others of entity assets yielding interest shall be recognized when

- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the amount of the revenue can be measured reliably

2.13 Employee Benefits:

The company maintains defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds.

The company has accounted for and disclosed employee benefits in compliance with the provision of BAS 19 : Employee Benefits

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following.

Defined Contribution Plan (provident fund)

The company got recognition from commissioner of Taxes its provident fund scheme (Defined Contribution Plan) vide order no: নথি নং - আ - ৪/কঃ অঃ - ৪/২০০৭-২০০৮/ for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the company also makes equal contribution.

Queen South Textile Mills Limited (QSTML) is a 100% export oriented company and member of Bangladesh EPZ Investors' Association (BEPZIA). As per Section 232 of Bangladesh Labour (Amendments) Act. 2013, which states that in subsection 2 "The Government may by notification in the official gazette apply this chapter to such other companies as it may specify therein." And in Sub-section 3 "notwithstanding anything contained in the sub-section (1) and (2), in Industrial Sector which is hundred percent export oriented or which is hundred percent foreign invested. The government may, by rules, for the beneficiaries working in such sectors, from sector-wise a central fund consolidating buyers and owners, fund management board, determine amount of



donation and procedure for recovery thereof, adopt rules for using money of that fund and relevant other rules. Provided that, such board, may very prior approval of government adopt regulations for the purpose of this section.” For the above reason management didn’t start making provision for WPPF because of the fact that Government has not yet constituted any Board for fund raise and utilization. The board shall formulate the rules for determination of subscription, procedure of collection and utilization of fund. QSTML is a 100% export oriented company also the Member of BEPZIA, that’s why they did not recognize WPPF in the financial statements.

2.14 Trade and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Average Cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Cash and Cash Equivalents

Cash in hand, cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

2.17 Statements of Cash Flows:

Cash Flows Statement is prepared principally in accordance with BAS-7 “Statement of Cash Flows ” and the cash flows from the operating activities have been presented under direct method.

2.18 Accounting Policies, Changes in Accounting Estimates and Errors:

Changes in accounting policies:

An entity shall change an accounting policy only if the change:

(a) is required by an BFRS; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, Financial performance or cash flows.

Changes in Accounting estimates:

A change in accounting estimate is an adjustmant of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, asset and liabilities. Change in accounting estimates result from new information or new development and, accordingly, are not corrections of errors.

Errors:

An entity shall correct material prior period errors retrospectively in the first set of financial statement authorised for issue after their discovery by:

a) restating the comparatice amounts for the prior period presented in which the erorr occurred ; or

b) if the erorr occurred before the earlist prior period presented, restating the opening balances of assets liabilities and equity for the earlist prior period presented.

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.20 Income-tax expense**

In pursuance of section 44(4) (b) of the Income Tax Ordinance , 1984 (XXXVI of 1984) and cancelling the notification No. SRO 289- Ain /89, dated 17 August 1989, all industries operation in the Export processing zones of Bangladesh have been exempted from payment of income tax for a period of 10 years from an industry goes into commercial production. The tax holiday period of the company expired on June 30, 2015

Current Tax:

Provision for income tax has been made @ 15% on net profit before tax of the company except other income as per Income Tax Ordinance 1984. However, provision @ 35% has been made on other income of the company.

Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

2.21 Foreign Currency Transaction:

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary Items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

2.22 Related party disclosures

During the period the Company carried out a number of transaction with related parties in the normal course of business on an arms length basis. The name of those related parties , nature, of those transactions and their value have been set out in accordance with BAS 24 in note-25.1

2.23 Financial Instruments

A financial instrument is any contract that gives rise to financial assets and a financial liability or equity instrument of another entity.

Financial assets:

Financial assets of the company include cash and cash equivalents, accounts receivable , other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated . All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction .The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

Financial liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability . The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired . Financial liabilities includes payable for expense , liability for capital expenditure and other current liabilities.



2.24 Earnings Per Share

This has been calculated in compliance with the requirement of BAS-33 : Earnings per share by dividing the net earnings attributable to the share holders by the weighted average number of ordinary shares outstanding during the year .

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

This represents earning for the period attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding during the year/period.

Diluted Earnings per share

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company . Hence , Diluted EPS of the company is same as basic EPS.

2.25 Impairment of Assets:

I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset , that can be estimated reliably . Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc. No such impairment has been occurred during the period.

II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount . Any impaired loss of a revalued asset shall be treated as a revaluation decrease. No such impairment has been raised till the reporting date.

2.26 Provision , Contingent Liabilities and Contingent Assets :

Provisions

A provisions shall be recognized when:

- a) an entity has a present obligation (legal or constructive) as a result of a past event.
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognized

Contingent Liabilities and Contingents Assets are present or possible obligations or on liabilities or assets , arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with BAS-37 .



2.27 Intangible Assets

In Compliance with the requirements of BAS, 38 Intangible Assets '

The following terms are used in this Standard with the meanings specified:

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An asset is a resource:

- (a) controlled by an entity as a result as past events; and
- (b) From which future economic benefits are expected to flow to the entity.

An intangible asset shall be recognized if , and only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and
- (b) the cost of the asset can be measured reliably

2.28 Interim Financial Reporting

Interim period is a financial reporting period shorter than a full financial year

Interim financial report means a financial report containing either a complete set of financial statements (as described in BAS 1 Presentation of financial Statements (as revised in 2007)) or a set of condensed financial statements (as described in this standard) for an interim period . The financial statements have been prepared for then period from July 01, 2017 to September 30, 2017

3.00 Financial statements comprises:

- (a) Statement of Financial Position (Un-audited) as at 30 September 2017.
- (b) Statement of Profit or Loss and Other Comprehensive Income (Un-audited) for the period from 01 July 2017 to 30 September 2017.
- (C) Statement of Changes in Equity (Un-audited) For the Period ended 01 July 2017 to 30 September 2017.
- (d) Statement of Cash Flows (Un-audited) for the period from 01 July 2017 to 30 September 2017.
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information.

4.00 Risk exposure

Interest rate risk

Interest rate risk is the risk that Company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/ investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

Management perception

The Company maintains low debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant.

Exchange rate risk

Exchange rate risk occurs due to changes in exchange rates. As the Company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate increases against local currency, opportunity arises for generating more profit.

Management perception

The products of the company are sold in foreign currency and the transaction is settled within very short period. Therefore, volatility of exchange rate will have no impact on profitability of the Company.

Industry risks

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

Management perception

Management is optimistic about growth opportunity in textile sector in Bangladesh. Furthermore there is untapped international market.



Market risks

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

Management perception

Management is fully aware of the market risk, and act accordingly. Market for textile products in Bangladesh is growing at an exponential rate. Moreover the company has a strong marketing and brand management to increase the customer base and customer loyalty.

Operational risks

Non-availabilities of materials/equipment/services may affect the smooth operational activities of The Company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

Management perception

The company perceives that allocation of its resources properly can reduce this risk factor to great extent. The Company hedges such risks and also takes preventive measures therefore.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

Management perception

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.



	<u>30-Sep-2017</u>	<u>30-Jun-2017</u>
5 Property, plant and equipment (PPE)		
Cost:		
Opening Balance	1,514,432,532	1,396,346,031
Addition during the period	5,621,600	118,086,501
	1,520,054,132	1,514,432,532
Less: Accumulated Depreciation:		
Opening Balance	814,118,318	735,339,996
Charged during the period	21,177,260	78,778,322
	835,295,578	814,118,318
Written Down Value	684,758,554	700,314,214
Included in above PPE, Building, and machineries are mortgaged with banks.		
The details have been shown in Annexure: A		

6 Inventories		
Raw materials	761,976,683	721,460,152
Work-in - process	141,064,223	136,273,638
Finished goods	236,755,150	236,546,921
Dyes & Chemicals	93,403,719	129,988,363
Spares & Accessories	128,149,811	129,141,502
	1,361,349,586	1,353,410,576

7 Trade and other receivables		
Accounts Receivable	796,332,414	820,765,892
	796,332,414	820,765,892

This is secured, considered good and is falling due within one year . No debts are considered as bad during the period . Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

I)	debts considered good and in respect of which the company is fully secured.	796,120,167	810,521,934
II)	debts considered good for which the company holds no security other than the debtors personal security and		-
III)	debts considered doubtful or bad.		-
IV)	debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member to be separately stated.		-
V)	debts due by companies under the same management to be disclosed with the names of the companies.	212,247	10,243,958
VI)	The maximum amount due by directors or other officers of the company at any time during the year to be shown by way of a note.	-	-
	Total	796,332,414	820,765,892



Age Analysis of Trade and Other Receivables	Taka	Taka
Within Three months	547,290,782	427,552,395
Three to six months	225,443,762	367,155,478
More than six months	23,597,870	26,058,018
Total	796,332,414	820,765,892

The Company has received letter of credits accepted by various customers against sales of yarn worth US\$ 6,285,025.44 equivalent to BDT 507,830,055 opened with different bank against which short term loan was sanctioned by Prime Bank Ltd., Woori Bank Ltd., Standard Chartered Bank and HSBC keeping above mentioned Bills Receivable as collateral. The entire amount of loan liabilities has been set off against that bills receivable which is subject to realization upon 90~150 days. The company might have liability to the extent to which the said bill becomes unrealized. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

8 Advances, deposits and prepayments

Advances	71,338,042	66,330,740
Deposits	28,690,503	28,643,293
Prepayments	3,260,037	2,524,522
	103,288,582	97,498,555

** All advances and deposits and prepayment amount are considered good and realizable.

9 Investments-FDR:

Prime Bank-NFCD A/C # 20116017	14,735,204	14,696,907
Woori Bank-FDR A/C #9230076351	8,164,453	8,143,233
	22,899,657	22,840,140

10 Cash & Cash Equivalent

Cash in hand	1,600,886	5,331,437
Cash at Banks (Note 10.1)	45,090,703	13,157,652
	46,691,589	18,489,089

10.1 Cash at Banks

Standard Chartered-Taka A/C-01-6500560-01	1,656,034	1,307,077
Standard Chartered-USD A/C-01-6700772-01	17,894,255	38,052
Woori Bank USD A/C-92-30107-60	1,026,753	598,176
Woori Bank-Taka A/C-92-30107-75	2,253,710	1,124,464
Premier bank FC A/C-010215200000898	592,480	286,095
Premier Bank Taka A/C-010211100015599	35	675
Prime Bank-OBUS A/C-11-0000-10	3,177,467	4,658,397
Prime Bank-DBU USD A/C-124-511800084-41	176,005	175,548
Prime Bank-TK A/C-124-110500084-40	845,565	845,381
HSBC Bank -OBUS A/C	15,558,872	-
Dutch Bangla Bank-DBU A/C-Taka	1,695,043	3,892,852
Dhaka Bank-OBUS A/C-099-1125-0000003-47	6,844	6,826
Woori Bank -MOB Account	61	61
Sundry Deposit-Prime Bank	207,579	207,040
Sundry Deposit-SCB	-	17,008
	45,090,703	13,157,652



11 Share capital

Authorized capital:	<u>2,000,000,000</u>	<u>2,000,000,000</u>
20,00,00,000 Ordinary shares of Taka 10 each		
Issued, subscribed and paid up		
Opening Share Capital	851,500,000	143,750,000
Stock Dividend @ 388%	-	557,750,000
Add: Shares issued during the year for consideration in cash	-	150,000,000
Closing Share Capital	<u>851,500,000</u>	<u>851,500,000</u>

12 Retained Earnings

Retained Earnings Opening Balance	611,601,279	1,023,408,350
Less: Stock Dividend @ 388%	-	(557,750,000)
Add: Net profit during the period	38,851,519	145,942,929
Retained Earnings Closing Balance	<u>650,452,798</u>	<u>611,601,279</u>

13 Long-term borrowing

Prime Bank Ltd.	14,618,715	17,349,096
Woori Bank Ltd.	16,966,546	22,563,911
Loan from Shareholders	429,984,001	428,866,468
	461,569,262	468,779,475
Less: Current Portion of Long Term Loan		
Prime Bank Ltd.	10,043,288	10,089,230
Woori Bank Ltd.	22,400,640	22,400,640
	32,443,928	32,489,870
	<u>429,125,334</u>	<u>436,289,605</u>

Short details of long term borrowing from Prime Bank Ltd. And Woori Bank Ltd.

Purpose:	Procurement of Machineries
Tenure:	Three years from the date of disbursement
Repayment:	From proceed realization
Rate of Interest:	LIBOR+3.5%~LIBOR+3.75%
Security:	Building, machineries and book debt

14 Trade and other payables

Trade Payables	521,393,262	572,091,142
Other Payables	5,968,842	5,968,842
	<u>527,362,104</u>	<u>578,059,984</u>

15 Short term borrowing

Prime Bank Limited (TR)	27,368,536	113,048,018
Woori Bank Limited (TR)	102,485,271	104,226,363
HSBC (TR)	143,523,761	50,425,912
Prime Bank Limited (O/D)	23,432,000	23,371,100
Woori Bank Limited (O/D)	37,775,730	28,182,009
HSBC (OD)	-	11,777,862
	<u>379,570,258</u>	<u>331,031,264</u>



Particulars	TR
Nature:	Revolving
Purpose:	To retire L/c for Import of Raw Material
Tenure:	120 ~ 180 days
Repayment:	From Export Proceed
Rate of Interest:	LIBOR+3.25%~LIBOR+3.50%
Security:	Letter of Trust Receipts, Building, Machineries, Inventories, Book Debts

16 Liabilities for Expenses

Salaries, Wages & Allowances	36,247,638	41,941,796
Utilities Payable	14,533,285	32,433,753
Vehicle Rent & Expenses	342,567	342,567
ETP Expenses BEPZA	3,030,808	7,133,559
Godown rent	12,000	12,000
Audit Fees	632,500	460,000
Liability for employee Tax	239,650	1,084,498
Liability for supplier VAT and Tax	48,987	606,046
PF subscription	868,286	837,418
Others	145,580	154,047
	56,101,301	85,005,684

17 Income Tax provision

Opening Balance	43,460,782	20,755,151
Add: Provided during the period/year	8,060,164	22,705,631
Less: Adjustmant during the period/year	(6,523,076)	-
Total	44,997,870	43,460,782



		Amount in Taka 1-Jul-2017 to 30-Sep-2017	Amount in Taka 1-Jul-2016 to 30-Sep-2016
18	Revenue		
	Export Sales	920,968,637	887,611,043
		920,968,637	887,611,043
19	Cost of Sales		
	Yarn consumed (Note-19.01)	607,646,771	566,396,495
	Dyes & Chemicals Consumed (Note 19.02)	88,188,733	91,556,077
	Manufacturing expenses (Note-19.03)	137,675,951	123,604,905
	Manufacturing costs for the period	833,511,455	781,557,477
	Opening work in progress	136,273,638	114,861,877
	Closing work in progress	(141,064,223)	(145,873,453)
	Cost of goods manufactured	828,720,870	750,545,901
	Finished goods (Opening)	236,546,921	233,739,127
	Finished goods (Closing)	(236,755,150)	(185,193,978)
		828,512,641	799,091,050
19.01	Yarn consumed		
	Opening stock	721,460,152	730,863,380
	Purchase during the period	648,163,302	524,866,075
	Raw materials available for consumption	1,369,623,454	1,255,729,455
	Closing stock	(761,976,683)	(689,332,960)
	Raw materials consumed	607,646,771	566,396,495
19.02	Dyes & Chemical consumed		
	Opening stock	129,988,363	203,922,205
	Purchase during the period	51,604,089	115,852,334
	Dyes & Chemicals available for consumption	181,592,452	319,774,539
	Closing stock	(93,403,719)	(228,218,462)
	Dyes & Chemicals consumed	88,188,733	91,556,077
19.03	Factory Overhead		
	Electricity Charges	27,796,155	28,844,022
	Repair and Maintenance	1,451,980	1,356,060
	Wages and Salary	24,846,055	20,342,640
	Water Charge	8,985,150	7,571,806
	Daily Labor Charges	1,251,740	1,002,937
	P.F. Contribution	766,720	669,801
	Gas Charges- Titas	12,464,857	10,806,001
	Insurance Premium (Mfg.)	1,484,035	1,510,991
	Marin Insurance	752,825	792,054
	Land Rent -Bepza	447,329	440,061
	Medical Subscription -Bepza	224,400	220,754
	Service Chages- Bepza	1,682,576	1,161,841
	Godown Rent	762,000	750,203
	Worker Welfare Fund-BEPZA	72,000	47,220
	ETP Expenses-BEPZA	9,871,740	8,733,575
	Spare & Accessories consumed	25,756,855	22,116,911
	Depreciation	19,059,534	17,238,028
		137,675,951	123,604,905



20	Distribution Costs		
	Salaries & Allowances	1,929,200	783,953
	Contribution to P.F	59,533	33,490
	Advertisement	4,990	7,500
	House Rent	436,738	209,880
	Living & Dormitory Expense	1,134,238	965,474
	Delivery Expense	1,548,261	1,544,915
		5,112,960	3,545,212
21	Administrative expenses		
	Telephone, Mobile and Internet	224,820	203,602
	Medical & Welfare	857,744	1,775,411
	Professional Fees	476,534	490,500
	Audit Fees	172,500	86,250
	Renewal & Registration	173,256	239,335
	Salaries & Allowances	14,832,165	14,323,731
	Security Consultancy- Fee	685,216	740,154
	Vehicle Expenses	2,025,519	838,489
	Contribution for P.F	463,410	413,044
	Entertainment	235,423	147,922
	Miscellaneous Expenses	172,838	15,747
	Traveling & Conveyance	716,779	1,153,535
	Printing & Stationeries	372,514	346,407
	Courier Charge	5,985	91,661
	Depreciation	2,117,726	1,915,337
		23,532,429	22,781,125
22	Financial Expenses:		
	Interest on Long Term Loan	256,386	458,331
	Interest on Short Term Loan	19,281,651	13,519,244
	Bank Charge and Commission	2,567,744	2,474,591
		22,105,781	16,452,166
23	Income tax expenses:		
	The above balance is made up as follows:		
	Current tax (23.01)	8,060,164	6,476,000
	Deferred tax (income)/expenses (Annexure-B)	(113,209)	18,609
		7,946,955	6,494,609
23.01	Current tax		
	The above balance is made up as follows:		
	Income tax on business income (Note 23.02)	7,807,980	6,476,000
	Short Provision for the year ended on 30 November 2015	252,184	-
	Income tax on other income (Note 23.03)	-	-
	Total tax on income	8,060,164	6,476,000
23.02	Income tax on business income		
	Net Profit/ (Loss) before tax	46,798,474	43,297,397
	Add: Accounting depreciation	21,177,260	19,153,365
	Less: Tax depreciation	(20,422,535)	(19,277,430)
		47,553,199	43,173,332
	Less: Other income	-	-
	Total business income	47,553,199	43,173,332
	Income tax @ 15%	7,132,980	6,476,000
	Tax deducted under section 82 (C)	7,807,980	5,235,274



23.03 Income tax on other income:

Other income

-

-

Income tax @ 35%

-

-

24 Earning Per Share:

Net profit after tax attributable to ordinary shareholders

38,851,519

36,802,788

85,150,000

70,150,000

Basic Earning per share

0.46

0.52

No of weighted average shares to calculate basic earnings per share

**For the period from 1 July 2017 to 30
September 2017:**

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	85,150,000	92	1.00	85,150,000
Total		92		85,150,000

For the period from 1 July 2016 to 30 September 2016:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	92	1.00	14,375,000
Bonus Share	55,775,000	92	1.00	55,775,000
Total		92		70,150,000

**25 Disclosure as per requirement of schedule XI, Part-II of companies Act 1994****25.1 Related party disclosures**

The Company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures"
The Company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties . Total transactions of the significant related parties as at 30.06.2017 are as follows:

a)

Name of Related Party	Relationship	Nature of Transaction	Opening Balance	Transaction / Adjustment during the period Dr./ (Cr.)	Closing Balance Dr./ (Cr.)
Gain Plus Agents Limited	Common Management	Trade Payable	(144,931,360)	(19,313,361)	(164,244,721)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(428,866,468)	(1,117,533)	(429,984,001)
Globalmax Textile Co. Limited	Common Management	Trade Receivable/Payable	(17,062,955)	(265,168)	(17,328,123)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable/Payable	10,243,958	(10,031,711)	212,247
Kingpro Trading Limited	Common Management	Trade Payable	(59,691,213)	(1,208,771)	(60,899,984)
Queensin Ltd	Common Management	Trade Payable	(157,094,437)	(409,354)	(157,503,791)



b) Key Management Personnel:

As per Company Act , 1994 part-II , Schedule-XI (4) The profit and loss account will give by way of a note detailed information , showing separately the following payments provided or made during the financial period to the directors , including managing director , the managing agents or manager , if any ,by the company , subsidiaries of the company and any other person:-

No.	Particulars	1-Jul-2017 to 30-Sep-2017	1-Jul-2015 to 30-Sep-2016
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	Nil	Nil
(b)	Expenses reimbursed to Managing Agent	Nil	Nil
(c)	Commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	Nil	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	Nil	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
(g)	Other allowances and commission including guarantee commission	Nil	Nil
(h)	Pensions etc.	-	-
	(i) Pensions	Nil	Nil
	(ii) Gratuities	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil	Nil
(i)	Share Based payments	Nil	Nil

As per BAS- 24:

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term employee benefits	2,591,896	16,95,095
(b) Post-employee benefits	-	-
(c) Other long term benefits	-	-
(d) termination benefits and	-	-
(e) share- based payment	-	-
Total:	2,591,896	16,95,095



QUEEN SOUTH TEXTILE MILLS LTD.

Queen South Textile Mills Limited
Dhaka export Processing Zone
Savar Dhaka

Schedule of Property Plant and Equipment as at September 30, 2017

Annexure: A

Sl. No.	Name of Assets	COST			DEPRECIATION				Written down value as on 30-Sep-2017
		Balance as on 1-Jul-2017	Addition during the period	Balance as on 30-Sep-2017	Rate of Dep	Balance as on 1-Jul-2017	Charged during the period	Balance as on 30-Sep-2017	
1	Machinery & Equipment	1,158,826,826	5,229,600	1,164,056,426	15%	685,369,582	17,950,757	703,320,339	460,736,087
2	Building & Civil Const.	297,551,675	-	297,551,675	5%	95,988,952	2,519,534	98,508,486	199,043,189
3	Furniture and fixture	2,293,398	-	2,293,398	20%	1,528,954	38,222	1,567,176	726,222
4	Office equipment	19,298,590	392,000	19,690,590	25%	14,857,279	302,082	15,159,361	4,531,229
5	Electrical Installation	24,006,871	-	24,006,871	5%	6,999,958	212,586	7,212,544	16,794,327
6	Vehicles	12,455,172	-	12,455,172	20%	9,373,593	154,079	9,527,672	2,927,500
	Total at 30.09.2017	1,514,432,532	5,621,600	1,520,054,132		814,118,318	21,177,260	835,295,578	684,758,554
	Total at 30.06.2017	1,396,346,031	118,086,501	1,514,432,532	-	735,339,996	78,778,322	814,118,318	700,314,214

Depreciation Allocation:

Administrative expenses
Manufacturing Expenses

2,117,726
19,059,534
21,177,260



Queen South Textile Mills Ltd
Calculation of Deferred tax
for the period from 01 July 2017 to 30 September 2017

Particulars	30-Sep-2017	30-Jun-2017
Carrying value		
Property, Plant and Equipment	684,758,554	700,314,214
Tax base		
Property, Plant and Equipment	392,979,961	407,780,896
Taxable /(Deductible)temporary difference	291,778,593	292,533,318
Income Tax rate 15%	15%	15%
Deferred Tax Liabilities/(Assets) at the end of the year	43,766,789	43,879,998
Closing Deferred Tax Liabilities	43,766,789	43,879,998
Opening Deferred Tax Liabilities	43,879,998	40,603,121
D.Ta	(113,209)	3,276,877
x (income) / expenses:		



dd) Factors that may affect the results of operations.

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- i. Decrease in the demand of readymade garments products in the local and International Market,
- ii. Increased production cost
- iii. Decrease in per unit sales price
- iv. Increased Competition
- v. Scarcity of GAS, Electricity and raw materials
- vi. Govt. Policy Changes towards the industry,
- vii. Political unrest
- viii. Natural disaster



SECTION -VII

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS



SECTION (vii): MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

a) Overview of business and :

Queen South Textile Mills Limited (QSTML), one of the leading export oriented yarn dyeing factory in Bangladesh. Queen South Textile Mills Limited was incorporated as a Private Limited Company on June 15, 2003 under the Companies Act 1994 with Registrar of Joint Stock Companies and Firms, Bangladesh bearing registration no. C-49529(1513)/2003 subsequently converted into a public limited company vide EGM resolution dated on January 25, 2016. The main activities of the Company are concentrated in Dyeing of different types and count of yarn for 100% Export oriented Sweater industries. QSTML sells its products through L/C to the 100% export oriented sweater manufacturers who consume the dyed yarn as raw materials of their products. Therefore, the final destination of the company's products is overseas market.

Business Strategy:

- Modernize of existing facilities to ensure sustainable growth and to achieve technological superiority.
- Introducing Current Products to New Markets and Creating New Products for New Markets
- Catch up the latest fashion prevailing around the world
- Developing New Products for Current Customers
- Continuous expansion and improvement of product
- Maintain close contact with buyers to ensure efficient distribution of products.
- Achieve global competitiveness and to derive the benefit of our demographic and wages.
- Continuously investing in people for better team and development of team to produce and market the company's product.



b) SWOT ANALYSIS:

Strengths	Weakness	Opportunity	Threats
Brand loyalty: The Quality of Company's products to its customers have enabled the company to capture significant market share in the sector. We have a very strong customer base and healthy business relationship and doing business for a long time.	Work Environment: Short of space with high density of machines installation cause higher temperature and heat inside the production plant. However, the factory office and lab as well as head office are properly air-conditioned.	Special Tax Rates, Tax Holiday: Government gives the special Tax rates for the development of the Garments, Textile and backward linkage industries.	Competition: Global and local competition in this sector may affect the profitability of the company.
Mass Production: High volume production capacity/hour	Physical Hazards: Dyeing machines are mostly high pressure; improper use of machine may cause danger to workers.	Bank loan: All the industries involved in this sector get easy bank loan from different financial institutions and we have very good track records.	Government Regulation: Governments restriction if imposed will create new complications.
Experienced Professionals: We have experienced local and foreign technicians for the production.	Labors/Workers Strike: Frequent work stoppage by different service providers, dock labors, transport workers etc.	Market Order: Huge volumes of order now return to local due to short lead time from export oriented textile industries.	Competitors: Bangladesh is facing new competitors in textile sector such as India, Vietnam and Myanmar.
Fuel: Equip with own coal gas gasifiers for boilers in case of natural gas shortage	Electricity supply: Power supply is not stable in this country, may cause disruption to production and damage to machineries.	Developments in Dyes, Pigments and Chemicals: New developments in dye stuff, pigments for coloring of yarn, also in chemicals for less effluent loads and faster lead time of production.	Availability of Fuel for Steam Generation: Bangladesh is going through natural gas crisis which might cause problem in textile and garments sector.
Management: Experienced management result in quick decision making.		Cost of Dyes and Chemicals: Low cost of dyes and chemicals available in due to the high competition in the dyestuff manufacturer.	Environment Pollution: only one Central E.T.P in DEPZ.
Raw Materials Supply: Strong worldwide connections with dedicated manufacturers and suppliers.		Trans Pacific Partnership (TPP): with the US withdrawing from TPP agreement, Bangladesh shall remain attractive to the buyers in the textile and RMG sector.	Inventory Cost: Inventory cost goes high if exchange rate goes up since raw material for production is mostly imported from abroad.
High Performance Machineries: State of the art high performance machinery for production			
Worker's skill level: workers' skill level in Dhaka are considerably higher and easier to train up compare to the rest of the cities in Bangladesh.			
Maximized Production Time: 24hours production at the factory to ensure no machine idling.			
After Sale Service: professional technicians are always standing by to assist our customers and solve all technical problems.			



- c) Analysis of the financial statements of last five years with reason(s) of fluctuating revenue or sales, other income, total income, cost of material, finance cost, depreciation and amortization expense, other expense; changes of inventories, net profit before and after tax, EPS etc.

Particulars	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30- 06-2016 (7 Months)	Year ended on				
			30-11-2015	30-11-2014	30-11-2013	30-11-2012	30-11-2011
	-	-	Restated	-	-	-	-
Revenue	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623
Other Income	58,354	70,402	82,318	73,948	150,433	157,873	219,790
Total Income	1,670,351,682	1,870,157,640	3,216,055,056	3,720,957,889	3,376,823,894	3,021,232,014	2,434,800,413
Cost of Material	1,505,255,293	1,684,982,163	2,920,699,655	3,370,237,708	3,061,367,005	2,742,525,465	2,220,752,411
Operating Expenses	52,760,753	59,826,922	87,795,506	82,707,179	74,031,333	62,172,898	54,109,667
Finance Cost	36,763,400	33,314,113	73,778,445	59,360,187	43,560,193	45,945,632	29,849,214
Depreciation	37,475,641	46,630,519	80,374,456	82,001,817	85,231,252	87,623,566	86,756,355
Amortization	-	-	-	-	-	-	-
Inventory	1,359,320,933	1,396,783,451	1,362,214,278	1,422,441,585	1,134,543,117	685,432,791	714,890,315
Changes of Inventory	-2.68%	2.54%	-4.23%	25.38%	65.52%	-4.12%	241.07%
Net profit before tax	74,383,866	95,174,031	129,740,794	210,907,712	169,743,824	59,471,549	85,727,773
Net profit after tax	62,450,982	80,883,845	118,428,442	210,907,712	169,743,824	59,471,549	85,727,773
EPS	0.86	1.15	1.69	3.01	2.42	0.85	1.22



Reason of Fluctuation:

Revenue

There was a steady growth in the sales revenue during the last five years except for sales of 2014-2015 registering a 14% decrease in sales of the company resulted from decline in the sale price of yarn both local & International market .

Other Income

Other income comes from interest on FDR. The reasons for fluctuation in other income are interest from FDR and bank deposit.

Total Income

Fluctuation in the total income is the result of changes in the revenue and other income as narrated above.

Cost of Material

Company's raw material consumption, overhead expenses and cost of production was efficiently managed and the Cost of Goods sold was in line with revenue & capacity utilization.

Finance Cost

The Company's main source of debt finance is short term & long-term loan from bank which mainly depends on the import of raw materials and discounting of export documents. When the sales increase, the company had to import more material from overseas and more discounting of export documents to retain the cash flow unaffected resulting in more short-term loan from bank and more finance cost. Finance cost increased in the year 2015 with compared to 2014 due to increase in bank loan resulting from acquisition of fixed asset & operating expenses.

Depreciation and Amortization

There was no significant fluctuation in depreciation cost. Amortization expenses are not applicable for the company.

Change in Inventory

Inventory level was almost consistent from year to year except in the year 2013 because in 2012, a considerable growth was observed in export sales resulting in more import of inventory.

Net profit before & after Tax and Earning per Share (EPS)

The company's net profit before and after tax has changed due to fluctuation in sales revenue, foreign currency gain /loss, finance cost & income tax expense. Earnings per share (EPS) of the company has been changed in line with net profit before and after tax from 30 November 2011 to 30 November 2015. In 30 Jun 2016 and 31 December 2016 EPS of the company has been changed significantly due to allotment of new share through bonus and placement.



d) Known trends, demands, commitments, events or uncertainties that are likely to have an effect on the company's business:

Though there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business, the business operation of the Company may be affected by the following events:

- I. Decrease in the demand of readymade garments products in the local and International Market
- II. Increased production cost
- III. Decrease in per unit sales price
- IV. Increased Competition
- V. Scarcity of gas, electricity and raw materials
- VI. Govt. Policy Changes towards the industry
- VII. Political unrest
- VIII. Natural disaster

e) Trends or expected fluctuations in liquidity:

The company has been operating with moderate liquidity. The company is currently enjoying working capital facilities in different modes from various banks, through which it is managing liquidity and meeting the import payments to procuring raw materials to carry out the production.

From the cash flow of the company, it has been revealed that the company can generate sufficient fund internally to service its debt burden and other liabilities also. The company generated operating cash flow of Tk.150,922,436 for the period ended December 31, 2016 to meet its liquidity and obligation.

f) Off-balance sheet agreements those have or likely to have a current or future effect on financial condition:

There are no off-balance sheet agreements those have or likely to have a current or future effect on financial condition.



SECTION -VIII

DIRECTORS AND OFFICERS



SECTION (viii): DIRECTORS AND OFFICERS

- a) Name, Father's name, age, residential address, educational qualification, experience and position of each of the directors of the company and any person nominated or represented to be a director, showing the period for which the nomination has been made and the name of the organization which has nominated him;

Name	Father's Name	Age	Residential address	Educational Qualification	Experience	Position	Name of the nominator and duration of nomination
Wong Jammy Kwok Chan	WONG BING CHEONG	60	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	Post Graduate	33	Managing Director & Director	N/A
Wong Kwok Chuen (Nominee of Gain Plus Agents Limited)	WONG BING CHEONG	62	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	Post Graduate	35	Chairman & Director	Gain Plus Agent Ltd. (Nominated from 04-06-2003 to till date)
Wong Elisa Dai Wah	TUNG CHE KEUNG	53	30 B, Block 1, 29 Lyttelton Road, Hongkong	Graduate	25	Director	N/A
Lee Hung Chun	LEE MAU WAH	59	House-87, 328 fan kam road, Miami Crescent, Sheung Shui, NT Hongkong	Graduate	31	Director	N/A
Maqbul Ahmed, FCA	LATE MVI. NUR AHMED	63	House# 3/A, Road# 74, Gulshan-2, Dhaka-1212.	Chartered Accountant	32	Independent Director	N/A

- b) The date on which he first became a director and the date on which his current term of office shall expire:

SL	Name of the Director	Position	Date of first Directorship	Date of Expiration of Current term
1	Wong Jammy Kwok Chan	Managing Director & Director	15-09-07	15-06-18
2	Wong Kwok Chuen (Nominee of Gain Plus Agents Limited)	Chairman & Director	04-06-03	22-04-18
3	Wong Elisa Dai Wah	Director	17-12-15	22-04-18
4	Lee Hung Chun	Director	04-06-03	22-04-18
5	Maqbul Ahmed, FCA	Independent Director	04-12-16	04-12-19



- c) If any director has any type of interest in other businesses, names and types of business of such organizations. If any director is also a director of another company or owner or partner of any other concern, the names of such organizations;

Name	Designation	Directorship/Sponsorship	Type of Business	Position
		Ownership with other organization		
Wong Jammy Kwok Chan	Managing Director & Director	Kingpro Mfg. Co. Ltd	Manufacturer and Supplier of all kinds of garments accessories	Director
		Globalmax Textile Co. Ltd	Manufacturer and Supplier of all kinds of garments accessories	Director
Wong Kwok Chuen (Nominee of Gain Plus Agents Limited)	Chairman & Director	Kingpro Mfg. Co. Ltd	Manufacturer and Supplier of all kinds of garments accessories	Director
		Globalmax Textile Co. Ltd	Manufacturer and Supplier of all kinds of garments accessories	Director
Wong Elisa Dai Wah	Director	-	-	-
Lee Hung Chun	Director	-	-	-
Maqbul Ahmed, FCA	Independent Director	ATA Khan & Co.	Chartered Accounts	Partner
		Hwa Well Textiles (BD) Limited	100% Export oriented company of knitting dyeing and finishing of Textile Goods and Items.	Independent Director

- d) Statement of if any Directors of the issuer are associated with the securities market in any manner if any director of the issuer company is also director of any issuer of other listed securities during last three years then dividend payment history and market performance:

Neither any of the director of QSTML is associated with the security market in any manner nor become director of other listed securities during last three years except Mr. Maqbul Ahamed, FCA who is also an independent director of HWA Well Textiles (BD) Limited.

Directors Involvement in other listed securities during last three years are as follows:

Name of the Director	Name of the Issue	Dividend Payment History		
		30-Jun-16	30-Jun-15	30-Jun-14
Mr. Maqbul Ahamed, FCA	HWA Well Textiles (BD) Limited	15% Cash	15% Cash	15% Cash

Market Performance:

Particulars	Amount in BDT		
	2016-2015	2015-2014	2014-2013
Turnover	1,269,701,080	1,337,888,116	1,936,777,486
Gross Profit	175,432,084	185,363,179	267,257,487
Net Profit After tax	112,888,195	116,605,088	157,912,155
NAV Per Share	27.56	25.25	24.67
Earnings Per share	2.02	2.08	2.82



- e) Any family relationship (father, mother, spouse, brother, sister, son, daughter, spouse's father, spouse's mother, spouse's brother, spouse's sister) among the directors and top five officers:

Family relationship among directors:

SL	Name	Designation	Relationships
1	Wong Jammy Kwok Chan	Managing Director & Director	Husband of Mrs. Wong Elisa Dai Wah
2	Wong Kwok Chuen (Nominee of Gain Plus Agents Limited)	Chairman & Director	Husband of Mrs. Lee Hung Chun
3	Wong Elisa Dai Wah	Director	Wife of Mr. Wong Jammy Kwok Chan
4	Lee Hung Chun	Director	Wife of Mr. Wong Kwok Chuen
5	Maqbul Ahmed, FCA	Independent Director	No family relation

Family relationship among directors and top five officers of the Company:

There is no family relationship among the directors and top five officials of the company.

- f) **A very brief description of other businesses of the directors:**

Mr. Wong Kwok Chuen (Representative of Gain Plus Agent Ltd.)

Sl. No.	Name of Companies	Date of Incorporation	Nature of Business	Equity capital	Position
1	Globalmax Textile Co. Ltd.	05.07.2010	Manufacturer and Supplier of all kinds of garments accessories	10,000,000	Director
2	Kingpro Mfg. Co. Ltd.	14-07-10	Manufacturing and supply of all kinds of garments accessories	10,000,000	Director

Mr. Wong Jammy Kwok Chan (Managing Director & Director)

Sl. No.	Name of Companies	Date of Incorporation	Nature of Business	Equity capital	Position
1	Globalmax Textile Co. Ltd.	14.07.2010	Manufacturer and Supplier of all kinds of garments accessories	10,000,000	Director
2	Kingpro Mfg. Co. Ltd.	14-07-10	Manufacturing and supply of all kinds of garments accessories	10,000,000	Director

Ms. Wong Elisa Dai Wah (Director)

Ms. Wong Elisa Dai Wah is not associated with any other business except Queen South Textile Mills Limited.

Ms. Lee Hung Chun (Director)

Ms. Lee Hung Chun is not associated with any other business except Queen South Textile Mills Limited.

Maqbul Ahmed, FCA (Independent Director)

Sl. No.	Name of Companies	Date of Commencement	Nature of Business	Equity capital	Position
1	ATA Khan & Co.	1-Jul-1959	Chartered Accounting Firm	N/A	Partner
2	Hwa Well Textiles (BD) Limited.	1-Jul-2004	100% Export Oriented Knitting Dying Company	560,000,000	Independent Director



g) Short bio-data of each director:

Mr. Wong Kwok Chuen

Chairman

Mr. Wong Kwok Chuen is a Hong Kong national and representing GAINPLUS AGENTS LIMITED in Queen South Textile Mills Limited. He is vastly experienced in Textile industry and leading QSTM with his innovative idea. He is well-reputed businessman and highly qualified professional with proven record of success in managing marketing and project management. He visited to many countries in connection with business and had gathered sufficient knowledge required to run a business smoothly and profitably.

Mr. Wong Jammy Kwok Chan

Managing Director

Mr. Wong Jammy Kwok Chan is a Canadian national and finished his EMBA from Fudan University in Shanghai China. He has 33 years of experience in running different kind of textile business in different countries. He is dynamic and able to lead in different cultures. He established Queen South Textile Mills Limited with his family member at 2003, and he has gone through many challenges, and the company has been growing since then and become one of the largest in terms of dyed yarn production in Bangladesh. His aim is to help the Bangladesh Textile Industry to be fully integrated with domestic support in all area.

Mrs. Wong Elisa Dai Wah

Director

Mrs. Elisa Wong is spouse of Managing Director, also a Canadian national. She is a Journalism graduate in Hong Kong, with vast experience in investment, and has always been ready to give her precious opinion.

Ms. Lee Hung Chun

Director

Ms. Lee is spouse of Chairman and she is a Hong Kong national. She was working with the Chairman for many years early in her career and experienced in the Textile and Garment industry.

Maqbul Ahmed, FCA

Independent Director

Mr. Maqbul Ahmed, Fellow member of ICAB has been practicing in Chartered Accountants profession for 23 years and conducting & Supervising Audits of all nature of Companies, Corporations including Govt. Autonomous etc. Taxation Secretarial works, Management Consultancy including numerous Advisory jobs. He is also an independent director of HWA WELL Textiles (BD) Limited.

h) Loan status of the issuer, its directors and shareholders who hold 10% or more shares in the paid-up capital of the issuer in terms of the CIB Report of Bangladesh Bank:

Neither the Company nor any of its Directors or shareholders who hold 10% or more shares in the paid-up capital of the issuer is loan defaulter in terms of the CIB report of Bangladesh Bank.



- i) **Name with position, educational qualification, age, date of joining in the company, overall experience (in year), previous employment, salary paid for the financial year of the Chief Executive Officer, Managing Director, Chief Financial Officer, Company Secretary, Advisers, Consultants and all Departmental Heads. If the Chairman, any director or any shareholder received any monthly salary than this information should also be included:**

SL #	Name of Employees	Position	Educational Qualification	Age	Date of Joining	Overall Experience	Name of Previous Organization	Salary paid for the Period ended 31 December 2016	Salary paid for the Financial Period 30 June 2016
1	Wong Jammy Kwok Chan	Managing Director	EMBA	60 years	29-Nov-07	33 years	Global Max Services Inc.	NIL	NIL
2	Rathindra Kumar Chowdhury MBE	Chief Executive Officer	Graduate in Commerce	72 Years	01-Nov-2017	53 Years	Voluntary Service Overseas(VSO), HEED Bangladesh, Doloy Valley Club(a tea planters club), Democracy Watch	Nil	Nil
3	Md. Massum Rana	Company Secretary	MBA	44 years	2-Jul-05	16 years	Youngone Hi Tech Sports wear Ltd.	618,986	624,312
4	GOUTAM CHANDRA ROY	Chief Finance Officer	MBA, CA(Inter)	49 years	1-Jul-12	24 years	Meer Ala Group	521,810	558,607
5	MD. SHAHABUDDIN	Head of Admin	MA	42 years	1-Oct-05	20 years	Kung Keng Textile	618,367	686,721
6	MD. MUZAHID HASSAN	Head of Maintenance	BSC	45 years	8-Mar-16	19 years	Saiham Knit Composite Ltd.	562,443	334,092
7	MD. KUTUBUL ALAM	Head of Production	MSC	44 years	12-Jun-11	18 years	Dong Bang Dyeing Ltd.	1,055,682	1,298,271
8	MD. PARVES SARWAR NUTON	Head of Sales & Marketing	MBA	39 years	27-Mar-05	15 years	Bangladesh Spinners & Knitters Ltd.	767,062	788,226
9	MD. OSMAN GONI	Dyeing Consultant	MSC	49 years	1-May-14	26 years	Bangladesh Spinners & Knitters Ltd.	884,174	1,110,934
10	MD. MONIRUZZAMAN	Asst. Production Manager	BSC	39 years	12-Jun-11	16 years	Star Yarn Dyeing	504,095	539,743

*None of the directors including Managing Director and Chairman enjoyed any facilities from the company during that period.



- j) **Changes in the key management persons during the last three years. Any change otherwise than by way of retirement in the normal course in the senior key management personnel particularly in charge of production, planning, finance and marketing during the last three years prior to the date of filing the information memorandum. If the turnover of key management personnel is high compared to the industry, reasons should be discussed:**

1. Mr. Rathindra Kumar Chowdhury MBE joined the company as Chief Executive Officer on November 01, 2017.
2. Md. Muzahid Hassan Joined the company as Head of Maintenance On 08 Mach 2016.
3. Mr. Maqbul Ahmed, FCA joined the board as Independent Director on 04 December 2016 which is approved by the shareholders.

- k) **A profile of the sponsors including their names, father's names, age, personal addresses, educational qualifications, and experiences in the business, positions or posts held in the past, directorship held, other ventures of each sponsor and present position:**

Name	Father's Name	Age	Personal address	Educational Qualification	Experience	Position/Post		Other venture of each sponsor and present position
		(years)			in Years	Present	Past	
Ms. Lee Hung Chun Representative of Country Smart Agents Limited	LEE MAU WAH	59	Plot No: 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh	Graduate	31	Director	Director	-
Mr. Wong Kwok Chuen Representative of Gain Plus Agents Limited	WONG BING CHEONG	62	4FL-1, 250, Sec-4, Chung Hsiau –ERD, Taipei, Taiwan	Graduate	35	Sponsor Shareholder	Director	Globalmax Textile Company Limited, Kingpro Mfg. Company Limited

- l) **If the present directors are not the sponsors and control of the issuer was acquired within five years immediately preceding the date of filing prospectus details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for such acquisition etc.**

Name	Acquisition of control	Date of acquisition	Terms of acquisition	Consideration paid for such acquisition
Wong Kwok Chuen (Nominee of Gain Plus Agents Limited)	Chairman & Director	04-06-03	No terms at acquisition	Cash
Wong Jammy Kwok Chan	Managing Director & Director	29-11-07		Other than Cash
Ms. Wong Elisa Dai Wah	Director	17-12-15		Cash
Ms. Lee Hung Chun	Director	17-12-15		Cash
Maqbul Ahmed, FCA	Independent Director	-		

- m) **If the sponsors/directors do not have experience in the proposed line of business, the fact explaining how the proposed activities would be carried out or managed:**

All the directors have adequate knowledge to carry out this line of business.

- n) **Interest of the key management persons:**

There is no other interest of the key management except that remuneration/salary and allowances paid to them as stated in serial (i) of this section.

- o) **All interests and facilities enjoyed by a director, whether pecuniary or non-pecuniary:**

None of the directors including Managing Director enjoyed any facilities. Facilities whether pecuniary or non-pecuniary enjoyed by the directors will remain unchanged during the publication period of the prospectus. Interest and facility is already disclosed in Executive Compensation of the Prospectus.



p) Number of shares held and percentage of shareholding (pre issue):

Sl.	Name	Position	Total No of Shares	Percentage of Pre-IPO
1	Gainplus agents Limited represented by Wong Kwok Chuen	Sponsor and Chairman	30,164,500	35.43%
2	Wong Jammy Kwok Chan	Managing Director	17,537,500	20.60%
3	Wong Elisa Dai Wah	Director	2,806,000	3.30%
4	Lee Hung Chun	Director	2,806,000	3.30%
Total			53,314,000	62.63%

q) Change in board of directors during last three years:

Changes in the board of directors during last three years are as under:

Name	Previous position	Current Position	Remarks
Gain Plus Agents Limited, Represented by Wong Kwok Chuen	Chairman	Representative Director of Gain Plus Agent Ltd.	Retired and Reappointed as Chairman on 26-Dec-2016
Wong Jammy Kwok Chan	Managing Director & Director	Managing Director	Retired and Reappointed as Managing Director on 26-Dec-2016
Wong Elisa Dai Wah	Director	Director	Appointed as Director on 17/12/2015 and Retired-Re-elected on 22/04/2016
Lee Hung Chun	Director	Director	Appointed as Director on 17/12/2015 and Retired-Re-elected on 22/04/2016
Maqbul Ahmed, FCA	-	Independent Director	Joined the board of Queen South Textile Mills Limited on 04/12/2016 to ensure corporate governance within the industries

r) Director's engagement with similar business:

None of the Directors are involved with similar business.



SECTION - IX

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS



SECTION (IX): CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

a. Description of any transaction during the last five years, or any proposed transactions certified by the auditors, between the issuer and any of the following persons, giving the name of the persons involved in the transaction, their relationship with the issuer, the nature of their interest in the transaction and amount of such interest.

- (i) Any director or sponsor or executive officer of the issuer
 - (ii) Any person holding 5 % or more of the outstanding shares of the issuer
 - (iii) Any related party or connected person of any of the above persons
- Except the transactions described in the following table:

Name	Relationship	Nature of Transaction	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Gain Plus Agents Limited	Common Management	Loan originated through Raw material procurement and Acquisition of PPE	(418,808,674)	(417,212,199)	(419,990,791)	(541,219,388)	(467,773,365)	(125,125,352)	(118,875,860)
Gain Plus Agents Limited		Trade Payable	(158,002,411)	(304,980,886)	(300,311,420)	(371,335,983)	(267,475,394)	(549,454,918)	(459,442,113)
Kingpro Manufacturing Co. Limited		Trade Receivable	9,993,736	11,059,198	100,990,123	87,921,973	43,589,979	31,892,640	-
Kingpro Trading Limited		Trade payable	(23,100,154)	(135,543,702)	(193,756,237)	(127,025,171)	(105,733,663)	(58,042,607)	(55,071,802)
Queensin Ltd.		Trade payable	(20,118,880)	(12,327,628)	(1,122,400)	-	-	-	-
Globalmax Textile Company Ltd.		Trade Payable/Trade Receivable	(22,585,910)	(714,996)	(18,156,365)	11,191,925	1,612,511	-	-

Figures in brackets indicate credit balances.

Place: Dhaka
Date: 20 June, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



- b. Any transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus:**

There is no transaction or arrangement entered into by the issuer or its subsidiary or associate or entity owned or significantly influenced by a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus except the transaction mentioned in the section IX (a).



- c. Any loans either taken or given from or to any director or any person connected with the director, clearly specifying details of such loan in the prospectus, and if any loan has been taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan, rate of interest applicable, date of loan taken, date of maturity of loan, and present outstanding of such loan:

The company has not taken from or given to any loans to any director or any person connected with the director except loan taken from or given to related entity mention in details from 01 December 2010 to 31 December 2016 section IX(a) as under.

Name	Relationship	Nature of Transaction	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Gain Plus Agents Limited	Common Management	Loan originated through Raw material procurement and Acquisition of PPE	(418,808,674)	(417,212,199)	(419,990,791)	(541,219,388)	(467,773,365)	(125,125,352)	(118,875,860)
Gain Plus Agents Limited		Trade Payable	(158,002,411)	(304,980,886)	(300,311,420)	(371,335,983)	(267,475,394)	(549,454,918)	(459,442,113)
Kingpro Manufacturing Co. Limited		Trade Receivable	9,993,736	11,059,198	100,990,123	87,921,973	43,589,979	31,892,640	-
Kingpro Trading Limited		Trade payable	(23,100,154)	(135,543,702)	(193,756,237)	(127,025,171)	(105,733,663)	(58,042,607)	(55,071,802)
Queensin Ltd.		Trade payable	(20,118,880)	(12,327,628)	(1,122,400)	-	-	-	-
Globalmax Textile Company Ltd.		Trade Payable/Trade Receivable	(22,585,910)	(714,996)	(18,156,365)	11,191,925	1,612,511	-	-

Figures in brackets indicate credit balances.



SECTION - X

EXECUTIVE COMPENSATION



SECTION (X): EXECUTIVE COMPENSATION

- a) The total amount of remuneration or salary or perquisites paid to the top five salaried officers of the issuer in the last accounting year and the name and designation of each such officer:

SL	Name	Designation	Salary for the period from July 01, 2016-31 December 2016	Salary for the period from December 01, 2015-30 June 2016	Salary paid for the year ended 30 November 2015
1	Mr. Rathindra Kumar Chowdhury MBE	Chief Executive Officer	Nil	Nil	Nil
2	Md. Kutubul Alam	Head of Production	1,055,682	1,298,271	2,279,487
3	Md. Osman Goni	Dyeing Consultant	884,174	1,110,934	1,559,101
4	Mr. Yiu Tak Peter Cheung	General Manager	868,800	884,800	1,516,800
5	MD. Parves Sarwar Nuton	Head of Sales & Marketing	767,062	788,226	1,282,207
6	Md. Massum Rana	Company Secretary	618,986	624,312	919,906
Total			4,194,704	4,706,543	7,557,501

* Mr. Rathindra Kumar Chowdhury MBE joined the company as Chief Executive Officer on November 01, 2017.

- b) Aggregate amount of remuneration paid to all directors and officers as a group during the last accounting year:

Sl.	Particular	Nature of Payments	Remuneration for the period from July 01, 2016-31 December, 2016 (Taka)	Remuneration for the period from December 01, 2015-30 June, 2016 (Taka)	Remuneration for the year ended 30 November, 2016 (Taka)
1	Directors	Remuneration	-	-	-
2	Officers and Staffs	Salary and Allowances	18,609,398	200,557,001	31,938,377
Total			18,609,398	200,557,001	31,938,377

- c) If any shareholder director received any monthly salary or perquisite or benefit it must be mentioned along with date of approval in AGM or EGM, terms thereof and payments made during the last accounting year:

No Shareholder Director of the company received any remuneration or perquisite benefit of Queen South Textile Mills Limited during the period ended December 31, 2016.

- d) The board meeting attendance fees received by the director including the managing director along with date of approval in AGM or EGM:

The Board of Directors did not receive any board meeting attendance fees.

- e) Any contract with any director or officer providing for the payment of future compensation:

There is no such contract between the company and any of directors or officers regarding any future compensation to be made to them.

- f) If the issuer intends to substantially increase the remuneration paid to its directors and officers in the current year, appropriate information regarding thereto:

The company has no plan for substantially increasing remuneration to its directors and/or officers except for those that are paid as annual increment to their salaries.

- g) Any other benefit or facility provided to the above persons during the last accounting year:

No other benefit/facility provided to the above persons during the last accounting year.



SECTION - XI

OPTION GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES



SECTION (XI): OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The Queen South Textile Mills Limited did not grant any options to its directors, officers and/or any other employees for the purpose of issuing shares.



SECTION - XII

TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM



SECTION (xii): TRANSACTION WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

- (a) The names of the directors and subscribers to the memorandum, the nature and amount of anything of value received or to be received by the issuer from the above persons, or by the said persons, directly or indirectly, from the issuer during the last five years along with the description of assets, services or other consideration received or to be received;

Details of Transaction with the directors and subscribers to the memorandum are as under:

Name	Nature of Transaction	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Gain Plus Agents Limited	Trade/Acquisition of PPE	(418,808,674)	(417,212,199)	(419,990,791)	(541,219,388)	(467,773,365)	(125,125,352)	(118,875,860)
Gain Plus Agents Limited	Trade Payable	(158,002,411)	(304,980,886)	(300,311,420)	(371,335,983)	(267,475,394)	(549,454,918)	(459,442,113)

Figures in bracket indicates credit balances

- (b) If any assets were acquired or to be acquired within next two financial years from the aforesaid persons, the amount paid for such assets and the method used to determine the price shall be mentioned in the prospectus, and if the assets were acquired by the said persons within five year prior to transfer those to the issuer, the acquisition cost thereof paid by them:

The following assets were acquired from Gain Plus Agents Limited within five years prior to transfer of those to the issuer are as follows:

Name of the persons from whom Assets were acquired	Assets acquired during last five years	Cost of Acquisition of Queen South Textile Mills Limited	Acquisition cost paid by Gain Plus Agents Limited	Method used to determine the price	Relation
Gain Plus Agents Limited	Machineries	US\$ 2,756,502	US\$ 2,664,983.34	Price were/are determined on Arms' Length Basis	Buyer-Seller (Director of the Company)



SECTION - XIII

OWNERSHIP OF THE COMPANY'S SECURITIES



SECTION (xiii): OWNERSHIP OF THE COMPANY'S SECURITIES

a) The names, addresses, BO ID Number of all shareholders of the company before IPO, indicating the amount of securities owned and the percentage of the securities represented by such ownership:

SL.	Name	Position	Address	BO ID	No of Shares Total	Percentage (%)	
						Pre-IPO	Post IPO
1	Gainplus agents Limited represented by Wong Kwok Chuen	Sponsor and Chairman	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	1605550062698758	30,164,500	35.43%	30.12%
2	Wong Jammy Kwok Chan	Managing Director	30 B, Block 1,29 Lyttelton Road, Hongkong	1605550062697935	17,537,500	20.60%	17.51%
3	Wong Elisa Dai Wah	Director	30 B, Block 1,29 Lyttelton Road, Hongkong	1605550062697927	2,806,000	3.30%	2.80%
4	Lee Hung Chun	Director	House-87, 328 fan kam road, Miami Crescent, Sheung Shui, NT Hongkong	1605550062697887	2,806,000	3.30%	2.80%
5	Shen Wai Chwang Johnny	Shareholder	Flat-1, 20/F Chun Wui House Ko Chun Cort, Ko Chiu Road, ya tong kowloon Hongkong	1605550062697919	3,367,200	3.95%	3.36%
6	Tsang Wai Kwan	Shareholder	Flat B, 17/F 132, Broadway Street Mei Foo Sun Chuen Lai Chi Kok, Kowloon, Hongkong	1605550062697943	3,367,200	3.95%	3.36%
7	Chu Kam Tong	Shareholder	Flat A, 67/F Tower-7, Bellagio 33 Castel Peak Road Sham Tseng NT, Hong Kong	1605550062697900	3,367,200	3.95%	3.36%
8	Tsang Wing Hei	Shareholder	Flat B, 17/F 132, Broadway Street Mei Foo Sun Chuen Lai Chi Kok, Kowloon, Hongkong	1605550062697961	3,367,200	3.95%	3.36%
9	Wong Kai Chung	Shareholder	House-87, 328 fan kam road, Miami Crescent, Sheung Shui, NT Hongkong	1605550062697895	3,367,200	3.95%	3.36%
10	Abu Saleh Abdul Muiz	Shareholder	Bakali house, House # 32, Flat # 5B, Road - 116, Gulshan-1, Dhaka-1212	1605550007748542	1,000,000	1.17%	1.00%
11	Md. Saiful Islam Helali	Shareholder	117/Ka, Azimpur Road, Dhaka-1205	1205200052909623	300,000	0.35%	0.30%
12	Nashid Amin	Shareholder	House # 08, Road # 11, Block # E, Banani, Dhaka-1213	1605550056929245	1,000,000	1.17%	1.00%
13	SM Assets Limited	Shareholder	House # 11, Road # 07, Sector # 4, Uttara, Dhaka-1230	1605550062649997	1,000,000	1.17%	1.00%
14	A.H. Enterprise	Shareholder	79/2, East Rampura, Dhaka	1605550061258214	350,000	0.41%	0.35%
15	Nahid Chowdhury	Shareholder	Apt-B3, House-52, Road 8/A, Dhanmondi R/A, Dhaka- 1209	1605550057725605	750,000	0.88%	0.75%
16	A. F. M Showkat Ahmed	Shareholder	Apt-B3, 1 A Summit Heaven, House-32, Road 9/A, Dhanmondi R/A, Dhaka-1209	1203620004547695	400,000	0.47%	0.40%
17	Brothers Trading	Shareholder	32/9/7, Hashem Khan Road, Dhaka-1207	1201590060336809	200,000	0.23%	0.20%
18	Md. Habibur Rahman Sikder	Shareholder	Metronet Bangladesh Limited, PBL Tower 13th Floor, 17(new), Gulshan North C/A, Dhaka	1605550057755195	300,000	0.35%	0.30%
19	Rezwna Fardause Karim	Shareholder	House-43/Ka, Indira Road, Dhaka-1215	1605550062024061	650,000	0.76%	0.65%
20	Halima Ahmed	Shareholder	Road # 166, House # 32, Gulshan, Dhaka-1212	1605550050578557	500,000	0.59%	0.50%
21	Sheikh Joglul Sadeq	Shareholder	House-26 (3rd Floor), Road-16, Nikunja-2, Khilkhet	1202020007035230	50,000	0.06%	0.05%
22	Investment Corporation of Bangladesh	Shareholder	BDBL Building (12-15th Floors), 8, Rajuk Avenue, DIT Avenue, Dhaka 1000	1201530000003501	2,000,000	2.35%	2.00%



QUEEN SOUTH TEXTILE MILLS LTD.

23	Enter IT (BD) Ltd.	Shareholder	45/1, New Eskaton Road(Ground Floor), Dhaka-1000	1605550050784695	725,000	0.85%	0.72%
24	Winspect Communication	Shareholder	32/2, Atish Dipankar Road, Dhaka-1214	1201520062643740	500,000	0.59%	0.50%
25	M/S. Abul Hashem Motors	Shareholder	House # 20, Road # 5, Block # F, Banasree, Rampura, Dhaka	1201520062643732	500,000	0.59%	0.50%
26	NAF Enterprise	Shareholder	6/A/1, Topkhana Road, Segun Bagicha, Dhaka-1000	1201520062588658	3,000,000	3.52%	3.00%
27	Md. Masudur Rahman	Shareholder	H-28, R-18, Block-B, Section-12, Mirpur, Dhaka-1216	1203110062545001	50,000	0.06%	0.05%
28	Md. Massum Rana	Shareholder	Plot No 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka	1605550062682670	450,000	0.53%	0.45%
29	Agro Atmosphere Ltd.	Shareholder	296, Free School Street (Ground Floor) , Kathalbagan, Dhaka-1205	1205690057925356	750,000	0.88%	0.75%
30	Mohammad Parves Sarwar	Shareholder	Plot No 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka	1605550062682729	85,000	0.10%	0.08%
31	Mohammad Kutubul Alam	Shareholder	Plot No 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka	1605550062682702	240,000	0.28%	0.24%
32	Goutam Chandra Roy	Shareholder	Plot No 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka	1605550062682689	150,000	0.18%	0.15%
33	Md. Rafiul Alam Ripon	Shareholder	Plot No 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka	1605550062682737	50,000	0.06%	0.05%
	Total				85,150,000	100%	85.02%



- b) There shall also be a table showing the name and address, age, experience, BO ID Number, TIN number, numbers of shares held including percentage, position held in other companies of all the directors before the public issue:

Sl .	Name of the Shareholders	Address	Age	Experience	BO ID	TIN	No. of Share	(%)	Position held in other organization	
									Other organization	Position
1	Wong Jammy Kwok Chan	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	60	33	1605550062697935	-	17,537,500	20.60 %	Kingpro Mfg. Co. Ltd	Director
2	Wong Kwok Chuen (Nominee of Gain Plus Agents Limited)	Flat/RM IC Victorious Factory Building 35 Tseuk Luk Street San Po Kong, Hongkong	62	35	1605550062698758	-	30,164,500	35.43 %	Kingpro Mfg. Co. Ltd	Director
3	Wong Elisa Dai Wah	30 B, Block 1, 29 Lyttelton Road, Hongkong	53	25	1605550062697927	-	2,806,000	3.30%	-	-
4	Lee Hung Chun	House-87, 328 fan kam road, Miami Cresent, Sheung Shui, NT Hongkong	59	31	1605550062697887	-	2,806,000	3.30%		
5	Maqbul Ahmed, FCA	House# 3/A, Road# 74, Gulshan-2, Dhaka-1212.	63	32	-	471993824683/Circle -172	-	-	ATA Khan & Co, Chartered Accountants	Partner
									Hwa Well Textiles (BD) Limited	Independent Director

** No TIN in Bangladesh as the directors are not working in Bangladesh and not receiving any remuneration.



c) The average cost of acquisition of equity shares by the directors certified by the auditors:

To Whom It May Concern

This is to certify that the shares in the equity of **Queen South Textile Mills Limited** have been allotted at face value in cash and other than cash and the average cost of acquisition of equity by the directors is Tk. 10.00 each. Name wise shareholdings position, allotment date and consideration are given below

Date of Allotment	Allotment/ Transfer	Gain Plus Agents Limited	Wong Jammy Kwok Chan	Wong Elisa Dai Wah	Lee Hung Chun	Consideration	Face value of Share (Tk.)
MOA & AOA	Allotment	100	-	-	-	Cash	10
15-Sep-07	Transfer	-	100	-	-	Cash	10
29-Nov-07	Allotment	14,231,000	143,800	-	-	Other Than Cash	10
17-Dec-15	Transfer	(8,049,850)	3,449,850	575,000	575,000	Cash	10
31-Aug-16	Allotment (Bonus Share)	23,983,250	13,943,750	2,231,000	2,231,000	Cash	10
Total Shareholding:		30,164,500	17,537,500	2,806,000	2,806,000	-	-

**Face value of company's share stood Tk. 1000/- each up to 30 November, 2014 and was converted in to Tk. 10/- vide EGM dated January 23, 2015; Face value of shares on the above table was considered as Tk. 10/- for better presentation.*

Place: Dhaka
Date: June 20, 2017

Sd/-
Mahfel Huq & Co.
Chartered Accountants



d) A detail description of capital built up in respect of shareholding (name-wise) of the issuer's sponsors or directors. In this connection, a statement to be included:

Country Smart Agents Limited

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Price	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
MOA & AOA	Cash	Ordinary Share	100	10	10	100	-	-	Own Source
Transfer (15-Sep-07)	Cash		-100						Presently this Sponsors do not hold any share of the company

Wong Kwok Chuen (Nominee of Gain Plus Agent Ltd.)

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Price	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
MOA & AOA	Cash	Ordinary Share	100	10	10	100	35.43%	30.12%	Own Source
29-Nov-07	Other than Cash		14,231,000			14,231,100			
Transfer (17-Dec-15)	Cash		-8,049,850			6,181,250			
Bonus Share (31/08/2016)	Bonus Share		23,983,250			30,164,500			

Wong Jammy Kwok Chan

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Price	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
Transfer (15-Sep-07)	Cash	Ordinary Share	100	10	10	100	20.60%	17.51%	Own Source
29-Nov-07	Other than Cash		143,800			143,900			
Transfer (17-Dec-15)	Cash		3,449,850			3,593,750			
Bonus Share (31/08/2016)	Bonus Share		13,943,750			17,537,500			



Wong Elisa Dai Wah

Date of Allotment/ Transfer of fully paid- up shares	Consideration	Nature of issue	No. of Equity shares	Face value	Issue Price/Acquisition Price/Transfer Price	Cumulative no. of Equity shares	% Pre- issue paid up capital	% Post issue paid up capital	Sources of fund
Transfer (17-Dec-15)	Cash	Ordinary Share	575,000	10	10	575,000	3.30%	2.80%	Own Source
Bonus Share (31/08/2016)	Bonus Share		2,231,000			2,806,000			

**Face value of company's share was Tk. 1000/- each and was converted in to Tk. 10/- vide EGM dated January 23, 2015; Face value of shares on the above table was considered at Tk. 10/-.*

e) Detail of shares issued by the company at a price lower than the issue price:

All the shares are issued by the Company at face value of Tk. 10.00 before this issue.

f) History of significant (5% or more) changes in ownership of securities from inception:

Date of Transfer	Name of the Shareholders	Transferred Quantity	% of Transferred	Balance of Shareholding	Name of the Shareholders	Transferred quantity	% received	Balance Shareholding
Transfer	Country Smart Agents Limited	100	50%	-	Wong Jammy Kwok Chan	100	50%	100
17-Dec-15	Gain Plus Agents Limited	8,049,850	24.00%	10,781,250	Wong Jammy Kwok Chan	3,449,850	24.00%	3,449,950
			4.00%	13,656,100	Wong Elisa Dai Wah	575,000	4.00%	575,000
			4.00%	13,656,100	Lee Hung Chun	575,000	4.00%	575,000
			4.80%	13,541,100	Shen Wai Chwang Johnny	690,000	4.80%	690,000
			4.80%	13,541,100	Tasang Wai Kwan	690,000	4.80%	690,000
			4.80%	13,541,100	Chu Kam Tong	690,000	4.80%	690,000
			4.80%	13,541,100	Tasang Wing Hei	690,000	4.80%	690,000



SECTION - XIV

CORPORATE GOVERNANCE



SECTION (xiv): CORPORATE GOVERNANCE

- a) A disclosure to the effect that the issuer has complied with the requirements of Corporate Governance Guidelines of the Commission

Management disclosure regarding compliance with the requirements of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC);

The Company declares that it has been complied with the requirements of the applicable regulations of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) and accordingly constitutes several committees under the board for good governance. A certificate of compliance from competent authority has been incorporated accordingly.

Sd/-

Wong Jammy Kwok Chan

Managing Director

- b) A compliance report of Corporate Governance requirements certified by competent authority;

**CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE
OF
QUEEN SOUTH TEXTILE MILLS LIMITED**

We have examined the compliance to the BSEC guidelines on Corporate Governance by **Queen South Textile Mills Limited** for the period from 01 July 2016 to 31 December 2016. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and subsequently amended through their notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated July 21, 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination was limited to the procedures and implementation thereof as adopted by the management in ensuring compliance to the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines is issued by BSEC.

Place -Dhaka.

Date- 13 February, 2017

Sd/-

Mazumdar Sikder and Associates
Cost & Management Accountants



Status of compliance with the conditions of Corporate Governance Guidelines as set by Bangladesh Securities and Exchange Commission (BSEC) by the Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 and subsequently amended through their notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated July 21, 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition #	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1	Board of Directors:			
1.1	Board's Size: The number of the board members of the company shall not be less than 5(Five) and more than 20 (Twenty).	√		
1.2	Independent Directors:			
1.2(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		
1.2(ii) a)	Does not hold any share in the company or holds less than one present (1%) shares of the total paid-up shares of the company;	√		
1.2(ii) b)	The independent director does not a sponsor of the company and is not connected with company's any Sponsor/ Director/ Shareholder who hold one present (1%) or more shares of the total paid -up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares of the company. Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	√		
1.2.(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2(ii) d)	Not a member, director or officer of any stock exchange;	√		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of the concern company's statutory audit firm;	√		
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies;	√		
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	√		
1.2(ii) i)	Not been convicted for a criminal offence involving moral turpitude.	√		
1.2(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		Appointed by the board of Directors on 04/12/2016 and approved by the shareholders in the AGM held on 26/12/2016.
1.2(iv)	Not remain vacant for more than 90 (ninety) days.	√		Appointed by the board of Directors on 04/12/2016
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		



1.2(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		Appointed by the board of Directors on 04/12/2016
1.3	Qualification of Independent Director (ID):			
1.3(i)	Independent director shall be knowledgeable individual with integrity who is able to ensure compliance with financials, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3(ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants and Chartered Secretaries. The Independent director must have at least 12 (twelve) years of corporate management/professional experiences.	✓		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the commission.	N/A		
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the chairman and the Chief Executive Officer.	✓		
1.5	The Directors' Report to Shareholders:			
1.5(i)	Industry outlook and possible future developments in the industry.	✓		
1.5(ii)	Segment-wise or product-wise performance.	✓		
1.5(iii)	Risks and concerns.	✓		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.	✓		
1.5(vi)	Basis for related party transactions- a statement of all related party transaction should be disclosed in the Annual Report.	✓		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	✓		
1.5(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	✓		
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		
1.5(x)	Remuneration to directors including independent directors.	✓		
1.5(xi)	The Financial Statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operation, cash flows and changes in equity.	✓		
1.5(xii)	Proper books of accounts of the issuer company have been maintained.	✓		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		



1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	√		
1.5(xx)	Number of board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5(xxi)	Pattern of shareholding:			
1.5(xxi)a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	√		
1.5(xxi)b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5(xxi)c)	Executives.	√		
1.5(xxi)d)	Shareholders holding ten percent (10%) or more vote's interest in the company (name wise details).	√		
1.5(xxii)	Appointment/re-appointment of director:			
1.5(xxii)a)	A brief resume of the director;	√		
1.5(xxii)b)	Nature of his/her expertise in specific functional areas;	√		
1.5(xxii)c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
2	CFO, Head of Internal Audit (HIA) and CS:			
2.1	Appointment of CFO, HIA and CS and defining their responsibilities.	√		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors.	√		
3	Audit Committee:	√		
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee:			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to	√		



	fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.			
3.1(v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the audit committee:			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of Audit Committee:			
3.3(i)	Oversee the financial reporting process.	✓		
3.3(ii)	Monitor choice of accounting policies and principles.	✓		
3.3(iii)	Monitor Internal Control Risk management process.	✓		
3.3(iv)	Oversee hiring and performance of external auditors.	✓		
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3(vii)	Review the adequacy of internal audit function.	✓		
3.3(vii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors.	✓		
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1(ii)a	Report on conflicts of interests;	✓		
3.4.1(ii)b	Suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		
3.4.1(ii)c	Suspected infringement of laws, including securities related laws, rules and regulations;	✓		
3.4.1(ii)d	Any other matter.	✓		
3.4.2	Reporting to the Authorities.	✓		
3.5	Reporting to the Shareholders and General Investors.	✓		
4	External/Statutory Auditors:	✓		
4(i)	Appraisal or valuation services or Fairness opinions.	✓		
4(ii)	Financial information systems design and Implementation.	✓		
4(iii)	Book-keeping.	✓		
4(iv)	Broker-dealer services.			N/A
4(v)	Actuarial services			N/A
4(vi)	Internal audit services.	✓		
4(vii)	Any other service that the Audit Committee determines.	✓		



4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
4(ix)	Audit/Certification service on compliance of corporate governance as required under clause (i) of condition 7.	✓		
5	Subsidiary Company:			
5(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
5(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
6	Duties of Chief Executive Officer and Chief Financial Officer:			
6(i)a)	Reviewed the materially untrue of the financial statement.	✓		
6(i)b)	Reviewed about compliance of the accounting standard.	✓		
6(ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct.	✓		
7	Reporting and Compliance of Corporate Governance:			
7(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

c) Details relating to the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committees operate.

In accordance with the currently accepted best practice and Corporate Governance Guidelines adopted by Bangladesh Securities and Exchange Commission (BSEC), the board appointed audit committee comprises of the following:

Audit Committee Members Name	Remuneration Committee Members Name
Maqbul Ahmed, FCA , Independent Director, Chairman of the committee.	Wong Jammy Kwok Chan, Chairman of the Committee
Wong Jammy Kwok Chan, Managing Director & Director	Goutam Chandra Roy, CFO
Wong Kwok Chuen (Nominee of Gain Plus Agents Limited), Chairman & Director	Massum Rana, Secretary of the Committee
Massum Rana, Secretary of the Committee	Maqbul Ahmed, FCA , Independent Director



The terms of reference of the audit committee has been agreed upon as follows:

- To review all internal and external audit report.
- To recommend the statutory annual audited financial statements to the Board of Directors for approval.
- To review the finding of the internal and external auditors.
- To review and approve the Annual "Audit Plan" of the Internal Audit Department.
- To monitor the implementation of the recommendations of the Internal and External auditors.
- To review the performance of the external auditors and make recommendations to the Board regarding their appointment and fees.
- To review the quarterly, half yearly and annual financial statements before submission to the Board.
- To review the company's statement on internal control systems prior to endorsement by the Board.
- The company secretary shall be the secretary of the audit committee.
- To monitor choice of accounting policies and principles.
- To monitor internal control risk management process.
- To review the statement of related party transaction.
- To review the management letter issued by external auditor.
- The committee shall report to the board.

The terms of reference of the remuneration committee has been agreed upon as follows:

- To assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of the directors and senior management of the company.
- Determining the remuneration packages
- Review the Annual Confidential report (ACR) of senior management of the company
- Review and oversee the company's overall human resource strategy



SECTION - XV

VALUATION REPORT OF SECURITIES PREPARED BY THE ISSUE MANAGER



SECTION (xv): VALUATION REPORT OF SECURITIES PREPARED BY THE ISSUE MANAGER

The valuation report of securities offered of Queen South Textile Mills Limited prepared by Issue manager (Alpha Capital Management Limited) on the basis of financial and all other pertinent to the issue.

Qualitative & quantitative factors for valuation:

Qualitative justification:

1. Managed by highly experienced Qualified professionals
2. Equipped with State of the Art Technology
3. The company has good profitability and sustainable track record
4. Good corporate governance is a key factor for a business and is well practiced in QSTML.
5. Properly structured and professionally run company

Quantitative justifications:

Primary valuation method for the company is considered on the basis of Net Assets Value based valuation and Earnings based valuation per share.

Method 1: Share price on Net Asset Value (NAV)/ Equity based value per share:

Calculation of Methodologies		
Method 1: Share price on Net Asset Value (NAV)/Equity based value per share		
Sl. No.	Particulars	Amount (in Tk.)
a)	Share Capital	851,500,000
b)	Retained Earnings	528,109,332
Total Shareholders' Equity		1,379,609,332
Number of Shares		85,150,000
Net Asset Value per share as per Audited Report as on 31 December, 2016		16.20

Method 2: Historical Earnings based value per share		
Average Price Earnings of Market & Sector		
Month	Sector	Market
Mar-17	13.94	16.32
Apr-17	14.20	15.50
May-17	14.15	15.25
Average	14.10	15.69
Considering Lower P/E of 14.1 & 15.69 is 14.1		

Source: DSE Monthly Review.

Period	No. of Share	Net Profit after tax	Weight of No. of Shares	Weighted Average of Net Profit after tax
30-Nov-11	14,375,000	85,727,773	0.17	14,287,962
30-Nov-12	14,375,000	59,471,549	0.17	9,911,925
30-Nov-13	14,375,000	169,743,824	0.17	28,290,637
30-Nov-14	14,375,000	210,907,712	0.17	35,151,285
30-Nov-15	14,375,000	118,428,442	0.17	19,738,074
30-Jun-16	14,375,000	80,883,845	0.17	13,480,641
Total	86,250,000		1.00	120,860,524
No of shares outstanding before IPO				85,150,000
Diluted EPS based on weighted Average of Net Profit after Tax				1.42
Present Market P/E (Considering Lower P/E of 14.1 & 15.69 is 14.1)				14.10
Earnings based Value per share based on overall Market P/E				20.01



Method 3: Average market price per share of similar stocks:

Last One Year (Month ended) Closing Share Price of Similar Stock

Sl. No.	Month	Closing Price		
		Anlima Yarn Dyeing Limited	Shepherd Industries Limited	Nurani Dyeing & Sweater Limited
1	31-Jul-16	34.9	-	-
2	31-Aug-16	30.5	-	-
3	30-Sep-16	30.5	-	-
4	31-Oct-16	26.9	-	-
5	30-Nov-16	26.5	-	-
6	31-Dec-16	28.7	-	-
7	31-Jan-17	31.1	-	-
8	28-Feb-17	34.6	-	-
9	31-Mar-17	33.0	43.6	-
10	30-Apr-17	30.2	38.3	-
11	31-May-17	29.6	38.7	-
12	30-Jun-17	31.8	39.7	22.2
Average Price		30.69	40.08	22.20
Average market price per share of similar stocks		30.99		

Sources of information:

1. Monthly review published by Dhaka Stock Exchange Ltd.

Therefore, the issue managers and management of the Company believes that the offering price of Tk. 10 per share is justified.

Offer Price:

Based on the above-mentioned valuation methodologies as per Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the management of the company in consultation with the Issue Manager has set the issue price at BDT 10.00 each at par value.

Reference and explanation of similarities:

Shepherd Industries Limited, Anlima Yarn Dyeing Limited and Nurani Dyeing & Sweater Limited are the listed company engaged in yarn dyeing as there is no other yarn dyeing company. Thus, we have considered these company to calculate average market price. As a deemed exporter these said companies dyed different types of cotton yarn which used sweater knitting industries and knit textile industries. And the business nature of Queen South Textile Mills Limited is almost similar to these said companies.



SECTION - XVI

DEBT SECURITIES



SECTION (XVI): DEBT SECURITIES

The Company has not issued or is planning to issue any debt security within six months.



SECTION - XVII

PARTIES INVOLVED AND THEIR RESPONSIBILITIES, AS APPLICABLE



SECTION (XVII): PARTIES INVOLVED AND THEIR RESPONSIBILITIES, AS APPLICABLE

Issue manager

The issuer has appointed **Alpha Capital Management Limited** as issue manager to the issue for the public issue as described in the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015. The issue manager shall be entitled to fees and be responsible for the issue including preparation and disclosures made in the prospectus, road show and all other responsibilities given in the due diligence and relevant securities laws.

Underwriters

The company has appointed **Alpha Capital Management Limited** as underwriter. The responsibility of the underwriter is to take up the un-subscribed securities against the Initial Public Offering.

Statutory Auditors

The auditor of the company is **Mahfel Huq & Co.**, Chartered Accountants.

Auditor's 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 auditor's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a 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 BSAs, we exercise professional judgment maintain professional skepticism throughout the audit. Auditor also

- Identify and assess the risk 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 auditor's 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, internal omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the auditing 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 group'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 group's ability to continue as a going concern. If auditor conclude that a material uncertainty exists, auditor are required to draw attention in auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify auditor's opinion. Auditor's conclusion is based on the audit evidence obtain up to the date of auditor's report. However future event or conditions may cause the group 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 statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. Auditor are responsible for the direction, supervision and performance of the group audit. Auditor remain solely responsible for our audit opinion.

Cost Audit

Not applicable for the companies

Valuers

Not applicable for the companies

Credit Rating Company

Not Applicable as the company issuing share at par.



SECTION - XVIII

MATERIAL CONTRACTS



SECTION (XVIII): MATERIAL CONTRACTS

The following are material contracts in the ordinary course of business, which have been entered into by the Company:

(a) Major agreements entered into by the issuer;

- i) Underwriting Agreement between the Company and the Underwriters.
- ii) Issue Management Agreement between the Company and the Managers to the issue, Alpha Capital Management Limited.

(b) Material parts of the agreements;

- i. Material Parts of the Underwriting Agreement with ACML

Contract	Material Parts of the agreement	
Underwriting Agreement With Alpha Capital Management Limited	Signing Date:	February 02, 2017
	Tenure:	This Agreement shall be valid until completion of subscription of shares and unless this Agreement is extended or earlier terminated in accordance with the terms of this Agreement.
	Principal Terms and Contract:	<p>If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the Closing Date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriters in writing with a copy of the said writing to the Bangladesh Securities and Exchange Commission, to subscribe the shares not so subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within 15 (fifteen) days after being called upon to do so. The amount so received shall be credited to the share subscription account of the Company within the said period. If payment is made by Cheque/Bank Draft by the Underwriter, it will be deemed that the Underwriter has not fulfilled his obligation towards his underwriting commitment under this Agreement, until such time as the Cheque/Bank Draft has been encashed and the Company's share subscription account credited.</p> <p>In any case within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the Underwriters to the Commission.</p>

ii. Material Parts of the Issue Management Agreement with ACML:

Contract	Material Parts of the agreement	
Issue Management Agreement With Alpha Capital Management Limited	Signing Date:	December 05, 2016
	Tenure:	This Agreement shall be valid until completion of subscription of shares and unless this Agreement is extended or earlier terminated in accordance with the terms of this Agreement.
	Principal Terms and Contract:	<p>1. MANAGER TO THE ISSUE</p> <p>1.1. Subject to the terms and conditions hereunder, the Issuer shall engage the Issue Manager for rendering services in relation to PUBLIC ISSUE.</p> <p>1.2 That the Issue Manager shall act as the Manager to the Issue and render financial advisory services to the PUBLIC ISSUE as described hereunder in Clause 2.</p> <p>2. SCOPE OF SERVICES</p> <p>The scope of the services to be rendered by the Issue Manager to the Issuer under this Agreement shall be as detailed hereunder:</p> <p>2.1. CONSULTANCY SERVICE</p> <p>I. Capital Structuring of the public issue.</p> <p>II. Advice for documentation and preparation of related</p>



		<p>papers</p> <p>III. Liaison with other financiers like Banks/ Institutions etc.</p> <p>IV. Advice for making necessary amendments in the memorandum and Articles of Association if needed before going for Public Issue.</p> <p>2.2. ISSUE MANAGEMENT SERVICES</p> <p>2.2.1. Regulatory compliance</p> <ol style="list-style-type: none"> Review the documents related to submission of prospectus Preparation of Prospectus Incorporation of modification suggested by the BSEC Preparation of all necessary papers and deeds for submission to the BSEC for making the Public Issue effective Follow up with BSEC Selection of main banker in consultation with the Issuer Obtaining approval from the BSEC Filing of the BSEC approved prospectus with Register of Joint Stock Companies and Firms (RJSC). <p>2.2.2. Underwriting Co-operation</p> <ol style="list-style-type: none"> Placing of underwriting proposals to the potential underwriters Co-ordination with the Underwriters Documentation/Preparation of underwriting agreement etc. <p>2.3. The Issue Manager's take such steps as are necessary to ensure completion of allotment and dispatch of letters of allotment and refund warrants to the applicants according to the basis of allotment approved by the Bangladesh Securities and Exchange Commission. The Issuer undertakes to bear all expenses relevant to the share application processing, allotment and dispatch of letters of allotment and refund warrant. The Issuer shall also bear all expenses related to printing and issuance of share certificate and connected govt. stamps and hologram expenses.</p> <p>2.4. The Issue Manager's will also monitor & co-ordinate the post issue work as required by the Issuer.</p> <p>2.5. Notwithstanding the above, if any other services required but not listed herein above for the effective Public Issue shall be performed by the same.</p>
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(c) Fees payable to different parties.

Fees for the issue management services: As per Rule 14 of the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, the Issue Managers will get 1% of public issue amount as issue management fee.

Commission for Underwriters: The Company shall pay to the underwriters an underwriting commission at the rate of .5% of 35% of the total IPO amount (i.e. Tk. 52,500,000) of the issue value of shares underwritten by them.

Copies of the above mentioned contracts and documents and the Consent Order from the Bangladesh Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.



SECTION - XIX

LITIGATIONS, FINE OR PENALTY



SECTION (XIX): LITIGATIONS, FINE OR PENALTY

- (a) **The following litigations including outstanding litigations against the issuer or any of its directors and fine or penalty imposed by any authority:**

The issuer or any of its directors was not involved in any of the following type of legal proceedings mentioned below;

I.	Litigation involving Civil Laws	No cases filed by the company or any of its directors.
II.	Litigation involving Criminal Laws	No cases filed by the company or any of its directors.
III.	Litigation involving Securities, Finance and Economic Laws	No cases filed by the company or any of its directors.
IV.	Litigation involving Labor Laws	No cases filed by the company or any of its directors.
V.	Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes or duties)	As per Section 124 of the Income Tax ordinance 1984 the company was charged Tk. 55,000 for late submission of return.
VI.	Litigation involving any other Laws	No cases filed by the company or any of its directors.

- (b) **Case including outstanding litigations filed by the Company or any of its directors:**

I.	Litigation involving Civil Laws	No cases filed by the company or any of its directors.
II.	Litigation involving Criminal Laws	No cases filed by the company or any of its directors.
III.	Litigation involving Securities, Finance and Economic Laws	No cases filed by the company or any of its directors.
IV.	Litigation involving Labor Laws	No cases filed by the company or any of its directors.
V.	Litigation involving Taxation (Income tax, VAT, Customs Duty and any other taxes or duties)	No cases filed by the company or any of its directors.
VI.	Litigation involving any other Laws	No cases filed by the company or any of its directors.



SECTION - XX

RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS



SECTION XX: RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

(i) **Internal risk factors may include, among others:**

- a) **Credit Risk:** This is the risk of default on a debt that may arise because of default by the borrower to pay the loan. In operating any business there is always credit risk lies in the business as there is always lending and borrowing between parties in the form of money and goods.

Management Perception: Management has credit policy in place and exposure to credit risk is well-monitored. The company is in 100% export oriented industry and engaged in the business of manufacturing and exporting the manufactured goods as deemed exporter. The company enjoys credit facilities from different financial institutions. Because of these credit facilities the company faces certain degree of credit risks. The management ensures strong credit control and collection policies to mitigate credit risks.

- b) **Liquidity Risk:** The risk that a company may be unable to meet short term financial requirements. This usually occurs due to the inability to convert its current assets to cash without a loss of capital or income. Liquidity is a common phenomenon of the business.

Management Perception: Queen South Textile Mills Limited is doing its level best to manage working capital management in efficient way to maintain liquidity risk. Management is dealing with accounts payable, inventory and accounts receivable efficiently. The company ensures of having sufficient cash and cash equivalents to meet expected operational expenses including financial obligations through preparation of forecasted cash flow with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient fund to make the expected payment with due date.

- c) **Risk associated with the issuer's interest in subsidiaries, joint ventures and associates:**

Management Perception: QSTML does not have any subsidiary, joint venture and associates. Hence, there is no risks associated with subsidiary, joint venture and associates.

- d) **Significant revenue generated from limited number of customers, losing any one or more of which would have a material adverse effect on the issuer.**

Management Perception: Our management is always keen to find out new buyers to boost up the sales. So we are not dependent on any particular or limited number of customers to operate our business. Moreover our reputation in the market always gives us an extra cushion, we would also like to inform the investors that there is huge demand and supply gap in this industry and we do not even meet up the 50% demand in supplying the dyed yarn to our local textile exporters.

- e) **Dependency on a single or few suppliers i.e 69.69% of raw materials are purchased from only three (03) suppliers, failure of which may affect production adversely.**

Management Perception: Queen South Textile Mills Limited has a very strong supplier base. We have provided lists of our trusted suppliers in the draft prospectus. Apparently, it seems that Queen South Textile Mills Limited is dependent on few buyers, which is not the real scenario since the companies suppliers are procuring raw material from different parts of the world. QSTML can/will procure raw materials from other sources also if any of them fails as we have very strong supplier network.

- f) **More than 20% revenue of the issuer comes from sister concern or associate or subsidiary.**

Management Perception: The company does not generate 20% or more revenue from any of our sister concerns or associate or subsidiary.



- g) **Negative earnings, negative cash flows from operating activities, declining turnover or profitability, during last five years, if any.**

Management Perception: The Company does not have any negative earnings, negative cash flows from operating activities, declining turnover or profitability, during last five years except negative cash flows from operating activities during the year ended November 30, 2013. The company managed to overcome the situation by maintaining the receivable and inventory at an optimum level.

- h) **Loss making associate or subsidiary or group companies of the issuer.**

Management Perception: QSTML does not have any investment in loss making associate or subsidiary or group companies.

- i) **Financial weakness and poor performance of the issuer or any of its subsidiary or associates**

Management Perception: Sales is one of the key indicators of success of a business if there is good margin of profit. Queen South Textile Mills Limited has been experiencing with increasing sales growth which is boosting up the profitability. QSTML is a profitable company being managed by a group of experienced professionals. Financial performance of the company is always satisfactory since its inception. Management does not perceive any such event that may adversely affect the financial result of the company in coming years. QSTML has also taken required measures to minimize certain risks through shifting the same to third parties like insurance company.

- j) **Decline in value of any investment**

Management Perception: The Company has no such investment. Hence, there is no risk of such type.

- k) **Risk associated with useful economic life of plant and machinery, if purchased in second hand or reconditioned.**

Management Perception: The Company is using machineries of the world's most reputed and renowned brand and were imported in brand new condition.

- l) **Adverse effect on future cash flow if interest free loan given to related party or such loans taken from directors may recalled.**

Management Perception: QSTML has loan exposure taken from its Director. The company always ensures that advances/loans are adjusted within the stipulated time, so that its cash flow are not affected by such transactions.

- m) **Potential conflict of interest, if the sponsors or directors of the issuer are involved with one or more ventures which are in the same line of activity or business as that of the issuer and if any supplier of raw materials or major customer is related to the same sponsors or directors.**

Management Perception: There are common management with one or more ventures but business activities are not in the same line.

- n) **Related party transactions entered into by the company those may adversely affect competitive edge.**

Management Perception: we would like to inform you that transactions between the companies run under common management to help each other. The management allowed inter-company trading transactions. Since the company only have trading transaction with the related party and trading transaction with the related will not adversely affect competitive edge.



- o) **Any restrictive covenants in any shareholders' agreement, sponsors' agreement or any agreement for debt or preference shares or any restrictive covenants of banks in respect of the loan/ credit limit and other banking facilities.**

Management Perception: There are no restrictive covenants in any shareholders' agreement, sponsors' agreement or any agreement relating to debt or preference shares or any restrictive covenants of banks in respect of loan or credit limit and other banking facilities.

- p) **Business operations may be adversely affected by strikes, work stoppages or increase in wage demands by employees.**

Management Perception: Queen South Textile Mills Limited is very much concern about compliance and employee benefit. Since inception there was no issue by the employees i.e. work stoppages or any demand for increase wage, because, the minimum wages of the company was always above the states defined minimum wage. Hence, the employees are always satisfied as such there was no such issue related to employees. Strikes and other political situations are beyond our control. The factory of the company is situated in Export Processing Zone and political issues do not affect the company's production.

- q) **Seasonality of the business of the issuer**

Management Perception: Queen South Textile Mills Limited is engaged in the business of dyeing of different count of acrylic, cotton, nylon and viscose yarn and serving the textile industry as a backward linkage industry. Textile and garments are the leading industrial sectors of the country. Seasonality is observed in the business of Queen South Textile Mills Limited. Pick time for the business is considered from March to October.

- r) **Expiry of any revenue generating contract that may adversely affect the business**

Management Perception: QSTML has no fixed-term revenue generating contract with any parties the expiry of which may adversely affect the business of the company. The nature of the business of the company is that its production is a continuous process based on the orders from different customers under confirmed letter of credit s and not on any fixed term contract basis. Hence, there is no question of affecting the business QSTML due to expiry of revenue generating contract.

- s) **Excessive dependence on debt financing which may adversely affect the cash flow.**

Management Perception: The Company is more focused on equity financing and has been reducing debt dependency. The company raised its paid up capital recently and paid off substantial amount of debt. The Management id focused on reducing the dependence on debt financing and debt to equity ratio of the company is improving.

- t) **Excessive dependence on any key management personnel absence of whom may have adverse effect on the issuer's business performance.**

Management Perception: Corporate Governance is well practiced in the company. We have also well placed organogram in our company. So any change in the key management can be replaced with other person. It is mentioned-worthy that the industry is growing over 20 years. So we can hire key management as per our needs.

- u) **Enforcement of contingent liabilities which may adversely affect financial condition.**

Management Perception: We do not have any contingent liabilities which may adversely affect financial condition.

- v) **Insurance coverage not adequately protect against certain risks of damages.**

Management Perception: We have different insurance coverage for all the relating issues that are risky to operating our business. While we maintain insurance coverage, in amounts which we believe are commercially appropriate are taken into consideration. We may not have sufficient insurance coverage to cover all possible economic losses as the losses are not always quantifiable. Additionally, there may be other risks which are uninsurable of or not insurable in commercially acceptable terms. Apart from that the company's insurance policies are adequate for protection against risks of damages.



- w) **Absence of assurance that directors will continue its engagement with Company after expiry of lock in period.**

Management Perception: Our directors are involved in the business for long time and they will continue the business after expiry of lock in period. The company has decided to offload only 14.98% shares to public so that the general investors can get the benefit of Queen South Textile Mills Limited.

- x) **Ability to pay any dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure.**

Management Perception: We have been a profitable entity over a long time and the profit is on the uptrend. So we are in belief that we will be able to pay dividend from our earning profit. Our board of directors has a strong intention to declare a handsome dividend to the shareholders of the company.

- y) **History of non-operation, if any and short operational history of issuer and lac of adequate background and experience of the sponsors:**

Management perception: Since inception, the company has grown consistently. It has achieved successes in every instance. Expertise and discretion of our management have made it possible. The company has, thus, never been in non-operative state.

- z) **Risks related to Engagement in new type of business, if any:**

Management perception: QSTML has no plan to engage in new type of business in near future.

- aa) **Risk in investing the securities being offered with comparison to other available investment options.**

Management Perception: Queen South Textile Mills Limited is a profitable entity over long time and the management operates the business efficiently. There is a presence of certain degree of risk associated with investing the securities in the capital market. The potential investors are requested to carefully read the prospectus and understand the business potential of the company before making investment decision.

- bb) **Any penalty or action taken by any regulatory authorities for non-compliance with provisions of any law.**

Management Perception: The management believes that it is highly unlikely of any penalty or action taken by any regulatory authorities for non-compliance with provisions of any law.

- cc) **Litigations against the issuer for Tax and VAT related matters and other government claims, along with the disclosures of amount, period for which such demands or claims are outstanding, financial implications and the status of the case**

Management Perception: The Company doesn't have any litigation relating to Tax, VAT or other government claims against the company.

- dd) **Registered office or factory building or place of operation is not owned by the issuer.**

Management Perception: The Company has entered into a lease agreement with Bangladesh Export Processing Zone Authority (BEPZA) for thirty years by the way of agreement dated 09/11/2003. The registered office and the factory of the Company is situated in the same premises allocated by BEPZA. The lease being renewable with mutual consent with BEPZA. Mentionable here that, the Company will be able to continue another 30 years in the same premises as per the lease agreement with BEPZA.

- ee) **Lack of renewal of existing regulatory permissions or licenses.**

Management Perception: There is no such issue relating to lack of existing regulatory permissions or licenses.

- ff) **Failure in holding AGM or declaring dividend or payment of interest by any listed securities of the issuer or any of its subsidiaries or associates**

Management Perception: There is no incident of failure in holding AGM or declaring dividend or payment of interest by the issuers.



gg) Issuances of securities at lower than the IPO offer price within one year

Management Perception: The Company never issued any of its securities at lower than the IPO offer.

hh) Refusal of application for public issue of any securities of the issuer or any of its subsidiaries or associates at any time by the Commission.

Management Perception: Bangladesh Securities and Exchange Commission (BSEC) has not refused of application for public issue of any securities of the issuer or any of its subsidiaries or associates at any time.

(ii) External Risk Factors may include among others:

a. Interest Rate Risks:

Interest rate is concerned with borrowed funds of short term & long-term maturity. Interest rate risk is the risk that company faces due to unfavorable movements in the interest rate. Volatility in money market & increasing demand for loans/investment funds raise the rate of interest. A change in the government's policy also tends to increase the interest rate. High rate of interest enhances the cost of fund of a company. Such rise in the interest rates however mostly affect companies having floating rate loans.

Management perception: The Management of QSTML always emphasizes on the management of its finance to an optimum capital structure of the company, so that the cost of capital remains minimum. The management prefers to procure long-term borrowing with minimum interest rate and the short term borrowing with reasonable competitive rate. Moreover, the company has been repaying borrowed funds on a continuous basis. Additionally, the management of the Company emphasizes on equity base financing to reduce the dependency on borrowing, suggesting the management perception for interest rate risk to have a minimal impact on the company's profitability and viability.

b. Exchange rate risks:

Exchange rate risk relates to the core business of Queen South Textile Mills Limited, since it mostly imports materials from abroad in foreign currency. The Company imports various types of yarn (100% cotton, 100% viscose, 100% nylon, 50/50 acrylic/cotton, 100% polyester, 60/40 acrylic/viscose, 40/60 viscose/acrylic, 60/40 acrylic/cotton, 40/60 acrylic/cotton etc.), dyes and chemicals against payment of foreign currency and the price of above materials in the international market is relatively volatile. Unfavorable volatility or currency fluctuation may affect the profitability of the Company.

Management perception: Queen South Textile Mills Limited mostly imports material from abroad in foreign currency. As well, this company also sale out finished product to local export oriented sweater industries in foreign currency. At the time of export 70% money received from bill discounting is kept by bank in FC accounts for import payments. Balance amount keep for working capital and financial expenses. Therefore fluctuation in exchange rate especially devaluation of local currency may significantly affect Queen South Textile Mills Limited. However, Queen South Textile Mills Limited can significantly reduce the foreign currency risk and price escalation risk through forward bookings if it is justifiable in terms of cost benefit analysis. The company also maintains Economic Order Quantity (EOQ) for its material imports, which provides considerable cushion against adverse movement of exchange rate and price in international market.

c. Industry risks:

The Company is operating in an industry where there is a gap between demand and supply. Although textile and yarn producing business has a huge demand in the international market. Chances are there that excessive competition may hamper the company's business. Increasing competition may force Queen South Textile Mills Limited to reduce prices of their products which may cause dropping of their revenue and margin, and/or decrease its market share, either of which could have an adverse effect on their business, financial condition and results of operation.

Management perception: Queen South Textile Mills Limited is engaged in dyeing of different counts of Industries. The business has a huge demand in overseas market. Moreover, Queen South Textile Mills Limited is still concerned about the market competition and its highly competent research team always working for the development of products. In addition, there are only few recognized competitors of similar size in the country, which allows the benefit of economics of scale when competing with new entrants.



d. Economic and Political Risk

Bangladesh is prone to serious unrest in the political condition which produces Hartal, Road-blockade and many other barriers to the business. This could also propel the cost of the products upwards.

Management perception: Although the country has passed through political turmoil in past few years a sound political atmosphere is prevailing these days and expected to be continued in future.

e. Market and Technology-related Risks:

Market risks refer to the risk of the adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company to increase their customer base.

Technology always plays a vital role for any business for ensuring better product quality. For providing better services to the customers and for minimizing costs. QSTML is a technology based industry and continuous technological improvement is an integral part of this business. Obsolete technology or machineries will make it difficult for any company to sustain in such a competitive industry.

Management perception: Strong brand loyalty of the company's products to its customers has enabled the company to capture significant market share in the sector. And the company is continuously penetrating into the market and upgrading the quality of the products to minimize the market risks. Queen South Textile Mills Limited is always aware of technological advancement in the industry and adopt very timely to keep the operational efficiency at the highest achievable level. The management frequently visit the other foreign factories with similar line of business and technological fair in abroad for up-gradation of technological and/or software.

f. Potential or existing government regulations:

Company's sales and revenues are dependent on the aggregate demand of its products and also on the country's GDP. Any economic recession, changes in requirements, national income and other related factors may cause to decline the market demand of the company products.

Management Perception: Over the last decade the macro economy of Bangladesh has developed consistently; country's GDP has increased remarkably and living standard of the people has been higher. Most importantly, Government spending and public and private consumption have increased drastically. All these macroeconomic features indicate larger economic activities in the country. Consequently, demand for the company's products has increased in multiple times. Our management perceives that this economic trend will continue in the foreseeable future which will see good business profitability in the days to come.

g. Potential or existing changes in global or national policies:

The Company's product lines are primarily based on imported raw materials. Any scarcity due to changes in policy in the international market might dent the production level and profitability. The performance of the company may be affected due to unavoidable circumstances both in Bangladesh and worldwide, as such political turmoil and disturbance in the country may adversely affect the economy in general.

Management perception: The management of the company is always concerned about the prevailing and future changes in the global and national policy and shall response appropriately and timely to safeguard its interest. Queen South Textile Mills Limited's brand image and wide distribution network amongst its customer group will always enable it to withstand any such potential threats. The company's supply chain is robust in accommodating large number of suppliers with proper contingency plan in place. The company can prosper in situation of political stability and a congenial business environment. Political turmoil and the disturbance are bad for the economy and also for the company.



h. Statutory clearance and approvals those are yet to be received by the Issuer

Management perception: All the required statutory approvals to run the day to day operation of the business is obtained. So there is no such risk.

i. Competitive Condition of the Business:

Management Perception: Strong Brand Loyalty of the company's product to its customer has enabled the company to capture significant market share in the sector. Management is always aware about the condition and the market team is continuously working to achieve significant growth to eliminate competition.

j. Complementary and Supplementary Products or Services which may have impact on business of the issuer

Management Perception: The Company has not faced any such challenges so far. Management is always keen to look for new business opportunities and if necessary it will take required initiatives in future.

k. Operational risk:

Shortage of power supply, labor unrest, unavailability or price increase of raw material, natural calamities like flood, cyclone, earth quack, fire etc. may disrupt the production of the Company and can adversely impact the profitability of the Company.

Management perception: The compensation as well as the benefit package will restrain the employees to leave their assignment and go for any employee movement for higher benefit packages. The project of the Company is situated at a high land where less amount of flood is recorded. The factory building has strong RCC foundation, RCC floor, prefabricated steel structure to withstand wind, storm, rain etc. along with good drainage facility. The risks from these factors are also covered through Insurance.

l. Changes in Environmental Laws and Regulations

Queen South Textile Mills Limited is subject to environmental laws and regulation which limits the discharge of pollutants into the air water, sound, soil and established standards for the treatment, storage and disposal of solid and hazardous wastes. These laws and regulations require investment of capital and other expenditure for ensuring compliance. The operation of plant entail inherent risk of environmental damages and the company may incur liabilities in the future arising from the discharge of pollutants into the environment or waste disposal or hazardous material handling practices.

Management perception: Queen South Textile Mills Limited is highly conscious about its reputation in the local government agencies. Hence regularly examine the environmental issues and concerns with potential business activities. Moreover, Queen South Textile Mills Limited workers are provided with hand gloves and masks, as per normal precautionary measures. Exhaust fans have been installed in the factories for better and adequate ventilation.



Other Risks

a. Risk related to not yet obtaining BEPZA permission for business expansion through IPO proceeds

Management Perception: QSTML is situated in the export processing zone area and under the administration of BEPZA. To perform any task in BEPZA the company would require prior approval. QSTML previously performed a lot of expansion work with the approval of BEPZA and there was no instance that the company was declining by them to perform any expansion work. QSTML management follows all the rules and regulations of BEPZA and will take the permission from them in due time. Mentionable here that BEPZA already issued a NOC (No Objection Certificate) to raise Paid up capital through IPO.

b. Risk Related to installation of new boiler machine in business through IPO proceeds for which permission from 'Office of Boiler' is not yet taken

Management Perception: The Company previously installed three boilers and obtained permission from the boiler inspection authority by following all the requirements of the boiler inspection authority. QSTML follows all the requirements of external authorities in regards to environment & safety issue in connection with accident management. For the new boiler QSTML will complete all the requirements of boiler authority to obtain the installation permission.

c. Risk related to affecting cashflow of the company for repayment of shareholder's loan amounting tk. 44.17 crore after one year from the reporting date (i.e. after 9th February 2018)

Management perception: Gain Plus Agents Limited is the majority Shareholder of the company. Gain Plus Agents Limited supported Queen South Textile Mills Limited in every instance. According to the decision of the board of Directors that the Shareholder's loan will be paid after one year from the reporting date. The company's cash flow will not be affected as the company will pay the loan when the company have sufficient fund to pay off the said loan.

d. It appears from note # 8 of the financial statements that the company might have liability to the extent to which the bill become unrealized.

Management perception: QSTML is engaged in the business of dyeing of different count of yarn and export the same as deemed exporter. All the transactions of QSTML are backed by LC/LCs. Hence chances are very rare that bills will be unrealized. For better discloser and understanding of user, the management included it in the notes to the financial statements.



e. **Risk related to weakness mentioned in the SWOT analysis which may affect the company's business.**

There are some weaknesses were mentioned in the SWOT analysis which may affect the company' business.

Management perception: Weakness is SWOT analysis comprises of Short of space, Physical Hazards, Labor/Workers strike and Electricity Supply. All the risks were included considering the overall scenario of the dyeing Industries operating business in Bangladesh. The overall weaknesses incorporated under weaknesses of SWOT analysis are efficiently managed in QSTML. A discussion on weaknesses of SWOT analysis is as follow:

Short of space: with high density of machine installation cause higher temperature and heat inside the production plant. However, the factory office and lab as well as head office are properly air conditioned

Management perception: Proper ventilation and evacuation system has been installed to maintain safe working environment as well as smooth production process. Besides air-conditioned systems are there in factory office. The factory is situated in DEPZ, factories in DEPZ area must maintain healthier work environment to avoid accident.

Physical Hazards: Dyeing machines are mostly high pressure, improper use of machine may cause danger to workers

Management perception: Latest technology based production machineries have been installed and company's trained & diligent manpower always monitor the production process to mitigate the effects of any disruptions.

Labor/Workers strike: Frequent work stoppage by different service providers, dock labors, transport workers etc.

Management Perception: The company is situated in EPZ area with well-practiced corporate governance practices hence the chances of Labor/Workers strike are very rare.

Electricity Supply: Power supply is not stable in this country, may cause disruption to production and damage to machines.

Management Perception: Power supply conditions are much better in the country. Initiative taken by the government in this sector is remarkable. Condition will improve soon and hopefully power supply in the industrial units will be uninterrupted with the new initiatives taken. Moreover, QSTML is situated in DEPZ area where power supply is relatively stable to provide industrial support than any other part of the country.



SECTION - XXI

DESCRIPTION OF THE ISSUE



SECTION (XXI): DESCRIPTION OF THE ISSUE

a) Issue Size:

Public issue of 15,000,000 ordinary shares totaling Tk. 150,000,000

b) Number of securities to be issued;

Public issue of 15,000,000 ordinary shares.

c) Authorized capital and paid-up capital;

Authorized capital: Tk. 2,000,000,000.00

Paid-up capital: Tk. 851,500,000.00

d) Face value, premium and offer price per unit of securities;

Face Value: Tk. 10.00

Offer Price per unit of securities: Tk. 10.00 at par

e) Number of securities to be entitled for each category of applicants;

IPO size will be 15,000,000 ordinary shares @ TK. 10.00 each at par totaling Tk. 150,000,000.00. As per the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015, 10% of total Initial Public Offering shall be reserved for mutual funds, 40% for other eligible investors (EIs), 10% for non-resident Bangladeshi (NRB) and 40% for other general public. The position is thus as follows:

Particulars/Description			%	No of Ordinary Shares	Nominal Value per share	Issue Price	Total Amount in BDT
Initial Public Offering Under Fixed Price Method	For EIS	Mutual Funds	10%	1,500,000	10	10	15,000,000
		Other EIs	40%	6,000,000			60,000,000
	For General Public	NRB	10%	1,500,000			15,000,000
		Other*	40%	6,000,000			60,000,000
	Total			100%			15,000,000

f) Holding structure of different classes of securities before and after the issue;

The Company has issued only ordinary shares.

g) Objective of the issue including financing requirements and feasibility in respect of enhanced paid-up capital.

Net Proceeds from initial public offering (IPO) will be used for procurement of automatic warehouse storage machine and installation, acquisition and installation of machineries for modernization of existing factory unit, Partial repayment of long term bank loan of the company and to meet up the IPO expenses. Summary of feasibility report in respect of enhanced paid up capital prepared by Mr. Md. Salauddin Sikder, FCMA, of Mazumdar Sikder and Associates is enclosed paragraph (k) in section (XXII) use of proceeds of the prospectus.



SECTION – XXII



Use of Proceeds





USE OF PROCEEDS

SOURCES OF FUND:

Issue size (Number of share to be issued)	Issue price	Amount in Taka
15,000,000 Shares	Tk. 10.00 per share at par	150,000,000
Less: IPO Expenses (Detail as at page No. 92)		(13,000,000)
IPO Proceeds		137,000,000

a) Use of net proceeds of the offer indicating the amount to be used for each purpose with head-wise break-up;

Use of the net proceeds from the IPO:

Proceeds from initial public offering (IPO) will be used for construction of automatic warehouse System, acquisition and installation of new machineries for modernization of the existing factory unit and Partial Loan repayment of Woori Bank Limited and Prime Bank Limited of the company. The details of the aforesaid costs are stated as under:

Sl.	Means of Finance	Means of Finance			
		Total	Own Source	IPO	IPO Total
		US\$	US\$	US\$	Amount (BDT)
1	Construction of Automatic warehouse System (Details in annexure: 01)	1,493,995	537,020	956,975	74,644,050
2	Acquisition and installation of machineries for modernization of existing factory (Details in Annexure:02)	718,103	-	718,103	56,012,034
3	Partial repayment of loan (Woori Bank Limited and Prime Bank Limited)	-	-	-	6,343,916
	Total				137,000,000



BREAKDOWN OF USE OF IPO PROCEEDS

Annexure: 01

Details of construction of Automated Warehouse System covering 1254.4 sqm area

Sl .	Particulars	Brand	Origin	Standard	Unit	Qty	Material cost (USD)	Labour cost (USD)	Total Amount US\$	Total Price (BDT)
1.	The host device									
	Automatic warehouse storage machine (Double pallet type, Height 31M)	Shun Rong	Taiwan		set	1	105,800	52,900	158,700	12,378,600
	Crane 1) Walking speed of 125m/min(laser) 2) Rise speed of 40m/min(laser) 3) Fork speed of 30m/min									
	1/F Fixed station entry and exit				set	1	3,373	1,687	5,060	394,680
	Hydraulic Platform				Unit	2				
	Side entry and exit conveyor				set	1	22,080	11,040	33,120	2,583,360
	Chain conveyor				Unit	5				
	Roller conveyor				Unit	1				
	Automatic storage area around the import and export storage equipment: Peripheral logistics transportation system Automatic control system On-site electrical wiring, electrical distribution plate, wire, manual control panel and other costs Warehousing around the logistics system PLC software program				set	1	25,300	12,650	37,950	2,960,100
	ASRS Warehouse Management System	Shun Rong	Taiwan	Light ERP System	set	1	30,000	-	30,000	2,340,000
	System Management Module				Module	1				
	Warehouse Material Sending Module				Module	1				
	Warehouse Material Receiving Module				Module	1				
	Inventory verification Module				Module	1				
	Inventory Module				Module	1				
	System Maintain Module				Module	1				
	Logistics Device Data Module				Module	1				
	ERP Data Exchange Module				Module	1				
										-
	ASRS Warehouse Control System	Shun Rong	Taiwan	Light ERP System	set	1	27,500	-	27,500	2,145,000
	Logistics Device Data Module				Module	1				
	Logistics Control Module				Module	1				
	Logistics Display Module				Module	1				
	Inventory Logic calculus Module				Module	1				
	Test: Automatic warehouse machine test	Shun Rong	Taiwan		set	1	-	11,500	11,500	897,000
	Computer system test				Unit	1				
	The overall system test				Unit	1				



2.	Steel Frame									
	Supply, fittings, fixing of steel frame				package	1	341,228	186,990	528,218	41,201,004
	Square tube 125*125*6*10816mm	Chung Hung	Taiwan	JIS SS400	piece	252				
	Square tube 125*125*3*11968mm			JIS SS400	piece	253				
	Square tube 125*125*3*10114mm			JIS SS400	piece	246				
	Square tube 125*125*3*11850mm			JIS SS400	piece	7				
	Square tube 50*50*2.3*1600mm			JIS SS400	piece	1476				
	Square tube 50*50*2.3*2640.07mm			JIS SS400	piece	164				
	Square tube 50*50*2.3*2349.13mm			JIS SS400	piece	1312				
	Square tube 50*50*2.3*2265.57mm			JIS SS400	piece	984				
	Square tube 50*50*2.3*2490.07mm			JIS SS400	piece	164				
	Rectangular tube 80*40*2.3*3525mm			JIS SS400	piece	2432				
	Rectangular tube 80*40*3.2*470mm			JIS SS400	piece	3552				
	Rectangular tube 80*40*3.2*260mm			JIS SS400	piece	192				
	Rails 37kg*12000mm			JIS SS400	piece	7				
	iron plate 22*200*285mm			JIS SS400	piece	252				
	iron plate 16*150*250mm			JIS SS400	piece	1476				
	iron plate 9*100*250mm			JIS SS400	piece	160				
	iron plate 9*62.5*250mm			JIS SS400	piece	22				
	iron plate 9*100*300mm			JIS SS400	piece	76				
	iron plate 9*100*212.5mm			JIS SS400	piece	8				
	iron plate 9*200*212.6mm			JIS SS400	piece	28				
	iron plate 9*200*300mm			JIS SS400	piece	266				
	iron plate 9*65*200mm			JIS SS400	piece	3650				
	iron plate 16*250*250mm			JIS SS400	piece	7				
	iron plate 16*125*250mm			JIS SS400	piece	200				
	angle iron 50*50*4*1442mm			JIS SS400	piece	1476				
	angle iron 50*50*4*3559.82mm			JIS SS400	piece	748				
	angle iron 50*50*4*2061mm			JIS SS400	piece	32				
	angle iron 50*50*4*3847mm			JIS SS400	piece	16				
	angle iron 50*50*4*2283mm			JIS SS400	piece	24				
	angle iron 50*50*4*3969mm			JIS SS400	piece	12				
	Iron trough 125*65*6*8*1920.59mm			JIS SS400	piece	26				
	Iron trough 125*65*6*8*1670.61mm			JIS SS400	piece	26				
	Iron trough 125*65*6*8*274.68mm	JIS SS400	piece	26						



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Iron trough 125*65*6*8*9299.32mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*496.92mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*9230mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*708.72mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*1400mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*2237.19mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*1177.76mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*965.96mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*2247.43mm	JIS SS400	piece	26			
Iron trough 125*65*6*8*1732.06mm	JIS SS400	piece	26			
Round iron ϕ 20*1000mm	JIS SS400	piece	720			
Round iron ϕ 20*3429mm	JIS SS400	piece	6			
Round iron ϕ 20*2148mm	JIS SS400	piece	6			
Round iron ϕ 20*2781mm	JIS SS400	piece	92			
Round iron ϕ 20*3647mm	JIS SS400	piece	25			
Round iron ϕ 20*4608mm	JIS SS400	piece	30			
Round iron ϕ 20*4105mm	JIS SS400	piece	470			
Round iron ϕ 20*3844mm	JIS SS400	piece	6			
Round iron ϕ 20*4286mm	JIS SS400	piece	98			
Round iron ϕ 20*3800mm	JIS SS400	piece	26			
Round iron ϕ 20*5808mm	JIS SS400	piece	26			
Round iron ϕ 17*1000mm	JIS SS400	piece	18			
Round iron ϕ 17*3600mm	JIS SS400	piece	4			
Round iron ϕ 17*3300mm	JIS SS400	piece	50			
Round iron ϕ 17*5670mm	JIS SS400	piece	4			
Round iron ϕ 17*5920mm	JIS SS400	piece	50			
Round iron ϕ 17*5914mm	JIS SS400	piece	4			
Round iron ϕ 17*5561mm	JIS SS400	piece	18			
belt compensator	JIS SS400	piece	792			



3.	External walls									
	Supply, fittings, fixing of External walls				set	1				
	Roof: aluminum zinc green board 0.52mm / 750 type / 2000mm*4000mm	Feng Hsin	Taiwan		piece	105	81,156	40,578	121,734	9,495,252
	Wall: galvanized green board 0.52mm / 750 type / 2000mm*4000mm				piece	770				
4	Pallets/racks									
	Supply, fittings, fixing of Pallets/racks				piece	2533				
	Galvanized steel 100*20*1.6*17000mm	Feng Hsin	Taiwan	JIS SS3302	piece	44100	291,295	145,648	436,943	34,081,554
	Galvanized steel 100*20*10*1.6*1694mm			JIS SS3302	piece	7350				
	Galvanized steel 20*1.6*1694mm			JIS SS3302	piece	4900				
	Galvanized steel 50*140*3mm			JIS SS3302	piece	24500				
5	Sea shipping. Loading the containers									
	(Taiwan) related shipping quote is as full cabinet: Fees: insurance, trailer fees, sea freight, customs fees ~ to Chittagong port of discharge. (Excluding the local port of discharge, customs clearance, open counters, land transport, by the buyer's own)									
	Host equipment (open cabinet) sea freight (Chittagong)				set	2	18,400	-	18,400	1,435,200
	External wall material (container) sea freight (Chittagong) 40 feet ordinary cabinet				set	2	5,520	-	5,520	430,560
	Steel frame material (container) sea freight (Chittagong) 40 feet ordinary cabinet				set	20	55,200	-	55,200	4,305,600
	(Factory) loading costs				set	21	24,150	-	24,150	1,883,700
	Total Amount of the Project								1,493,995	116,531,610
	Own Source								537,020	41,887,560
	IPO								956,975	74,644,050



Details of Capital Machinery required for modernization of existing factory:

SL #	Description	Brand	Country of Origin	QUANTITY	UNIT PRICE (USD)	AMOUNT (USD)	Amount (BDT)
1	RCT-III Yarn Pachage Drying Machine -1*Fan, 55 KW, Single Chamber, 1200 bobbins	Yuanfeng	China	2 SET	60,000	120,000	9,360,000
2	RCT-III Yarn Pachage Drying Machine -2*Fan, 2*37 KW, Dual Chamber, 1200 bobbins		China	2 SET	65,500	131,000	10,218,000
3	Stainless Steel trolleys for Bobbin Yarn -5*6 Line and 10 Layers, 30 Automatic Lock Caps, max, loading 300 bobbins		China	32SET	2,650	84,800	6,614,400
	Sub-Total					335,800	26,192,400
4	Natural Gas Boiler Szs20-2.5/450- Yq	Zhengzhou	China	1 SET	223,846	223,846	17,459,988
	Valves and Instruments			1 SET	16,800	16,800	1,310,400
	Economizer			1 SET	18,460	18,460	1,439,880
	Baltur Burner	Baltur		1 SET	79,200	79,200	6,177,600
	Control Panel	Zhengzhou		1 SET	22,104	22,104	1,724,112
	Water Feeding Pump	Jingjiang Yatai		2 SET	4,615	9,230	719,940
	Continuous Blow-Down	Zhengzhou		1 SET	1,627	1,627	126,906
	Periodic Blow-Down			1 SET	1,674	1,674	130,572
	De-Aerator	Shanxi Fulai		1 SET	9,362	9,362	730,236
	Sub-Total					382,303	29,819,634
	Total					718,103	56,012,034



b) Utilization of the total amount of paid-up capital and share premium, if any, including the sponsors' contribution and paid up capital raised of the issuer at the time of submission of prospectus, in details with indication of use of such funds in the financial statements;

Tk. 150,000,000 (Fifteen Crore Only) has been raised through private placement prior to public issue on 29 November 2016.

Accounting Years	Item	Amount	Reflected in Cash Flow
2016	Working Capital	150,000,000	In the Statement of Cash flows, the figure is included in the proceeds from issuance of shares under the head of Financing activities. (Note # 11.1 Woori Bank NDA account of the audited financial statement for the period ended 31 December, 2016)

Subsequently Tk. 15 crore received through raising of paid up capital was used to meet the payment of sight L/Cs as follows:

SL. No	L/C No	Issuing Bank	USD	Usage	Payment Date
1	200010216010875	Woori Bank	178,573	At Sight	06-Mar-17
2	200010216010828	Woori Bank	32,831	At Sight	06-Mar-17
3	200010216010691	Woori Bank	56,533	At Sight	06-Mar-17
4	200010216010691	Woori Bank	56,601	At Sight	06-Mar-17
5	200010216010828	Woori Bank	62,831	At Sight	06-Mar-17
6	200010216010875	Woori Bank	119,048	At Sight	06-Mar-17
7	200010216010828	Woori Bank	62,861	At Sight	06-Mar-17
8	200010216010828	Woori Bank	62,831	At Sight	06-Mar-17
9	200010216010984	Woori Bank	57,319	At Sight	06-Mar-17
10	200010216010875	Woori Bank	119,048	At Sight	06-Mar-17
11	200010216010691	Woori Bank	56,548	At Sight	06-Mar-17
12	200010216010691	Woori Bank	56,633	At Sight	14-Mar-17
13	200010216010985	Woori Bank	114,639	At Sight	15-Mar-17
14	200010216010950	Woori Bank	152,414	At Sight	15-Mar-17
15	200010216010691	Woori Bank	57,459	At Sight	15-Mar-17
16	200010216010957	Woori Bank	54,485	At Sight	15-Mar-17
17	5402170917210001	Prime Bank	71,276	At Sight	07-Mar-17
18	5402170917210001	Prime Bank	71,275	At Sight	07-Mar-17
19	5402170917210003	Prime Bank	113,934	At Sight	07-Mar-17
20	5402170917210003	Prime Bank	101,341	At Sight	07-Mar-17
21	5402170917210007	Prime Bank	286,598	At Sight	07-Mar-17
Total			1,945,077.73		



- c) If one of the objects is an investment in a joint venture, a subsidiary, an associate or any acquisition, details of the form of investment, nature of benefit expected to accrue to the issuer as a result of the investment, brief description of business and financials of such venture:

The issuer has no objects to invest in a joint venture, a subsidiary, an associate or any acquisition.

- d) If IPO proceeds are not sufficient to complete the project, then source of additional fund must be mentioned. In this connection, copies of contract to meet the additional funds are required to be submitted to the Commission. The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue along with utilization of such funds:

Summary of the project cost (Modernization of the existing unit) and means of Finance are as under:

Taka in '000'			
Items	Import	Local	Total Cost
Land & Land Development Cost	-	-	-
Building & Civil Works Cost	20,362	37,282	57,644
Plant and Machineries	308,622	-	308,622
Furniture & Fixture	-	69	69
Office Equipment's	-	80	80
Preliminary & Pre-operating Expenses	-	1,000	1,000
Total Fixed Cost	328,984	38,431	367,415
Net Working Capital	-	260,961	260,961
Total Project Cost	328,984	299,392	628,376
MEANS OF FINANCE			
Long Term Loan:			
Prime Bank Limited	25,272	-	25,272
Premier Bank Limited	81,226	-	81,226
Woori Bank Limited	42,271	-	42,271
Total Long Term Loan	148,769	-	148,769
Equity :-	-	-	-
Initial Public Offering	130,656	-	130,656
Own Source	49,559	299,392	348,951
Total Equity	180,215	299,392	479,607
Total Means of Finance	328,984	299,392	628,376

Break up of own sources as follows:

Particulars	Amount in Tk.
Total Requirement of Fund from own source	348,951,000
Less: Already Incurred	31,332,000
Less: Working Capital	260,961,000
Balance will be met from current years' profit	56,658,000



- e) A schedule mentioning the stages of implementation and utilization of funds received through public offer in a tabular form, progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, the approximate date of completion of the project and the projected date of full commercial operation etc. The schedule shall be signed by the Chief Executive Officer or Managing Director, Chief Financial Officer and Chairman on behalf of Board of Directors of the issuer;

Particulars	Progress made so far	Approximate date of completion of project	Projected date of commercial operation
Construction of Automatic warehouse System	The company will place order soon	within 12 (twelve) months of receiving IPO fund	The company is already in commercial operation. Construction of auto warehouse and procurement of Boiler and Hot Air dryer for yarn is part of the modernization process.
Acquisition and installation of machineries for modernization of existing factory	The company will place order soon	within 12 (twelve) months of receiving IPO fund	
Bank Loan Pay off (Partial)	N/A	within 3 (three) months of receiving IPO fund	

Sd/-
Goutam Chandra Roy
Chief Financial Officer

Sd/-
Wong Jammy Kwok Chan
Managing Director

Sd/-
Wong Kwok Chuen
Chairman



- f) If there are contracts covering any of the activities of the issuer for which the proceeds of sale of securities are to be used, such as contracts for the purchase of land or contracts for the construction of buildings, the issuer shall disclose the terms of such contracts, and copies of the contracts shall be enclosed as annexure to the prospectus;**

There is no contract covering any of the activities of the issuer Company for which the proceeds of sale of securities from IPO is to be used.

- g) If one of the objects of the issue is utilization of the issue proceeds for working capital, basis of estimation of working capital requirement along with the relevant assumptions, reasons for raising additional working capital substantiating the same with relevant facts and figures and also the reasons for financing short with long term investments and an item wise break-up of last three years working capital and next two years projection;**

No objectives of the issue are utilization of the issue proceeds for working capital

- h) Where the issuer proposes to undertake one or more activities like diversification, modernization, expansion, etc. The total project cost activity-wise or project wise, as the case may be;**

The company has planned to expand its activities through construction Automatic storage system and expansion of existing project with new machineries and installation of the same, required civil construction for construction Automatic storage system, which have been mentioned in the Summary of feasibility report.

- i) Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phases, if any, which have already been implemented;**

The company has already started importing machineries for the aforementioned expansion of the existing dying unit.

- j) The details of all existing or anticipated material transactions in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies;**

There is no existing or anticipated material transaction in relation to utilization of the issue proceeds or project cost with sponsors, directors, key management personnel, associates and group companies.



(k) Summary of the project appraisal or feasibility report by the relevant professionals not connected with the issuer, issue manager and registrar to the issue with cost of the project and means of finance, weaknesses and threats, if any, as given in the appraisal or feasibility report.

SUMMARY OF FEASIBILITY OF QUEEN SOUTH TEXTILE MILLS LIMITED

Queen South Textile Mills Limited (QSTML) is a 100% export oriented yarn dyeing Industry located in Dhaka Export Processing Zone, Savar, capital of Bangladesh. The company is engaged in dyeing of different counts of Cotton, Polyester, Viscose, Acrylic, Nylon and Blended yarn to market the processed yarn as deemed exporter. The company was established in 2003 and started operation in mid-2005 with daily capacity of dyeing of 25 MT yarn per day and subsequently increased to 42 MT yarn per day.

QSTML has obtained the “Oeko-Tex Standard 100” certificate for Yarn, and Dyes, as well as Sewing and Embroidery Threads of QSTML. QSTML is also the only dyeing factory to obtain the “W.S.T.” environmental certificates.

Not only the dyeing of yarn quality remains one of the highest satisfactions in the market, QSTML is also capable of providing huge production with very short lead time to meet customers’ delivery deadlines. QSTML’s production machineries are equipped with the State of the art technology, including Central Controlling and Monitoring System, Laboratory is equipped with computer matching machine and dispensing machines, monitored by qualified expert technicians.

Products of the Company

Dyed yarn of various specification, composition and qualities.

PRODUCTION CAPACITY:

Post Expansion project as an integrated unit will have the following installed capacity:

Activity	Existing Capacity / day	Capacity to be installed in the new upgrades/day	Capacity post Expansion /day
Yarn Dyeing	42 MT	15 MT	57 MT

STORAGE CAPACITY:

Activity	Existing Storage Capacity	Capacity to be installed in the new upgrades	Storage Capacity post Expansion
Automatic Warehouse	2,880,000 Lbs	5,817,500 Lbs	8,697,500 Lbs
Rented Godown	650,000 Lbs	-	-
Warehouse	1,243,500 Lbs		
In various floor area/space	4,824,000 Lbs	-	-

Existing production Capacity of Queen South Textile Mills Limited is 42 MT and the company is currently utilizing 74% of its installed capacity. To meet up the requirement of the existing utilized capacity QSTML requires to keep stock of raw Materials of 6,357,000 lbs, for smooth production. However, the existing automated warehouse, warehouse, rented godown and in various spaces of factory can store approximately 9,597,500 lbs. Moreover due to expansion there will be requirement of around extra 3,000,000 lbs of raw material storage capacity. Thus the company is in need of an automatic warehouse to free up the various floor area/space and also to meet the storage capacity requirement of expanded production capacity.



TECHNOLOGY CONSIDERATION

Power: The required power for production including expansion is 3530 KW and will be met through R.E.B through DEPZ. In addition to R.E.B there are 2 GAS generators of 1030 KW and 2 (two) diesel generators of 650 KW will be used in case of any disruption.

No further generator is required for the proposed expansion.

Water: The requisite water supply is available from DEPZ and own deep tube-well installed in the factory premises.

Gas: QSTML meets the requirement of GAS from TITAS Gas Transmission and Distribution Company Limited (TGTDC).

In case of shortage of natural gas, QSTML have 2 Gasifiers, total of 13210 KCAL/day to support efficient gas to our boilers without any disruption to the production.

PRODUCT MARKET PLACE:

QSTML is the backward linkage industry of 100% export oriented local sweater industries who consumes dyed yarn as raw materials of their goods and export to overseas market. Therefore as a 100% deemed export the ultimate destination of the QSTML's product is the overseas market.

MARKETING STRATEGY:

After receiving the orders from the customers, QSTML dye the yarn as per customers' specification & colour and deliver to the destination as specified by the customer. As export of the company is deemed export, the company usually delivers the products to local destination. The payment shall be received through L/cs.



6. SWOT ANALYSIS

Strengths	Weakness	Opportunity	Threats
Brand loyalty: The Quality of Company's products to its customers have enabled the company to capture significant market share in the sector. We have a very strong customer base and healthy business relationship and doing business for a long time.	Work Environment: Short of space with high density of machines installation cause higher temperature and heat inside the production plant. However, the factory office and lab as well as head office are properly air-conditioned.	Special Tax Rates, Tax Holiday: Government gives the special Tax rates for the development of the Garments, Textile and backward linkage industries.	Competition: Global and local competition in this sector may affect the profitability of the company.
Mass Production: High volume production capacity/hour	Physical Hazards: Dyeing machines are mostly high pressure; improper use of machine may cause danger to workers.	Bank loan: All the industries involved in this sector get easy bank loan from different financial institutions and we have very good track records.	Government Regulation: Governments restriction if imposed will create new complications.
Experienced Professionals: We have experienced local and foreign technicians for the production.	Labors/Workers Strike: Frequent work stoppage by different service providers, dock labors, transport workers etc.	Market Order: Huge volumes of order now return to local due to short lead time from export oriented textile industries.	Competitors: Bangladesh is facing new competitors in textile sector such as India, Vietnam and Myanmar.
Fuel: Equip with own coal gas gasifiers for boilers in case of natural gas shortage	Electricity supply: Power supply is not stable in this country, may cause disruption to production and damage to machineries.	Developments in Dyes, Pigments and Chemicals: New developments in dye stuff, pigments for coloring of yarn, also in chemicals for less effluent loads and faster lead time of production.	Availability of Fuel for Steam Generation: Bangladesh is going through natural gas crisis which might cause problem in textile and garments sector.
Management: Experienced management result in quick decision making.		Cost of Dyes and Chemicals: Low cost of dyes and chemicals available in due to the high competition in the dyestuff manufacturer.	Environment Pollution: only one Central E.T.P in DEPZ.
Raw Materials Supply: Strong worldwide connections with dedicated manufacturers and suppliers.		Trans Pacific Partnership (TPP): with the US withdrawing from TPP agreement, Bangladesh shall remain attractive to the buyers in the textile and RMG sector.	Inventory Cost: Inventory cost goes high if exchange rate goes up since raw material for production is mostly imported from abroad.
High Performance Machineries: State of the art high performance machinery for production			
Worker's skill level: workers' skill level in Dhaka are considerably higher and easier to train up compare to the rest of the cities in Bangladesh.			
Maximized Production Time: 24hours production at the factory to ensure no machine idling.			
After Sale Service: professional technicians are always standing by to assist our customers and solve all technical problems.			



ASSUMPTIONS OF FINANCIAL PROJECTION:

Profitability potential of the project has been estimated for five years of operation to assess the financial viability of the project. The financial projections include estimates of sales, operating cost, administrative and selling expenses and financial overheads.

The assumptions underlying the earning forecast are as under:

- a. The project will operate for 280 days in a year 3 shifts operation basis of 8 hours per shift.
- b. The capacity buildup has been assumed to be achieved gradually at the rate of 60%, 65%, 70%, 75% & 80 % of estimated attainable capacity in the 1st , 2nd , 3rd , 4th and 5th year of operations and onwards.
- c. The price of raw materials and finished goods have been assumed to remain constant throughout the projected years of operation with the assumption that increase in the price of raw materials will be offset by the corresponding increase in the price of Selling price.
- d. Sales prices of the proposed product have been assumed on the basis of price of such products prevailing in the market.
- e. Stores and Spares for the Project has been calculated at 0.5%,1.0% , 1.5%, 2% and 2% for the 1st, 2nd , 3rd , 4th and 5th year of the machinery.
- f. The cost of repair and maintenance for the project has been calculated at 0.5%,1.0% , 1.5%, 2% and 2% for the 1st, 2nd , 3rd , 4th and 5th year on the building & civil construction.
- g. Rent, Tax, Insurance etc. for the project has been calculated 1.00% every year on the fixed cost.
- h. Annual increment of 10% has been considered for calculation of wages and salaries.
- i. Economic life of the project has been assumed to be 10 years without any major replacement and depreciation has been charged on reducing balance method accordingly.
- j. Construction period -12 months.

SUMMARY OF THE PROJECT COST AND MEANS OF FINANCE:

Taka in '000'

Items	Import	Local	Total Cost
Land & Land Development Cost	-	-	-
Building & Civil Works Cost	20,362	37,282	57,644
Plant and Machineries	308,622	-	308,622
Furniture & Fixture	-	69	69
Office Equipment's	-	80	80
Preliminary & Pre-operating Expenses	-	1,000	1,000
Total Fixed Cost	328,984	38,431	367,415
Net Working Capital	-	260,961	260,961
Total Project Cost	328,984	299,392	628,376

MEANS OF FINANCE

Long Term Loan:			
Prime Bank Limited	25,272	-	25,272
Premier Bank Limited	81,226	-	81,226
Woori Bank Limited	42,271	-	42,271
Total Long Term Loan	148,769	-	148,769
Equity :-	-	-	-
Initial Public Offering	130,656	-	130,656
Own Source	49,559	299,392	348,951
Total Equity	180,215	299,392	479,607
Total Means of Finance	328,984	299,392	628,376



ESTIMATED STATEMENT OF FINANCIAL POSITION:

At the Closing day of	Year -0	Year -1	Year -2	Year -3	Year -4	Year -5
ASSETS:						
NON-CURRENT ASSETS:						
Fixed Assets at Cost	366,415	366,415	366,415	366,415	366,415	366,415
Less: Accumulated Depreciation	-	36,641	69,619	99,298	126,010	150,051
Net Fixed Assets	366,415	329,773	296,796	267,116	240,405	216,364
Preliminary & Pre-operating Expenses	1,000	800	600	400	200	-
Total Non-Current Assets	367,415	330,573	297,396	267,516	240,605	216,364
CURRENT ASSETS:						
Inventories:						
Raw Material	-	293,971	318,468	342,966	367,463	391,961
Work in Process	-	5,608	6,049	6,493	6,939	7,364
Finished Goods	-	19,489	21,161	22,713	24,275	25,762
Stores & Spares	-	496	992	1,488	1,984	1,984
Accounts Receivables	-	325,742	361,826	388,681	415,462	440,986
Cash & Bank Balance	187,574	22,009	104,461	217,591	352,464	499,855
Total Current Assets	187,574	667,314	812,957	979,932	1,168,587	1,367,913
TOTAL ASSETS	554,989	997,887	1,110,353	1,247,448	1,409,192	1,584,277
EQUITY & LIABILITIES:						
Equity:						
Initial Public Offering	130,656	130,656	130,656	130,656	130,656	130,656
Own Source	348,951	348,951	348,951	348,951	348,951	348,951
Retained Earnings	-	91,850	198,582	317,103	446,256	588,344
Total Equity & Reserve	479,607	571,457	678,189	796,710	925,863	1,067,951
Long Term Loan:						
Prime Bank Limited	7,027	-	-	-	-	-
Premier Bank Limited	68,355	41,829	14,222	-	-	-
Woori Bank Limited	-	-	-	-	-	-
Total Long Term Loan	75,382	41,829	14,222	-	-	-
Current Liabilities:						
Accounts Payable	-	367,463	398,085	428,707	459,329	489,951
Salary & Wages	-	929	1,022	1,115	1,208	1,301
Provision for Tax	-	16,209	18,835	20,916	22,792	25,074
Total Current Liabilities	-	384,601	417,942	450,738	483,329	516,326
TOTAL EQUITY & LIABILITIES	554,989	997,887	1,110,353	1,247,448	1,409,192	1,584,277



ESTIMATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME:

Taka in '000'

Particulars	Year -1	Year -2	Year -3	Year -4	Year -5
Capacity Utilization	60%	65%	70%	75%	80%
Sales	880,918	982,643	1,059,166	1,135,017	1,210,851
Cost of Goods sold	760,064	844,262	906,921	969,410	1,028,968
Gross Profit	120,855	138,382	152,244	165,607	181,883
Operating Expense	10,422	11,644	12,641	13,662	14,721
Operating Profit	110,433	126,737	139,604	151,945	167,162
Financial Expenses	2,374	1,171	166	-	-
Profit before Income Tax	108,059	125,567	139,437	151,945	167,162
Income Tax	16,209	18,835	20,916	22,792	25,074
Net Profit for the year	91,850	106,732	118,522	129,153	142,088
Last Year Balance	-	91,850	198,582	317,103	446,256
Cumulative Retained Earnings	91,850	198,582	317,103	446,256	588,344

PAY-BACK PERIOD

The Pay Back period of the project is calculated to determine the period required to recuperate the original investment outlay through the profits earned by the project. The calculated payback period of the project is 4.33 years.

BREAKEVEN ANALYSIS

The break even analysis has been carried out on the basis of cost and sales data of 3rd year of operation. The project is expected to break even at 31.19% of the assumed capacity sales revenue of BDT 1,059.17 million i.e 21.78% of the rated capacity utilization.

CONCLUSION AND RECOMMENDATION:

The feasibility reveals that the project is viable considering all aspects. The demand of dyed yarn is very high in Bangladesh and it is gradually increasing on consideration of development of RMG sector. The projected financial results and the profitability estimated based on historical data shows that the project is viable and lucrative. This projection will help the interested parties to have an idea over the Queen South Textile Mills Limited.

Place: Dhaka
Date: July 04, 2017

Sd/-
Md. Salauddin Sikder, FCMA
Mazumdar Sikder and Associates
Cost & Management Accountants



SECTION - XXIII

LOCK-IN



SECTION XXIII: LOCK-IN

(a) Ordinary shares of the issuer shall be subject to lock-in, from the date of issuance of prospectus or commercial operation, whichever comes later, in the following manner:

- (1) All shares held, at the time of according consent to the public offer, by sponsors, directors and shareholders holding ten percent (10%) or more shares, other than alternative investment funds, for 03(three) years.
- (2) In case any existing sponsor or director of the issuer transfers any share to any person, other than existing shareholders, all shares held by those transferee shareholders, at the time of according consent to the public offer, for 03 (three) years.
- (3) Twenty five percent (25%) of the shares allotted to eligible investors, for 06 (six) months and other twenty five percent (25%) of the shares allotted to them, for 09 (nine) months.
- (4) All shares held by alternative investment funds, at the time of according consent to the public offer, for 01 (one) year.
- (5) All shares held, at the time of according consent to the public offer, by any person other than the persons mentioned in sub-rules (1), (2) and (3) above, for 01 (one) year.

Provided that ordinary shares converted from any other type of securities shall also be subject to lock-in as mentioned above.”.

(b) The following table indicates the **Lock-in** status of the shareholders of Queen South Textile Mills Limited:

SL	Name	BO ID	Position	Date of acquisition	No of Shares	No of Shares Total	Percentage (%)		*Lock-in Period
							Pre-IPO	Post IPO	
1	Country Smart Agents Limited	-	Sponsor	04-06-03	100	-	-	-	Presently this Sponsors do not hold any share of the company
				Transfer (15/09/2007)	(100)				
2	Gain Plus Agents Limited	1605550062698758	Sponsor	04-06-03	100	30,164,500	35.43%	30.12%	3 Years
				29-11-07	14,231,000				
				Transfer (17/12/2015)	(8,049,850)				
				31-08-16	23,983,250				
3	Wong Jammy Kwok Chan	1605550062697935	Managing Director	Transfer (15/09/2007)	100	17,537,500	20.60%	17.51%	3 Years
				29-11-07	143,800				
				Transfer (17/12/2015)	3,449,850				
				31-08-16	13,943,750				
4	Wong Elisa Dai Wah	1605550062697927	Director	Transfer (17/12/2015)	575,000	2,806,000	3.30%	2.80%	3 Years
				31-08-16	2,231,000				
5	Lee Hung Chun	1605550062697887	Director	Transfer (17/12/2015)	575,000	2,806,000	3.30%	2.80%	3 Years
				31-08-16	2,231,000				
6	Shen Wai Chwang Johnny	1605550062697919	Shareholder	Transfer (17/12/2015)	690,000	3,367,200	3.95%	3.36%	3 Years
				31-08-16	2,677,200				



7	Tsang Wai Kwan	1605550062697943	Shareholder	Transfer (17/12/2015)	690,000	3,367,200	3.95%	3.36%	3 Years
				31-08-16	2,677,200				
8	Chu Kam Tong	1605550062697900	Shareholder	Transfer (17/12/2015)	690,000	3,367,200	3.95%	3.36%	3 Years
				31-08-16	2,677,200				
9	Tsang Wing Hei	1605550062697961	Shareholder	Transfer (17/12/2015)	690,000	3,367,200	3.95%	3.36%	3 Years
				31-08-16	2,677,200				
10	Wong Kai Chung	1605550062697895	Shareholder	Transfer (17/12/2015)	690,000	3,367,200	3.95%	3.36%	3 Years
				31-08-16	2,677,200				
11	Abu Saleh Abdul Muiz	1605550007748542	Shareholder	29-11-16	1,000,000	1,000,000	1.17%	1.00%	1 Year
12	Md. Saiful Islam Helali	1205200052909623	Shareholder	29-11-16	300,000	300,000	0.35%	0.30%	1 Year
13	Nashid Amin	1605550056929245	Shareholder	29-11-16	1,000,000	1,000,000	1.17%	1.00%	1 Year
14	SM Assets Limited	1605550062649997	Shareholder	29-11-16	1,000,000	1,000,000	1.17%	1.00%	1 Year
15	A.H. Enterprise	1605550061258214	Shareholder	29-11-16	350,000	350,000	0.41%	0.35%	1 Year
16	Nahid Chowdhury	1605550057725605	Shareholder	29-11-16	750,000	750,000	0.88%	0.75%	1 Year
17	A. F. M Showkat Ahmed	1203620004547695	Shareholder	29-11-16	400,000	400,000	0.47%	0.40%	1 Year
18	Brothers Trading	1201590060336809	Shareholder	29-11-16	200,000	200,000	0.23%	0.20%	1 Year
19	Md. Habibur Rahman Sikder	1605550057755195	Shareholder	29-11-16	300,000	300,000	0.35%	0.30%	1 Year
20	Rezwna Fardause Karim	1605550062024061	Shareholder	29-11-16	650,000	650,000	0.76%	0.65%	1 Year
21	Halima Ahmed	1605550050578557	Shareholder	29-11-16	500,000	500,000	0.59%	0.50%	1 Year
22	Sheikh Joglul Sadeq	1202020007035230	Shareholder	29-11-16	50,000	50,000	0.06%	0.05%	1 Year
23	Investment Corporation of Bangladesh	1201530000003501	Shareholder	29-11-16	2,000,000	2,000,000	2.35%	2.00%	1 Year
24	Enter IT (BD) Ltd.	1605550050784695	Shareholder	29-11-16	725,000	725,000	0.85%	0.72%	1 Year
25	Winspect Communication	1201520062643740	Shareholder	29-11-16	500,000	500,000	0.59%	0.50%	1 Year
26	M/S. Abul Hashem Motors	1201520062643732	Shareholder	29-11-16	500,000	500,000	0.59%	0.50%	1 Year
27	NAF Enterprise	1201520062588658	Shareholder	29-11-16	3,000,000	3,000,000	3.52%	3.00%	1 Year
28	Md. Masudur Rahman	1203110062545001	Shareholder	29-11-16	50,000	50,000	0.06%	0.05%	1 Year
29	Md. Massum Rana	1605550062682670	Shareholder	29-11-16	450,000	450,000	0.53%	0.45%	1 Year
30	Agro Atmosphere Ltd.	1205690057925356	Shareholder	29-11-16	750,000	750,000	0.88%	0.75%	1 Year
31	Mohammad Parves Sarwar	1605550062682729	Shareholder	29-11-16	85,000	85,000	0.10%	0.08%	1 Year
32	Mohammad Kutubul Alam	1605550062682702	Shareholder	29-11-16	240,000	240,000	0.28%	0.24%	1 Year
33	Goutam Chandra Roy	1605550062682689	Shareholder	29-11-16	150,000	150,000	0.18%	0.15%	1 Year
34	Md. Rafiul Alam Ripon	1605550062682737	Shareholder	29-11-16	50,000	50,000	0.06%	0.05%	1 Year
	Total					85,150,000	100%	85.02%	

**Note: Lock-in period starts from the issue date of prospectus*



SECTION – XXIV

MARKETS FOR THE SECURITIES BEING OFFERED



SECTION (XXIV): MARKETS FOR THE SECURITIES BEING OFFERED

Stock Exchanges:

The issuer shall apply to the following bourses for listing shares within 7 (seven) working days from the date of consent accorded by the Commission to issue the prospectus:



Dhaka Stock Exchange Limited (DSE)
9/F, Motijheel C/A, Dhaka-1000; and



Chittagong Stock Exchange Limited (CSE)
CSE Building, 1080 Sheikh Mujib Road, Chittagong.

Declaration about Listing of Shares with Stock Exchanges:

None of the Stock Exchanges, if for any reason, grant listing within **75 days** from the closure of subscription, any allotment in terms of this prospectus shall be void and the Company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchange, or from the date of expiry of the said **75 (seventy-five)** days, as the case may be.

In case of non-refund of the subscription money within the aforesaid **fifteen days**, the Company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of **2% (two percent)** per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer Company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within **seven days** of expiry of the aforesaid **fifteen days'** time period allowed for refund of the subscription money.

Trading and Settlement;

Trading and Settlement Regulation of the stock exchanges will apply in respect of trading and settlement of the shares of the Company.

THE ISSUE SHALL BE PLACED IN "N" CATEGORY



SECTION - XXV

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED



SECTION (xxv): DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

(a) Dividend, voting and preemption rights;

The Share Capital of the company is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles of Association of the company. All Shareholders shall have the usual voting rights in person or by proxy in connection with, among others, election and appointment of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra-ordinary. On a show of hand, every shareholder presents in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present or by proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the BSEC from time to time.

(b) Conversion and liquidation rights;

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind but transfer can be made to a corporate.

(c) Dividend policy;

- i. The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.
- ii. No larger dividend shall be declared than is recommended by the Directors but the Company in the General Meeting may declare a smaller dividend. No Dividend shall be payable except out of the profits of the year or any other undistributed profit and no dividend shall carry interest against the Company.
- iii. The declaration of the Directors as to the amount of Net profit of the company shall (subject to certificate of auditors) be conclusive.
- iv. The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- v. A transfer of share shall pass to the transferee the right to any dividend declared but not paid thereon before the registration of the transfer.
- vi. No limitation in payment of dividend is stipulated in any debt instrument or otherwise.

(d) Other rights of the securities holders;

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the financial and operational position of the company. The shareholders shall have the right to receive all periodical statement and reports, audited as well as un audited, published by the company from time to time.

The shareholder holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition extra ordinary General Meeting of the company as provided for the section 84 of the Companies Act 1994.



SECTION - XXVI

FINANCIAL STATEMENT



INDEPENDENT AUDITOR'S REPORT
To the Shareholders of
QUEEN SOUTH TEXTILE MILLS LIMITED

Opinion

We have audited the financial statements of **QUEEN SOUTH TEXTILE MILLS LIMITED** which comprise the statement of financial position as at December 31, 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all materials respects, the financial position of the Company as at December 31, 2016, and of its financial performance and its cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BASs) and comply with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

In accordance with the Companies Act 1994, we further report that:

- a) We have obtained all the information and explanation which to the best of our knowledge and believe were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) The company's statement of Financial Position and statement of Profit or Loss and other Comprehensive Income dealt with by the report are in agreement with the books of account; and
- d) The expenditure incurred was for the purpose of the company's business.

Basis for Opinion

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BFRSs, and for 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.

Those charged with governance are 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 will always detect a 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 BSAs, we exercise professional judgment maintain professional skepticism throughout the audit. We also

- Identify and assess the risk 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, internal omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the auditing 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 group'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 group'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 statement or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtain up to the date of our auditor's report. However future event or conditions may cause the group 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 statement represents the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and were applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current periods 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.

Sd/-

Md. Abu Kaiser, FCA

Mahfel Huq & Co.

Chartered Accountants

BGIC Tower (4th floor)

34, Topkhana Road

Dhaka-1000, Bangladesh

February 9, 2017



Queen South Textile Mills Limited
Statement of Financial Position
as at 31 December 2016

	<u>Notes</u>	<u>Amount in Taka</u> <u>31-Dec-2016</u>	<u>Amount in Taka</u> <u>30-Jun-2016</u>
Assets:			
Non-current assets		664,634,722	701,511,121
Property, plant and equipment	5	624,129,636	661,006,035
Capital work in progress	6	40,505,086	40,505,086
Current assets:		2,175,312,590	2,164,625,294
Inventories	7	1,359,320,933	1,396,783,451
Trade and other receivables	8	493,629,062	619,161,933
Advances, deposits and prepayments	9	90,415,814	74,822,835
Investments-FDR	10	22,217,531	22,074,707
Cash & Cash Equivalent	11	209,729,250	51,782,368
Total Assets		2,839,947,312	2,866,136,415
Equity and liabilities			
Shareholder's equity		1,379,609,332	1,167,158,350
Share capital	12	851,500,000	143,750,000
Retained earnings	13	528,109,332	1,023,408,350
Non-current liabilities		482,496,012	496,575,651
Long-term borrowing	14	441,726,697	455,972,530
Deferred tax liability		40,769,315	40,603,121
Current liabilities		977,841,968	1,202,402,414
Trade and other payables	15	518,223,211	663,284,938
Current portion of long term borrowing		31,579,694	33,367,042
Short-term borrowing	16	334,205,851	422,211,515
Liabilities for Expenses	17	93,833,212	83,538,919
Total liabilities		1,460,337,980	1,698,978,065
Total Equity and Liabilities		2,839,947,312	2,866,136,415
NAVPS (Net Assets Value Per Share)		16.20	81.19

The annexed notes form an integral part of these financial statements.

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
February 9, 2017

Sd/-
Mahfel Huq & Co.
Chartered Accountants



Queen South Textile Mills Limited
Statement of Profit or Loss and Other Comprehensive Income
for the period from 1 July 2016 to 31 December 2016

	<u>Notes</u>	<u>Amount in Taka</u> <u>1-Jul-2016</u> <u>to</u> <u>31-Dec-2016</u>	<u>Amount in Taka</u> <u>1-Jul-2015</u> <u>to</u> <u>31-Dec-2015</u>	<u>Amount in Taka</u> <u>1-Oct-2016</u> <u>to</u> <u>31-Dec-2016</u>	<u>Amount in Taka</u> <u>1-Oct-2015</u> <u>to</u> <u>31-Dec-2015</u>
Revenue	18	1,670,293,328	1,536,448,221	782,682,285	700,929,794
Cost of Sales	19	(1,505,255,293)	(1,395,821,687)	(706,164,243)	(637,345,791)
Gross profit		165,038,035	140,626,534	76,518,042	63,584,003
Add: Foreign Currency Gain/(Loss)		(1,188,370)	(882,849)	1,340,796	2,062,982
Add: Other Income		58,354	24,069	58,354	24,069
Less: Operating Expenses:		(52,760,753)	(44,359,219)	(26,434,416)	(22,897,039)
Distribution Costs	20	(6,958,067)	(7,039,158)	(3,412,855)	(3,616,322)
Administrative Expenses	21	(45,802,686)	(37,320,061)	(23,021,561)	(19,280,717)
Operating profit		111,147,266	95,408,535	51,482,776	42,774,015
Less: Financial Expenses	22	(36,763,400)	(37,344,681)	(20,311,234)	(18,435,964)
Net profit before tax		74,383,866	58,063,854	31,171,542	24,338,051
Income tax expenses	23	(11,932,884)	(8,814,598)	(5,451,036)	(3,755,727)
Net Profit / (Loss) during the year		62,450,982	49,249,256	25,720,506	20,582,324
Earnings per share	24	0.86	3.43	0.34	1.43
Re-stated Earning per share	24	0.86	0.70	0.34	0.29

The annexed notes form an integral part of these financial statements.

Sd/-
Chief Financial Officer

Signed in terms of our separate report of same date.

Dated: Dhaka
February 9, 2017

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

Sd/-
Mahfel Huq & Co.
Chartered Accountants



**Queen South Textile Mills Limited
Statement of Changes in Equity**

for the period from 1 July 2016 to 31 December 2016

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July, 2016	143,750,000	1,023,408,350	1,167,158,350
Fresh Issuance of Shares Capital	150,000,000	-	150,000,000
Bonus Dividend	557,750,000	(557,750,000)	-
Net profit for the period	-	62,450,982	62,450,982
Balance at 31 December, 2016	851,500,000	528,109,332	1,379,609,332

**Queen South Textile Mills Limited
Statement of Changes in Equity**

For the period from 1 July 2015 to 31 December 2015

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July, 2015	143,750,000	900,228,671	1,043,978,671
Net profit/(Loss) for the period	-	49,249,256	49,249,256
Balance at 31 December, 2015	143,750,000	949,477,927	1,093,227,927

The annexed notes form an integral part of these financial statements.

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
February 9, 2017

Sd/-
Mahfel Huq & Co.
Chartered Accountants



Queen South Textile Mills limited
Statement of Cash flows
for the period from 1 July 2016 to 31 December 2016

Particulars	Notes	<u>Amount in Taka</u> <u>1-Jul-2016</u> <u>to</u> <u>31-Dec-2016</u>	<u>Amount in Taka</u> <u>1-Jul-2015</u> <u>to</u> <u>31-Dec-2015</u>
A. Cash flows from operating activities:			
Cash received from customer & Other Income	25	1,797,539,126	1,795,167,883
Payment to Creditors, Suppliers & Others	26	(1,634,870,424)	(1,742,806,412)
Income Tax Paid/Deducted at Source		(11,746,266)	(7,899,565)
Net Cash provided by operating activities		150,922,436	44,461,906
B. Cash flows from investing activities:			
Acquisition of property, plant and Equipment		(599,242)	(3,507,809)
Addition in Capital Work in Progress		-	(9,370,200)
Investments-FDR		(58,354)	(24,069)
Net Cash used in investing activities		(657,596)	(12,902,078)
C. Cash flows from financing activities:			
Proceeds from issuance of shares		150,000,000	-
Financial Expenses		(36,763,400)	(37,344,681)
Short term bank loan (paid)/Received		(88,864,293)	90,740,300
Long Term Bank Loan (paid)/Received		(16,888,799)	(11,120,021)
Net Cash from financing Activities		7,483,508	42,275,598
Net Decrease in cash & cash equivalents (A+B+C)		157,748,348	73,835,426
Unrealized Foreign Exchange Gain/(Loss)		198,534	375,835
Cash & cash equivalents at the beginning of the year		51,782,368	16,021,604
Cash & cash equivalents at the end of the year		209,729,250	90,232,865
Net Operating Cash Flow per share		2.07	3.09

The annexed notes are the integral part of these financial statements.

Sd/-
Chief Financial Officer

Sd/-
Company Secretary

Sd/-
Managing Director

Sd/-
Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
February 9, 2017

Sd/-
Mahfel Huq & Co.
Chartered Accountants



Queen South Textile Mills Limited

Notes to the financial statements

for the period from 1 July 2016 to 31 December 2016

1 Legal form of the enterprise

Queen South Textile Mills Ltd was incorporated as a private limited company in Bangladesh on 15th June, 2003 under the Companies Act- 1994 and the registration number is C-49529(11513)/2003. The company was converted into a public limited company on 25 January 2016. The company went into commercial operation on 1st June 2005.

Address of registered office of the company and factory of the company

The address of the registered office is at plot No. 85-88, Extension Area, Dhaka Export processing Zone, Savar, Dhaka, Bangladesh. The company carrying out its production activities on factory premises constructed on leased land from DEPZ.

Nature of business

Queen South Textile Mills Limited is a 100% export oriented textile manufacturing Company engaged in dying of yarn for consumption by sweater industry through local LC (Deemed Export). Queen South Textile Mills Ltd. set up business establishment in the export -processing zone, Dhaka.

2 Basis of preparation

2.01 Corporate financial statements and reporting

This comprises Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and other explanatory notes covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at reporting date. Due to the inherent uncertainty involved in making estimates, actual result could differ from those estimates.

2.02 Fundamental accounting concepts/ assumptions

The financial statements have been prepared based on Going concern assumption, Consistency concept, Accrual basis and such other convention as required by BAS-1 for fair presentation of financial statements.

2.03 Going concern

The company has adequate resources to continue its operation for the foreseeable future. For this reasons, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.



2.04 Compliance with BAS & BFRS

The following BAS is applicable to the financial statements for the period under review:

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Cash Flows Statement
BAS 8	Accounting policies , Changes in Accounting Estimates and Errors
BAS 10	Events after the Balance sheet Date
BAS 12	Income Taxes
BAS 16	Property, Plant And Equipment
BAS 18	Revenue
BAS 19	Employee Benefits
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Costs
BAS 24	Related Party Disclosures
BAS 32	Financial Instruments: Presentation
BAS 33	Earnings Per Share
BAS 34	Interim Financial Reporting
BAS 36	Impairment of Assets
BAS 37	Provision , Contingent Liabilities and Contingent Assets
BAS 39	Financial Instruments: Recognition and Measurement

The following BFRS is applicable to the financial statements for the period under review:

BFRS 1	First-time Adoption of Bangladesh Financial Reporting Standards
BFRS 7	Financial Instruments: Disclosures

2.05 Reporting period

The Periods of the financial statements covers from 1 July 2016 to 31 December 2016.

2.06 Events after the reporting period.

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period)

2.07 Functional and presentational (Reporting) currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

2.08 Comparative information and rearrangement thereof

Comparative information has been disclosed in respect of the previous period for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period financial statements. Previous period has been re-arranged/re-stated whenever considered necessary to ensure comparability with the current period presentation as per BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors.



2.09 Summary of significant accounting policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in prior periods.

For a proper understanding of the financial statements, these accounting policies are set out in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

2.10 Recognition of tangible fixed assets

Tangible assets have been at cost less accumulated depreciation (Written down value). The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and the net sales proceeds.

2.11 Depreciation of tangible fixed assets

Depreciation on all fixed assets is computed consistently using the reducing balance method on monthly basis so as to write off the assets over their expected useful life from the date when the corresponding assets are ready for use as per management intention. No depreciation has been charged after the date of retirement.

After considering the useful life of assets as per BAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

<u>Category of fixed assets</u>	<u>Rate of depreciation (%)</u>
Machinery & Equipment	15%
Building	5%
Furniture and fixture	20%
Office equipment	25%
Electrical Installation	5%
Vehicles	20%

2.12 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The specific recognition criteria described below must also be met before revenue is recognized.



Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates exclusive of VAT as per BAS-18. Revenue is recognized when the significant risks and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably & there is no continuing management involvement with the goods sold. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents, L/Cs and invoices to customers.

Interest Income

Revenue arising from the use by others of entity assets yielding interest shall be recognized when

- a. it is probable that the economic benefits associated with the transaction will flow to the entity; and
- b. the amount of the revenue can be measured reliably

2.13 Employee Benefits:

The company maintains defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds.

The company has accounted for and disclosed employee benefits in compliance with the provision of BAS 19 : Employee Benefits

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following.

Defined Contribution Plan (provident fund)

The company got recognition from commissioner of Taxes its provident fund scheme (Defined Contribution Plan) vide order no: নথি নং - আ - ৪/কঃ অঃ - ৪/২০০৭-২০০৮/ for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the company also makes equal contribution.

2.14 Trade and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Average Cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Cash and Cash Equivalents

Cash in hand, cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

2.17 Statements of Cash Flows:

Cash Flows Statement is prepared principally in accordance with BAS-7 "Statement of Cash Flows " and the cash flows from the operating activities have been presented under direct method.



2.18 Accounting Policies, Changes in Accounting Estimates and Errors:

Changes in accounting policies:

An entity shall change an accounting policy only if the change:

- (a) is required by an BFRS; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, Financial performance or cash flows.

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.2 Income-tax expense

In pursuance of section 44(4) (b) of the Income Tax Ordinance , 1984 (XXXVI of 1984) and cancelling the notification No. SRO 289- Ain /89, dated 17 August 1989, all industries operation in the Export processing zones of Bangladesh have been exempted from payment of income tax for a period of 10 years from an industry goes into commercial production. The tax holiday period of the company expired on June 30, 2015

Current Tax:

Provision for income tax has been made @ 15% on net profit before tax of the company except other income as per Income Tax Ordinance 1984. However provision @ 35% has been made on other income of the company.

Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

2.21 Foreign Currency Transaction:

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
 - (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
 - (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.
- Exchange differences arising on the settlement of monetary items or on translating monetary Items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.



2.22 Related party disclosures

During the period the Company carried out a number of transaction with related parties in the normal course of business on an arms length basis. The name of those related parties , nature of those transactions and their value have been set out in accordance with BAS 24 in note - 27.2

2.23 Financial Instruments

A financial instrument is any contract that gives rise to financial assets and a financial liability or equity instrument of another entity.

Financial assets:

Financial assets of the company include cash and cash equivalents, accounts receivable, other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction .The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

Financial liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities includes payable for expense, liability for capital expenditure and other current liabilities.

2.24 Earnings Per Share

This has been calculated in compliance with the requirement of BAS-33 : Earnings per share by dividing the net earnings attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year .

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

This represents earning for the period attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding during the year/period.

Diluted Earnings per share

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company. Hence, Diluted EPS of the company is same as basic EPS.

2.25 Interim Financial Reporting

Interim period is a financial reporting period shorter than a full financial year

Interim financial report means a financial report containing either a complete set of financial statements (as described in BAS 1 Presentation of financial Statements (as revised in 2007)) or a set of condensed financial statements (as described in this standard) for an interim period . The financial statements have been prepared for the period from July 01, 2016 to December 31, 2016

2.26 Impairment of Assets:

I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset , that can be estimated reliably . Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc. No such impairment has been occurred during the period.



II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset shall be treated as a revaluation decrease. No such impairment has been raised till the reporting date.

2.27 Provision , Contingent Liabilities and Contingent Assets :

Provisions

A provisions shall be recognized when:

- a) an entity has a present obligation (legal or constructive) as a result of a past event.
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognized

Contingent Liabilities and Contingents Assets are present or possible obligations or on liabilities or assets , arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with BAS-37 .

The company has contingent liabilities of US\$ 11,056,809.14 equivalent to BDT 870,170,879 as described in note # 8.

2.28 Intangible Assets

In Compliance with the requirements of BAS, 38 Intangible Assets '

The following terms are used in this Standard with the meanings specified:

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An asset is a resource:

- (a) controlled by an entity as a result as past events; and
- (b) From which future economic benefits are expected to flow to the entity.

An intangible asset shall be recognized if , and only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and
- (b) the cost of the asset can be measured reliably

3.00 Financial statements comprises:

- (a) Statement of Financial Position as at 31 December 2016.
- (b) Statement of Profit or Loss and other Comprehensive income for the period from 1 July 2016 to 31 December 2016.
- (C) Statement of Changes in equity for the period from 1 July 2016 to 31 December 2016
- (d) Statement of Cash Flows for the period from 1 July 2016 to 31 December 2016
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information.



4.00 Risk exposure

Interest rate risk

Interest rate risk is the risk that Company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/ investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

Management perception

The Company maintains low debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant.

Exchange rate risk

Exchange rate risk occurs due to changes in exchange rates. As the Company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate increases against local currency, opportunity arises for generating more profit.

Management perception

The products of the company are sold in foreign currency and the transaction is settled within very short period. Therefore, volatility of exchange rate will have no impact on profitability of the Company.

Industry risks

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

Management perception

Management is optimistic about growth opportunity in textile sector in Bangladesh. Furthermore there is untapped international market.

Market risks

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

Management perception

Management is fully aware of the market risk, and act accordingly. Market for textile products in Bangladesh is growing at an exponential rate. Moreover the company has a strong marketing and brand management to increase the customer base and customer loyalty.

Operational risks

Non-availabilities of materials/equipment/services may affect the smooth operational activities of The Company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

Management perception

The company perceives that allocation of its resources properly can reduce this risk factor to great extent. The Company hedges such risks and also takes preventive measures therefore.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

Management perception

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.



5	Property, plant and equipment	31-Dec-2016	30-Jun-2016
	Cost:		
	Opening Balance	1,396,346,031	1,393,777,329
	Addition during the period	599,242	2,568,702
		1,396,945,273	1,396,346,031
	Less: Accumulated Depreciation:		
	Opening Balance	735,339,996	688,709,477
	Charged during the period	37,475,641	46,630,519
		772,815,637	735,339,996
	Written Down Value	624,129,636	661,006,035
	The details have been shown in Annexure: A		
6	Capital Work in Progress:		
	Opening balance	40,505,086	-
	Add: Addition during the period	-	40,505,086
		40,505,086	40,505,086
	Less: Transfer to property, plant and equipment	-	-
		40,505,086	40,505,086
	The above represents cost of machineries which are not installed yet as on the reporting date.		
7	Inventories		
	Raw materials	731,956,270	730,863,380
	Work-in - process	115,910,865	114,861,877
	Finished goods	192,860,761	233,739,127
	Dyes & Chemicals	214,279,564	203,922,205
	Spares & Accessories	104,313,473	113,396,862
		1,359,320,933	1,396,783,451
	Quantity-wise schedule has been given in Annexure: B		
8	Trade & Other receivables		
	Trade Receivable	493,629,062	619,161,933
		493,629,062	619,161,933
I)	Accounts Receivable considered good in respect of which the company is fully secured	483,635,326	608,102,735
II)	Accounts Receivable considered good in respect of which the company holds no security other than the debtor's personal security	-	-
III)	Accounts Receivable considered doubtful or bad	-	-
IV)	Accounts Receivable due by any director or other officer of the company	-	-
V)	Accounts Receivable due by Common management	9,993,736	11,059,198
VI)	The maximum amount of receivable due by any director or other officer of the company	-	-
		493,629,062	619,161,933
Age Analysis of Trade and Other Receivables		Taka	Taka
Within Three months		387,965,695	520,896,737
Three to six months		74,044,359	87,920,994
More than six months		31,619,008	10,344,202
Total		493,629,062	619,161,933

The Company has received letter of credits accepted by various customers against sales of yarn worth US\$ 11,056,809.14 equivalent to BDT 870,170,879 opened with different bank against which short term loan was sanctioned by Prime Bank Ltd., Woori Bank Ltd., Standard Chartered Bank and HSBC keeping above mentioned Bills Receivable as collateral. The entire amount of loan liabilities has been set off against that bills receivable which is subject to realization upon 90~150 days. The company might have liability to the extent to which the said bill becomes unrealized. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.



9 Advances, deposits and prepayments	31-Dec-2016	30-Jun-2016
Advances	55,895,780	43,242,452
Deposits	27,885,043	27,817,600
Prepayments	6,634,991	3,762,783
	90,415,814	74,822,835
The details have been shown in Annexure: C		
** All advances and deposits and prepayment amount are considered good and realizable.		
10 Investments-FDR:		
Prime Bank-NFCD A/C # 20116017	14,352,235	14,239,393
Woori Bank-FDR A/C #9230076351	7,865,296	7,835,314
	22,217,531	22,074,707
11 Cash & Cash Equivalent		
Cash in hand	3,651,904	3,052,745
Cash at Banks (Note 11.1)	206,077,346	48,729,623
	209,729,250	51,782,368
11.1 Cash at Banks		
Standard Chartered-Taka A/C-01-6500560-01	4,664,772	1,249,163
Standard Chartered-USD A/C-01-6700772-01	5,086,261	1,152,903
Woori Bank USD A/C-92-30107-60	1,916,681	1,524,192
Woori Bank-Taka A/C-92-30107-75	5,835,618	5,949,076
Woori Bank- Taka NDA	150,000,000	-
Prime Bank-OBU USD A/C-11-0000-10	684,019	2,029,741
Prime Bank-DBU USD A/C-124-511800084-41	171,921	171,266
Prime Bank-TK A/C-124-110500084-40	846,456	799,646
HSBC Bank -OBU USD A/C	6,682,704	154,644
Dutch Bangla Bank-DBU A/C-Taka	3,081,381	10,875,015
Dhaka Bank-OBU USD A/C-099-1125-0000003-47	6,666	6,640
Woori Bank -MOB Account	60	60
Sundry Deposit-Prime Bank	27,084,198	18,341,353
Sundry Deposit-SCB	16,609	6,475,924
	206,077,346	48,729,623
12 Share capital		
Authorized capital:	2,000,000,000	2,000,000,000
20,00,00,000 Ordinary shares of Taka 10 each		
Issued, subscribed and paid up		
Opening Share Capital	143,750,000	143,750,000
Add: Bonus Dividend	557,750,000	-
Add: Fresh Issuance of Share	150,000,000	-
Closing Share Capital	851,500,000	143,750,000
The shareholding position as on the reporting date has been given in Annexure: D		
13 Retained Earnings		
Retained Earnings Opening Balance	1,023,408,350	943,196,472
Less: Bonus Dividend	(557,750,000)	-
Less: Prior years' Income Tax paid		(671,967)
Add: Net profit during the period	62,450,982	80,883,845
Retained Earnings Closing Balance	528,109,332	1,023,408,350



14 Long-term borrowing

Prime Bank Ltd.	21,444,661	28,224,000
Woori Bank Ltd.	33,053,056	43,903,373
Loan from Shareholders	418,808,674	417,212,199
	473,306,391	489,339,572
Less: Current Portion of Long Term Loan		
Prime Bank Ltd.	9,179,054	10,966,402
Woori Bank Ltd.	22,400,640	22,400,640
	31,579,694	33,367,042
	441,726,697	455,972,530

Short details of long term borrowing from Prime Bank Ltd. And Woori Bank Ltd.

Purpose:	Procurement of Machineries
Tenure:	Three years from the date of disbursement
Repayment:	From proceed realization
Rate of Interest:	LIBOR+3.5%~LIBOR+3.75%
Security:	Building, machineries and book debt

Loan from shareholders represents raw materials/dyes & chemicals/spare parts imported from Gain Plus Agents Limited through Sales Contract which will be paid after one year from the reporting date as per the decision of the Board. A schedule has been given in Annexure: E.

15 Trade and other payables

Trade Payables	516,094,777	656,908,115
Other Payables	2,128,434	6,376,823
	518,223,211	663,284,938

The details have been shown in Annexure: F

16 Short term borrowing

Prime Bank Limited (TR)	110,453,365	153,455,200
Woori Bank Limited (TR)	195,854,433	229,281,398
Prime Bank Limited (O/D)	22,823,000	22,736,000
Woori Bank Limited (O/D)	5,075,053	16,738,917
	334,205,851	422,211,515

Particulars	TR	O/D
Nature:	Revolving	Revolving
Purpose:	To retire L/c for Import of Raw Material	For payment of wages, salaries, utility bills and other factory overhead
Tenure:	120 ~ 180 days	1 Year
Repayment:	From Export Proceed	From Export Proceed or Company's Own Source
Rate of Interest:	LIBOR+3.25%~LIBOR+3.50%	LIBOR+3.25%~LIBOR+3.50%
Security:	Letter of Trust Receipts, Building, Machineries, Inventories, Book Debts etc.	Building, Machineries, Inventories, Book Debts etc.



17 Liabilities for Expenses

Salaries, Wages & Allowances	40,530,263	36,027,131
Utilities Payable	15,889,241	19,843,905
Vehicle Rent & Expenses	342,567	342,567
ETP Expenses BEPZA	2,400,450	3,450,701
Godown rent	12,000	12,000
Audit Fees	690,000	345,000
Liability for employee Tax	636,410	636,410
Liability for supplier VAT and Tax	-	1,295,049
PF subscription	792,010	718,978
Income Tax provision (17.01)	32,521,841	20,755,151
Others	18,430	112,027
	93,833,212	83,538,919

17.01 Income Tax provision

Opening Balance	20,755,151	7,102,504
Add: Provided during the period/year	11,766,690	13,652,647
Less: Paid during the period/year	-	-
Total	32,521,841	20,755,151



	<u>Amount in Taka</u> <u>1-Jul-2016</u> <u>to</u> <u>31-Dec-2016</u>	<u>Amount in Taka</u> <u>1-July-2015</u> <u>to</u> <u>31-Dec-2015</u>	<u>Amount in Taka</u> <u>1-Oct-2016</u> <u>to</u> <u>31-Dec-2016</u>	<u>Amount in Taka</u> <u>1-Oct-2015</u> <u>to</u> <u>31-Dec-2015</u>
18 Revenue				
Export Sales	1,670,293,328	1,536,448,221	782,682,285	700,929,794
	1,670,293,328	1,536,448,221	782,682,285	700,929,794
19 Cost of Sales				
Yarn consumed (Note-19.01)	1,067,752,855	1,055,142,277	501,356,360	524,641,797
Dyes & Chemicals Consumed (Note 19.02)	156,821,026	145,006,151	65,264,949	66,500,309
Manufacturing expenses (Note-19.03)	240,852,034	231,750,535	117,247,129	109,816,165
Manufacturing costs for the period	1,465,425,915	1,431,898,963	683,868,438	700,958,271
Opening work in progress	114,861,877	112,286,536	145,873,453	96,564,466
Closing work in progress	(115,910,865)	(140,867,558)	(115,910,865)	(140,867,558)
Cost of goods manufactured	1,464,376,927	1,403,317,941	713,831,026	656,655,179
Finished goods (Opening)	233,739,127	228,399,106	185,193,978	216,585,972
Finished goods (Closing)	(192,860,761)	(235,895,360)	(192,860,761)	(235,895,360)
	1,505,255,293	1,395,821,687	706,164,243	637,345,791
19.01 Yarn consumed				
Opening stock	730,863,380	809,998,188	689,332,960	814,756,955
Purchase during the period	1,068,845,745	1,070,866,690	543,979,670	535,607,443
Raw materials available for consumption	1,799,709,125	1,880,864,878	1,233,312,630	1,350,364,398
Closing stock	(731,956,270)	(825,722,601)	(731,956,270)	(825,722,601)
Raw materials consumed	1,067,752,855	1,055,142,277	501,356,360	524,641,797
19.02 Dyes & Chemical consumed				
Opening stock	203,922,205	151,230,403	228,218,462	158,019,333
Purchase during the period	167,178,385	156,777,061	51,326,051	71,482,289
Dyes & Chemicals available for consumption	371,100,590	308,007,464	279,544,513	229,501,622
Closing stock	(214,279,564)	(163,001,313)	(214,279,564)	(163,001,313)
Dyes & Chemicals consumed	156,821,026	145,006,151	65,264,949	66,500,309



19.03 Manufacturing expenses

Electricity Charges	52,395,139	50,180,701	23,551,117	22,729,685
Repair and Maintenance	2,884,041	4,319,725	1,527,981	2,271,973
Wages and Salary	40,646,890	39,479,917	20,304,250	19,233,251
Water Charge	14,562,603	13,932,004	6,990,797	6,801,516
Daily Labor Charges	2,605,238	2,032,119	1,602,301	1,117,741
P.F. Contribution	1,373,535	1,120,080	703,734	565,882
Gas Charges- Titas	26,580,726	15,427,785	15,774,725	8,997,905
Insurance Premium (Mfg.)	2,986,169	3,098,442	1,475,178	1,511,876
Marin Insurance	2,089,151	1,164,909	1,297,097	418,760
Land Rent -Bepza	880,122	873,244	440,061	436,622
Medical Subscription -Bepza	441,507	438,058	220,753	219,029
Service Charges- Bepza	2,424,141	1,885,006	1,262,300	955,809
Godown Rent	1,500,405	72,000	750,202	36,000
Worker Welfare Fund-BEPZA	118,050	140,553	70,830	70,276
ETP Expenses-BEPZA	16,797,492	16,135,172	8,063,917	7,940,464
Spares & Accessories (Notes 19.04)	38,838,748	42,735,627	16,721,837	17,490,333
Depreciation	33,728,077	38,715,193	16,490,049	19,019,043
	240,852,034	231,750,535	117,247,129	109,816,165

19.04 Spare & Accessories consumed

Opening stock	113,396,862	83,481,136	109,707,019	87,933,358
Purchase during the period	29,755,359	53,468,375	11,328,291	23,770,859
Spares & Accessories available for consumption	143,152,221	136,949,511	121,035,310	111,704,217
Closing stock	(104,313,473)	(94,213,884)	(104,313,473)	(94,213,884)
Spares & Accessories consumed	38,838,748	42,735,627	16,721,837	17,490,333



20 Distribution Costs

Salaries & Allowances	1,567,906	1,604,420	783,953	792,070
Contribution to P.F	68,677	66,965	35,187	33,831
Advertisement	50,438	7,650	42,938	-
House Rent	477,310	416,110	267,430	197,880
Living & Dormitory Expense	2,042,969	1,903,868	1,077,495	1,088,238
Delivery Expense	2,750,767	3,040,145	1,205,852	1,504,303
	6,958,067	7,039,158	3,412,855	3,616,322

21 Administrative expenses

Association Fees	24,000	25,000	24,000	-
Telephone, Mobile and Internet	425,007	456,683	221,405	236,651
Medical & Warfare	2,592,134	2,412,665	816,723	1,060,657
Professional Fees	2,104,272	1,263,154	1,613,772	919,214
Audit Fees	345,000	172,500	258,750	86,250
Renewal & Registration	589,437	1,063,300	350,102	1,006,740
Salaries & Allowances	28,658,698	21,464,239	14,334,967	10,730,241
Security Consultancy- Fee	1,469,669	1,011,876	729,515	473,511
Vehicle Expenses	1,690,340	1,547,306	851,851	783,940
Contribution for P.F	847,013	679,756	433,969	343,424
Entertainment	338,440	424,578	190,518	186,525
Miscellaneous Expenses	32,091	16,258	16,344	6,335
Traveling & Conveyance	2,133,414	1,575,010	979,879	858,240
Printing & Stationeries	690,777	807,801	344,370	433,319
Courier Charge	114,830	98,247	23,169	42,443
Depreciation	3,747,564	4,301,688	1,832,227	2,113,227
	45,802,686	37,320,061	23,021,561	19,280,717

22 Financial Expenses:

Interest on Long Term Loan	1,886,626	771,452	1,428,295	573,983
Interest on Short Term Loan	30,140,501	31,602,012	16,621,257	15,184,981
Bank Charge and Commission	4,736,273	4,971,217	2,261,682	2,677,000
	36,763,400	37,344,681	20,311,234	18,435,964



23 Income tax expenses:

The above balance is made up as follows:

Current tax	11,766,690	7,907,989	5,303,451	3,245,997
Deferred tax (income)/expenses	166,194	906,609	147,585	509,730
	11,932,884	8,814,598	5,451,036	3,755,727

24 Earning Per Share:

Net profit after tax attributable to ordinary shareholders

No of weighted average shares

Basic Earning per share

No of weighted average shares for Re-statement

Re-stated Earning per share

No of weighted average shares to calculate basic earnings per share

For the period from 1 July 2016 to 31 December 2016:

	62,450,982	49,249,256	25,720,506	20,582,324
	72,840,217	14,375,000	75,530,435	14,375,000
	0.86	3.43	0.34	1.43
	72,840,217	70,150,000	75,530,435	70,150,000
	0.86	0.70	0.34	0.29

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	184	1.00	14,375,000
Bonus Share	55,775,000	184	1.00	55,775,000
Fresh Issuance of share	15,000,000	33	0.18	2,690,217
Total		184		72,840,217

For the period from 1 July 2015 to 31 December 2015:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	184	1.00	14,375,000
Total		184		14,375,000

For the period from 1 October 2016 to 31 December 2016:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
-------------	-----------------	------	--------	--------------------------------------



Opening Share	14,375,000	92	1.00	14,375,000
Bonus Share	55,775,000	92	1.00	55,775,000
Fresh Issuance of share	15,000,000	33	0.36	5,380,435
Total		92		75,530,435

For the period from 1 October 2015 to 31 December 2015:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	92	1.00	14,375,000
Total		92		14,375,000

No of weighted average shares to calculate re-stated earnings per share

For the period from 1 July 2016 to 31 December 2016:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	184	1.00	14,375,000
Bonus Share	55,775,000	184	1.00	55,775,000
Fresh Issuance of share	15,000,000	33	0.18	2,690,217
Total		184		72,840,217

For the period from 1 July 2015 to 31 December 2015:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	184	1.00	14,375,000
Bonus Share	55,775,000	184	1.00	55,775,000
Total		184		70,150,000

For the period from 1 October 2016 to 31 December 2016:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	92	1.00	14,375,000
Bonus Share	55,775,000	92	1.00	55,775,000
Fresh Issuance of share	15,000,000	33	0.36	5,380,435
Total		92		75,530,435



For the period from 1 October 2015 to 31 December 2015:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	92	1.00	14,375,000
Bonus Share	55,775,000	92	1.00	55,775,000
Total		92		70,150,000

25 Cash received from customer & Other Income

Revenue	1,670,293,328	1,536,448,221
Other Income	58,354	24,069
Realized Foreign Exchange Gain/(Loss)	(675,080)	6,813,867
Adjustment of unrealized foreign exchange gain/(loss) for trade receivable	2,329,653	6,141,205
(Increase)/Decrease in Trade and other receivables	125,532,871	245,740,521
	<u>1,797,539,126</u>	<u>1,795,167,883</u>

26 Payment to Creditors, Suppliers & Others

Cost of Goods Sold	(1,505,255,293)	(1,395,821,687)
Distribution Cost	(6,958,067)	(7,039,158)
Administrative Expenses	(45,802,686)	(37,320,061)
Adjustment for Depreciation	37,475,641	43,016,881
Adjustment for Unrealized Foreign Exchange gain/(Loss)	(1,411,700)	(5,849,808)
(Increase)/Decrease in Inventory	37,462,518	(74,305,347)
(Increase)/Decrease in Advances Deposits Prepayments	(15,592,979)	(4,945,512)
Net Advance Income Tax included in advance deposits & prepayments considered separately	11,746,266	7,899,565
Increase/(Decrease) Trade and other payable	(145,061,727)	(259,958,819)
Increase/(Decrease) Liabilities for Expenses Excluding Income Tax Provision	(1,472,397)	(8,482,466)
	<u>(1,634,870,424)</u>	<u>(1,742,806,412)</u>



27 Disclosure as per requirement of schedule XI, Part-II of companies Act 1994

27.1 Commission, Brokerage or Discount against sales:

- a. There was no brokerage or discount against sales during the period.
- b. No commission was paid against sales during the period.

27.2 Related party disclosures

The Company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures" The Company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties . Total transactions of the significant related parties as at 31.12.2016 are as follows:

a)

Name of Related Party	Relationship	Nature of Transaction	Opening Balance	Transaction / Adjustment during the period Dr./ (Cr.)	Closing Balance Dr./ (Cr.)
Gain Plus Agents Limited	Common Management	Trade Payable	(304,980,886)	146,978,475	(158,002,411)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(417,212,199)	(1,596,475)	(418,808,674)
Globalmax Textile Co. Limited	Common Management	Trade Receivable/Payable	(714,996)	(21,870,914)	(22,585,910)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable	11,059,198	(1,065,462)	9,993,736

b) Key Management Personnel:

As per Company Act , 1994 part-II , Schedule-XI (4) The profit and loss account will give by way of a note detailed information , showing separately the following payments provided or made during the financial period to the directors , including managing director , the managing agents or manager , if any ,by the company , subsidiaries of the company and any other person:-

No.	Particulars	1-Jul-2016 to 31-Dec-2016	1-Jul-2015 to 31-Dec-2015
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	Nil	Nil
(b)	Expenses reimbursed to Managing Agent	Nil	Nil
(c)	Commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	Nil	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	Nil	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
(g)	Other allowances and commission including guarantee commission	Nil	Nil
(h)	Pensions etc.	-	-
	(i) Pensions	Nil	Nil
	(ii) Gratuities	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil	Nil
(i)	Share Based payments	Nil	Nil



As per BAS- 24:

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term employee benefits	5,028,524	4,266,090
(b) Post-employee benefits	-	-
(c) Other long term benefits	-	-
(d) termination benefits and	-	-
(e) share- based payment	-	-
Total:	5,028,524	4,266,090

27.3 Production capacity and utilization:

As per the nature of the industry, production quantity of dyeing varies with the course of period produce on the basis of production design as per market demand. Therefore, installed capacity in terms of multiple and frequently changeable product mix is not constant factor. During the period under review, actual production, the installed capacity in terms of the counts produced and the utilization rate in appended below;

Description	Installed Capacity/ Day	Actual Production/Day	% of Capacity Utilization
Different Count of Yarn Dyeing	42 MT	31.08 MT	74.00%

27.4 Value of Import at CIF basis:

During the period from 1st July 2016 to 31 December 2016 total value of import in respect of raw yarn, dyes & chemical, spare parts stands at equivalent 1.11 Millions USD on CIF basis. Details are given below:

<u>Particulars</u>	<u>Amount (Tk.)</u>
Raw Yarn	76,902,057
Dyes & Chemicals	8,358,919
Spare Parts	1,487,768
Tools	86,748,744

27.5 Percentage of Materials consumed to the total consumption

<u>Material consumed</u>	<u>Amount (BDT)</u>	<u>Percentage (%)</u>
Raw Materials	1,067,752,855	84.51%
Dyes & Chemicals	156,821,026	12.41%
Spares & Accessories	38,838,748	3.07%
	1,263,412,629	100.00%



28 Number of Employees

All the employees receive salary/wages in excess of Tk. 3,000 per month.

Number of permanent staff	114
Number of permanent workers	740
Number of temporary staff/worker	-
Total:	<u>854</u>



29 General

29.1 Directors' responsibility statements

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

29.2 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest Taka and, wherever considered necessary.

29.3 Rearrange of last period figures

To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/reclassified/restated whenever considered necessary to conform to current period presentation.

29.4 Authorization for issue of the financial statements

The financial statements have been authorized for issue by the Board of Directors on 09 February 2017



Queen South Textile Mills Limited

Dhaka export Processing Zone

Savar Dhaka

Schedule of Property Plant and Equipment as at December 31, 2016

Annexure: A

Sl. No.	Name of Assets	COST			DEPRECIATION				Written down value as on 31-Dec-2016
		Balance as on 1-Jul-2016	Addition during the period	Balance as on 31-Dec-2016	Rate of Dep.	Balance as on 1-Jul-2016	Charged during the period	Balance as on 31-Dec-2016	
1	Machinery & Equipment	1,041,744,486	-	1,041,744,486	15%	619,916,545	30,746,198	650,662,743	391,081,743
2	Building & Civil Const.	297,551,675	-	297,551,675	5%	85,595,570	5,258,232	90,853,802	206,697,873
3	Furniture and fixture	2,293,398	-	2,293,398	20%	1,356,234	90,134	1,446,368	847,030
4	Office equipment	18,294,429	599,242	18,893,671	25%	13,671,293	574,072	14,245,365	4,648,306
5	Electrical Installation	24,006,871	-	24,006,871	5%	6,123,014	443,665	6,566,679	17,440,192
6	Vehicles	12,455,172	-	12,455,172	20%	8,677,340	363,340	9,040,680	3,414,492
	Total at 31.12.2016	1,396,346,031	599,242	1,396,945,273		735,339,996	37,475,641	772,815,637	624,129,636
	Total at 30.06.2016	1,393,777,329	2,568,702	1,396,346,031	-	688,709,477	46,630,519	735,339,996	661,006,035

Depreciation Allocation:

Administrative expenses

Manufacturing Expenses

3,747,564

33,728,077

37,475,641



Queen South Textile Mills Limited
Statement of Closing Inventory
as at 31 December 2016

Annexure: B

Sl.	Particulars	Unit of Meas.	31-Dec-2016			30-Jun-2016		
			Quantity	Rate	Taka	Quantity	Rate	Taka
1	Raw Materials:							
	Raw Yarn	Lbs.	6,809,885	107.48	731,956,270	6,826,199	107.07	730,863,380
	Sub-Total		6,809,885	107.48	731,956,270	6,826,199	107.07	730,863,380
2	Work-in-process:							
	Yarn in process	Lbs.	851,869	136.07	115,910,865	816,880	140.61	114,861,877
	Sub-Total		851,869	136.07	115,910,865	816,880	140.61	114,861,877
3	Finished Goods:							
	Dyed Yarn	Lbs.	1,261,275	152.91	192,860,761	1,504,578	155.35	233,739,127
	Sub-Total		1,261,275	152.91	192,860,761	1,504,578	155.35	233,739,127
4	Dyes & Chemicals:							
	Dyestuff	Kgs.	368,913	435.63	160,709,673	343,827	438.89	150,902,430
	Chemical	Kgs.	931,488	57.51	53,569,891	914,449	57.98	53,019,775
	Sub-Total		1,300,401	164.78	214,279,564	1,258,276	162.06	203,922,205
5	Spares & Accessories							
	Sub-Total		-	-	104,313,473	-	-	113,396,862
	Grand Total				1,359,320,933			1,396,783,451



Queen South Textile Mills Limited
Statement of Advances, Deposits & Pre-Payments
as at 31 December 2016

Annexure: C

Particulars	Amount in Taka	
	31/Dec/2016	30/06/2016
A) Advances:		
A) Advances:		
Advance against import of raw material & spares	12,515,288	11,147,793
Belal Hossain	534,750	651,000
Advance against Salary & Wages	7,541,075	7,234,340
Small Biz	121,000	-
Tax On Export Proceeds	30,653,785	18,907,519
Other advance	4,529,882	5,301,800
Sub-Total: A	55,895,780	43,242,452
B) Deposits:		
Security Deposit for Titas Gas	10,129,460	10,129,460
Cylinder Deposit	33,193	33,193
House Rent Deposit	30,000	30,000
Security Deposit for Electrical Connection-BEPZA	12,035,827	11,989,947
Bank Gurantee with prime Bank	3,777,600	3,763,200
Security Deposit for Land-BEPZA	1,878,963	1,871,800
Sub-Total: B	27,885,043	27,817,600
C) Prepayments:		
Prepayment for insurance	4,550,906	1,603,568
Prepayment for House rent	974,580	1,094,460
Prepayment Others	1,109,505	1,064,755
Sub-Total: C	6,634,991	3,762,783
Grand Total (A+B+C)	90,415,814	74,822,835



**Queen South Textile Mills Limited
As at 31 December 2016
Shareholding position**

Annexure: D

SL	Name of Shareholder	31-Dec-2016	%	30-Jun-2016	%
1	Gain Plus Agents Limited	30,164,500	35.43%	6,181,250	43.00%
2	Wong Jammy Kwok Chan	17,537,500	20.60%	3,593,750	25.00%
3	Wong Elisa Dai Wah	2,806,000	3.30%	575,000	4.00%
4	Shen Wai Chwang Johnny	3,367,200	3.95%	690,000	4.80%
5	Tasang Wai Kwan	3,367,200	3.95%	690,000	4.80%
6	Chu Kam Tong	3,367,200	3.95%	690,000	4.80%
7	Tasang Wing Hei	3,367,200	3.95%	690,000	4.80%
8	Wong Kai Chung	3,367,200	3.95%	690,000	4.80%
9	Lee Hung Chun	2,806,000	3.30%	575,000	4.00%
10	Abu Saleh Abdul Muiz	1,000,000	1.17%	-	-
11	Md. Saiful Islam Helali	300,000	0.35%	-	-
12	Nashid Amin	1,000,000	1.17%	-	-
13	SM Assets Limited	1,000,000	1.17%	-	-
14	A.H. Enterprise	350,000	0.41%	-	-
15	NahidChowdhury	750,000	0.88%	-	-
16	A. F. M Showkat Ahmed	400,000	0.47%	-	-
17	Brothers Trading	200,000	0.23%	-	-
18	Md. Habibur Rahman Sikder	300,000	0.35%	-	-
19	Rezwna Fardause Karim	650,000	0.76%	-	-
20	Halima Ahmed	500,000	0.59%	-	-
21	Sheikh JoglulSadeq	50,000	0.06%	-	-
22	Investment Corporation of Bangladesh	2,000,000	2.35%	-	-
23	Enter IT (BD) Ltd.	725,000	0.85%	-	-
24	Winspect Communication	500,000	0.59%	-	-
25	M/S. AbulHashem Motors	500,000	0.59%	-	-
26	NAF Enterprise	3,000,000	3.52%	-	-
27	Md. Masudur Rahman	50,000	0.06%	-	-
28	Md. MassumRana	450,000	0.53%	-	-
29	Agro Atmosphere Ltd.	750,000	0.88%	-	-
30	Md. Parves Sarwar(Nuton)	85,000	0.10%	-	-
31	Mohammad Kutubul Alam	240,000	0.28%	-	-
32	Goutam Chandra Roy	150,000	0.18%	-	-
33	Md. RafiulAlam Ripon	50,000	0.06%	-	-
	Total	85,150,000	100.00%	14,375,000	100.00%



**Queen South Textile Mills Limited
Schedule of Loan from Shareholders
as at 31 December 2016**

SL No.	Inv. Date	Invoice No.	Sales Contract No	Amount in Taka	Amount in Taka
				31/Dec/2016	30/Jun/2016
1	26-Jan-13	GP-LHT01/13	GP-CONT/LHT-01/13	10,476,304	10,436,369
2	12-Jan-13	GP-JGTO1-A/13	GP-CONT/JGT-01-A/13	5,042,403	5,023,182
3	26-Jan-13	GP-JGTO1-C/13	GP-CONT/JGT-01-C/13	5,205,061	5,185,219
4	16-Jan-13	GP-JGTO1-B/13	GP-CONT/JGT-01-B/13	5,094,454	5,075,034
5	05-Feb-13	GP-JGTO2-A/13	GP-CONT/JGT-02-A/13	11,477,166	11,433,416
6	28-Jan-13	GP-NA01-A/13	GP-CONT/NA-01-A/13	9,438,098	9,402,120
7	01-Feb-13	GP-JGTO2-B/13	GP-CONT/JGT-02-B/13	17,202,372	17,136,797
8	05-Mar-13	GP-JGTO4-A/13	GP-CONT/JGT-04-A/13	5,607,655	5,586,279
9	19-Feb-13	GP-NA01-D/13	GP-CONT/NA01-D/13	4,719,049	4,701,060
10	12-Feb-13	GP-NA01-B/13	GP-CONT/NA01-B/13	4,719,049	4,701,060
11	19-Feb-13	GP-NA01-C/13	GP-CONT/NA01-C/13	4,719,049	4,701,060
12	06-Mar-13	GP-JGTO4-B/13	GP-CONT/JGTO4-B/13	5,608,584	5,587,204
13	25-Feb-13	GP-NA01-E/13	GP-CONT/NA01-E/13	4,719,049	4,701,060
14	18-Feb-13	GP-002/13	GP-CONT/GP-02/13	4,761,035	4,742,886
15	06-Mar-13	GP-JGTO4-C/13	GP-CONT/JGT-04-C/13	6,043,076	6,020,040
16	16-Mar-13	GP-MAI-01/13	GP-CONT/MAI-01/13	6,098,596	6,075,348
17	17-Mar-13	GP-JGT-04-D/13	GP-CONT/JGT-04-D/13	6,027,460	6,004,484
18	19-Mar-13	GP-JGT-04-E/13	GP-CONT/JGT-04-E/13	6,022,402	5,999,445
19	18-Mar-13	GP-JGT-04-F/13	GP-CONT/JGT-04-F/13	6,056,505	6,033,418
20	16-Mar-13	GP-VC-02/13	GP-CONT/GP-VC-02/13	4,113,177	4,097,498
21	26-Mar-13	GP-FCC-02/13	GP-CONT/GP-FCC-02/13	2,329,520	2,320,640
22	29-Apr-13	GP-NA-01-F/13	GP-CONT/NA01-F/13	4,719,049	4,701,060
23	16-May-13	GP-AAS01-A/13	GP-CONT/AAS-01-A/13	4,719,049	4,701,060
24	17-May-13	GP-CFA02/13	GP-CONT/CFA02/13	5,870,056	5,847,680
25	23-May-13	GP-ATM01-A/13	GP-CONT/ATM01-A/13	4,682,748	4,664,898
26	23-May-13	GP-AAS01-B/13	GP-CONT/AAS-01-B/13	4,719,049	4,701,060
27	17-May-13	GP-LHT02-A/13	GP-CONT/LHT-02-A/13	16,583,323	16,520,109
28	16-May-13	GP-VC03/13	GP-CONT/VC03/13	3,536,463	3,522,982
29	25-May-13	GP-LHT02-B/13	GP-CONT/LHT-02-B/13	16,583,323	16,520,109
30	31-May-13	GP-NA01-G/13	GP-CONT/NA01-G/13	14,108,746	14,054,964
31	04-Jun-13	GP-JGT06-B/13	GP-CONT/JGT06-B/13	6,258,643	6,234,785
32	16-Jun-13	GP-AAS01-C/13	GP-CONT/AAS-01-C/13	4,719,049	4,701,060
33	04-Jun-13	GP-JGT06-A/13	GP-CONT/JGT06-A/13	6,270,180	6,246,279
34	04-Jun-13	GP-JGT06-C/13	GP-CONT/JGT06-C/13	6,263,423	6,239,547
35	12-Jun-13	GP-130006-JGTGM	GP-CONT/130006-JGTGM	5,891,020	5,868,564
36	12-Jun-13	GP-130005-JGTGM	GP-CONT/130005-JGTGM	6,098,596	6,075,348
37	18-Jun-13	GP-JGT07-A/13	GP-CONT/JGT07-A/13	6,098,596	6,075,348
38	18-Jun-13	GP-JGT07-B/13	GP-CONT/JGT07-B/13	6,098,596	6,075,348
39	18-Jul-13	GP-130009/MN	GP-CONT/130009/MN	2,062,202	2,054,341
40	25-Jul-13	GP-130015/URM	GP-CONT/130015/URM	4,892,386	4,873,736
41	29-Jul-13	GP-130017/URM	GP-CONT/130017/URM	4,923,472	4,904,704
42	05-Aug-13	GP-130022-FCC	GP-CONT/130022-FCC	3,226,700	3,214,400
43	26-Aug-13	GP-130031/JGTG	GP-CONT/130031/JGTG	6,266,390	6,242,503
44	13-Sep-13	GP-130042/ZT	GP-CONT/GP-130042/ZT	19,517,600	19,443,200
45	06-Sep-13	GP-130044/QS	GP-CONT/GP-130044/QS	4,496,210	4,479,070
46	08-Oct-13	GP-130055/ZT	GP-CONT/GP-130055/ZT	14,638,200	14,582,400
47	21-Oct-13	GP-130058/ZT	GP-CONT/GP-130058/ZT	4,879,400	4,860,800
48	30-Oct-13	GP-130063/ZT	GP-CONT/GP-130063/ZT	4,879,400	4,860,800
49	16-Nov-13	GP-130072/AT	GP-CONT/GP-130072/AT	4,759,383	4,741,240
50	05-Jun-12	GP-HM02-B/12	GP-HM02-B/12	4,682,650	4,664,800
51	03-Jun-12	GP-ES01-B/12	GP-ES01-B/12	4,565,584	4,548,180



52	19-Jun-12	GP-ES01-C/12	GP-ES01-C/12	4,565,584	4,548,180
53	17-Jun-12	GP-PA02-A/12	GP-PA02-A/12	4,412,119	4,395,300
54	28-May-12	GP-JGT03-E/12	GP-JGT03-E/12	5,951,097	5,928,412
55	02-Jun-12	GP-JGT03-F/12	GP-JGT03-F/12	6,436,925	6,412,388
56	12-Jun-12	GP-JGT03-G/12	GP-JGT03-G/12	6,194,005	6,170,394
57	16-Jun-12	GP-JGT03-H/12	GP-JGT03-H/12	6,185,820	6,162,240
58	23-Jul-12	GP-GAT02-A/12	GP-GAT02-A/12	10,435,615	10,395,840
59	28-May-12	GP-JGT04-D/12	GP-JGT04-D/12	6,433,655	6,409,130
60	27-May-12	GP-JGT04-C/12	GP-JGT04-C/12	6,428,250	6,403,746
61	23-Jun-12	GP-JGT04-E/12	GP-JGT04-E/12	6,431,802	6,407,285
62	27-Jun-12	GP-JGT04-G/12	GP-JGT04-G/12	6,424,866	6,400,375
63	27-Jun-12	GP-JGT04-H/12	GP-JGT04-H/12	6,419,386	6,394,916
Total				418,808,674	417,212,199



Queen South Textile Mills Limited
Statement of Accounts & Other Payables
as at 31 December 2016

Name of the Customer	Amount in Taka	Amount in Taka
	31-Dec-16	30-Jun-16
A) ACCOUNTS PAYABLES:		
Akij Textiles	15,024,003	24,320,220
Bhalchandram Clothing Ltd.	-	8,722,272
Damodar Traders	8,681,734	-
Duy Nam Spinning JSC	-	16,092,311
Gain Plus Agents Limited	158,002,411	304,980,886
Globalmax Textile Co.	22,585,910	714,996
Kingpro Trading Limited	23,100,154	135,543,702
Queensin Ltd	20,118,880	12,327,628
Garg Acrylic Ltd.	13,836,612	-
Huntsman(Singapore)Pte Ltd	45,151,985	37,317,427
Jiangsu Guo Tai Int.	62,005,830	41,944,934
Kohinoor Spinning Mills Ltd	-	10,152,000
Lahoti Oversease Ltd.	4,296,498	49,802,656
Le Merite Exported Pvt. Ltd.	110,283,975	-
Nagina Cotton Mills	-	24,000
Ring Sine Textiles Ltd	-	158,416
R.N. Spinning Mills Ltd.	-	3,413,514
Samuda Chemicals	232,000	672,000
SEO Wan Bangladesh Ltd.	103,488	103,488
Suam Overseas Pvt. Ltd.	24,476,503	-
T & T Industries Corp.	-	6,474,800
Viet Cotton Yarn Investment Trading JSC	8,194,794	4,142,865
Sub-Total (A)	516,094,777	656,908,115
B) OTHER PAYABLES:		
Aamra Networks Ltd	34,000	-
Active Logistics Ltd	(2,471,449)	-
Barinur Builders	-	13,800
Chemiline Enterprise	-	69,000
Chyti Engineering Works	-	429,866
Dynamic Travels	308,559	-
Excel Freight Systems Ltd	1,183,387	1,815,258
Green Delta Insurance Co.Ltd	289,667	-
Hawk Eye Secrity Services	-	360,120
Khan Sufia Packaging	-	40,250
H.K. Enterprise	-	182,000
Mahi Enterprise	-	58,585
Mojumder Industries	-	342,500
Millick Trade International	-	324,706
Mollah & Sons	149,727	-
Pragati Insurance Ltd	105,244	19,006
Ring Shine Textiles Ltd.	-	74,000
Shepherd Yarn Ltd.	-	255,000
Shohag Security Service Ltd.	240,535	239,200
Speedway Logistics	1,076,304	1,073,444
Sunrise Enterprise	-	370,664
Tajmahal Scientific Stores	-	78,750
Local Suppliers	-	527,624
Victor Printing House	46,440	-
Zakir Printers	-	103,050
D.K. Traders	1,166,020	-
Sub-Total (B)	2,128,434	6,376,823
Grand-Total (A+B)	518,223,211	663,284,938



C) Selected ratio as specified in Annex-D

Auditor's certificate regarding calculation of EPS and Ratios

This is to certify that Queen South Textile Mills Limited has maintained the following ratios as computed on the basis of the audited financial statements for the period ended 31 December 2016, 30 June 2016 and for the year ended 30 November 2015, 2014, 2013, 2012 and 2011.

Particulars	Formula	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Liquidity Ratios: (Times)								
Current Ratio	Current assets/Current liabilities	2.22	1.80	1.71	1.75	1.63	1.10	1.04
Quick Ratio	(Current assets-Inventories)/Current liabilities	0.83	0.64	0.61	0.52	0.42	0.47	0.27
Operating Efficiency Ratios: (Times)								
Accounts Receivable Turnover Ratio	Sales/Average Accounts Receivables	3.00	3.19	6.27	9.31	8.83	10.11	12.50
Inventory Turnover Ratio	Cost of Goods Sold /Average inventory	1.09	1.22	2.10	2.64	3.36	3.92	4.80
Asset Turnover Ratio	Net Sales/Average Total Assets	0.59	0.66	1.16	1.51	1.62	1.67	1.70
Profitability Ratios:								
Gross Margin Ratio	Gross profit/Sales	9.88%	9.90%	9.18%	9.42%	9.34%	9.22%	8.78%
Operating Profit Ratio	Operating profit/Sales	6.65%	6.87%	6.33%	7.26%	6.31%	3.48%	4.74%
Net Profit Ratio	Net profit after tax/Sales	3.74%	4.33%	3.68%	5.67%	5.03%	1.97%	3.52%
Return on Assets Ratio	Net profit after tax/Average Total assets	2.19%	2.84%	4.28%	8.53%	8.15%	3.29%	5.98%
Return on Equity Ratio	Net profit after tax/Average Total Shareholders equity	4.53%	6.93%	10.90%	21.00%	21.40%	9.54%	15.20%
Basic Earnings Per Share (EPS)	Net profit after tax/Ordinary shares outstanding	0.86	1.15	1.69	3.01	2.42	0.85	1.22
EBITDA Margin	EBITDA=(EBIT+Depreciation+Amortization)/Total Revenue	8.90%	9.36%	8.83%	9.47%	8.84%	6.39%	8.31%
Solvency Ratios:								
Debt to Assets Ratio	Total debt/Total Assets	0.51	0.59	0.62	0.63	0.65	0.68	0.66
Debt to Equity Ratio	Total debt/Total equity	1.06	1.46	1.60	1.70	1.82	2.09	1.98
Times Interest Earned Ratio	Operating Profit/Financial Expenses	3.02	3.85	2.76	4.55	4.89	2.29	3.86
Debt Service Coverage Ratio	Debt Service Coverage Ratio= (Operating Profit/Long Term & Short Term Loan)	0.14	0.15	0.23	0.34	0.31	0.23	0.36
Cash Flow Ratios:								
Net Operating Cash Flow per Share	Net Operating Cash Flow/Total number of Share	2.07	0.98	8.07	4.64	-10.41	0.02	-0.36
Net Operating Cash Flow per Share to EPS	Net Operating Cash Flow per Share/EPS	1.14	7.00	4.78	1.54	-4.30	0.02	-0.30

Sd/-

MAHFEL HUQ & CO
Chartered Accountants

Place: Dhaka
Date: 20 July, 2017



Ratio Calculation															
Particulars	Formula					For the Year ended									
		31-Dec-16		30-Jun-16		30-Nov-15		30-Nov-14		30-Nov-13		30-Nov-12		30-Nov-11	
						Calculation	Ratio	Calculation	Ratio	Calculation	Ratio	Calculation	Ratio	Calculation	Ratio
Liquidity Ratios: (Times)															
Current Ratio	Current assets/Current liabilities	2,175,312,590	2.22	2,164,625,294	1.80	2,118,576,664	1.71	2,021,176,732	1.75	1,528,991,189	1.63	1,189,162,695	1.10	968,294,374	1.04
		977,841,968		1,202,402,414		1,242,042,641		1,156,485,234		935,633,553		1,080,400,873		933,862,809	
Quick Ratio	(Current assets-Inventories)/Current liabilities	815,991,657	0.83	767,841,843	0.64	756,362,386	0.61	598,735,147	0.52	394,448,072	0.42	503,729,904	0.47	253,404,059	0.27
		977,841,968		1,202,402,414		1,242,042,641		1,156,485,234		935,633,553		1,080,400,873		933,862,809	
Operating Efficiency Ratios: (Times)															
Accounts Receivable Turnover Ratio	Sales/Average Accounts Receivables	1,670,293,328	3.00	1,870,087,238	3.19	3,215,972,738	6.27	3,720,883,941	9.31	3,376,673,461	8.83	3,021,074,141	10.11	2,434,580,623	12.50
		556,395,498		586,243,608		512,941,151		399,499,926		382,382,498		298,834,579		194,708,354	
Inventory Turnover Ratio	Cost of Goods Sold /Average inventory	1,505,255,293	1.09	1,684,982,163	1.22	2,920,699,655	2.10	3,370,237,708	2.64	3,061,367,005	3.36	2,742,525,465	3.92	2,220,752,411	4.80
		1,378,052,192		1,379,498,865		1,392,327,932		1,278,492,351		909,987,954		700,161,553		462,246,230	
Asset Turnover Ratio	Sales/Average Total Assets	1,670,293,328	0.59	1,870,087,238	0.66	3,215,972,738	1.16	3,720,883,941	1.51	3,376,673,461	1.62	3,021,074,141	1.67	2,434,580,623	1.70
		2,853,041,864		2,844,890,466		2,765,333,095		2,472,241,861		2,083,178,724		1,805,057,707		1,432,648,209	
Profitability Ratios:															
Gross Margin Ratio	Gross profit/Net Sales	165,038,035	10%	185,105,075	9.90%	295,273,083	9.18%	350,646,233	9.42%	315,306,456	9.34%	278,548,676	9.22%	213,828,212	8.78%
		1,670,293,328		1,870,087,238		3,215,972,738		3,720,883,941		3,376,673,461		3,021,074,141		2,434,580,623	
Operating Profit Ratio	Operating profit/Net Sales	111,088,912	6.65%	128,417,742	6.87%	203,436,921	6.33%	270,193,951	7.26%	213,153,584	6.31%	105,259,308	3.48%	115,357,197	4.74%
		1,670,293,328		1,870,087,238		3,215,972,738		3,720,883,941		3,376,673,461		3,021,074,141		2,434,580,623	
Net Profit Ratio	Net profit after tax/Net Sales	62,450,982	3.74%	80,883,845	4.33%	118,428,442	3.68%	210,907,712	5.67%	169,743,824	5.03%	59,471,549	1.97%	85,727,773	3.52%
		1,670,293,328		1,870,087,238		3,215,972,738		3,720,883,941		3,376,673,461		3,021,074,141		2,434,580,623	
Return on Assets Ratio	Net profit after tax/Average Total assets	62,450,982	2.19%	80,883,845	2.84%	118,428,442	4.28%	210,907,712	8.53%	169,743,824	8.15%	59,471,549	3.29%	85,727,773	5.98%
		2,853,041,864		2,844,890,466		2,765,333,095		2,472,241,861		2,083,178,724		1,805,057,707		1,432,648,209	
Return on Equity Ratio	Net profit after tax/Total Shareholders equity	62,450,982	4.53%	80,883,845	6.93%	118,428,442	10.90%	210,907,712	21.00%	169,743,824	21.40%	59,471,549	9.54%	85,727,773	15.20%
		1,379,609,332		1,167,158,350		1,086,946,472		1,004,273,764		793,366,052		623,622,228		564,150,679	
Earnings Per Share (EPS)	Net profit after tax/Total Number of Share	62,450,982	0.86	80,883,845	1.15	118,428,442	1.69	210,907,712	3.01	169,743,824	2.42	59,471,549	0.85	85,727,773	1.22
		72,840,217		70,150,000		70,150,000		70,150,000		70,150,000		70,150,000		70,150,000	
EBITDA Margin	EBITDA=(EBIT+Depreciation+Amortization)/Total Revenue	148,622,907	8.90%	175,118,663	9.36%	283,893,695	8.83%	352,269,716	9.47%	298,535,269	8.84%	193,040,747	6.39%	202,333,342	8.31%
		1,670,293,328		1,870,087,238		3,215,972,738		3,720,883,941		3,376,673,461		3,021,074,141		2,434,580,623	
Solvency Ratios:															
Debt to Assets Ratio	Total debt/Total Assets	1,460,337,980	0.51	1,698,978,065	0.59	1,736,698,044	0.62	1,702,747,910	0.63	1,444,095,996	0.65	1,305,273,172	0.68	1,117,069,335	0.66
		2,839,947,312		2,866,136,415		2,823,644,516		2,707,021,674		2,237,462,048		1,928,895,400		1,681,220,014	



Debt to Equity Ratio	Total debt/Total equity	1,460,337,980	1.06	1,698,978,065	1.46	1,736,698,044	1.60	1,702,747,910	1.70	1,444,095,996	1.82	1,305,273,172	2.09	1,117,069,335	1.98
		1,379,609,332		1,167,158,350		1,086,946,472		1,004,273,764		793,366,052		623,622,228		564,150,679	
Times Interest Earned Ratio	Operating Profit/Financial Expenses	111,088,912	3.02	128,417,742	3.85	203,436,921	2.76	270,193,951	4.55	213,153,584	4.89	105,259,308	2.29	115,357,197	3.86
		36,763,400		33,314,113		73,778,445		59,360,187		43,560,193		45,945,632		29,849,214	
Debt Service Coverage Ratio	Debt Service Coverage Ratio= (Operating Profit/Long Term & Short Term Loan+lease)	111,088,912	0.14	128,417,742	0.15	203,436,921	0.23	270,193,951	0.34	213,153,584	0.31	105,259,308	0.23	115,357,197	0.36
		775,932,548		878,184,045		897,491,038		801,941,421		696,498,403		450,173,656		316,139,410	
Cash Flow Ratios:															
Net Operating Cash Flow per Share	Net Operating Cash Flow/Total number of Share	150,922,436	2.07	14,067,719	0.20	116,058,718	1.65	66,657,644	0.95	(149,594,053)	(2.13)	244,543	0.00	(5,224,988)	(0.07)
		72,840,217		70,150,000		70,150,000		70,150,000		70,150,000		70,150,000			
Net Operating Cash Flow per Share/EPS	Net Operating Cash Flow per Share/EPS	0.20	0.23	1.65	1.43	1.65	0.98	0.95	0.32	(2.13)	(0.88)	0.00	0.00	(0.07)	(0.06)
		0.86		1.15		1.69		3.01		2.42		0.85		1.22	



Comparison with the industry average ratios of same periods:
Queen South Textile Mills Limited

Particulars	30-11-15		Remark /Explanation
	QSTML	Industry Avg. *	
Liquidity Ratios: (Times)			
Current Ratio	1.71	0.93	QSTML's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.61	0.44	QSTML's ratio is better than the industry average ratio as quick assets are relatively higher.
Operating Efficiency Ratios: (Times)			
Accounts Receivable Turnover Ratio	6.27	4.71	QSTML's ratio is satisfactory with the average industry
Inventory Turnover Ratio	2.10	2.99	QSTML's ratio is satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	1.16	0.68	QSTML's ratio is satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	9.18%	16%	QSTML's ratio is not satisfactory with the average industry.
Operating Profit Ratio	6.33%	11%	QSTML's ratio is not satisfactory with the average industry.
Net Profit Ratio	3.68%	7%	QSTML's ratio is not satisfactory with the average industry.
Return on Assets Ratio	4.28%	4%	QSTML's ratio is not better than the industry average ratio as higher net profit
Return on Equity Ratio	10.90%	8%	QSTML's ratio is not better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	1.69	2.73	QSTML's ratio is not satisfactory with the average industry.
EBITDA Margin	8.83%	16%	QSTML's ratio is not satisfactory with the average industry.
Solvency Ratios:			
Debt to Assets Ratio	0.62	0.50	QSTML's ratio is not better than the industry average ratio as debt burden is higher than equity
Debt to Equity Ratio	1.60	1.10	QSTML's ratio is not better than the industry average ratio as debt burden is higher than equity
Times Interest Earned Ratio	2.76	4.46	QSTML's operating profit is suffer to pay financial expense than industry average.
Debt Service Coverage Ratio	0.23	0.28	QSTML's ratio is not satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow Ratios:			
Net Operating Cash Flow per Share	1.65	2.02	QSTML's ratio is not satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	.98	1.34	QSTML's ratio is not satisfactory as net operating cash flow is positive

N.B For wider range of data, we communicated with Bangladesh Bureau of Statistics, Bangladesh Dyed Yarn Exporters Association (BDYEA), Export Promotion Bureau and Bangladesh Bank. But we were informed that none of them maintains such ratios with regard to industry concern.

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended 30 June 2015 and Shepherd Industries Limited for the year ended 31 March 2016.



Comparison with the industry average ratios of same periods:
Queen South Textile Mills Limited

Particulars	30-11-14		Remark /Explanation
	QSTML	Industry Avg.*	
Liquidity Ratios: (Times)			
Current Ratio	1.75	0.76	QSTML's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.52	0.39	QSTML's ratio is better than the industry average ratio as quick assets are relatively higher.
Operating Efficiency Ratios: (Times)			
Accounts Receivable Turnover Ratio	9.31	4.35	QSTML's ratio is satisfactory with the average industry
Inventory Turnover Ratio	2.64	2.53	QSTML's ratio is not satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	1.51	0.59	QSTML's ratio is satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	9.42%	16%	QSTML's ratio is not satisfactory with the average industry.
Operating Profit Ratio	7.26%	12%	QSTML's ratio is not satisfactory with the average industry.
Net Profit Ratio	5.67%	6%	QSTML's ratio is not satisfactory with the average industry.
Return on Assets Ratio	8.53%	3%	QSTML's ratio is not better than the industry average ratio as higher net profit
Return on Equity Ratio	21.00%	8%	QSTML's ratio is not better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	3.01	4.83	QSTML's ratio is not satisfactory with the average industry.
EBITDA Margin	9.47%	16%	QSTML's ratio is not satisfactory with the average industry.
Solvency Ratios:			
Debt to Assets Ratio	0.63	0.58	QSTML's ratio is not better than the industry average ratio as debt burden is higher than equity
Debt to Equity Ratio	1.70	1.54	QSTML's ratio is not better than the industry average ratio as debt burden is higher than equity
Times Interest Earned Ratio	4.55	2.74	QSTML's operating profit is not suffer to pay financial expense than industry average.
Debt Service Coverage Ratio	0.34	0.23	QSTML's ratio is satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow Ratios:			
Net Operating Cash Flow per Share	.95	13.71	QSTML's ratio is not satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	.32	3.08	QSTML's ratio is not satisfactory as net operating cash flow is positive

N.B For wider range of data, we communicated with Bangladesh Bureau of Statistics, Bangladesh Dyed Yarn Exporters Association (BDYEA), Export Promotion Bureau and Bangladesh Bank. But we were informed that none of them maintains such ratios with regard to industry concern.

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended 30 June 2014 and Shepherd Industries Limited for the year ended 31 December, 2014.



Comparison with the industry average ratios of same periods:
Queen South Textile Mills Limited

Particulars	30-11-13		Remark /Explanation
	QSTML	Industry Avg.*	
Liquidity Ratios: (Times)			
Current Ratio	1.63	0.79	QSTML's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.42	0.42	QSTML's ratio is better than the industry average ratio as quick assets are relatively higher.
Operating Efficiency Ratios: (Times)			
Accounts Receivable Turnover Ratio	8.83	3.49	QSTML's ratio is satisfactory with the average industry
Inventory Turnover Ratio	3.36	2.52	QSTML's ratio is not satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	1.62	0.61	QSTML's ratio is satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	9.34%	16%	QSTML's ratio is not satisfactory with the average industry.
Operating Profit Ratio	6.31%	13%	QSTML's ratio is not satisfactory with the average industry.
Net Profit Ratio	5.03%	6%	QSTML's ratio is not satisfactory with the average industry.
Return on Assets Ratio	8.15%	3%	QSTML's ratio is not better than the industry average ratio as higher net profit
Return on Equity Ratio	21.40%	8%	QSTML's ratio is not better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	2.42	2.65	QSTML's ratio is not satisfactory with the average industry.
EBITDA Margin	8.84%	16%	QSTML's ratio is not satisfactory with the average industry.
Solvency Ratios:			
Debt to Assets Ratio	0.65	0.61	QSTML's ratio is not better than the industry average ratio as debt burden is higher than equity
Debt to Equity Ratio	1.82	1.62	QSTML's ratio is not better than the industry average ratio as debt burden is higher than equity
Times Interest Earned Ratio	4.89	2.45	QSTML's operating profit is not suffer to pay financial expense than industry average.
Debt Service Coverage Ratio	0.31	0.28	QSTML's ratio is satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow Ratios:			
Net Operating Cash Flow per Share	-2.13	30.11	QSTML's ratio is not satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	-.88	8.65	QSTML's ratio is not satisfactory as net operating cash flow is positive

N.B For wider range of data, we communicated with Bangladesh Bureau of Statistics, Bangladesh Dyed Yarn Exporters Association (BDYEA), Export Promotion Bureau and Bangladesh Bank. But we were informed that none of them maintains such ratios with regard to industry concern.

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended 30 June 2013 and Shepherd Industries Limited for the year ended 31 December, 2013.



Comparison with the industry average ratios of same periods:

Queen South Textile Mills Limited

Particulars	30-Nov-12		Remark /Explanation
	QSTML	Industry Avg.*	
Liquidity Ratios: (Times)			
Current Ratio	1.10	0.81	QSTML's Current ratio is better than the industry average current ratio because of relatively lower current liabilities.
Quick Ratio	0.47	0.45	QSTML's ratio is better than the industry average ratio as quick assets are relatively higher.
Operating Efficiency Ratios: (Times)			
Accounts Receivable Turnover Ratio	10.11	3.85	QSTML's ratio is satisfactory with the average industry
Inventory Turnover Ratio	3.92	2.58	QSTML's ratio is not satisfactory with inventory maintain optimum level.
Asset Turnover Ratio	1.67	0.63	QSTML's ratio is satisfactory with the average industry
Profitability Ratios:			
Gross Margin Ratio	9.22%	15%	QSTML's ratio is not satisfactory with the average industry.
Operating Profit Ratio	3.48%	11%	QSTML's ratio is not satisfactory with the average industry.
Net Profit Ratio	1.97%	4%	QSTML's ratio is not satisfactory with the average industry.
Return on Assets Ratio	3.29%	2%	QSTML's ratio is not better than the industry average ratio as higher net profit
Return on Equity Ratio	9.54%	6%	QSTML's ratio is not better than the industry average ratio as higher net profit
Earnings Per Share (EPS)	0.85	0.70	QSTML's ratio is satisfactory with the average industry.
EBITDA Margin	6.39%	15%	QSTML's ratio is not satisfactory with the average industry.
Solvency Ratios:			
Debt to Assets Ratio	0.68	0.64	QSTML's ratio is not better than the industry average ratio as debt burden is higher than equity
Debt to Equity Ratio	2.09	1.77	QSTML's ratio is not better than the industry average ratio as debt burden is higher than equity
Times Interest Earned Ratio	2.29	2.17	QSTML's operating profit is not suffer to pay financial expense than industry average.
Debt Service Coverage Ratio	0.23	0.15	QSTML's ratio is satisfactory as net operating profit is sufficient to pay financial expense and long term debt.
Cash Flow Ratios:			
Net Operating Cash Flow per Share	0.00	13.25	QSTML's ratio is not satisfactory as net operating cash flow is positive
Net Operating Cash Flow per Share/EPS	0.00	59.88	QSTML's ratio is not satisfactory as net operating cash flow is positive

N.B For wider range of data, we communicated with Bangladesh Bureau of Statistics, Bangladesh Dyed Yarn Exporters Association (BDYEA), Export Promotion Bureau and Bangladesh Bank. But we were informed that none of them maintains such ratios with regard to industry concern.

*** The Industry average ratio is calculated through using the ratio of Anlima Yarn Dyeing Limited for the year ended 30 June 2012 and Shepherd Industries Limited for the year ended 31 December, 2012.



d) Auditors' report under section-135 (1) and para-II of schedule -III of the Companies Act 1994

Auditors' report under section-135 (1) and para-II of schedule -III of the Companies Act 1994

We have complied with the accompanying statement of Queen South Textile Mills Limited under Section -135 (1) and para -24(1) of Schedule-III of the Companies Act 1994 . The statement comprises of the financial information for the period ended 31 December 2016, 30 June 2016, 30 November 2015 ,30 November 2014, 30 November 2013, 30 November 2012,30 November 2011, audited by Mahfel Huq & Co , Chartered Accountants. Our report is as under:

1. The Queen South Textile Mills was incorporated on 15 June 2003.
2. The Financial Statements of the Company over the last 5 years is as follows:

A) The statement of assets and liabilities of the company was as under:

Particulars	Amount in Taka						
	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
	Restated						
NON-CURRENT ASSETS							
Property, Plant & Equipment	624,129,636	661,006,035	705,067,852	685,844,942	683,013,410	721,414,841	712,925,640
Constructional Work in Progress	40,505,086	40,505,086	-	-	25,457,449	18,317,864	-
Total Non-Current Assets	664,634,722	701,511,121	705,067,852	685,844,942	708,470,859	739,732,705	712,925,640
CURRENT ASSETS							
Inventory	1,359,320,933	1,396,783,451	1,362,214,278	1,422,441,585	1,134,543,117	685,432,791	714,890,315
Trade & other receivables	493,629,062	619,161,933	553,325,282	472,557,019	326,442,832	438,322,164	159,346,994
Advance, Deposits & Prepayments	90,415,814	74,822,835	64,021,198	45,022,537	39,771,123	36,374,718	38,926,569
Investment FDR	22,217,531	22,074,707	22,155,865	21,725,926	22,292,801	20,758,470	20,600,597
Cash and Cash Equivalents	209,729,250	51,782,368	116,860,041	59,429,665	5,941,316	8,274,552	34,529,899
Total Current assets	2,175,312,590	2,164,625,294	2,118,576,664	2,021,176,732	1,528,991,189	1,189,162,695	968,294,374
TOTAL ASSETS	2,839,947,312	2,866,136,415	2,823,644,516	2,707,021,674	2,237,462,048	1,928,895,400	1,681,220,014
EQUITY & LIABILITIES							
Equity attributable to share holders							
Issued, Subscribed & paid up capital	851,500,000	143,750,000	143,750,000	143,750,000	143,750,000	143,750,000	143,750,000
Retained earnings	528,109,332	1,023,408,350	943,196,472	860,523,764	649,616,052	479,872,228	420,400,679
Total Shareholder's equity	1,379,609,332	1,167,158,350	1,086,946,472	1,004,273,764	793,366,052	623,622,228	564,150,679



NON-CURRENT LIABILITIES

Long Term borrowing	441,726,697	455,972,530	454,689,821	546,262,676	508,462,443	224,872,299	183,206,526
Deferred tax liability	40,769,315	40,603,121	39,965,582	-	-	-	-
Total non-current liabilities	482,496,012	496,575,651	494,655,403	546,262,676	508,462,443	224,872,299	183,206,526

CURRENT LIABILITIES

Trade & other Payables	518,223,211	663,284,938	722,317,359	860,887,911	704,289,772	807,841,149	759,099,767
Current portion of long term borrowing	31,579,694	33,367,042	22,400,640				
Short Term borrowing	334,205,851	422,211,515	442,801,217	255,678,745	188,035,960	225,301,357	132,932,884
Liabilities for Expenses	93,833,212	83,538,919	54,523,425	39,918,578	43,307,821	47,258,367	41,830,158
Total Current Liabilities	977,841,968	1,202,402,414	1,242,042,641	1,156,485,234	935,633,553	1,080,400,873	933,862,809
Total Liabilities	1,460,337,980	1,698,978,065	1,736,698,044	1,702,747,910	1,444,095,996	1,305,273,172	1,117,069,335
TOTAL EQUITY & LIABILITIES	2,839,947,312	2,866,136,415	2,823,644,516	2,707,021,674	2,237,462,048	1,928,895,400	1,681,220,014

NAV per Share	16.20	81.19	75.61	69.86	55.19	43.38	39.25
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Face value of company's share was Tk. 1,000/- each up to November 30, 2014 and was converted into Tk. 10/- vide EGM dated January 23, 2015; Thus, Net Asset Value (NAV) per Share for all the years is calculated through using tk. 10.00 per share.

Auditors' report under section 135(1) of the Companies Act, 1994 has been prepared on the basis of latest financial statements.

Place: Dhaka

Date: 20 June, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



B) the statement of operating results of the company is as follow:

Particulars	Amount in Taka					
	01-07-2016 to 31-12-2016 (6 Months)	01-12-2015 to 30-06-2016 (7 Months)	30-11-2015	30-11-2014	30-11-2013	30-11-2012
	Restated					
Revenue	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141
Cost of Sales	1,505,255,293	1,684,982,163	2,920,699,655	3,370,237,708	3,061,367,005	2,742,525,465
Gross Profit	165,038,035	185,105,075	295,273,083	350,646,233	315,306,456	278,548,676
FC Gain/(Loss)	(1,188,370)	3,139,589	(4,040,656)	2,254,897	(28,121,539)	(111,116,470)
Less: Operating Expenses	52,760,753	59,826,922	87,795,506	82,707,179	74,031,333	62,172,898
Administrative expenses	45,802,686	51,890,709	73,189,720	68,265,352	74,031,333	62,172,898
Distribution Cost	6,958,067	7,936,213	14,605,786	14,441,827	-	54,109,667
Operating Profit for the Year	111,088,912	128,417,742	203,436,921	270,193,951	213,153,584	105,259,308
Add: Other Income	58,354	70,402	82,318	73,948	150,433	157,873
Profit Before Financial Expenses and Tax	111,147,266	128,488,144	203,519,239	270,267,899	213,304,017	105,417,181
Less: Financial Expenses	36,763,400	33,314,113	73,778,445	59,360,187	43,560,193	45,945,632
Net profit before tax	74,383,866	95,174,031	129,740,794	210,907,712	169,743,824	59,471,549
Less: Income tax expense	11,932,884	14,290,186	11,312,352			
Net profit/(Loss) after Tax for the Year	62,450,982	80,883,845	118,428,442	210,907,712	169,743,824	59,471,549
Basic Earnings Per Share (EPS)	0.86	1.15	1.69	3.01	2.42	0.85
Adjusted Earnings Per Share (EPS)	0.73	0.95	1.39	2.48	1.99	0.70

Face value of company's share was Tk. 1,000/- each up to November 30, 2014 and was converted into Tk. 10/- vide EGM dated January 23, 2015; Thus, Basic Earnings Per Share (EPS) for all the years is calculated through using tk. 10.00 per share. Adjusted Earnings Per Share (EPS) For all the years is calculated considering the latest number of share i.e 85,150,000

Place: Dhaka
Date: 20 June, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



3 Dividend Declared

Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Cash Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock Dividend (Bonus Shares)	Nil	Nil	388%	Nil	Nil	Nil	Nil

- 4 Queen South Textiles Mills Ltd was incorporated in Bangladesh as a private limited company with the issuance of Certificate of incorporation bearing no. C-49529(11513)/2003. dated on 15th June 2003 by the registrar of joint stock companies & firms. The company converted to public limited company on 25 January 2016 and split of share value Tk. 10 dated on 23 January 2015.
- 5 The company started its commercial operation on 1st June 2005.
- 6 The company had no subsidiary company as on balance sheet date.
- 7 No proceeds or part of the proceeds of the issue of shares would be applied directly by the company in the purchase of any business.

Place: Dhaka
Date: 20 June, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



e) Financial Spread Sheet Analysis for the latest audited financial statements

Statement of Financial Position

Particulars	31-Dec-16	
	Amount in Taka	% on Total Asset
NON-CURRENT ASSETS		
Property, Plant & Equipment	624,129,636	21.98%
Capital Work in Progress	40,505,086	1.43%
Total Non-Current Assets	664,634,722	23.40%
CURRENT ASSETS		
Inventory	1,359,320,933	47.86%
Accounts & other receivables	493,629,062	17.38%
Advance, Deposits & Prepayments	90,415,814	3.18%
Investment in FDR	22,217,531	0.78%
Cash and Cash Equivalents	209,729,250	7.38%
Total Current assets	2,175,312,590	76.60%
TOTAL ASSETS	2,839,947,312	100.00%
EQUITY & LIABILITIES		
Equity attributable to share holders		
Issued, Subscribed & paid up capital	851,500,000	29.98%
Retained earnings	528,109,332	18.60%
Total Shareholders equity	1,379,609,332	48.58%
NON-CURRENT LIABILITIES		-
Long Term Borrowing	441,726,697	15.55%
Deferred Tax Liability	40,769,315	1.44%
Total non-current liabilities	482,496,012	16.99%
CURRENT LIABILITIES		
Trade & other Payables	518,223,211	18.25%
Current Portion of Long Term Borrowing	31,579,694	1.11%
Short Term Borrowing	334,205,851	11.77%
Liabilities for Expenses	93,833,212	3.30%
Total Current Liabilities	977,841,968	34.43%
Total Liabilities	1,460,337,980	51.42%
TOTAL EQUITY & LIABILITIES	2,839,947,312	100.00%



Statement of Profit and Loss and Other Comprehensive income

Particulars	30-Jun-16	
	Amount in Taka	% on Total Sales
Sales Revenue	1,670,293,328	100%
Cost of Sales	1,505,255,293	90%
Gross Profit	165,038,035	10%
FC Gain/(Loss)	(1,188,370)	-0.07%
Less: Operating Expenses	52,760,753	3%
Administrative expenses	45,802,686	3%
Selling, Marketing & Distribution Expenses	6,958,067	0%
Operating Profit for the Year	111,088,912	7%
Add: Other Income	58,354	0%
Profit Before Financial Expenses and Tax	111,147,266	7%
Less: Financial Expenses	36,763,400	2%
Net profit before tax	74,383,866	4%
Less: Income tax expense	11,932,884	1%
Net profit/(Loss) after Tax for the Year	62,450,982	4%
Earing Per Share	0.86	



f) Earning per Share (EPS) on fully diluted basis (The total existing no. of shares):

S.L	Particulars	Amount in Taka
1	Profit Attributable/Net profit after Tax	62,450,982
2	No. of shares before IPO	85,150,000
3	Adjusted Earnings per Share (EPS)	0.73

Net profit excluding Extra-ordinary income or non-recurring income from other than core operations:

S.L	Particulars	Amount in Taka
1	Net profit before Tax	74,383,866
2	Less: Other Income	(58,354)
3	Net Profit before tax except other income	74,325,512
4	Add/(Less): Deferred Tax Income/(Expenses)	(166,194)
5	Less: Provision for Taxation	(11,766,690)
6	Net profit after tax except other income	62,392,628

(g) Earning per shares excluding extra-ordinary income or non-recurring income coming from other than core operations:

SL	Particulars	Amount in Taka
1	Net profit before Tax	74,383,866
2	Less: Other Income	(58,354)
3	Net Profit before tax except other income	74,325,512
4	Add/(Less): Deferred Tax Income/(Expenses)	(166,194)
5	Less: Provision for Taxation	(11,766,690)
6	Net profit after tax except other income	62,392,628
7	No. of shares	85,150,000
8	Earnings per Share (EPS)	0.73

(h) Quarterly or half-yearly EPS should not be annualized while calculating the EPS:

Not applicable for Queen South Textile Mills Limited.

(i) **Net Asset Value per share:**

a) Net Asset value without Revaluation Reserve:

b) Net Asset value with Revaluation Reserve:

SL	Particulars	Amount in Taka
1	Paid up Capital	851,500,000
2	Retained Earnings	528,109,332
3	Revaluation Reserve	-
3	Total Shareholders' Equity	1,379,609,332
4	Total Number of Ordinary Share	85,150,000
5	a) Net Asset value without Revaluation Reserve:	16.20
6	b) Net Asset value with Revaluation Reserve:	16.20



(K) Auditors Certificate

i) Statement of Long Term and Short Term Borrowings Including Borrowing from Related Party or Connected Persons with rate of interest paid or accrued.

Certification on Statement of Long Term and Short-Term Borrowings Including Borrowing from Related Party or Connected Persons with rate of interest and interest paid/accrued

After due verification, we certify that the Long Term and Short-Term Borrowings Including Borrowing from Related Party or Connected Persons of Queen South Textile Mills Limited for the last five years made up as follows:

For the period from July 01, 2016 to 31 December 2016

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on December 31, 2016	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Prime Bank Ltd.	Lender	Long Term	21,444,661	LIBOR+3.75%	1,016,855	1,016,855
Woori Bank Ltd.	Lender	Long Term	33,053,056	LIBOR+3.50%	869,771	869,771
Loan from shareholders	Common Management	Long Term	418,713,900	-	-	-
Prime Bank Ltd.	Lender	Short Term	507,823,669	LIBOR+3.25%~3.50%	15,168,276	15,168,276
Woori Bank Ltd	Lender	Short Term	466,226,938	LIBOR+2.75% ~ 3.25%	12,762,879	12,762,879
SCB	Lender	Short Term	165,711,165	LIBOR+2.25%	2,194,735	2,194,735
HSBC	Lender	Short Term	64,614,959	LIBOR+3.50%	14,613	14,613
Grand Total			1,677,588,348	-	32,027,128	32,027,128

For the period from December 01, 2015 to 30 June 2016

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on June 30, 2016	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Prime Bank Ltd.	Lender	Long Term	28,224,000	LIBOR+3.75%	-	-
Woori Bank Ltd.	Lender	Long Term	43,903,373	LIBOR+3.50%	1,240,707	1,240,707
Loan from shareholders	Common Management	Long Term	417,117,786	-	-	-
Prime Bank Ltd.	Lender	Short Term	610,192,943	LIBOR+3.25%~3.50%	11,023,701	11,023,701
Woori Bank Ltd	Lender	Short Term	544,267,972	LIBOR+2.75% ~ 3.25%	13,189,808	13,189,808
SCB	Lender	Short Term	96,149,521	LIBOR+2.25%	2,244,584	2,244,584
Grand Total			1,739,855,594	-	27,698,800	27,698,800



For the period from December 01, 2014 to 30 November 2015

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on November 30, 2015	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Woori Bank Ltd.	Lender	Long Term	57,099,670	LIBOR+3.50%	-	-
Loan from shareholders	Common Management	Long Term	419,990,791		-	-
Prime Bank Ltd.	Lender	Short Term	408,631,565	LIBOR+3.25%~3.50%	26,215,356	26,215,356
Woori Bank Ltd	Lender	Short Term	803,025,922	LIBOR+2.75% ~ 3.25%	32,753,959	32,753,959
SCB	Lender	Short Term	71,347,609	LIBOR+2.25%	6,075,451	6,075,451
Grand Total			1,760,095,557	-	65,044,766	65,044,766

For the period from December 01, 2013 to 30 November 2014:

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on November 30, 2014	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Prime Bank Ltd.	Lender	Long Term	188,126	LIBOR+3.00%	-	-
Woori Bank Ltd.	Lender	Long Term	4,855,162	LIBOR+3.50%	-	-
Loan from shareholder	Common Management	Long Term	541,219,388		-	-
Prime Bank Limited	Lender	Short Term	429,155,803	LIBOR+3.25%~3.50%	27,834,309	27,834,309
Woori Bank Ltd	Lender	Short Term	702,063,650	LIBOR+2.75% ~ 3.25%	29,580,707	29,580,707
SCB	Lender	Short Term	16,601,833	LIBOR+2.25%	389,310	389,310
Grand Total			1,694,083,961	-	57,804,327	57,804,327

For the period from December 01, 2012 to 30 November 2013:

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on November 30, 2013	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Prime Bank Ltd.	Lender	Long Term	15,689,558	LIBOR+3.00%	-	-
Woori Bank Ltd.	Lender	Long Term	24,999,520	LIBOR+3.50%	-	-
Loan from shareholders	Common Management	Long Term	467,773,365		-	-
Prime Bank Limited	Lender	Short Term	143,139,937	LIBOR+3.25%~3.50%	18,527,300	18,527,300
Woori Bank Limited	Lender	Short Term	44,896,023	LIBOR+2.75% ~ 3.25%	20,331,668	20,331,668
SCB	Lender	Short Term	25,850,384	LIBOR+2.25%	740,838	740,838
Grand Total			722,348,787	-	39,599,805	39,599,805

For the period from December 01, 2011 to 30 November 2012:

Name Of the Parties	Nature of Relationship	Nature of Borrowings		Interest Rate (%)	Interest Paid (BDT)	
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			Balance as on November 30, 2012			Interest Accrued (BDT)
Prime Bank Ltd.	Lender	Long Term	559,468,168	LIBOUR+3.00%	-	-
Loan from shareholders	Common Management	Long Term	125,125,352		-	-
Prime Bank Limited	Lender	Short Term	130,939,005	LIBOR+3.25%~3.50%	24,214,635	24,214,635
Woori Bank Limited	Lender	Short Term	322,789,417	LIBOR+2.75% ~ 3.25%	14,532,126	14,532,126
CITY Bank Limited	Lender	Short Term	-	LIBOR+2.25% ~ 3.00%	339,526	339,526
SCB	Lender	Short Term	12,619,547	LIBOR+2.25%	730,363	730,363
Grand Total			1,150,941,490	-	39,816,650	39,816,650

For the period from December 01, 2010 to 30 November 2011:

Name Of the Parties	Nature of Relationship	Nature of Borrowings	Balance as on November 30, 2011	Interest Rate (%)	Interest Paid (BDT)	Interest Accrued (BDT)
Prime Bank Ltd.	Lender	Long Term	64,330,666	LIBOR+3.00%	-	-
Loan from shareholders	Common Management	Long Term	118,875,860		-	-
Prime Bank Limited	Lender	Short Term	125,969,786	LIBOR+2.75% ~ 3.00%	13,957,350	13,957,350
Woori Bank Limited	Lender	Short Term	240,758,678	LIBOR+2.75% ~ 3.25%	10,839,529	10,839,529
City Bank NA Limited	Lender	Short Term	26,928,736	LIBOR+2.25% ~ 3.00%	3,436,475	3,436,475
SCB	Lender	Short Term	43,813,725	LIBOR+2.25%	156,224	156,224
Grand Total			620,677,451	-	28,389,578	28,389,578

Sd/-

Place: Dhaka
Date: 13 February, 2017

MAHFEL HUQ & CO
Chartered Accountants



ii) Statement of Principal Terms of Secured Loans and Assets on which Charge have been Created against Those Loans with names of lenders, purpose, sanctioned amount, rate of interest, primary security, collateral or other security, re-payment schedule and status.

Certification on statement of Principal Terms of Secured Loans and Assets on which Charge have been Created Against those Loans with names of lenders , purpose, sanctioned amount , rate of interest , primary security , collateral/other security , re-payment schedule and status;							
Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Names of lender	Prime Bank Limited	Prime Bank Limited	Prime Bank Limited	Prime Bank Limited	Prime Bank Limited	Prime Bank Limited	Prime Bank Limited
Purpose	Import of Raw Material, retirement of L/C related documents, discounting bills from banks, payment of wages, utility bills & other factory overhead expenses	Import of Raw Material, retirement of L/C related documents, discounting bills from banks, payment of wages, utility bills & other factory overhead expenses	Import of Raw Material, retirement of L/C related documents, discounting bills from banks, payment of wages, utility bills & other factory overhead expenses	Import of Raw Material, retirement of L/C related documents, discounting bills from banks, payment of wages, utility bills & other factory overhead expenses	Import of Raw Material, retirement of L/C related documents, discounting bills from banks, payment of wages, utility bills & other factory overhead expenses	Import of Raw Material, retirement of L/C related documents, discounting bills from banks, payment of wages, utility bills & other factory overhead expenses	Import of Raw Material, retirement of L/C related documents, discounting bills from banks, payment of wages, utility bills & other factory overhead expenses
Collateral Asset	04 storied main Building,Pre-fabricated auto warehouse, Steel structured salt recovery Plant	04 storied main Building,Pre-fabricated auto warehouse, Steel structured salt recovery Plant	04 storied main Building,Pre-fabricated auto warehouse, Steel structured salt recovery Plant	04 storied main Building,Pre-fabricated auto warehouse, Steel structured salt recovery Plant	04 storied main Building,Pre-fabricated auto warehouse, Steel structured salt recovery Plant	04 storied main Building,Pre-fabricated auto warehouse, Steel structured salt recovery Plant	04 storied main Building,Pre-fabricated auto warehouse, Steel structured salt recovery Plant
Sanctioned Amount(Lac in US\$)	96.60	96.60	96.60	93.00	93.00	78.00	79.72
Rate of Interest	LIBOR+3.25%~LIBOR +3.75%	LIBOR+3.25%~LIBOR +3.75%	LIBOR+3.25%~LIBOR+ 3.75%	LIBOR+3.25%~LIBOR+ 3.50%	LIBOR+3.25%~LIBOR+ 3.50%	LIBOR+3.25%~LIBOR+3.50 %	LIBOR+2.75%~LIBOR+3.0 0%
Collateral	L/C related shipping documents, letter of trust receipt, lien on export bills, insurance policy on stocks, plant & machinery covering all industrial risk	L/C related shipping documents, letter of trust receipt, lien on export bills, insurance policy on stocks, plant & machinery covering all industrial risk	L/C related shipping documents, letter of trust receipt, lien on export bills, insurance policy on stocks, plant & machinery covering all industrial risk	L/C related shipping documents, letter of trust receipt, lien on export bills, insurance policy on stocks, plant & machinery covering all industrial risk	L/C related shipping documents, letter of trust receipt, lien on export bills, insurance policy on stocks, plant & machinery covering all industrial risk	L/C related shipping documents, letter of trust receipt, lien on export bills, insurance policy on stocks, plant & machinery covering all industrial risk	L/C related shipping documents, letter of trust receipt, lien on export bills, insurance policy on stocks, plant & machinery covering all industrial risk
Re-payment schedule	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization
Status (Outstanding balance Tk.)	154,721,026	204,415,200	180,164,434	116,554,695	158,829,495	230,685,952	190,300,452



Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Names of lenders	Woori Bank	Woori Bank	Woori Bank	Woori Bank	Woori Bank	Woori Bank	Woori Bank
Purpose	Working Capital	Working Capital, Import of Machineries	Working Capital, Import of Machineries	Working Capital, Import of Machineries	Working Capital, Import of Machineries	Working Capital, Import of Machineries	Working Capital, Import of Machineries
Collateral Asset	Factory building, Plant & machineries	Factory building, Plant & machineries	Factory building, Plant & machineries	Factory building, Plant & machineries	Factory building, Plant & machineries	Factory building, Plant & machineries	Factory building, Plant & machineries
Sanctioned Amount(Lac in US\$)	149.63	149.63	152.43	78.75	78.75	75.00	65.00
Rate of Interest	LIBOR+2.75%~LIBOR+3.5%	LIBOR+2.75%~LIBOR+3.5%	LIBOR+2.75%~LIBOR+3.5%	LIBOR+2.75%~LIBOR+3.5%	LIBOR+2.75%~LIBOR+3.5%	LIBOR+2.75%~LIBOR+3.25%	LIBOR+2.75%~LIBOR+3.25%
Collateral	Lien of Export/Master LC,Hypothecation on the stock of Raw material, Work In process and finished goods.	Lien of Export/Master LC,Hypothecation on the stock of Raw material, Work In process and finished goods.	Lien of Export/Master LC,Hypothecation on the stock of Raw material, Work In process and finished goods.	Lien of Export/Master LC,Hypothecation on the stock of Raw material, Work In process and finished goods.	Lien of Export/Master LC,Hypothecation on the stock of Raw material, Work In process and finished goods.	Lien of Export/Master LC,Hypothecation on the stock of Raw material, Work In process and finished goods.	Lien of Export/Master LC,Hypothecation on the stock of Raw material, Work In process and finished goods.
Re-payment schedule	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization
Status (Outstanding balance Tk.)	233,982,542	289,923,688	319,736,453	144,167,638	69,895,543	94,362,352	-



Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Names of lenders	HSBC	HSBC	HSBC	HSBC	HSBC	HSBC	HSBC
Purpose	Working capital requirement	Working capital requirement	-	-	-	-	-
Collateral Asset	Pari passue security sharing agreement over stocks, Books Debt and plant & machinery	Pari passue security sharing agreement over stocks, Books Debt and plant & machinery	No loan was taken	No loan was taken	No loan was taken	No loan was taken	No loan was taken
Sanctioned Amount(Lac in US\$)	34	34					
Rate of Interest	LIBOR+2.50%~LIBOR+3.5%	LIBOR+2.50%~LIBOR+3.5%	-	-	-	-	-
Collateral	Pari passue security sharing agreement over stocks, Books Debt and plant & machinery	Pari passue security sharing agreement over stocks, Books Debt and plant & machinery	No loan was taken	No loan was taken	No loan was taken	No loan was taken	No loan was taken
Re-payment schedule	Re-payment from proceed realization	Re-payment from proceed realization	-	-	-	-	-
Status (Outstanding balance Tk.)	-		-	-	-	-	-

Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Dec-11
Names of lenders	Citi Bank NA	Citi Bank NA	Citi Bank NA	Citi Bank NA	Citi Bank NA	Citi Bank NA	Citi Bank NA
Purpose	No loan was taken	No loan was taken	No loan was taken	No loan was taken	No loan was taken	No loan was taken	Import of Raw material machinery,retirement of raw material LCs and Dp Payment,discounting local export bills,local prchase Duty/Vat/Tax payment,metting SG&A expenses
Collateral Asset	-	-					Building ,Machinery of QSTML
Sanctioned Amount(Lac in US\$)	-	-					72
Rate of Interest	No loan was taken	No loan was taken	No loan was taken	No loan was taken	No loan was taken	No loan was taken	LIBOR+2.25%~LIBOR+3.00%



QUEEN SOUTH TEXTILE MILLS LTD.

Collateral	-	-					First charge over hypothecation over the Effluent Treatment Plant of QSTML
Re-payment schedule	-	-	-	-	-	-	Re-payment from proceed realization
Status (Outstanding balance Tk.)	-		-	-	-	-	6,963,098
Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Dec-11
Names of lenders	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank	Standard Chartered Bank
Purpose	For discounting accepted bills drawn under local bank letter of credit with recourse to the company	For discounting accepted bills drawn under local bank letter of credit with recourse to the company	For discounting accepted bills drawn under local bank letter of credit with recourse to the company	For discounting accepted bills drawn under local bank letter of credit with recourse to the company	For discounting accepted bills drawn under local bank letter of credit with recourse to the company	For discounting accepted bills drawn under local bank letter of credit with recourse to the company	For discounting accepted bills drawn under local bank letter of credit with recourse to the company
Collateral Asset	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts
Sanctioned Amount(Lac in US\$)	30	30	30	30	30	30	30
Rate of Interest	LIBOR+2.25%	LIBOR+2.25%	LIBOR+2.25%	LIBOR+2.25%	LIBOR+2.25%	LIBOR+2.25%	LIBOR+2.25%
Collateral	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts	Receivables & Book Debts
Re-payment schedule	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization	Re-payment from proceed realization
Status (Outstanding balance Tk.)	-		-	-	-	-	-

Place: Dhaka
Date: 13 February, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



iii) Statement of unsecured loan with terms and conditions of Queen South Textile Mills Limited.

Certification on unsecured loan with terms and conditions of Queen South Textile Mills Limited

This is to certify that Queen South Textile Mills Limited did not take any unsecured loan from 1st July 2016 to 31 December 2016 except Loan from shareholders of US\$ 5,321,584.17 equivalent to BDT. 418,808,674 which is interest free.

Place: Dhaka

Date: 13 February, 2017

Sd/-

Mahfel Huq & Co.

Chartered Accountants



iv) Statement of inventories showing amount of raw material, packing material, stock-in-process and finished goods, consumable items, store and spares parts, inventory of trading goods etc.

Certification on statement of inventories raw material, dyes & chemical, packing material, work-in process, stores & spares and finished goods inventory etc.

After due verification, we certify that the statement of inventories showing amount of raw material, dyes & chemical, packing material, work-in process, spares & Accessories and finished goods inventory of Queen South Textile Mills Limited for the last five years were as follows;

Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Raw Materials	731,956,270	730,863,380	757,686,828	858,731,078	653,832,651	196,523,889	338,121,300
Work-In-Process	115,910,865	114,861,877	109,386,402	71,625,892	69,588,909	41,417,736	42,904,330
Finished Goods	192,860,761	233,739,127	230,617,476	257,046,820	229,701,910	226,823,937	221,910,510
Dyes & Chemicals	214,279,564	203,922,205	180,030,373	159,877,185	90,894,242	143,277,600	60,193,806
Spares & Accessories	104,313,473	113,396,862	84,493,199	75,160,610	90,525,405	49,789,580	51,760,369
Goods in Transit	-	-	-	-	-	27,600,049	-
Total	1,359,320,933	1,396,783,451	1,362,214,278	1,422,441,585	1,134,543,117	685,432,791	714,890,315

Place: Dhaka
Date: 13 February, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



v) Statement of Trade Receivables showing receivable from related party and connected persons of Queen South Textile Mills Limited

After due verification, we certify that Statement of trade receivables showing receivables from related party and connected persons of Queen South Textile Mills Limited for last five years were as follows:

Particulars	Amount in Taka						
	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
General	483,635,326	608,102,735	452,335,159	373,443,121	281,240,342	406,429,524	159,346,994
Related party	9,993,736	11,059,198	100,990,123	99,113,898	45,202,490	31,892,640	-
Total	493,629,062	619,161,933	553,325,282	472,557,019	326,442,832	438,322,164	159,346,994

Place: Dhaka
Date: 13 February, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



vi) Statement of any loan given by the issuer including loans to related party or connected persons with rate of interest and interest realized or accrued by the Queen South Textile Mills Limited

The company did not give any loan to Related Party or Connected Persons

Place: Dhaka
Date: 13 February, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



Vii) Statement of Other Income showing interest income, dividend income, discount received, other non-operating income of Queen South Textile Mills Limited.

Certification on Statement of Other Income showing interest income of Queen South Textile Mills Limited

After due verification, we certify that the other income showing interest income of Queen South Textile Mills Limited for the last five years were as follows;

Particulars	Amount in BDT						
	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Bank Interest-Prime Bank	58,354	-	24,069	-	-	50,900	47,850
FDR Interest-Woori Bank	-	70,402	58,249	73,948	150,433	106,973	171,940
Total	58,354	70,402	82,318	73,948	150,433	157,873	219,790

Place: Dhaka
Date: 13 February, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

viii) Statement of Turnover showing separately in cash and through banking channel of Queen South Textile Mills Limited.

Certification on Statement of Turnover showing separately in cash and through banking channel of Queen South Textile Mills Limited

After due verification, we certify that the turnover showing separately in cash and through banking channel of Queen South Textile Mills Limited during last five years were as follows;

Particulars	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
In Cash	-	-	-	-	-	-	-
Through Banking Channel	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623
Total	1,670,293,328	1,870,087,238	3,215,972,738	3,720,883,941	3,376,673,461	3,021,074,141	2,434,580,623

Place: Dhaka
Date: 13 February, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



ix) Statement of Related Party Transaction of Queen South Textile Mills Limited.

Certification on Statement of Related Party Transaction of Queen South Textile Mills Limited.

After due verification, we certify that the status of related party transactions of Queen South Textile Mills Limited for the last five years were as follows;

Name	Relationship	Nature of Transaction	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
Gain Plus Agents Limited	Common Management	Loan originated through Raw material procurement and Acquisition of PPE	(418,808,674)	(417,212,199)	(419,990,791)	(541,219,388)	(467,773,365)	(125,125,352)	(118,875,860)
Gain Plus Agents Limited		Trade Payable	(158,002,411)	(304,980,886)	(300,311,420)	(371,335,983)	(267,475,394)	(549,454,918)	(459,442,113)
Kingpro Manufacturing Co. Limited		Trade Receivable	9,993,736	11,059,198	100,990,123	87,921,973	43,589,979	31,892,640	-
Kingpro Trading Limited		Trade payable	(23,100,154)	(135,543,702)	(193,756,237)	(127,025,171)	(105,733,663)	(58,042,607)	(55,071,802)
Queensin Ltd.		Trade payable	(20,118,880)	(12,327,628)	(1,122,400)	-	-	-	-
Globalmax Textile Company Ltd.		Trade Payable/Trade Receivable	(22,585,910)	(714,996)	(18,156,365)	11,191,925	1,612,511	-	-

Figures in brackets indicate credit balances.

Place: Dhaka
Date: 20 June, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



x) Reconciliation of Business Income Shown in Tax Return with Net Income Shown in Audited Financial Statements

Certification regarding Reconciliation of Business Income Shown in Tax Return with Net Income Shown in Audited Financial Statements of Queen South Textile Mills Limited for the last five years.

Particulars	Assessment Year				
	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Income Shown in Audited Financial Statements	129,740,794	210,907,712	169,743,824	59,471,549	85,727,773
Less: Other Income	82,318	73,948	150,433	157,873	219,790
Add: Accounting Depreciation	80,374,456	82,001,817	85,231,252	87,623,566	86,756,355
Add: Inadmissible Item	9,243,339	1,293,024	1,372,530	973,138	1,027,133
Sub total	219,276,271	294,128,605	256,197,173	147,910,380	173,291,471
Less: Admissible Expenses	971,790	711,486	997,580	580,942	483,055
Less: Tax Depreciation	93,018,904	110,599,026	116,982,240	117,162,220	144,262,092
Sub total	125,285,577	182,818,093	138,217,353	30,167,218	28,546,324
Add: Other Income	82,318	73,948	150,433	157,873	219,790
Income Shown in Tax Return	125,367,895	182,892,041	138,367,786	30,325,091	28,766,114

Place: Dhaka
Date: 20 July, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



xi) Confirmation that all receipts and payments of the issuer above Tk. 500,000/- (Tk. Five Lac) were made through banking channel

Certification on receipts and payments above Tk. 5,00,000 (Five lac) were made through banking channel of Queen South Textile Mills Limited.

This is to certify that all receipts and payments of Queen South Textile Mills Limited above Tk. 500,000 (Five lac) were made through banking channel from 1st December 2010 to 31 December 2016

Place: Dhaka
Date: 13 February 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants

xii) Confirmation that bank statements of the issuer are in conformity with its books of accounts

Certification on books of accounts of Queen South Textile Mills Limited are in conformity with bank statements

This is to certify that the books of accounts of Queen South Textile Mills Limited from 1st December 2010 to 31 December 2016 are in conformity with bank statements.

Place: Dhaka
Date: 13 February 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



xiii) Statement of payment of TAX, VAT and other Taxes or Duties

Certification on status of payment of Tax , VAT and Other Taxes / Duties of Queen South Textile Mills Limited

After due verification, we certify that the status of Tax, VAT, and Other Taxes/Duties payment of Queen South Textile Mills Limited for the last five years were as follows:

Particulars	Payment Status						
	31-Dec-16	30-Jun-16	30-Nov-15	30-Nov-14	30-Nov-13	30-Nov-12	30-Nov-11
TAX	11,746,266	13,056,410	6,523,076	-	-	-	-
VAT	Zero Rated	Zero Rated	Zero Rated	Zero Rated	Zero Rated	Zero Rated	Zero Rated
Other Taxes/Duties	NA*	NA*	NA*	NA*	NA*	NA*	NA*

* Import under Bond Facilities

Place: Dhaka

Date: 13 February, 2017

Sd/-

MAHFEL HUQ & CO

Chartered Accountants



SECTION - XXVII

CREDIT RATING REPORT, IF APPLICABLE

The company is issuing share at par. Thus, Credit rating report is not required.



SECTION - XXVIII

PUBLIC ISSUE APPLICATION PROCEDURE



SECTION XXVIII: PUBLIC ISSUE APPLICATION PROCEDURE

Step-1 (Applicant)

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the **25th (twenty fifth) working day** from the date of publication of abridged version of prospectus.
2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:
 - a) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.
 - b) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains Foreign Currency account debiting the same account **and provide the customer with a certificate mentioning the FC account number which has been debited to issue the FDD. The applicant shall also submit the certificate with their application.** No banker shall issue more than two drafts from any Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.
 - c) Eligible investors shall submit application through the electronic subscription system of the exchange(s) and deposit the full amount intended to subscribe by the method as determined by exchange(s).

Step-2 (Intermediary)

3. The Stockbroker/Merchant Banker shall maintain a separate bank account only for this purpose namely "Public Issue Application Account". The Stockbroker/Merchant Banker shall:
 - a) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;
 - b) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the "Public Issue Application Account" maintained with its bank within the first banking hour of **next working day** of the cut-off date;
 - c) instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.



4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.
5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.
6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and within 03 (three) working days from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde '~' separator) format, the certificate(s) issued by its banker, the drafts **and certificates** received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.
7. **On the next working day**, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts **and certificates** submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.
8. The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

Step-3 (Issuer)

9. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDRom to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.
10. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.
11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.
12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.
13. The Issuer and issue manager shall arrange posting the lottery result on their websites within **06 (six) hours** and on the websites of the Commission and Exchanges within **12 (twelve) hours** of lottery.
14. Within **02 (two) working days** of conducting lottery, the Issuer shall:
 - a) send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
 - b) send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~'



separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.

- c) issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
- d) send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

Step-4 (Intermediary)

15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:
 - a) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;
 - b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;
16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Banker shall request its banker to:
 - a) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
 - b) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful applicants (other than NRB and foreign) who are subject to penal provisions to the respective 'Escrow' accounts of the Issuer opened for subscription purpose.
17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account.
18. **Simultaneously**, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.
19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account (**FC account which has been debited to apply by NRB or foreign applicants**) through banking channel within 10 (ten) working days from the date of lottery.

Miscellaneous:

20. The Issuer, Issue Manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.
21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.



22. Amount deposited and blocked in the “Public Issue Application Account” shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.
23. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.
24. The Stockbroker/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.
25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.
26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.
27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

All eligible Stock Brokers and Merchant Bankers shall receive the IPO Subscription.

Others:

The IPO subscription money collected from investors will be remitted in following bank accounts with Prime Bank Limited:

SL#	Accounts Bearing No.	Account Title	Currency
For Resident Bangladeshis			
01	14831040015977	Queen South Textiles Mills Limited	BDT
For Non-Resident Bangladeshis			
02	14851190015978	Queen South Textiles Mills Limited	GBP
03	14851170015979	Queen South Textiles Mills Limited	USD
04	14851150015980	Queen South Textiles Mills Limited	EURO



QUEEN SOUTH TEXTILE MILLS LTD.

APPLICATION FORM

“পুঁজি বাজারে বিনিয়োগ ঝুঁকিপূর্ণ। জেনে ও বুঝে বিনিয়োগ করুন”

APPLICATION FOR PUBLIC ISSUE

Date:

Name of applicant	:																	
Client Code	:																	
BO ID No.	:	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																
Category of applicant	:																	
Name of the Company	:																	
Number of Shares	:Shares of Tk.....each																
Total amount in Tk.	:																	
Amount in word	:																	

Applicants

Authorized Officer



SECTION - XXIX

MANAGEMENT DISCLOSURES



MANAGEMENT DISCLOSURES

SECTION: (XXIX)

1. **Disclosures regarding advantages and disadvantages of procuring raw material and machineries from Gain Plus Agents Limited which is one of subscribers to the memorandum are required;**

Our Response: Queen South Textile Mills Limited was initially formed by a set of foreign institutions in Dhaka Export Processing Zone. Queen South Textile Mills Limited is engaged in dyeing of different count of yarn and sell them to the 100% export oriented sweater industries through back to back L/C. Mentionable here, the company was incorporated in 2003 and started its commercial operation in 2005. The initial capital of the company was not enough to set up the business nor the company obtained credit facilities from any bank/financial institutions. The bank facility was first obtained in 2006. During the time from 2003 to 2006 Queen South Textile Mills Limited has no choice but to take support from Gain Plus Agents Limited. Gain Plus Agents Limited is a financially sound company and as shareholder the company supported QSTML in all aspects in setting up business. QSTML imported capital machineries and raw materials from Gain Plus Agents Limited.

Simultaneously business of QSTML has grown over time and credit facilities for financial institutions increased, still to support the growing business QSTML need to receive support from Gain Plus Agents Limited as and when required. If we look into the five years sales of the company's yearly turnover is now around BDT 3000 to 3500 million and inventory is around 1200 to 1400 million against which the company is enjoying BDT 1300 million bank L/C facilities.

Rationales for purchasing raw material and capital machinery from Gain Plus Agents Limited are as follows:

Gain Plus Agents Limited is financially sound company and Shareholder of QSTML. Gain Plus Agents Limited supported QSTML in every aspects as QSTML bank facilities are not enough to cope up with the growing business demand.

Raw materials can be procured through sales contract. Therefore, if the existing bank facilities exceeds also the company can procure raw material and Capital Machinery and spares through sales contract and thus the business run smoothly;

Raw material & machinery if procured through sales contract the company saves interests and L/C related expenses;

There are hundreds and thousands of suppliers of raw yarn, dyestuff and chemical. Business of Gain Plus Agents Limited is situated in Hong Kong and Hong Kong is considered as sourcing hub of China and other parts of the world. They have strong supply chain department which ensures timely stocking and delivery of goods with the stipulated time.



2. Since all directors resides in abroad and are foreign nationals, it is required to explain the Clause-100 of Article of Association stating that 'Each Director shall be paid out of the funds of the company such fee for each meeting of the board of directors attended by him as may from time to time be decided in the board meeting. The directors may also allow and pay to any director who shall come to attend the meeting from a place outside the place of meeting such sum as the directors may consider fair compensation for travelling and lodging expenses in addition to his fees for attending the meeting.' and Clause-101 of Article of Association stating that: 'The Company may repay to any director all such reasonable expenses as he may incur in attending and returning from meetings of the board or of committee of the directors or general meetings, or which he may otherwise incur in or about the business of the Company, or may pay to any director such allowances as the board think proper in respect of such expenses.

Our Response: The company's board of directors' in their meeting held on February 08, 2016 decided to forego board meeting fees and travelling and lodging expenses in connection to the board meeting for the betterment of the company until further decision regarding entitlement to receive such fees and expenses in another meeting.

3. **Reasons of delay installation of machineries booked under the head of Capital work in progress amounting Tk. 4.05 crore (Note No. 6) is required to disclose;**

Our Response: The machineries recorded under the head capital-work-in-progress were not installed and ready for use till the reporting date of the audited financial statement for the period ended December 31, 2016. The machineries have been installed and ready for use during the period ended March 31, 2017 and is transferred to property, plant and equipment in the same period.



4. Reasons of holding huge inventories are required to disclose;

Our Response: Inventory of QSTML consists the following:

Particulars	Quantity		Amount	Inventory Holding period considering present utilized capacity	Remarks
Raw Yarn	6,809,885	Lbs.	731,956,270	3.21 Months	Generally Lead time of procuring raw material 2.5 ~ 3.5 Months.
Dyes Chemical:	1,300,401		214,279,564		Generally the company hold dyestuff & chemicals for BDT 14 ~ 16 crore but sometimes for change of colour as required by buyer inventory of dyestuff goes high. However, dyes stuff of the company already went down to 3 ~ 3.5 months during last six months from the reporting date
Dyestuff	368,913	Kg.	160,709,673	6.04 Months	
Chemical	931,488	Kg.	53,569,891	2.48 Months	
Finished Goods	1,261,275	Lbs.	192,860,761	18.41 Days	The company generally hold a substantial amount ready stock of white & black colour yarn for instant delivery after receiving orders of such colours.
Work in Progress	851,869	Lbs.	115,910,865	2.43 Days	;
Spares & Accessories			104,313,473		Thousands of Items for emergency repairs including packing materials
Total			1,359,320,933		

5. Disclosure from Issue Manager in respect of confirmation for payment in foreign currency against sales contract with Gain Plus Agents Ltd. (a foreign shareholder of the issuer) through proper channel is required;

Our Response:

To Whom It May Concern

This is to certify that we have verified on test basis documents of payments made in foreign currency against sales contract with Gain Plus Agents Ltd. (a foreign shareholder of the issuer) and found all the transactions were completed through proper channel.

Sd/-

Place: Dhaka

Date: June 20, 2017

Noor Ahamed, FCA
CEO and Managing Director



6. It appears from ratio analysis that inventory and receivable turnover are decreasing over the years against increase in current ratio. As such, receivable and inventory managements seem to be deteriorating over the years. Disclosures in this regard are required;

Our Response: The present position of inventories and the related holding periods are as follows:

Particulars	Quantity		Amount	Inventory Holding period considering present utilized capacity	Remarks
Raw Yarn	6,809,885	Lbs.	731,956,270	3.21 Months	Generally Lead time of procuring raw material 2.5 ~ 3.5 Months.
Dyes Chemical:	1,300,401		214,279,564		Generally the company hold dyestuff & chemicals for BDT 14 ~ 16 crore but sometimes for change of colour as required by buyer inventory of dyestuff goes high.
Dyestuff	368,913	Kg.	160,709,673	6.04 Months	
Chemical	931,488	Kg.	53,569,891	2.48 Months	
Finished Goods	1,261,275	Lbs.	192,860,761	18.41 Days	The company generally holds a substantial amount ready stock of white & black colour yarn for instant delivery after receiving orders of such colours.
Work in Progress	851,869	Lbs.	115,910,865	2.43 Days	;
Spares & Accessories			104,313,473		Thousands of Items for emergency repairs including packing materials
Total			1,359,320,933		

If we analyze the lead time the company holds inventory for only 3-5 months except the dyestuff. However, dyes stuff of the company already went down to 3 ~ 3.5 months during last six months from the reporting date. Major part of the raw materials for production are imported from abroad, therefore to maintain the lead time and safety level the company needs to procure raw material for at least four months for smooth operation of business.

From the above analysis, it is seen that the inventory level was at risky level during the year from 2011 to 2013 and after that it is now at safety level.



Reason for deteriorating Accounts Receivable Turnover Ratio:

The company receives either sight or 90 ~ 150 days deferred L/Cs' against sales. Moreover Accounts Receivables shown in the financial statements is net off Bills of exchange discounted for deferred L/Cs'. So the Accounts Receivable goes high when more deferred L/Cs' received and less bills discounted and vice versa. During the year from 2011 to 2014 more bills were discounted than later years/ periods for which receivables were higher in the later periods with compared to 2011, 2014 resulting in decrease in receivables turnover ratio. On the other hand the financial statements of 30-06-2016 and 31-12-2016 were for 7 months and 6 months respectively for which these are not comparable with yearly ratios as the turnover taken for calculating receivables turnover ratio were for 7 months and 6 months respectively.

7. Disclosure regarding reasons of decrease in assets turnover over the years is required;

Our Response: Average total assets increased by 25.99%, 10.41%, 18.68%, 11.86%, 2.88%, 0.29% in the year/periods 2012, 2013, 2014, 2015, 30-06-2016 and 31-12-2016. On the other hand turnover increased/(decreased) by 24.09%, 11.77%, 10.19%, (13.57%), (41.85%), (10.68%) in the year/periods 2012, 2013, 2014, 2015, 30-06-2016 and 31-12-2016. So, net turnover did not increase with compared to increase in average total assets and as asset turnover is calculated by dividing net turnover by average total assets, asset turnover ratio decreased year/period to year/period major reason for increase in total assets is for increase in inventories and receivables the reason of which has been explained in previous query. On the other hand the ratio for the seven month period ended 30 June 2016 and Six months period ended 31 December 2016 are not comparable with yearly ratio for the reason as mentioned in the same query.

8. Disclosure regarding reasons of decrease in return on assets in the last two periods are required;

Our Response: Return on total assets are not comparable with yearly ratio as the financial statements were prepared for the last two period were six months and 7 months respectively and the return were for the same periods only.

9. Disclosure regarding reasons of decrease in debt service coverage ratio is required;

Our Response: Operating profit of the company was 11.54 crore, 10.53 crore, 21.32 crore, 27.01 crore, 20.34 crore, 12.84 crore and 11.11 crore in the year/period 30-11-11, 30-11-12, 30-11-13, 30-11-14, 30-11-15, 30-06-16 and 31-12-16 respectively which are 4.74%, 3.48%, 6.31%, 7.16%, 6.33%, 6.87% and 6.65% of Turnover. So, operating profit with compared to turnover is almost steady over the years/periods except in the year 30-11-2011 and 30-11-2013. The major reason for decrease in operating profit is for Foreign currency loss of Tk.4.44 crore and 11.11 crore in the year 30-11-2011 and 30-11-2012 respectively.



On the other hand long term and short term debt including lease of the company was Tk. 31.61 crore, 45.02 crore, 69.65 crore, 80.19 crore, 89.75 crore, 87.82 crore and 77.59 crore respectively in the year/period ended 30-11-11, 30-11-12, 30-11-13, 30-11-14, 30-11-15, 30-06-16 and 31-12-16. So, debt of the company increased year to year major part of which is used as working capital.

So, operating profit remaining almost steady but due to increase in debt, debt service coverage ratio decreased over the periods.

10. Disclosure regarding WPPF is required

Our Response: Queen South Textile Mills Limited (QSTML) is a 100% export oriented company and member of Bangladesh EPZ Investors' Association (BEPZIA). As per Section 232 of Bangladesh Labour (Amendments) Act. 2013, which states that in subsection 2 " The Government may by notification in the official gazette apply this chapter to such other companies as it may specify therein." And in Sub-section 3 "notwithstanding anything contained in the sub-section (1) and (2), in Industrial Sector which is hundred percent export oriented or which is hundred percent foreign invested. The government may, by rules, for the beneficiaries working in such sectors, from sector-wise a central fund consolidating buyers and owners, fund management board, determine amount of donation and procedure for recovery thereof, adopt rules for using money of that fund and relevant other rules. Provided that, such board, may very prior approval of government adopt regulations for the purpose of this section." For the above reason management didn't start making provision for WPPF because of not yet forming Board for fund raise and utilization by the government. The board shall format the rules of determination of subscription, procedure of collection and utilization of fund. QSTML is a 100% export oriented company also the Member of BEPZIA, that's why in the audited financial statements did not recognize WPPF.

11. Management and Issue Manager's declaration regarding Cost Audit:

Date: 13 January 2017

Statement regarding Cost Audit

This is to certify that, as per provision of the Companies Act 1994, Cost Audit by the Professional Accountant is not applicable for "Queen South Textile Mills Limited".

Sd/-

Goutam Chandra Roy

Chief Financial Officer

Queen South Textile Mills Limited

Sd/-

Wong Jammy Kwok Chan

Managing Director & Director

Queen South Textile Mills Limited

Sd/-

Noor Ahamed FCA

CEO & Managing Director

Alpha Capital Management Limited



SECTION - XXX

AUDITOR'S ADDITIONAL DISCLOSURES



AUDITOR'S ADDITIONAL DISCLOSURES

SECTION: (XXX)

1. It appears that written down value of building & civil construction stood at Tk. 20.67 crore as on 31st December 2016 upon being depreciated @ 5%. The said building & civil construction were built on leased land for 30 years. As such, the rationales for charging lower depreciation rate (5%) on such building & civil construction built on limited termed lease land are required to disclose;

Auditor's Reply: Management of QSTML estimated the useful life of the building will be 20 years. As such depreciation was charged @ 5%. After having discussion with the management of Queen South Textile Mills Limited regarding possibility of obtaining further renewal from BEPZA as the EPZ's were established to attract foreign direct investment to develop the economy of the country and the EPZ's operation shall not be discontinued after thirty years. Thus, there is no reason that the company will not obtain further extension.

2. It is required to confirm if the sales shown at Note No. 18 is net-off income tax deducted at source;
Auditor's Reply: Sales Shown in Note no: 18 is not net-off income tax deducted at source;

3. Disclosures regarding comparison of average cost of procuring raw material from Gain Plus Agents Limited which is one of subscribers to the memorandum with other companies are required;

Auditor's Reply: The Company procures raw material from Gain Plus Agents Limited which is one of subscribers to the memorandum. The prices are determined following Arm's length transaction method. Queen South Textile Mills Limited also makes procurement from outside supplier's other than the companies under common directorship. We would also like to mention that the pricing is competitive to the related parties for each portion of procurement which reflects the competitive pricing status of the market and the pricing policies and practices are competitive for the companies under common directorship and outsiders.



Example of equitable pricing policy of our company are as follows:

Raw Materials Purchased							
Queen South Textile Mills Ltd							
1-Jul-2016 to 31-Dec-2016							
Supplier Name	2/20 Card Comp	2/20 Carded	2/30 Viscose	2/32 Carded	2/32 Combed	50% Acrylic 2/20	50% Acrylic 2/30
Gain plus Agents Ltd	1.13	1.20	1.32		1.34	1.33	1.35
Masood Fabrics Ltd		1.09					
Kohinoor Spinning Mills Ltd		1.11					
Jiansu Gou Tai Int. Gou Mao			1.32				
Queensin Ltd	1.13	1.20	1.32	1.55	1.33	1.28	
Le Merite exports Pvt Ltd			1.38		1.497		
Duynam Spinning JSC							
Kingpro Trading Ltd			1.32			1.28	1.41
Universal Yarn Dyeing Ltd		1.25		1.4			
Everway yarn Dyeing			1.53				
Damodar Industries Ltd			1.38				
Akij Textile Mills Ltd				1.39			
Lahoti Overseas Ltd					1.34		
Viet cotton Yarn Investment					1.29		
Suam Overseas Pvt Ltd					1.38		



4. Detailed disclosure amounting Tk. 4.05 crore on account of Capital work in progress is required;

Auditor's Reply: Details of Tk. 4.05 crore Capital work in progress were used to procure the following machineries:

Sl.	Description	Quantity/Sets	Amount in Tk.	Remarks
1	Precie Rewinding Machine	4	37,632,000	The machineries were not installed and ready for use during the reporting date of the audited financial statement for the period ended December 31, 2016.
2	Scouring Machine	1	2,873,086	
	Total		40,505,086	

5. Party-wise disclosures regarding trade receivables are required;

Auditor's Reply: Party wise Disclosure of Trade receivables with subsequent position are enclosed herewith. (Annexure: 01).

6. Quantity-wise sales/turnover as per Para 3, Schedule XI, Part II of the Companies Act,1994 is required;

Auditor's Reply: Quantity-wise sales for the period ended 31 December, 2016 as follows:

Particulars	Quantity LBS	Rate	Value BDT
Nylon Yarn	236,073.29	189.2832	44,684,708
Polyester Yarn	58,225.89	185.0901	10,777,037
20/1" Cotton-Carded	27,146.18	233.2244	6,331,151
2/20 Card Compact	548,650.50	134.4179	73,748,449
2/20 Carded	999,061.62	163.1176	162,964,534
2/20 C Compact	48,477.39	146.8825	7,120,480
2/20 Combed	1,031,718.95	181.7185	187,482,420
2/30 (60%-40%) Viscose	71,704.75	189.8302	13,611,727
2/30 Carded	5,379.20	160.2166	861,837
2/30 C Compact	211.71	59.3409	12,563
2/30 Combed	2,325.86	144.8273	336,848
2/30 Viscose	2,009,103.23	161.5887	324,648,379
2/32 Carded	201,520.52	156.085	31,454,330
2/32 C Compact	58,459.78	201.9543	11,806,204
2/32 Combed	1,852,367.65	175.1032	324,355,504
2/32 Semi Combed	47,875.01	139.4583	6,676,566
2/40 C Compact	69,383.27	175.2982	12,162,763
2/40 Combed	126,123.56	187.8676	23,694,530
50% Acrylic 2/20	1,230,127.97	168.6816	207,499,954
50% Acrylic 2/30	737,360.39	186.5142	137,528,184
50% Viscose & 50% Acrylic 2/30	92,487.21	202.296	18,709,792
60% Acrylic & 40 % Cotton 2/16	114,684.78	175.632	20,142,317
60% Cotton & 40% Acrylic 2/16	275,633.28	158.4825	43,683,051
Total	9,844,102.00		1,670,293,328



7. It appears from Annex. E of the audited F/S that long term loan from shareholders amounting Tk. 41.88 Crore were originated from sales contract. As such, it is required to disclose how long-term loan were originated from such sales contract;

Auditor's Reply: After due verification of the documents we hereby confirm that the loan from shareholders were originated from procurement of raw materials, machineries and spare parts through sales contract. Upon request of Queen South Textile Mills Limited, board of directors of Gain Plus Agents Limited agreed to convert the accounts receivable for the above-mentioned items to interest free shareholders loan.

8. It appears from note No. 17 to audited F/S that Tk. 4.05 Crore on account of salaries and allowances were shown under the head of liabilities for expenses whereas expenses on account of salaries and allowances amounting Tk. 7.08 Crore (Tk. 2.86 Cr. from administrative expense + Tk. 0.16 Cr. from distribution cost + Tk. 4.06 Cr. from manufacturing cost) for the period were booked. As such, it seems that majority of such salaries and allowances were not paid. A detailed disclosure regarding such liabilities is required;

Auditor's Reply: Disclosure of salaries and allowances shown under the head of liabilities for expenses on account of salaries and allowances are as follows:

Particulars	Amount Accrued	Remarks
Salary (Local Employees)	5,004,000.00	Accrued salary for the month of December, 2016 which was subsequently paid
Wages (Local Employees)	7,025,000.00	
Allowance (Local Employees)	1,016,799.00	
Foreign Employees	27,484,464.00	Foreign staff's salary will be settled soon
Total	40,530,263.00	



9. Disclosure regarding detailed calculation of deferred tax is required;

Auditor's Reply: Detail calculation deferred tax is as follows:

Particulars	31-Dec-2016	31-Dec-2015
Carrying value:		
Accounts Base:		
Property, Plant and Equipment	624,129,636	698,029,059
Tax base:		
Property, Plant and Equipment	352,334,202	446,152,079
Taxable /(Deductible)temporary difference	271,795,435	251,876,980
Income Tax rate 15%	15%	15%
Differed Tax Liabilities/(Assets) at the end of the year	40,769,315	37,781,547
Closing Deferred Tax Liabilities	40,769,315	37,781,547
Opening Deferred Tax Liabilities	40,603,121	36,874,938
Deferred Tax (income) / expenses:	166,194	906,609



10. Disclosure regarding detailed calculation of foreign currency gain/loss is required;

Auditor's Reply: Disclosure regarding detailed calculation of foreign currency gain/loss For the Period from July 01, 2016 to December 31, 2016 are as under.

Particulars	01-07-2016 To 31-12-2016		
	Actual Realized/Settled Amount	Realized/Settled Amount as per Book	Gain/(Loss) in Taka
Accounts Receivables	1,798,359,337	1,800,892,475	(2,533,138)
Accounts Payables	1,474,376,591	1,476,234,649	1,858,058
Total-A:			(675,080)

B) Un-realized Foreign Exchange Gain/(Loss)

Particulars	01-07-2016 To 31-12-2016			
	US \$	BDT as on 31/12/2016 as per Closing Rate of Tk. 78.70	BDT as per Books of Account	Gain/(Loss) in Taka
	Dr. / (Cr.)	Dr. / (Cr.)	Dr. / (Cr.)	
Accounts Receivable-Trade	\$6,272,287.95	493,629,062	491,299,409	2,329,653
Security Deposit for Electrical Connection-BEPZA	\$152,933.00	12,035,827	11,989,947	45,880
Bank Guarantee with prime Bank	\$48,000.00	3,777,600	3,763,200	14,400
Security Deposit for Land-BEPZA	\$23,875.00	1,878,963	1,871,800	7,163
Prime Bank-NFCD A/C # 20116017	\$182,366.39	14,352,235	14,297,747	54,488
Woori Bank-FDR A/C #9230076351	\$99,940.23	7,865,296	7,835,314	29,982
Standard Chartered-USD A/C-01-6700772-01	\$64,628.48	5,086,261	5,081,850	4,411
Woori Bank USD A/C-92-30107-60	\$24,354.27	1,916,681	1,905,261	11,420
Prime Bank-OBUS A/C-11-0000-10	\$8,691.47	684,019	676,253	7,766
Prime Bank-DBU USD A/C-124-511800084-41	\$2,184.51	171,921	171,266	655
HSBC Bank -OBUS A/C	\$84,913.65	6,682,704	6,682,113	591
Dhaka Bank-OBUS A/C-099-1125-0000003-47	\$84.70	6,666	6,640	26
Sundry Deposit-Woori	\$0.76	60	60	-
Sundry Deposit-Prime Bank	\$344,144.82	27,084,198	26,935,314	148,884
Sundry Deposit-SCB	\$211.04	16,609	(8,172)	24,781
Prime Bank-Term loan	\$(272,486.16)	(21,444,661)	(22,353,516)	908,855
Woori Bank-Term loan	\$(419,988.00)	(33,053,056)	(32,885,058)	(167,998)
Loan from Shareholders	\$(5,321,584.17)	(418,808,674)	(417,212,199)	(1,596,475)
Accounts Payable	\$(6,557,748.12)	(516,094,777)	(514,615,634)	(1,479,143)
Prime Bank Limited (TR)	\$(1,403,473.51)	(110,453,365)	(110,627,073)	173,708
Woori Bank Limited (TR)	\$(2,488,620.50)	(195,854,433)	(194,977,081)	(877,352)
Prime Bank Limited (O/D)	\$(290,000.00)	(22,823,000)	(22,736,000)	(87,000)
Woori Bank Limited (O/D)	\$(64,486.06)	(5,075,053)	(5,007,068)	(67,985)
Total-B:				(513,290)

Grand Total (A+B)

(1,188,370)



- 11. It appears from note No. 25.00 to the audited F/S that realized loss from accounts payable has been adjusted with cash received from customers instead of cash payment to customers. As such, the matter is to be explained;**

Auditor's Reply: Realized foreign exchange gain/(loss) had been treated as other income/ (loss) in the audited financial statements for the period ended 31 December 2016. For which, realized foreign exchange loss had been shown in cash received from customer & other Income instead of cash paid to suppliers, employees and others.

- 12. It appears from head under operating activities of Cash Flow Statement that the employees of the issuer were not paid. As such, it is required to confirm if the employees were paid;**

Auditor's Reply: Payment to employees of the company has been included in the Head of payment to creditors, suppliers & other under operating activities of cash flow statements in the audited financial statements for the period ended 31 December 2016 and details of which is disclosed in note: 26 of the audited financial statements.

- 13. Detailed calculations of investment in FDR as shown in Cash Flow Statement are required to disclose;**

Auditor's Reply: Detailed calculations of investment in FDR as shown in Cash Flow Statement for the period ended 31 December 2016 are enclosed herewith:

Investments-FDR	
Particulars	Amount in Taka
Opening Balance	22,074,707
Closing Balance	22,217,531
Adjustment for unrealized Foreign Currency gain/(loss)	84,470
Cash Outflow shown in Cash Flows Statement	(58,354)

- 14. Detailed calculations of payment under short-term bank loan and long-term bank loan as shown in Cash Flow Statement are required to disclose;**

Auditor's Reply: Detailed calculations of payment under short-term bank loan and long-term bank loan as shown in Cash Flow Statement for the period ended 31 December 2016 are as follows:

Short Term Loan	
Particulars	Amount in Taka
Opening Balance	422,211,515
Closing Balance	334,205,851
Adjustment for unrealized Foreign Currency gain/(loss)	(858,629)
Cash Outflow shown in Cash Flows Statement	(88,864,293)
Long Term Loan	
Particulars	Amount in Taka
Opening Balance	489,339,572
Closing Balance	473,306,391
Adjustment for unrealized Foreign Currency gain/(loss)	(855,618)
Cash Outflow shown in Cash Flows Statement	(16,888,799)



15. Disclosure regarding increase in cash and cash equivalent by unrealized foreign exchange gain as shown in Cash Flow Statement is required;

Auditor's Reply: Disclosure regarding increase in cash and cash equivalent by unrealized foreign exchange gain as shown in Cash Flow Statement is as follows.

Particulars	01-07-2016 To 31-12-2016			
	US \$	BDT as on 31/12/2016 as per Closing Rate of Tk. 78.70	BDT as per Books of Account	Gain/(Loss) in Taka
	Dr. / (Cr.)	Dr. / (Cr.)	Dr. / (Cr.)	
Standard Chartered-USD A/C-01-6700772-01	\$64,628.48	5,086,261	5,081,850	4,411
Woori Bank USD A/C-92-30107-60	\$24,354.27	1,916,681	1,905,261	11,420
Prime Bank-OBUS A/C-11-0000-10	\$ 8,691.47	684,019	676,253	7,766
Prime Bank-DBUS A/C-124-511800084-41	\$2,184.51	171,921	171,266	655
HSBC Bank -OBUS A/C	\$84,913.65	6,682,704	6,682,113	591
Dhaka Bank-OBUS A/C-099-1125-0000003-47	\$84.70	6,666	6,640	26
Sundry Deposit-Woori	\$0.76	60	60	-
Sundry Deposit-Prime Bank	\$344,144.82	27,084,198	26,935,314	148,884
Sundry Deposit-SCB	\$ 211.04	16,609	(8,172)	24,781
Total	\$ 529,213.70	41,649,119	41,450,585	198,534

16. Rationales for tax payment of prior from retained earnings are required to disclose;

Auditor's Reply: The Company enjoyed tax exemption facility which was expired on 04 June 2015. Thus, no provision for income tax was made in the financial statement up to 30 June 2015. But while assessing the income of the company, the income tax was authority charged income tax on other income of the tax exemption period. As no Income Tax provision was made on other income during tax exemption period and such income relates to earlier periods, payment of income tax has been adjusted with retained earnings.

17. Disclosures regarding directors' and MD's compensation as per Para 4, Part –II , Schedule XI of the Companies Act 1994 is required;

Auditor's Reply: Disclosures regarding directors' and MD's compensation as per Para 4, Part –II, Schedule XI of the Companies Act 1994 has been disclosed in note # 27.2(b): Key Management personnel in the audited financial statements of 31 December 2016.



18. Disclosures regarding import, technical know-how, spare parts, etc. as per Para 8, Part –II, Schedule XI of the Companies Act 1994 is required;

Auditor's Reply: Disclosures regarding import, technical know-how, spare parts, etc. as per Para 8, Part –II, Schedule XI of the Companies Act 1994 is as follows:

a) Value of Import at CIF basis:

During the period from 1st July 2016 to 31 December 2016 total value of import in respect of raw yarn, dyes & chemical, spare parts stands at equivalent 1.11 Million USD on CIF basis. Details are given below:

Particulars	Amount (Tk.)
Raw Yarn	76,902,057
Dyes & Chemicals	8,358,919
Spare Parts	1,487,768
Totals	86,748,744

b) Details of expenditure in foreign currency of the company during the period ended 31 December 2016 on account of royalty, know-how (foreign technician), professional consultation fee and interests is as follows:

Particulars	Amount in US\$	Remarks
Royalty Fee	NIL	
know-how	49,437.50	Whole amount of this expenses has been accrued during the said period.
Professional consultation fee	NIL	
Interests	489,025.91	

c) Value of all imported raw materials, spare parts and components consumed during the period and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption are as under:

Particulars	Consumption	Percentage (%)
Raw Materials	1,067,752,855	84.51%
Dyes & Chemicals	156,821,026	12.41%
Spares & Accessories	38,838,748	3.07%
Total	1,263,412,629	100.00%

d) The company has not remitted any amount during the period in foreign currencies on account of dividend.

e) The company has not earned in foreign exchange from exports for goods calculated on FOB basis, royalty, know-how, professional and consultation fee, dividend and other income expect earning from FDR interest amount in US\$ 741.48 during the period.



19. Disclosures regarding Sales as per Para 3, Part –II, Schedule XI of the Companies Act 1994 is required.

Auditor's Reply: Disclosures regarding Sales as per Para 3, Part –II, Schedule XI of the Companies Act 1994 are as follows:

a) Quantity-wise sales for the period ended 31 December, 2016

Particulars	Quantity LBS	Rate	Value BDT
Nylon Yarn	236,073.29	189.2832	44,684,708
Polyester Yarn	58,225.89	185.0901	10,777,037
20/1" Cotton-Carded	27,146.18	233.2244	6,331,151
2/20 Card Compact	548,650.50	134.4179	73,748,449
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2/30 (60%-40%) Viscose	71,704.75	189.8302	13,611,727
2/30 Carded	5,379.20	160.2166	861,837
2/30 C Compact	211.71	59.3409	12,563
2/30 Combed	2,325.86	144.8273	336,848
2/30 Viscose	2,009,103.23	161.5887	324,648,379
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2/32 Combed	1,852,367.65	175.1032	324,355,504
2/32 Semi Combed	47,875.01	139.4583	6,676,566
2/40 C Compact	69,383.27	175.2982	12,162,763
2/40 Combed	126,123.56	187.8676	23,694,530
50% Acrylic 2/20	1,230,127.97	168.6816	207,499,954
50% Acrylic 2/30	737,360.39	186.5142	137,528,184
50% Viscose & 50% Acrylic 2/30	92,487.21	202.296	18,709,792
60% Acrylic & 40 % Cotton 2/16	114,684.78	175.632	20,142,317
60% Cotton & 40% Acrylic 2/16	275,633.28	158.4825	43,683,051
Total	9,844,102.00		1,670,293,328

- a) The company do not pay any commission to selling agents
- b) The company do not give any brokerage and discount on sales
- c) Quantity-wise breakup of inventory for the period ended 31 December, 2016



Queen South Textile Mills Limited								
Quantity wise breakup of Inventory								
For the Period ended 01 July 2016 to 31 December 2016								
Finished Goods								
Items Name	Opening Balance		Production		Delivered		Closing Balance	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Dyed Yarn (Lbs)	1,504,578	233,739,127	9,600,799	1,463,284,037	9,844,102	1,504,162,403	1,261,275	192,860,761
Raw Materials								
Items Name	Opening Balance		Purchased		Issued to Production		Closing Balance	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Raw Yarn(Lbs)	6,826,199	730,863,380	9,917,714	1,068,845,745	9,934,028	1,067,752,855	6,809,885	731,956,270
Dyes Chemical								
Items Name	Opening Balance		Purchased		Used		Closing Balance	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Dyestuff (kg)	343,827	150,902,430	290,395	125,383,789	265,309	115,576,546	368,913	160,709,673
Chemicals (kg)	914,449	53,019,775	734,209	41,794,596	717,170	41,244,480	931,488	53,569,891
Work in Process								
Items Name							Closing Balances	
							Quantity	Amount
Yarn (Lbs)							851,869	115,910,865
Spare & Accessories								
Items Name							Closing Balances	
							Quantity	Amount
Spare & Accessories							-	104,313,473
Closing Inventory								1,359,320,933



20. Explain the reason of signing audit report in the name of Mr. Md. Abu Kaiser, FCA;

Auditor's Reply: Disclosure in this regard is enclosed in Annex-02.

21. It is observed that the Company has made some re-arrangements/re-statements of its financial data. Mention the years in which such re-arrangements/re-statements were made, basis and impact on NAV and EPS;

Auditor's Reply: Disclosure as per requirement of BAS 8. "Accounting policies, Changes in Accounting Estimates and Errors" are as follows:

During the period BAS-12: "Income Taxes" has been applied for deferred tax and retrospective adjustment has been made accordingly as under:

Opening Balance of retained earnings as on 1-12-2014 has been restated as under:

Particulars	Amount in Tk.
Retained earnings as per FS as on 1.12.2014	860,523,764
Less: Deferred tax liability	(35,755,734)
Restated opening balance as on 01.12.2014	824,768,030

Net Profit for the year ended 30 November 2015 has been restated as under:

Net Profit for the year ended 30 November 2015 as per Financial Statements	129,740,794
Less: Tax Expenses	11,312,352
Current Tax	7,102,504
Deferred tax expenses/(Income)	4,209,848
Re-stated net profit for the year ended 30 November 2015	118,424,442
Re-Statement Earning Per Share for the year ended 30 November 2015	8.24
Re-Statement NAV as on 30 November 2015	75.61

22. Separate break-up of salary & wages as disclosed in note 19.03;

Auditor's Reply: Separate break-up of salary & wages as disclosed in note 19.03 are as follows:

Particulars	Amount in Tk.
Salary	2,958,864
Wages	37,688,026
Total	40,646,890



23. Detail information of advance against import of raw material & spares and advance against Salary and Wages;

Auditor's Reply: Following are the breakup of advance against import of raw material & spares and advance against Salary and Wages:

Advance Against Import of Raw Material:				
L/C No.	Supplier Name	Invoice No.	Invoice Value USD-\$	Invoice Value BDT-TK
5402170916210170	Gain Plus	GP-16172	\$ 107,730.00	8,336,561
5402170916210170	Gain Plus	GP-16173	\$ 54,000.00	4,178,727
Sub-Total			161,730	12,515,288

Advance against Salary and Wages of foreign employees:	
Name	Amount in Tk.
Yang Linli	1,120,269
Zhao Chao Qiong	1,524,711
Mr.King Kuang Chan Chun	444,000
Mr. Ye Jin Feng	2,070,000
Mr Wang Yingmin	438,473
Mr. Xie Haixing	374,000
Mr. Wen He	1,005,000
Mr. Yiu Tak Peter Cheung	564,622
Total	7,541,075

24. Explain the reason of not mentioning the WPPF as per requirement of the 'Bangladesh Labour (Amendments) Act, 2013'

Auditor's Reply: Queen South Textile Mills Limited (QSTML) is a 100% export oriented company and member of Bangladesh EPZ Investors' Association (BEPZIA). As per Section 232 of Bangladesh Labor (Amendments) Act. 2013, which states that in subsection 2 "The Government may by notification in the official gazette apply this chapter to such other companies as it may specify therein." And in Sub-section 3 "notwithstanding anything contained in the sub-section (1) and (2), in Industrial Sector which is hundred percent export oriented or which is hundred percent foreign invested. The government may, by rules, for the beneficiaries working in such sectors, from sector-wise a central fund consolidating buyers and owners, fund management board, determine amount of donation and procedure for recovery thereof, adopt rules for using money of that fund and relevant other rules. Provided that, such board, may very prior approval of government adopt regulations for the purpose of this section." For the above reason management didn't start making provision for WPPF because of not yet forming Board for fund raise and utilization by the government. The board shall format the rules of determination of subscription, procedure of collection and utilization of fund. QSTML is a 100% export oriented company also the Member of BEPZIA, that's why in the audited financial statements did not recognize WPPF.



25. Break-up of cash payment to others, cash received from other income are not included in the Cash Flows Statement;

Auditor's Reply: Payment to creditors, suppliers & other under operating activities of cash flow statement in the audited financial statement for the period ended 31 December 2016 comprises payment for Cost of Sales, administrative expenses and distribution expenses after adjustment of depreciation and movement of working capital the details of which is shown in note # 26 cash received from other income comprises interest from FDR/Bank only and included in cash received from customers and other income which is disclosed in note # 25 of the Audited Financial Statements.

26. Disclosure as per Schedule XI , Part – I, Para 4 of the Companies Act 1994;

Auditor's Reply: Disclosure as per Schedule XI , Part – I, Para 4 of the Companies Act 1994 are as under:

In regard to sundry debtors the following particulars shall be given separately:-		31-Dec-16	30-Jun-16
i	debts considered good and in respect of which the company is fully secured.	483,635,326	608,102,735
ii	debts considered good for which the company holds no security other than the debtors personal security and	-	-
iii	debts considered doubtful or bad.	-	-
iv	Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member to be separately stated.	-	-
v	Debts due by companies under the same management to be disclosed with the names of the companies.		
	Kingpro Manufacturing Co. Limited	9,993,736	11,059,198
vi	The maximum amount due by directors or other officers of the company at any time during the year to be shown by way of a note.	-	-

27. Whether you have obtained balance confirmation certificates from all parties of trade and other receivables as shown in the note 8 of the financial statements for the period ended 31 December 2016;

Auditor's Reply: Queen South Textile Mills Limited is a 100% Export oriented industry. The Company sells its products through Letter of Credit (L/C). The receivables are confirmed by the L/C.

28. Subsequent balance of trade receivables as shown in note 8 of the financial statement as at 31 December 2016 with details information;

Auditor's Reply: Subsequent balance of trade receivables as shown in note 8 of the financial statements as at December 31, 2016 is disclosed in Annex: 01.

29. Rate of interest on borrowing from shareholders with detail information;

Auditor's Reply: Borrowing from shareholders of Queen South Textile Mills is interest free. Detail Information of shareholders loan are as follows:

- I. That the Company will not pay any interest on the loan amount;
- II. That All the transaction occurred/occurring with Gain Plus Agents Limited is/will be on arm's length basis;
- III. That the date of repayment will be fixed upon mutual understanding of both the parties so that QSTML does not suffer for shortage of working capital;
- IV. Repayment date will be revised in every reporting period because of better utilization of the working capital of the company.



30. You have not provided information of production capacity and current utilization in the financial statement for the year ended June 30 2016, November 30 2014, 2013, 2012 and 2011 as per requirement of Schedule-XI Part-II Para-7 of the Companies Act 1994;

Auditor's Reply: Information of production capacity and current utilization in the financial statement for the year ended June 30 2016, November 30 2014, 2013 and 2012 are as under:

Year	Installed Capacity/Day (MT)	Actual Production/Day (MT)	% of Capacity Utilization
Dec-16	42	31	74%
Jun-16	42	30	71%
Nov-15	42	30	71%
Nov-14	42	33	79%
Nov-13	42	29	69%
Nov-12	42	27	64%

31. Explain the sources of Tk.15.00 Crore deposited at Woori Bank as shown in note 11.1 with subsequent status thereon;

Auditor's Reply: Tk. 15.00 crore has been raised through private placement from the other than existing shareholders of the company with the approval of Bangladesh Securities and Exchange Commission no: BSEC/CI/CPLC(Pvt.)-148/08 dated August 10, 2016. The raised fund was used for payment of the following L/Cs:

SL. No	L/C No	Issuing Bank	USD	Usage	Payment Date
1	200010216010875	Woori Bank	178,573	At Sight	06-Mar-17
2	200010216010828	Woori Bank	32,831	At Sight	06-Mar-17
3	200010216010691	Woori Bank	56,533	At Sight	06-Mar-17
4	200010216010691	Woori Bank	56,601	At Sight	06-Mar-17
5	200010216010828	Woori Bank	62,831	At Sight	06-Mar-17
6	200010216010875	Woori Bank	119,048	At Sight	06-Mar-17
7	200010216010828	Woori Bank	62,861	At Sight	06-Mar-17
8	200010216010828	Woori Bank	62,831	At Sight	06-Mar-17
9	200010216010984	Woori Bank	57,319	At Sight	06-Mar-17
10	200010216010875	Woori Bank	119,048	At Sight	06-Mar-17
11	200010216010691	Woori Bank	56,548	At Sight	06-Mar-17
12	200010216010691	Woori Bank	56,633	At Sight	14-Mar-17
13	200010216010985	Woori Bank	114,639	At Sight	15-Mar-17
14	200010216010950	Woori Bank	152,414	At Sight	15-Mar-17
15	200010216010691	Woori Bank	57,459	At Sight	15-Mar-17
16	200010216010957	Woori Bank	54,485	At Sight	15-Mar-17
17	5402170917210001	Prime Bank	71,276	At Sight	07-Mar-17
18	5402170917210001	Prime Bank	71,275	At Sight	07-Mar-17
19	5402170917210003	Prime Bank	113,934	At Sight	07-Mar-17
20	5402170917210003	Prime Bank	101,341	At Sight	07-Mar-17
21	5402170917210007	Prime Bank	286,598	At Sight	07-Mar-17
Total			1,945,077.73		



32. Explain the reason for using the word ‘etc’ under security provided by the company to the bank against short term borrowing disclosed in Note: 16;

Auditor’s Reply: Note: 16 should be read as follows:

Short term borrowing

	Amount in Tk.	Amount in Tk.
Prime Bank Limited (TR)	110,453,365	153,455,200
Woori Bank Limited (TR)	195,854,433	229,281,398
Prime Bank Limited (O/D)	22,823,000	22,736,000
Woori Bank Limited (O/D)	5,075,053	16,738,917
	<u>334,205,851</u>	<u>422,211,515</u>

Particulars	TR	O/D
Nature:	Revolving	Revolving
Purpose:	To retire L/c for Import of Raw Material	For payment of wages, salaries, utility bills and other factory overhead
Tenure:	120 ~ 180 days	1 Year
Repayment:	From Export Proceed	From Export Proceed or Company's Own Source
Rate of Interest:	LIBOR+3.25%~LIBOR+3.50%	LIBOR+3.25%~LIBOR+3.50%
Security:	Letter of Trust Receipts, Building, Machineries, Inventories, Book Debts.	Building, Machineries, Inventories, Book Debts.



33. Provide Schedule of fixed assets acquired through vendors agreement;

Auditor's Reply: Schedule of fixed assets acquired through Vendors' agreement are as follows:

SL. No	Invoice No	Date	Invoice Value USD	Amount in Tk.
1	GP-0001/04	24-May-04	349,050	20,419,425
2	GP-0007/04	02-Jul-04	37,930	2,218,905
3	GP-0008/04	02-Jul-04	34,934	2,043,639
4	GP-0009/04	02-Jul-04	62,734	3,669,939
5	GP-0010/04	06-Jul-04	45,027	2,634,080
6	GP-0012/04	30-Sep-04	70,000	4,095,000
7	GP-0013/04	30-Sep-04	40,000	2,340,000
8	GP-0014/04	06-Oct-04	142,000	8,307,000
9	GP-0015/04	06-Oct-04	45,255	2,647,418
10	GP-0016/04	03-Nov-04	47,224	2,762,633
11	GP-0017/04	29-Nov-04	639,000	37,381,500
12	GP-SUZH/05	11-Oct-05	60,000	3,660,000
13	GP-HYM/05	24-Sep-05	62,680	3,823,480
14	GP-PT02/05	18-Nov-05	84,378	5,147,060
15	GP-001/06	03-Jan-06	125,000	8,125,000
16	GP-MAU01/06	08-May-06	47,187	3,067,155
17	GP-MAU02/06	08-May-06	35,583	2,312,895
18	GP-MAU03/06	08-May-06	57,740	3,753,100
19	GP-MAU04/06	08-May-06	26,390	1,715,350
20	GP-MAU05/06	08-May-06	81,500	5,297,500
21	GP-002/06	12-Apr-06	125,000	8,125,000
22	GP-MAU 06/06	09-May-06	36,250	2,356,250
23	GP-MAU 07/06			
24	GP-MAU 08/06			
25	GP-MAU 09/06	19-May-06	79,560	5,171,400
26	GP-MAU 10/06			
27	GP-MAU 11/06			
28	GP-BAILUN/06	20-Jun-06	40,500	2,713,500
Total			2,374,923	143,787,229



34. Disclosure as per requirement of Schedule XI, Part – II, Para 8 (a) to 8 (e) of the Companies Act. 1994;

Auditor's Reply: Disclosure as per requirement of Schedule XI, Part – II, Para 8 (a) to 8 (e) of the Companies Act. 1994 are as follows:

a) Value of Import at CIF basis:

During the period from 1st July 2016 to 31 December 2016 total value of import in respect of raw yarn, dyes & chemical, spare parts stands at equivalent 1.11 Million USD on CIF basis. Details are given below:

Particulars	Amount (Tk.)
Raw Yarn	76,902,057
Dyes & Chemicals	8,358,919
Spare Parts	1,487,768
Totals	86,748,744

b) Details of expenditure in foreign currency of the company during the period ended 31 December 2016 on account of royalty, know-how, professional consultation fee and interests is as follows:

Particulars	Amount in US\$	Remarks
Royalty Fee	NIL	
know-how	49,437.50	Whole amount of this expenses has been accrued during the said period.
Professional consultation fee	NIL	
Interests	489,025.91	

c) Value of all imported raw materials, spare parts and components consumed during the period and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption are as under:

Particulars	Consumption	Percentage (%)
Raw Materials	1,067,752,855	84.51%
Dyes & Chemicals	156,821,026	12.41%
Spares & Accessories	38,838,748	3.07%
Total	1,263,412,629	100.00%

d) The company has not remitted any amount during the period in foreign currencies on account of dividend.

e) The company has not earned in foreign exchange from exports for goods calculated on FOB basis, royalty, know-how, professional and consultation fee, dividend and other income expect earning from FDR interest amount in US\$ 741.48 during the period.

35. Number of foreign employees working in the company.

Auditor's Reply: There are 8 (eight) foreign employees working in Queen South Textile Mills Limited.

Place: Dhaka

Date: July 3, 2017

Sd/-

**Mahfel Huq & Co.
Chartered Accountants**



Queen South Textile Mills Limited
Subsequent position of Accounts Receivable as on 23.06.2017

Particulars	Address	BDT	Realized amount	Balance
A Plus Sweater Ltd	Sarifpur Road, Malaker Bari, P.O-National University, Gazipur Sadar, Gazipur Bangladesh.	135,392	135,392	-
Ajax Sweaters Ltd	Zirabo Bazar, Epz Road, Ashulia, Savar, Dhaka-1341, Bangladesh.	12,688,573	12,688,573	-
Annesha Style Ltd	92/2, Senpara, Parbata, Mirpur, Dhaka, Bangladesh.	699,289	-	699,289
A-One Sweater (Bd) Ltd	Plot No. 114-120, Depz Ganakbari, Savar Dhaka, Bangladesh.	241,019	241,019	-
Asr Sweater Ltd	Muliaed, Maona, Upazilla-Sreepur, Dist-Gazipur, Bangladesh.	8,743,570	8,743,570	-
Aurum Sweater Ltd	249/1, Telipara, Chandana	474,049	-	474,049
Avant Grade	Plot No.170-176, Ext. Area, Depz , Ganakbari, Savar, Dhaka, Bangladesh	165,006	165,006	-
Bangladesh Spinners & Knitters (Pvt.) Ltd	Plot: 6-11, Sector: 4/A	660,667	-	660,667
Bhml Sweaters Ltd	Sharifpur, National University, Gazipur, Bangladesh.	4,575,736	4,575,736	-
Body Fashion (Pvt) Ltd	Naojur, Kodda, Joydebpur, Gazipur, Bangladesh	8,671,544	8,671,544	-
Chittagong Knitters (Pvt) Ltd	Plot No.17 & 18, Sector No.4	3,000,918	-	3,000,918
Convince Apparels Ltd	Plot No.68-71, Block-Ksec-2, Rupnagarmirpur, Dhaka-1219	539,764	539,764	-
Crony Tex Sweater Ltd	Plot: 190-193, 206-209 Block: B, Bscic Ind, Estate, Fatullahnarayanganj-1400, Bangladesh.	3,568,927	3,568,927	-
D & S Pretty Fashions Ltd	Pretty Square, South Salna, Salna Bazar, Gazipur-1704, Bangladesh.	25,520,505	9,358,398	16,162,107
Daeyu Bangladesh Ltd	731, Bhannara, Mouchak, Kaliakoir, Gazipur, Dhaka, Bangladesh	779,964	779,964	-
DesignTex Sweaters Ltd	Plot No.255, Konabari, Gazipur, Bangladesh	121,651	121,651	-
Disney Sweater Ltd	Barpa, Rupgonj	8,265,704	-	8,265,704
Dody Exportwear Ltd	Sattar Tower, Kunia, Gazipur Sadar, Gazipur, Bangladesh.	97,332	97,332	-
Dynasty Knit Fashions Ltd	Aukpara, Ashulia, Savar Dhaka, Bangladesh	1,376,502	1,376,502	-
Dynasty Sweater (Bd) Ltd	Auk Para, Savar, Dhaka, Bangladesh.	2,475,213	2,475,213	-
Everbright Sweater Ltd	Kathgora Bazar, Zirabo,	9,408,467	9,408,467	-
Evergreen Products	Plot 20-36 Sector-1 Uttara Dhaka	56,245	-	56,245



Fashionit Company Ltd	Jamgora, Ashulia, Epz Road Dhaka, Bangladesh.	2,830,324	-	2,830,324
Fullcharm Fashion Knitters Ltd	Plot No. 1175 And 1179 Bashan, Sarak, Vogra, National University,	508,799	508,799	-
Garib & Garib Company Ltd	Vogra, Gazipur Sadar, Gazipur-1702, Bangladesh.	22,302,818	12,419,338	9,883,480
Golden Times Sweater & Dyeing Ltd	Mulaied Maona Chowrasta, Sreepur,Gazipur,	4,958,100	4,958,100	-
Haesong Corporation Ltd	Cs-457, Rs-108 (3Rd And 4Th Floor), Hizalhati, Baroipara, Kaliakair, Gazipur, Bangladesh.	8,506,014	8,223,678	282,336
Haesong Sweater Ltd	Hizalhati (Baroipara) Kaliakair, Gazipur-1750 Bangladesh	3,747,733	3,747,733	-
Hot Dress Ltd	Fact: Kalma, P.O:-Dairy Farm, Ps: Savar, Ho: Eastern Nibash,138, Gulshan Avenue, Dhaka-1212, Bangladesh.	4,114,043	4,114,043	-
Iris Fashions Ltd	Zirabo, Savar, Dhaka, Bangladesh	6,840,604	6,840,604	-
Jazz Sweater Ltd	216, Chaidana, P.O.National University , Gazipur, Bangladesh.	2,587,066	2,587,066	-
Jonayed Sweater Link	Factory: Nowpara, Madhabdi-1604 Narshingdi, Bangladesh.	2,995,440	2,995,440	-
Kores Bangladesh Ltd	Khordogoshpara, Sanarpar,	1,801,392	1,801,392	-
Lakhsma Sweaters Ltd	Joy Bangla Sarak, Khaikoir, Kb Bazar, Gazipur, Bangladesh.	672,649	672,649	-
Lusine Fashion Ltd	36, Gazipura, Rahmat Complex, Sataish Road, Tongi, Gazipur-1712, Bangladesh.	21,760,438	21,760,438	-
M.T Sweaters Ltd	Gacha, Plot No.1703-4, Post-Gacha, Gazipur Sadar, Gazipur	717,744	717,744	-
Madinaple Fashion Craft Ltd	Plot No. 193, Diakhali, Jamgora, S.S Industrial Park, Ashullia Depz	5,545,871	5,545,871	-
Magpie Knit Wear Ltd	Plot No.141, Yarpur, Zirabo, Savar Dhaka, Bangladesh.	1,795,186	190,493	1,604,693
Mahdeen Sweaters Ltd	Jamirdia, Valuka, Mymensingh	472,200	472,200	-
Mark Sweater Ltd	Surabari, Kashimpur, Gazipur Sadar Gazipur, Bangladesh.	3,364,819	3,364,819	-
Master Knitwear Ltd	Mouza-Kamarpukur,P.S Saidpur,District.Nilphamari,Bangladesh	66,934	66,934	-
Mastercham Ltd	Reaz Tower (3Rd Floor)	12,075,512	341,971	11,733,540
Meditex Industries Ltd	Plot: 912, Konabari, Kashimpur, Gazipur, Head Office; House:341, Road: 05, Dohs	20,371,137	20,371,137	-
Meek Sweater Ltd	Noor Complex, Aouchpara, Sataish Link Road, Gazipur, Bangladesh.	3,600,328	931,651	2,668,678
Merlin Kntwear Ltd	Nilnagar, Konabari Newmarket, Konabari, Gazipur.	7,325,620	7,325,620	-
Mim Design Ltd	Vogra, Bashan Sarak, Gazipur, Bangladesh.	25,847,229	25,847,229	-
Moni Fashion Ltd	Sardagonj, Kasimpur Gazipur	3,821,593	-	3,821,593
Natural Sweater Village Ltd	Raju Tower, Gouripur, Ashulia, Savar	1,821,397	1,821,397	-



Nexus Sweater Ind. (Pvt) Ltd	Vogra, Joydebpur, Gazipur	3,601,312	3,601,312	-
Oasis Fashion Ltd	591, Gacha, Board Bazar, Gazipur, Bangladesh.	23,036,977	23,036,977	-
Odessa Fashions Ltd	Nalzani, Chandana, Joydevpur, Gazipur,	18,179,094	18,179,094	-
One Up Sweaters Ltd	122-123, Choydana, Po. National University	8,125,004	8,125,004	-
Orbitex Knitwear Ltd.	Gorat, Ashulia, Dhaka-1341	393,517	393,517	-
Pacific Sweaters Ltd	Dattapara (4/5, Shalikchura), Tongi, Gazipur, Bangladesh.	4,599,440	4,599,440	-
Pandora Fashion Ltd	Badekalmeswar, Signboard, K.B. Bazar, Gazipur, Bangladesh.	269,154	269,154	-
Pandora Sweater Ltd	Gilarchala, Masterbari, Sreepur, Gazipur	8,018,216	8,018,216	-
Pioneer Knitwears (Bd) Ltd	Jamirdia, Habirbari, Valuka, Mymensingh,	4,265,390	4,265,390	-
Polygon Fashion Ltd	I-923, Kashimpur Road, Konabari, Gazipur, Bangladesh.	2,508,799	2,508,799	-
Pretty Sweaters Ltd	Factory: Kuliarchar Tower, Chaydana, National University	143,077	143,077	-
Pro Makers Sweater Ind. Ltd	Degarchala, National University, Gazipur, Bangladesh.	7,530,469	7,530,469	-
Probridhi Apparels Ltd	Factory: Channapara, Sreepur, Gazipur	7,170,731	7,170,731	-
Rgr Sweater Ltd	Madhakhala, Sreepur, Gazipur, Bangladesh.	6,223,321	5,964,398	258,923
River Side Sweater Ltd	Hasnabad, Ecuria, P.O. Dhaka, Jute Mills Ltd. Keranigonj, Dhaka-1311,	1,746,747	1,746,747	-
Rose Sweaters Ltd	Vogra, Bypass Bishaw Road, Joydevpur, Gazipur, Bangladesh.	1,644,437	1,644,437	-
Running Fashions Ltd	C-124-125, Bscic Ind. Area, Tongi Gazipur	4,477,715	109,865	4,367,850
Sahaba Yarn Ltd	Fac: Bishuya Kuribari, Union, Mirzapur, Upazilla Gazipur Sadar,	2,546,929	2,546,929	-
Scandex Knitwear Ltd	Polt. 42-51, Aepz, Adamjee Nagar, Shidhirgonj, Narayanganj,	15,209,015	10,221,403	4,987,613
Sea Lim Trading Co. Ltd.	West Shoilodubi, Kashimpur, Joidevpur, Gazipur,	591,824	591,824	-
Sf Sweaters Ltd	South Salna (Opposite Abc Complex), P.O-Salna Bazar, Gazipur,	116,374	116,374	-
Shahrin Fashion Wear Ltd	411-412, North Khailkur, Board Bazar, Joydebpur, Gazipur-1704	148,743	148,743	-
Shomahar Sweaters Ltd	A-99/1, Bokterpur, Kaliakoir Gazipur, Bangladesh	1,821,118	1,821,118	-
Sinha Knit Industries Ltd	Chamurkhan, Uttarkhan Uttara, Dhaka-1230 Bangladesh	543,990	543,990	-
Smh New Generation Apparels Ltd	Dune Tower, 92, Kodda Bazar, Tangail Road, Gazipur Sadar	343,762	343,762	-
Smug Sweater Ltd	Telepara, Chandona, Gazipur, Bangladesh.	6,235,263	6,235,263	-



QUEEN SOUTH TEXTILE MILLS LTD.

Softex Sweater Industries (Pvt.) Ltd	Plot No. 165-166, Dhaka Epz, (Extension Area), Ganakbari,	1,118,170	1,118,170	-
Sonia And Sweaters Ltd	Plot No.604, Kondolbagh, Taibpur, Ashulia Road	928,876	928,876	-
Southeast Sweaters Ltd	Factory: Ashutia, Dhour, Uttara, Dhaka, Bangladesh.	391,749	391,749	-
Southern Clothings Ltd	Zirabo, Ashulia, Savar, Dhaka-1341, Bangladesh	713,966	713,966	-
Space Sweater Ltd	Factory-Parijat, Konabari, Gazipur, Bangladesh	4,389,782	2,882,029	1,507,753
Spectra Sweaters Ltd	31/2, (1St-4Th Floor), Himardighi, P.O.Monnu, Nagar, Tongi, Gazipur, Bangladesh.	8,718,386	8,718,386	-
Sq Celsius Ltd	Beraiderchala, Keowa, Maona, Sreepur, Gazipur, Bangladesh.	15,029,567	15,029,567	-
Sung Kwang Apparels Ltd	Plot No: 1384-86, 1420-21, Vogra, Bason Sarak, Chandona, Gazipur, Bangladesh.	1,054,423	1,054,423	-
Swanlon Company Ltd.	Plot No. 51-53, Depz, Ganakbari, Savar	944,424	944,424	-
T-Design Sweaters Ltd	Nilnagar, Konabari, Gazipur, Bangladesh.	391,670	391,670	-
That'S It Knit Ltd	119 And 145, Narasinghpur, Ashulia, Savar, Dhaka, Bangladesh.	6,300,734	6,300,734	-
That'S It Sweater Ltd	145, Narashingpur, Ashulia, Savar, Dhaka, Bangladesh.	16,094,819	16,094,819	-
Titas Sweater Industries Ltd	Kashimpur Road, Konabari, Gazipur, Bangladesh.	8,486,693	8,486,693	-
Unicorn Sweaters Ltd	Baron, Earpur Union, Savar, Dhaka	141,188	141,188	-
Winter Dress Ltd	1, Kolma, Dairy Firm Savar Dhaka	5,089,726	5,089,726	-
Zemtex Linkage Industries Ltd	203-204, Bashugaon, Pubail, Gazipur, Bangladesh	447,567	447,567	-
Zon Ron Sweaters Ltd	Nishchintapur, Asholia Epz Road, Zirabo, Savar, Dhaka, Bangladesh.	1,938,420	1,938,420	-
Kingpro Manufacturing Co. Ltd.	Holding No:112/4,Road No.05, Ward No.01,Block-B,Vill-Kuthuria,Ashulia, Savar,Dhaka, Bangladesh	9,993,736	-	9,993,736
Marster Kintwear Ltd	Mouza-Kamarpukur,P.S Saidpur,District.Nilphamari,Bangladesh	1,645,026	-	1,645,026
Viva Spinning Mlls Ltd	Plot 88-89,Depz Extension Area ,Ganakbari,Dhaka	1,442,441	-	1,442,441
Gemmy Ltd	Ahad Nagar, Baipail-Kaisabari Road,Ganakbari,Ashulia, Svar, Dhaka, Bangladesh	16,160,258	11,568,900	4,591,358
Total		493,629,062	402,690,739	90,938,323



QUEEN SOUTH TEXTILE MILLS LTD.

Annex-02

To Whom It May Concern

This is to certify that the Audit report of Queen South Textile Mills Limited for the period ended December 31, 2016 is signed by Mr. Abu Kaiser FCA on February 9, 2017 who is a partner of Mahfel Huq & Co., Chartered Accountants hereby takes all responsibilities and liabilities in this regard.

Place: Dhaka
Date: 3 July, 2017

Sd/-
Mahfel Huq & Co.
Chartered Accountants



36. Note: 27.2 of the audited financial statements for the period ended December 31, 2016 shall be read as follows:

27.2 Related party disclosures

The Company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures". The Company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties. Total transactions of the significant related parties as at 31.12.2016 are as follows:

a)

Name of Related Party	Relationship	Nature of Transaction	Opening Balance	Transaction / Adjustment during the period Dr./ (Cr.)	Closing Balance Dr./ (Cr.)
Gain Plus Agents Limited	Common Management	Trade Payable	(304,980,886)	146,978,475	(158,002,411)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(417,212,199)	(1,596,475)	(418,808,674)
Globalmax Textile Co. Limited	Common Management	Trade Receivable/Payable	(714,996)	(21,870,914)	(22,585,910)
Kingpro Trading Limited	Common Management	Trade Payable	(135,543,702)	112,443,548	(23,100,154)
Queensin Ltd	Common Management	Trade Payable	(12,327,628)	(7,791,252)	(20,118,880)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable	11,059,198	(1,065,462)	9,993,736

b) **Key Management Personnel:**

As per Company Act, 1994 part-II, Schedule-XI (4) The profit and loss account will give by way of a note detailed information, showing separately the following payments provided or made during the financial period to the directors, including managing director, the managing agents or manager, if any, by the company, subsidiaries of the company and any other person:-

No.	Particulars	1-Jul-2016 to 31-Dec-2016	1-Jul-2015 to 31-Dec-2015
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	Nil	Nil
(b)	Expenses reimbursed to Managing Agent	Nil	Nil
(c)	Commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil



(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	Nil	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	Nil	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
(g)	Other allowances and commission including guarantee commission	Nil	Nil
(h)	Pensions etc.	-	-
	(i) Pensions	Nil	Nil
	(ii) Gratuities	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil	Nil
(i)	Share Based payments	Nil	Nil

As per BAS- 24:

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term employee benefits	5,028,524	4,266,090
(b) Post-employee benefits	-	-
(c) Other long term benefits	-	-
(d) termination benefits and	-	-
(e) share- based payment	-	-
Total:	5,028,524	4,266,090

**Dated: Dhaka
June 5, 2017**

**Sd/-
Mahfel Huq & Co.
Chartered Accountants**



37. Statement of Profit or loss and other comprehensive income as per paragraph 64 of BAS-33 shall be read as follows:

Queen South Textile Mills Limited
Statement of Profit or Loss and Other Comprehensive Income
for the period from 1 July 2016 to 31 December 2016

	<u>Notes</u>	<u>Amount in Taka</u> 1-Jul-2016 to <u>31-Dec-2016</u>	<u>Amount in Taka</u> 1-Jul-2015 to <u>31-Dec-2015</u>	<u>Amount in Taka</u> 1-Oct-2016 to <u>31-Dec-2016</u>	<u>Amount in Taka</u> 1-Oct-2015 to <u>31-Dec-2015</u>
Revenue	18	1,670,293,328	1,536,448,221	782,682,285	700,929,794
Cost of Sales	19	(1,505,255,293)	(1,395,821,687)	(706,164,243)	(637,345,791)
Gross profit		165,038,035	140,626,534	76,518,042	63,584,003
Add: Foreign Currency Gain/(Loss)		(1,188,370)	(882,849)	1,340,796	2,062,982
Add: Other Income		58,354	24,069	58,354	24,069
Less: Operating Expenses:		(52,760,753)	(44,359,219)	(26,434,416)	(22,897,039)
Distribution Costs	20	(6,958,067)	(7,039,158)	(3,412,855)	(3,616,322)
Administrative Expenses	21	(45,802,686)	(37,320,061)	(23,021,561)	(19,280,717)
Operating profit		111,147,266	95,408,535	51,482,776	42,774,015
Less: Financial Expenses	22	(36,763,400)	(37,344,681)	(20,311,234)	(18,435,964)
Net profit before tax		74,383,866	58,063,854	31,171,542	24,338,051
Income tax expenses	23	(11,932,884)	(8,814,598)	(5,451,036)	(3,755,727)
Net Profit / (Loss) during the year		62,450,982	49,249,256	25,720,506	20,582,324
Earnings per share	24	0.86	0.70	0.34	0.29

Sd/-

Mahfel Huq & Co.
Chartered Accountants

Dated: Dhaka
April 23, 2017



Management Additional Disclosure for Subsequent Status of Accounts Receivables

Date: 16 August 2017

Subsequent status of Accounts Receivable

Buyer Name	Amount in Taka			Remarks
	Balance as on 31 December 2016	Realized Amount	Unrealized amount	
A Plus Sweater Ltd	135,392	135,392	-	
Ajax Sweaters Ltd	12,688,573	12,688,573	-	
Annesha Style Ltd	699,289	699,289	-	
A-One Sweater (Bd) Ltd	241,019	241,019	-	
Asr Sweater Ltd	8,743,570	8,743,570	-	
Aurum Sweater Ltd	474,049	474,049	-	
Avant Grade	165,006	165,006	-	
Bangladesh Spinners & Knitters (Pvt.) Ltd	660,667	660,667	-	
Bhml Sweaters Ltd	4,575,736	4,575,736	-	
Body Fashion (Pvt) Ltd	8,671,544	8,671,544	-	
Chittagong Knitters (Pvt) Ltd	3,000,918	3,000,918	-	
Convince Apparels Ltd	539,764	539,764	-	
Crony Tex Sweater Ltd	3,568,927	3,568,927	-	
D & S Pretty Fashions Ltd	25,520,505	25,520,505	-	
Daeyu Bangladesh Ltd	779,964	779,964	-	
Designtex Sweaters Ltd	121,651	121,651	-	
Disney Sweater Ltd	8,265,704	8,265,704	-	
Dody Exportwear Ltd	97,332	97,332	-	
Dynasty Knit Fashions Ltd	1,376,502	1,376,502	-	
Dynasty Sweater (Bd) Ltd	2,475,213	2,475,213	-	
Everbright Sweater Ltd	9,408,467	9,408,467	-	
Evergreen Products	56,245	56,245	-	
Fashionit Company Ltd	2,830,324	2,830,324	-	
Fullcharm Fashion Knitters Ltd	508,799	508,799	-	
Garib & Garib Company Ltd	22,302,818	22,302,818	-	
Golden Times Sweater & Dyeing Ltd	4,958,100	4,958,100	-	
Haesong Corporation Ltd	8,506,014	8,506,014	-	
Haesong Sweater Ltd	3,747,733	3,747,733	-	
Hot Dress Ltd	4,114,043	4,114,043	-	
Iris Fashions Ltd	6,840,604	6,840,604	-	
Jazz Sweater Ltd	2,587,066	2,587,066	-	
Jonayed Sweater Link	2,995,440	2,995,440	-	
Kores Bangladesh Ltd	1,801,392	1,801,392	-	
Lakhsma Sweaters Ltd	672,649	672,649	-	
Lusine Fashion Ltd	21,760,438	21,760,438	-	
M.T Sweaters Ltd	717,744	717,744	-	
Madinaple Fashion Craft Ltd	5,545,871	5,545,871	-	
Magpie Knit Wear Ltd	1,795,186	1,795,186	-	
Mahdeen Sweaters Ltd	472,200	472,200	-	
Mark Sweater Ltd	3,364,819	3,364,819	-	
Master Knitwear Ltd	66,934	66,934	-	
Mastercham Ltd	12,075,512	12,075,512	-	
Meditex Industries Ltd	20,371,137	20,371,137	-	
Meek Sweater Ltd	3,600,328	3,600,328	-	
Merlin Kntwear Ltd	7,325,620	7,325,620	-	
Mim Design Ltd	25,847,229	25,847,229	-	
Moni Fashion Ltd	3,821,593	-	3,821,593	Mature at 12/10/2017



QUEEN SOUTH TEXTILE MILLS LTD.

Natural Sweater Village Ltd	1,821,397	1,821,397	-	
Nexus Sweater Ind. (Pvt) Ltd	3,601,312	3,601,312	-	
Oasis Fashion Ltd	23,036,977	23,036,977	-	
Odessa Fashions Ltd	18,179,094	18,179,094	-	
One Up Sweaters Ltd	8,125,004	8,125,004	-	
Orbitex Knitwear Ltd.	393,517	393,517	-	
Pacific Sweaters Ltd	4,599,440	4,599,440	-	
Pandora Fashion Ltd	269,154	269,154	-	
Pandora Sweater Ltd	8,018,216	8,018,216	-	
Pioneer Knitwears (Bd) Ltd	4,265,390	4,265,390	-	
Polygon Fashion Ltd	2,508,799	2,508,799	-	
Pretty Sweaters Ltd	143,077	143,077	-	
Pro Makers Sweater Ind. Ltd	7,530,469	7,530,469	-	
Probridhi Apparels Ltd	7,170,731	7,170,731	-	
Rgr Sweater Ltd	6,223,321	5,964,398	258,923	Mature at 18/08/2017
River Side Sweater Ltd	1,746,747	1,746,747	-	
Rose Sweaters Ltd	1,644,437	1,644,437	-	
Running Fashions Ltd	4,477,715	4,477,715	-	
Sahaba Yarn Ltd	2,546,929	2,546,929	-	
Scandex Knitwear Ltd	15,209,015	15,209,015	-	
Sea Lim Trading Co. Ltd.	591,824	591,824	-	
Sf Sweaters Ltd	116,374	116,374	-	
Shahrin Fashion Wear Ltd	148,743	148,743	-	
Shomahar Sweaters Ltd	1,821,118	1,821,118	-	
Sinha Knit Industries Ltd	543,990	543,990	-	
Smh New Generation Apparels Ltd	343,762	343,762	-	
Smug Sweater Ltd	6,235,263	6,235,263	-	
Softex Sweater Industries (Pvt.) Ltd	1,118,170	1,118,170	-	
Sonia And Sweaters Ltd	928,876	928,876	-	
Southeast Sweaters Ltd	391,749	391,749	-	
Southern Clothings Ltd	713,966	713,966	-	
Space Sweater Ltd	4,389,782	4,389,782	-	
Spectra Sweaters Ltd	8,718,386	8,718,386	-	
Sq Celsius Ltd	15,029,567	15,029,567	-	
Sung Kwang Apparels Ltd	1,054,423	1,054,423	-	
Swanlon Company Ltd.	944,424	944,424	-	
T-Design Sweaters Ltd	391,670	391,670	-	
That's It Knit Ltd	6,300,734	6,300,734	-	
That's It Sweater Ltd	16,094,819	16,094,819	-	
Titas Sweater Industries Ltd	8,486,693	8,486,693	-	
Unicorn Sweaters Ltd	141,188	141,188	-	
Winter Dress Ltd	5,089,726	5,089,726	-	
Zemtex Linkage Industries Ltd	447,567	447,567	-	
Zon Ron Sweaters Ltd	1,938,420	1,938,420	-	
Kingpro Manufacturing Co. Ltd.	9,993,736	9,993,736	-	
Marster Kintwear Ltd	1,645,026	1,645,026	-	
ViVa Spinning Mills Ltd	1,442,441	1,442,441	-	
Gemmy Ltd	16,160,258	16,160,258	-	
Total	493,629,062	489,548,546	4,080,516	

Sd/-

Goutam Chandra Roy

Chief Financial Officer

Queen South Textile Mills Limited

Sd/-

Wong Jammy Kwok Chan

Managing Director & Director
Queen South Textile Mills Limited



SECTION - XXXI

ANNEXURE



ANNEXURE: 01	AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017
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**Independent Auditor's Report
To the shareholders of
Queen South Textile Mills Limited**

Report on the Financial Statements

We have audited the accompanying Financial Statements of Queen South Textile Mills Limited which comprises the Statement of Financial Position as at 30 June 2017, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards, the Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

in our opinion, the financial statements prepared in accordance with the Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS) present fairly, in all material respects, the financial position of the company as at 30 June 2017 and the result of its operation and its cash flows for the year then ended and comply with the Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on other legal matters:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- c) the company's financial statements dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purpose of company's business.

Dated, Dhaka
26 October 2017

Sd/-
MAHFEL HUQ & Co.
Chartered Accountants



**Queen South Textile Mills Limited
Statement of Financial Position
As at 30 June 2017**

	<u>Notes</u>	<u>Amount in Taka</u> <u>30-Jun-2017</u>	<u>Amount in Taka</u> <u>30-Jun-2016</u>
Assets:			
Non-current assets		700,314,214	701,511,121
Property, plant and equipment	5	700,314,214	661,006,035
Capital work in progress	6	-	40,505,086
Current assets:		2,313,004,252	2,164,625,294
Inventories	7	1,353,410,576	1,396,783,451
Trade and Other receivables	8	820,765,892	619,161,933
Advances, deposits and prepayments	9	97,498,555	74,822,835
Investments-FDR	10	22,840,140	22,074,707
Cash & Cash Equivalent	11	18,489,089	51,782,368
Total Assets		3,013,318,466	2,866,136,415
Equity and liabilities			
Shareholder's equity		1,463,101,279	1,167,158,350
Share capital	12	851,500,000	143,750,000
Retained earnings	13	611,601,279	1,023,408,350
Non-current liabilities		480,169,603	496,575,651
Long-term borrowing	14	436,289,605	455,972,530
Deferred tax liability (Annexure: F)		43,879,998	40,603,121
Current liabilities		1,070,047,584	1,202,402,414
Trade and other payables	15	578,059,984	663,284,938
Current portion of long term borrowing		32,489,870	33,367,042
Short-term borrowing	16	331,031,264	422,211,515
Liabilities for Expenses	17	85,005,684	62,783,768
Income Tax provision	18	43,460,782	20,755,151
Total liabilities		1,550,217,187	1,698,978,065
Total Equity and Liabilities		3,013,318,466	2,866,136,415
NAVPS (Net Assets Value Per Share)		17.18	81.19

The annexed notes form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Managing Director	Director	Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
October 26, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



Queen South Textile Mills Limited
Statement of Profit or Loss and Other Comprehensive Income
for the period from 01 July 2016 to 30 June 2017

<u>Notes</u>		<u>Amount in Taka</u> <u>1-Jul-2016</u> <u>to</u> <u>30-Jun-2017</u>	<u>Amount in Taka</u> <u>1-Jul-2015</u> <u>to</u> <u>30-Jun-2016</u>
Revenue	19	3,637,391,178	3,274,256,462
Cost of Sales	20	(3,274,758,759)	(2,960,818,371)
Gross Profit		362,632,419	313,438,091
Foreign Currency Gain/(Loss)		(8,543,990)	(925,321)
Other Income		339,785	94,471
Operating Expenses:		(108,533,761)	(97,829,452)
Distribution Costs	21	(16,266,165)	(14,156,182)
Administrative Expenses	22	(92,267,596)	(83,673,270)
Operating profit		245,894,453	214,777,789
Financial Expenses	23	(73,969,016)	(66,463,196)
Net profit before tax		171,925,437	148,314,593
Income tax expenses	24	(25,982,508)	(24,462,947)
Net Profit / (Loss) during the year		145,942,929	123,851,646
Earnings per share		1.85	1.77

The annexed notes form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Managing Director	Director	Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
October 26, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



Queen South Textile Mills limited
Statement of Cash Flows
for the period from 01 July 2016 to 30 June 2017

Particulars	Notes	Amount in Taka 1-Jul-2016 to 30-Jun-2017	Amount in Taka 1-Jul-2015 to 30-Jun-2016
A. Cash flows from operating activities:			
Cash received from customer & other income	26	3,462,745,977	3,284,916,508
Cash paid to Suppliers and employees	27	(3,338,882,029)	(3,131,266,809)
Income Tax Paid/Deducted at Source		(22,586,706)	(20,955,975)
Net Cash provided by operating activities		101,277,242	132,693,724
B. Cash flows from investing activities:			
Acquisition of property, plant and Equipment		(44,494,375)	(6,076,511)
Addition in Capital Work in Progress		(33,087,040)	(40,505,086)
Investments-FDR		(145,283)	(94,471)
Net Cash used in investing activities		(77,726,698)	(46,676,068)
C. Cash flows from financing activities:			
Proceeds from issuance of shares		150,000,000	-
Financial Expenses		(73,969,016)	(66,463,196)
Short term bank loan (paid)/Received		(99,610,804)	14,852,672
Long Term Bank Loan (paid)/Received		(33,558,886)	4,961,840
Net Cash from financing Activities		(57,138,706)	(46,648,684)
Net Decrease in cash & cash equivalents (A+B+C)		(33,588,162)	39,368,972
Unrealized Foreign Exchange Gain/(Loss)		294,883	(3,608,208)
Cash & cash equivalents at the beginning of the year		51,782,368	16,021,604
Cash & cash equivalents at the end of the year		18,489,089	51,782,368
Net Operating Cash Flow per share		1.28	1.89

The annexed notes are the integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Chief Financial Officer	Company Secretary	Managing Director	Director	Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
October 26, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



Queen South Textile Mills Limited
Statement of Changes in Equity
for the period from 01 July 2016 to 30 June 2017

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2016	143,750,000	1,023,408,350	1,167,158,350
Fresh Issuance of Shares Capital	150,000,000	-	150,000,000
Stock Dividend @ 388%	557,750,000	(557,750,000)	-
Net profit for the period	-	145,942,929	145,942,929
Balance at 30 June 2017	851,500,000	611,601,279	1,463,101,279

Queen South Textile Mills Limited
Statement of Changes in Equity
for the period from 01 July 2015 to 30 June 2016

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2015	143,750,000	900,228,671	1,043,978,671
Net profit for the period	-	123,851,646	123,851,646
Prior Year Tax Paid		(671,967)	(671,967)
Balance at 30 June 2016	143,750,000	1,023,408,350	1,167,158,350

The annexed notes are the integral part of these financial statements.

Sd/- Sd/- Sd/- Sd/- Sd/-
Chief Financial Officer Company Secretary Managing Director Director Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
October 26, 2017

Sd/-
MAHFEL HUQ & CO
Chartered Accountants



Queen South Textile Mills Limited
Notes to the financial statements
for the period from 01 July 2016 to 30 June 2017

1 Legal form of the enterprise

Queen South Textile Mills Ltd was incorporated as a private limited company in Bangladesh on 15th June, 2003 under the Companies Act- 1994 and the registration number is C-49529(11513)/2003. The company was converted into a public limited company on 25 January 2016. The company went into commercial operation on 1st June 2005.

Address of registered office of the company and factory of the company

The address of the registered office is at plot No. 85-88, Extension Area, Dhaka Export Processing Zone, Savar, Dhaka, Bangladesh. The company carrying out its production activities on factory premises constructed on leased land from DEPZ.

Nature of business

Queen South Textile Mills Limited is a 100% export oriented textile manufacturing Company engaged in dying of yarn for consumption by sweater industry through local LC (Deemed Export). Queen South Textile Mills Ltd. set up business establishment in the export -processing zone, Dhaka.

2 Basis of preparation

2.01 Corporate financial statements and reporting

This comprises Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and other explanatory notes covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at reporting date. Due to the inherent uncertainty involved in making estimates, actual result could differ from those estimates.

2.02 Fundamental accounting concepts/ assumptions

The financial statements have been prepared based on Going concern assumption, Consistency concept, Accrual basis and such other convention as required by BAS-1 for fair presentation of financial statements.

2.03 Going concern

The company has adequate resources to continue its operation for the foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.04 Compliance with BAS & BFRS

The following BAS is applicable to the financial statements for the period under review:

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Cash Flows Statement
BAS 8	Accounting policies, Changes in Accounting Estimates and Errors
BAS 10	Events after the Balance Sheet Date
BAS 12	Income Taxes
BAS 16	Property, Plant and Equipment



BAS 18	Revenue
BAS 19	Employee Benefits
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Costs
BAS 24	Related Party Disclosures
BAS 32	Financial Instruments: Presentation
BAS 33	Earnings Per Share
BAS 36	Impairment of Assets
BAS 37	Provision, Contingent Liabilities and Contingent Assets
BAS 39	Financial Instruments: Recognition and Measurement

The following BFRS is applicable to the financial statements for the period under review:

BFRS 1	First-time Adoption of Bangladesh Financial Reporting Standards
BFRS 7	Financial Instruments: Disclosures

2.05 Reporting period

The period of the financial statements covers from 1 July 2016 to 30 June 2017.

2.06 Events after the reporting period.

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period)

Adjusting Events after the reporting period, "Post Balance Events" that provide additional information about the company's position at the balance date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

2.07 Functional and presentational (Reporting) currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

2.08 Comparative information and rearrangement thereof

Comparative information has been disclosed in respect of the previous period for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period financial statements. Previous year's figures have been re-arranged/re-stated whenever considered necessary to ensure comparability with the current period presentation as per BAS-8: Accounting Policies, Changes in Accounting Estimates and Errors.

2.09 Summary of significant accounting policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in prior periods.

For a proper understanding of the financial statements, these accounting policies are set out in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

2.10 Recognition of tangible fixed assets

Tangible assets have been at cost less accumulated depreciation (Written down value). The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended used. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that expenditure has resulted in an increase in the future economic benefit expected to be obtained from the used of the fixed assets, the expenditure is capitalized as an additional cost of the assets.



On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and the net sales proceeds.

2.11 Depreciation of tangible fixed assets

Depreciation on all fixed assets is computed consistently using the reducing balance method on monthly basis so as to write off the assets over their expected useful life from the date when the corresponding assets are ready for use as per management intention. No depreciation has been charged after the date of retirement.

After considering the useful life of assets as per BAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

<u>Category of fixed assets</u>	<u>Rate of depreciation (%)</u>
Machinery & Equipment	15%
Building	5%
Furniture and fixture	20%
Office equipment	25%
Electrical Installation	5%
Vehicles	20%

2.12 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates exclusive of VAT as per BAS-18, Revenue. Revenue is recognized when the significant risks and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably & there is no continuing management involvement with the goods sold. Transfer of risk and rewards occurs for the sale of goods when the product is delivered along with dispatch documents, L/Cs and invoices to customers.

Interest Income

Revenue arising from the use by others of entity assets yielding interest shall be recognized when

- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the amount of the revenue can be measured reliably

2.13 Employee Benefits:

The company maintains defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds.

The company has accounted for and disclosed employee benefits in compliance with the provision of BAS 19 : Employee Benefits

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following.

Defined Contribution Plan (provident fund)

The company got recognition from commissioner of Taxes its provident fund scheme (Defined Contribution Plan) vide order no: নথি নং - আ - ৪/কঃ অঃ - ৪/২০০৭-২০০৮/ for employees of the company eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. All permanent employees contribute to the provident fund and the company also makes equal contribution.

Queen South Textile Mills Limited (QSTML) is a 100% export oriented company and member of Bangladesh EPZ Investors' Association (BEPZIA). As per Section 232 of Bangladesh Labour (Amendments) Act. 2013, which states that in subsection 2 " The Government may by notification in the official gazette apply this



chapter to such other companies as it may specify therein.” And in Sub-section 3 “notwithstanding anything contained in the sub-section (1) and (2), in Industrial Sector which is hundred percent export oriented or which is hundred percent foreign invested. The government may, by rules, for the beneficiaries working in such sectors, from sector-wise a central fund consolidating buyers and owners, fund management board, determine amount of donation and procedure for recovery thereof, adopt rules for using money of that fund and relevant other rules. Provided that, such board, may very prior approval of government adopt regulations for the purpose of this section.” For the above reason management didn’t start making provision for WPPF because of the fact that Government has not yet constituted any Board for fund raise and utilization. The board shall formulate the rules for determination of subscription, procedure of collection and utilization of fund. QSTML is a 100% export oriented company also the Member of BEPZIA, that’s why they did not recognize WPPF in the financial statements.

2.14 Trade and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Average Cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Cash and Cash Equivalents

Cash in hand, cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

2.17 Statements of Cash Flows:

Cash Flows Statement is prepared principally in accordance with BAS-7 “Statement of Cash Flows” and the cash flows from the operating activities have been presented under direct method.

2.18 Accounting Policies, Changes in Accounting Estimates and Errors:

Changes in accounting policies:

An entity shall change an accounting policy only if the change:

- (a) is required by an BFRS; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, Financial performance or cash flows.

Changes in Accounting estimates:

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, asset and liabilities. Change in accounting estimates result from new information or new development and, accordingly, are not corrections of errors.

Errors:

An entity shall correct material prior period errors retrospectively in the first set of financial statement authorised for issue after their discovery by:

- a) restating the comparative amounts for the prior period presented in which the error occurred; or
- b) if the error occurred before the earliest prior period presented, restating the opening balances of assets liabilities and equity for the earliest prior period presented.



2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.2 Income-tax expense

In pursuance of section 44(4) (b) of the Income Tax Ordinance , 1984 (XXXVI of 1984) and cancelling the notification No. SRO 289- Ain /89, dated 17 August 1989, all industries operation in the Export processing zones of Bangladesh have been exempted from payment of income tax for a period of 10 years from an industry goes into commercial production. The tax holiday period of the company expired on June 30, 2015

Current Tax:

Provision for income tax has been made @ 15% on net profit before tax of the company except other income as per Income Tax Ordinance 1984. However provision @ 35% has been made on other income of the company.

Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

2.21 Foreign Currency Transaction:

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

2.22 Related party disclosures

During the period the Company carried out a number of transaction with related parties in the normal course of business on an arms length basis. The name of those related parties , nature of those transactions and their value have been set out in accordance with BAS 24 in note -28.1

2.23 Financial Instruments

A financial instrument is any contract that gives rise to financial assets and a financial liability or equity instrument of another entity.

Financial assets:

Financial assets of the company include cash and cash equivalents, accounts receivable , other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated . All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction .The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows



on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

Financial liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities includes payable for expense, liability for capital expenditure and other current liabilities.

2.24 Earnings Per Share

This has been calculated in compliance with the requirement of BAS-33 : Earnings per share by dividing the net earnings attributable to the share holders by the weighted average number of ordinary shares outstanding during the year.

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

This represents earning for the period attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding during the year/period.

Diluted Earnings per share

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company. Hence, Diluted EPS of the company is same as basic EPS.

2.25 Impairment of Assets:

I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc. No such impairment has been occurred during the period.

II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset shall be treated as a revaluation decrease. No such impairment has been raised till the reporting date.

2.26 Provision, Contingent Liabilities and Contingent Assets :

Provisions

A provision shall be recognized when:

- a) an entity has a present obligation (legal or constructive) as a result of a past event.
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognized

Contingent Liabilities and Contingents Assets are present or possible obligations or on liabilities or assets, arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with BAS-37.



2.27 Intangible Assets

In Compliance with the requirements of BAS, 38 Intangible Assets '

The following terms are used in this Standard with the meanings specified:

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An asset is a resource:

- (a) controlled by an entity as a result as past events; and
- (b) From which future economic benefits are expected to flow to the entity.

An intangible asset shall be recognized if , and only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and
- (b) the cost of the asset can be measured reliably

3.00 Financial statements comprises:

- (a) Statement of Financial Position as at 30 June 2017.
- (b) Statement of Profit or Loss and other Comprehensive income for the year from 1 July 2016 to 30 June 2017.
- (c) Statement of Changes in equity for the year from 1 July 2016 to 30 June 2017.
- (d) Statement of Cash Flows for the year from 1 July 2016 to 30 June 2017.
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information.

4.00 Risk exposure

Interest rate risk

Interest rate risk is the risk that Company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/ investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

Management perception

The Company maintains low debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation is insignificant.

Exchange rate risk

Exchange rate risk occurs due to changes in exchange rates. As the Company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate increases against local currency, opportunity arises for generating more profit.

Management perception

The products of the company are sold in foreign currency and the transaction is settled within very short period. Therefore, volatility of exchange rate will have no impact on profitability of the Company.

Industry risks

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

Management perception

Management is optimistic about growth opportunity in textile sector in Bangladesh. Furthermore there is untapped international market.

Market risks

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

Management perception

Management is fully aware of the market risk, and act accordingly. Market for textile products in Bangladesh is growing at an exponential rate. Moreover the company has a strong marketing and brand management to increase the customer base and customer loyalty.



Operational risks

Non-availabilities of materials/equipment/services may affect the smooth operational activities of The Company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

Management perception

The company perceives that allocation of its resources properly can reduce this risk factor to great extent. The Company hedges such risks and also takes preventive measures therefore.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

Management perception

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.



	<u>30-Jun-2017</u>	<u>30-Jun-2016</u>
5 Property, plant and equipment (PPE)		
Cost:		
Opening Balance	1,396,346,031	1,393,777,329
Addition during the period	118,086,501	2,568,702
	1,514,432,532	1,396,346,031
Less: Accumulated Depreciation:		
Opening Balance	735,339,996	688,709,477
Charged during the period	78,778,322	46,630,519
	814,118,318	735,339,996
Written Down Value	700,314,214	661,006,035
Included in above PPE, Building, and machineries are mortgaged with banks. The details have been shown in Annexure: A		
6 Capital Work in Progress:		
Opening balance	40,505,086	-
Addition during the period	33,087,040	40,505,086
	73,592,126	40,505,086
Transfer to property, plant and equipment	(73,592,126)	-
	-	40,505,086
7 Inventories		
Raw materials	721,460,152	730,863,380
Work-in - process	136,273,638	114,861,877
Finished goods	236,546,921	233,739,127
Dyes & Chemicals	129,988,363	203,922,205
Spares & Accessories	129,141,502	113,396,862
	1,353,410,576	1,396,783,451
Quantity-wise schedule has been given in Annexure: B		

8 Trade and other receivables

Accounts Receivable	820,765,892	619,161,933
	820,765,892	619,161,933

This is secured, considered good and is falling due within one year . No debts are considered as bad during the period . Classification schedule as required by Schedule XI of Companies Act 1994 is as follows:

I)	debts considered good and in respect of which the company is fully secured.	810,521,934		608,102,735
II)	debts considered good for which the company holds no security other than the debtors personal security and	-		-
III)	debts considered doubtful or bad.	-		-
IV)	debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member to be separately stated.	-		-
V)	debts due by companies under the same management to be disclosed with the names of the companies.	10,243,958		11,059,198
VI)	The maximum amount due by directors or other officers of the company at any time during the year to be shown by way of a note.	-		-

820,765,892

619,161,933



Age Analysis of Trade and Other Receivables	Taka	Taka
Within Three months	427,552,395	520,896,737
Three to six months	367,155,478	87,920,994
More than six months	26,058,018	10,344,202
Total	820,765,892	619,161,933

The Company has received letter of credits accepted by various customers against sales of yarn worth US\$ 10,137,397.15 equivalent to BDT 816,972,836.32 opened with different bank against which short term loan was sanctioned by Prime Bank Ltd., Woori Bank Ltd., Standard Chartered Bank and HSBC keeping above mentioned Bills Receivable as collateral. The entire amount of loan liabilities has been set off against that bills receivable which is subject to realization upon 90~150 days. The company might have liability to the extent to which the said bill becomes unrealized. No provision against that liability has been created as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

9 Advances, deposits and prepayments

Advances	66,330,740	43,242,452
Deposits	28,643,293	27,817,600
Prepayments	2,524,522	3,762,783
	97,498,555	74,822,835

** All advances and deposits and prepayment amount are considered good and realizable.

The details have been shown in Annexure: C

10 Investments-FDR:

Prime Bank-NFCD A/C # 20116017	14,696,907	14,239,393
Woori Bank-FDR A/C #9230076351	8,143,233	7,835,314
	22,840,140	22,074,707

11 Cash & Cash Equivalent

Cash in hand	5,331,437	3,052,745
Cash at Banks (Note 11.1)	13,157,652	48,729,623
	18,489,089	51,782,368

11.1 Cash at Banks

Standard Chartered-Taka A/C-01-6500560-01	1,307,077	1,249,163
Standard Chartered-USD A/C-01-6700772-01	38,052	1,152,903
Woori Bank USD A/C-92-30107-60	598,176	1,524,192
Woori Bank-Taka A/C-92-30107-75	1,124,464	5,949,076
Premier bank FC A/C-010215200000898	286,095	-
Premier Bank Taka A/C-010211100015599	675	-
Prime Bank-OBUS A/C-11-0000-10	4,658,397	2,029,741
Prime Bank-DBU USD A/C-124-511800084-41	175,548	171,266
Prime Bank-TK A/C-124-110500084-40	845,381	799,646
HSBC Bank -OBUS A/C	-	154,644
Dutch Bangla Bank-DBU A/C-Taka	3,892,852	10,875,015
Dhaka Bank-OBUS A/C-099-1125-0000003-47	6,826	6,640
Woori Bank -MOB Account	61	60
Sundry Deposit-Prime Bank	207,040	18,341,353
Sundry Deposit-SCB	17,008	6,475,924
	13,157,652	48,729,623



12 Share capital

Authorized capital:	2,000,000,000	2,000,000,000
20,00,00,000 Ordinary shares of Taka 10 each		
Issued, subscribed and paid up		
Opening Share Capital	143,750,000	143,750,000
Stock Dividend @ 388%	557,750,000	-
Add: Shares issued during the year for consideration in cash	150,000,000	-
Closing Share Capital	851,500,000	143,750,000

The shareholding position as on the reporting date has been given in Annexure: D

13 Retained Earnings

Retained Earnings Opening Balance	1,023,408,350	943,196,472
Less: Stock Dividend @ 388%	(557,750,000)	-
Less: Prior years' Income Tax paid	-	(671,967)
Add: Net profit during the period	145,942,929	80,883,845
Retained Earnings Closing Balance	611,601,279	1,023,408,350

14 Long-term borrowing

Prime Bank Ltd.	17,349,096	28,224,000
Woori Bank Ltd.	22,563,911	43,903,373
Loan from Shareholders	428,866,468	417,212,199
	468,779,475	489,339,572
Less: Current Portion of Long Term Loan		
Prime Bank Ltd.	10,089,230	10,966,402
Woori Bank Ltd.	22,400,640	22,400,640
	32,489,870	33,367,042
	436,289,605	455,972,530

Short details of long term borrowing from Prime Bank Ltd. And Woori Bank Ltd.

Purpose:	Procurement of Machineries
Tenure:	Three years from the date of disbursement
Repayment:	From proceed realization
Rate of Interest:	LIBOR+3.5%~LIBOR+3.75%
Security:	Building, machineries and book debt

Loan from shareholders represents raw materials/dyes & chemicals/spare parts imported from Gain Plus Agents Limited through Sales Contract which has been given in Annexure: E.

15 Trade and other payables

Trade Payables	572,091,142	656,908,115
Other Payables	5,968,842	6,376,823
	578,059,984	663,284,938

The details have been shown in Annexure: G

16 Short term borrowing

Prime Bank Limited (TR)	113,048,018	153,455,200
Woori Bank Limited (TR)	104,226,363	229,281,398
HSBC (TR)	50,425,912	
Prime Bank Limited (O/D)	23,371,100	22,736,000
Woori Bank Limited (O/D)	28,182,009	16,738,917
HSBC (OD)	11,777,862	
	331,031,264	422,211,515



Particulars	TR
Nature:	Revolving
Purpose:	To retire L/c for Import of Raw Material
Tenure:	120 ~ 180 days
Repayment:	From Export Proceed
Rate of Interest:	LIBOR+3.25%~LIBOR+3.50%
Security:	Letter of Trust Receipts, Building, Machineries, Inventories, Book Debts

O/D
Revolving
For payment of wages, salaries, utility bills and other factory overhead
1 Year
From Export Proceed or Company's Own Source
LIBOR+3.25%~LIBOR+3.50%
Building, Machineries, Inventories, Book Debts etc.

17 Liabilities for Expenses

Salaries, Wages & Allowances

Utilities Payable

Vehicle Rent & Expenses

ETP Expenses BEPZA

Godown rent

Audit Fees

Liability for employee Tax

Liability for supplier VAT and Tax

PF subscription

Others

41,941,796	36,027,131
32,433,753	19,843,905
342,567	342,567
7,133,559	3,450,701
12,000	12,000
460,000	345,000
1,084,498	636,410
606,046	1,295,049
837,418	718,978
154,047	112,027
85,005,684	62,783,768

18 Income Tax provision

Opening Balance

Add: Provided during the period/year

Less: Adjustmant during the period/year

Total

20,755,151	7,102,504
22,705,631	13,652,647
-	-
43,460,782	20,755,151

19 Revenue

Export Sales

3,637,391,178	3,274,256,462
3,637,391,178	3,274,256,462

20 Cost of Sales

Yarn consumed (Note-20.01)

Dyes & Chemicals Consumed (Note 19.02)

Manufacturing expenses (Note-20.03)

Manufacturing costs for the period

Opening work in progress

Closing work in progress

Cost of goods manufactured

Finished goods (Opening)

Finished goods (Closing)

2,426,716,869	2,132,476,225
354,185,154	342,741,461
518,076,291	493,516,047
3,298,978,314	2,968,733,733
114,861,877	112,286,536
(136,273,638)	(114,861,877)
3,277,566,553	2,966,158,392
233,739,127	228,399,106
(236,546,921)	(233,739,127)
3,274,758,759	2,960,818,371

20.01 Yarn consumed

Opening stock

Purchase during the period

Raw materials available for consumption

Closing stock

Raw materials consumed

730,863,380	809,998,188
2,417,313,641	2,053,341,417
3,148,177,021	2,863,339,605
(721,460,152)	(730,863,380)
2,426,716,869	2,132,476,225



20.02	Dyes & Chemical consumed		
	Opening stock	203,922,205	151,230,403
	Purchase during the period	280,251,312	395,433,263
	Dyes & Chemicals available for consumption	484,173,517	546,663,666
	Closing stock	(129,988,363)	(203,922,205)
	Dyes & Chemicals consumed	354,185,154	342,741,461
20.03	Factory Overhead		
	Electricity Charges	113,420,268	115,397,378
	Repair and Maintenance	5,554,129	6,991,158
	Wages and Salary	89,529,815	80,797,442
	Water Charge	33,586,501	33,437,009
	Daily Labor Charges	5,488,627	4,199,534
	P.F. Contribution	2,918,340	2,356,062
	Gas Charges- Titas	57,444,975	36,276,413
	Insurance Premium (Mfg.)	5,899,747	6,135,530
	Marin Insurance	2,610,865	2,667,049
	Land Rent -Bepza	1,767,345	1,750,598
	Medical Subscription -Bepza	969,374	812,712
	Service Chages- Bepza	5,774,763	4,118,833
	Godown Rent	3,011,737	434,716
	Worker Welfare Fund-BEPZA	284,853	258,248
	ETP Expenses-BEPZA	38,155,632	36,470,408
	Spare & Accessories consumed (20.04)	80,758,830	87,065,211
	Depreciation	70,900,490	74,347,746
		518,076,291	493,516,047
20.04	Spare & Accessories consumed		
	Opening stock	113,396,862	83,481,136
	Purchase during the period	96,503,470	116,980,937
	Spares & Accessories available for consumption	209,900,332	200,462,073
	Closing stock	(129,141,502)	(113,396,862)
	Spares & Accessories consumed	80,758,830	87,065,211
21	Distribution Costs		
	Salaries & Allowances	4,663,086	3,575,467
	Contribution to P.F	180,093	126,924
	Advertisement	84,998	273,450
	House Rent	897,070	779,562
	Living & Dormitory Expense	3,820,818	3,718,481
	Delivery Expense	6,620,100	5,682,298
		16,266,165	14,156,182
22	Administrative expenses		
	Association Fees	114,000	140,000
	Telephone, Mobile and Internet	872,861	870,542
	Medical & Welfare	5,450,437	5,099,407
	Donation to Prime Minister's Relief Fund	1,000,000	-
	Professional Fees	3,615,814	2,605,666
	Audit Fees	690,000	517,500
	Renewal & Registration	1,258,176	2,838,282
	Salaries & Allowances	56,830,150	51,197,938
	Security Consultancy- Fee	2,847,647	2,309,588



Vehicle Expenses	4,655,497	3,112,745
Contribution for P.F	1,660,382	1,443,785
Entertainment	771,605	492,960
Miscellaneous Expenses	51,623	40,257
Traveling & Conveyance	3,378,848	3,204,173
Printing & Stationeries	1,018,435	1,427,489
Courier Charge	174,289	112,077
Depreciation	7,877,832	8,260,861
	92,267,596	83,673,270
23 Financial Expenses:		
Interest on Long Term Loan	5,477,341	1,821,722
Interest on Short Term Loan	59,317,110	55,140,408
Bank Charge and Commission	9,174,565	9,501,066
	73,969,016	66,463,196
24 Income tax expenses:		
The above balance is made up as follows:		
Current tax (Notes: 23.01)	22,705,631	20,734,764
Deferred tax (income)/expenses (Annexure: F)	3,276,877	3,728,183
	25,982,508	24,462,947
24.01 Current tax		
The above balance is made up as follows:		
Income tax on business income (Note 24.02)	22,586,706	20,284,008
Income tax on other income (Note 24.03)	118,925	33,065
Total tax on income	22,705,631	20,317,073
24.02 Income tax on business income		
Net Profit/ (Loss) before tax	171,925,437	148,314,593
Add: Accounting depreciation	78,778,322	82,608,607
Less: Tax depreciation	(100,624,169)	(107,463,156)
	150,079,590	123,460,044
Less: Other income	339,785	94,471
Total business income	149,739,805	123,365,573
Income tax @ 15%	22,460,971	18,504,836
Tax deducted under section 82 (C)	22,586,706	20,284,008
24.03 Income tax on other income:		
Other income	339,785	94,471
Income tax @ 35%	118,925	33,065
25 Earning Per Share:		
Net profit after tax attributable to ordinary shareholders	145,942,929	123,851,646
	78,944,521	70,150,000
Basic Earning per share	1.85	1.77

No of weighted average shares to calculate basic earnings per share

For the period from 1 July 2016 to 30 June 2017:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	365	1.00	14,375,000
Stock Dividend @ 388%	55,775,000	365	1.00	55,775,000
Fresh Issuance of share	15,000,000	214	0.59	8,794,521
Total		365		78,944,521



For the period from 1 July 2015 to 30 June 2016:

Particulars	Number of Share	Days	Weight	Weighted outstanding number of share
Opening Share	14,375,000	365	1.00	14,375,000
Stock Dividend @ 388%	55,775,000	365	1.00	55,775,000
Total		365		70,150,000

26 Cash received from customer & other income

Revenue	3,637,391,178	3,274,256,462
Other Income	339,785	94,471
Realized Foreign Exchange Gain/(Loss)	6,155,718	12,327,809
Adjustment of unrealized foreign exchange gain/(loss) for trade receivable	20,463,255	5,669,767
(Increase)/Decrease in Trade and other receivables	(201,603,959)	(7,432,001)
	<u>3,462,745,977</u>	<u>3,284,916,508</u>

27 Cash paid to Suppliers and employees

Cost of Goods Sold	(3,274,758,759)	(2,960,818,371)
Distribution Cost	(16,266,165)	(14,156,182)
Administrative Expenses	(92,267,596)	(83,673,270)
Adjustment for Depreciation	78,778,322	82,608,607
Adjustment for Unrealized Foreign Exchange gain/(Loss)	(14,648,654)	(7,010,297)
(Increase)/Decrease in Inventory	43,372,875	(11,388,082)
(Increase)/Decrease in Advances Deposits Prepayments	(22,675,720)	(24,809,431)
Net Advance Income Tax included in advance deposits & prepayments considered separately	22,586,706	20,284,008
Increase/(Decrease) Trade and other payable	(85,224,954)	(136,558,689)
Increase/(Decrease) Liabilities for Expenses	22,221,916	4,254,898
	<u>(3,338,882,029)</u>	<u>(3,131,266,809)</u>

28 Disclosure as per requirement of schedule XI, Part-II of companies Act 1994

28.1 Related party disclosures

The Company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures" The Company opines that terms of related transaction do not significantly differ from those that could have been obtained from third parties . Total transactions of the significant related parties as at 30.06.2017 are as follows:

a)

Name of Related Party	Relationship	Nature of Transaction	Opening Balance	Transaction / Adjustment during the period Dr./ (Cr.)	Closing Balance Dr./ (Cr.)
Gain Plus Agents Limited	Common Management	Trade Payable	(304,980,886)	160,049,526	(144,931,360)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(417,212,199)	(11,654,269)	(428,866,468)
Globalmax Textile Co. Limited	Common Management	Trade Receivable/Payable	(714,996)	(16,347,959)	(17,062,955)



Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable	11,059,198	(815,240)	10,243,958
Kingpro Trading Limited	Common Management	Trade Payable	(135,543,702)	75,852,489	(59,691,213)
Queensin Ltd	Common Management	Trade Payable	(12,327,628)	(144,766,809)	(157,094,437)

b) **Key Management Personnel:**

As per Company Act , 1994 part-II , Schedule-XI (4) The profit and loss account will give by way of a note detailed information , showing separately the following payments provided or made during the financial period to the directors , including managing director , the managing agents or manager , if any ,by the company , subsidiaries of the company and any other person:-

No.	Particulars	1-Jul-2016 to 30-Jun-2017	1-Jul-2015 to 30-Jun-2016
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	Nil	Nil
(b)	Expenses reimbursed to Managing Agent	Nil	Nil
(c)	Commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	Nil	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	Nil	Nil
(f)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
(g)	Other allowances and commission including guarantee commission	Nil	Nil
(h)	Pensions etc.	-	-
	(i) Pensions	Nil	Nil
	(ii) Gratuities	Nil	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil	Nil
(i)	Share Based payments	Nil	Nil

As per BAS- 24:

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

(a) Short-term employee benefits	8,067,079	4,266,090
(b) Post-employee benefits	-	-
(c) Other long term benefits	-	-
(d) termination benefits and	-	-
(e) share- based payment	-	-
Total:	8,067,079	4,266,090



28.2 Disclosure as per requirement of schedule XI, part II, para 7 of Company Act 1994

Production capacity and utilization:

As per the nature of the industry, production quantity of dyeing varies with the course of period produce on the basis of production design as per market demand. Therefore, installed capacity in terms of multiple and frequently changeable product mix is not constant factor. During the period under review, actual production, the installed capacity in terms of the counts produced and the utilization rate in appended below;

Description	Installed Capacity/Day (MT)	Actual Production/Day (MT)	% of Capacity Utilization
Different Count of Yarn Dyeing	42	35.40	84.29%

28.3 Disclosure as per requirement of schedule XI, Part II, Para 8 of Company Act 1994

a) Value of Import at CIF basis:

During the period from 1st July 2016 to 30 June 2017 total value of import in respect of raw yarn, dyes & chemical, spare parts stands at equivalent 7.04 Millions USD on CIF basis. Details are given below:

<u>Particulars</u>	<u>Amount (Tk.)</u>
Raw Yarn	252,226,181
Dyes & Chemicals	238,213,615
Spare Parts	77,202,776
Machineries	-
	-
Totals	<u>567,642,572</u>

b) Details of expenditure in foreign currency of the company during the period on account of royalty, know-how, professional consultation fee and interests is as follows:

Particulars	Amount in US\$	Remarks
Royalty Fee	NIL	
know-how	106,270.00	Whole amount of this expenses has been accrued during the said period.
Professional consultation fee	NIL	
Interests	933,700.37	

c) Value of all imported raw materials, spare parts and components consumed during the period and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption are as under:

Material consumed

	<u>Amount (BDT)</u>	<u>Percentage (%)</u>
Raw Materials	2,426,716,869	73.56%
Dyes & Chemicals	354,185,154	10.74%
Spares & Accesories	518,076,291	15.70%
	<u>3,298,978,314</u>	<u>100.00%</u>

d) The company has not remitted any amount during the period in foreign currencies on account of dividend.

e) The company has not earned in foreign exchange from exports for goods calculated on FOB basis, royalty, know-how, professional and consultation fee, dividend and other income expect earning from FDR interest amount in US\$ 1846.46 during the period.



28.4 Disclosures regarding Sales as per Para 3, Part –II, Schedule XI of the Companies Act 1994 are as follows:

a) Quantity-wise sales for the period is as follows:

Name of product	Quantity	Rate(Taka)	Taka
Dyed Yarn	21,785,017	166.97	3,637,391,178
Total	21,785,017		3,637,391,178

b) The company do not pay any amount as commission to selling agents.

c) The company do not give any brokerage and discount on sales other than usual trade discount.

d) Quantitative details of opening stock, purchases / production, consumption / sales and closing stock of raw materials and finished goods for the period ended 30 June 2017 are as under:

Item	Unit	Opening	Purchases/	Consumption/	Closing
		stock	Production	Sales	Stock
		Qty	Qty	Qty	Qty
Raw material:					
Yarn	Lbs	6,826,199	22,742,625	22,792,608	6,776,216
Dyes Chemical					
Dyestuff	Kg.	343,827	442,170	572,125	213,872
Chemical	Kg.	914,449	1,274,479	1,623,859	565,069
Working Progress					
Yarn	Lbs	816,880.35	22,084,323	21,854,044.23	1,047,159
Finished goods:					
Dyed Yarn	Lbs	1,504,578	21,854,044	21,785,017	1,573,606

29 Number of Employees

All the employees receive salary/wages in excess of Tk. 3,000 per month.

Number of permanent staff	103
Number of permanent workers	792
Number of temporary staff/worker	-
Total:	895

30 General

30.1 Directors' responsibility statements

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

30.2 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest Taka and, wherever considered necessary.

30.3 Rearrange of last period figures

To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/reclassified/restated whenever considered necessary to conform to current period presentation.

30.4 Authorization for issue of the financial statements

The financial statements have been authorized for issue by the Board of Directors on 26 October 2017



Queen South Textile Mills Limited
Dhaka export Processing Zone
Savar Dhaka

Schedule of Property Plant and Equipment as at June 30, 2017

Sl. No.	Name of Assets	COST			DEPRECIATION				Written down value as on 30-Jun-2017
		Balance as on 1-Jul-2016	Addition during the period	Balance as on 30-Jun-2017	Rate of Dep	Balance as on 1-Jul-2016	Charged during the period	Balance as on 30-Jun-2017	
1	Machinery & Equipment	1,041,744,486	117,082,340	1,158,826,826	15%	619,916,545	65,453,037	685,369,582	473,457,244
2	Building & Civil Const.	297,551,675	-	297,551,675	5%	85,595,570	10,393,382	95,988,952	201,562,723
3	Furniture and fixture	2,293,398	-	2,293,398	20%	1,356,234	172,720	1,528,954	764,444
4	Office equipment	18,294,429	1,004,161	19,298,590	25%	13,671,293	1,185,986	14,857,279	4,441,311
5	Electrical Installation	24,006,871	-	24,006,871	5%	6,123,014	876,944	6,999,958	17,006,913
6	Vehicles	12,455,172	-	12,455,172	20%	8,677,340	696,253	9,373,593	3,081,579
	Total at 30.06.2017	1,396,346,031	118,086,501	1,514,432,532		735,339,996	78,778,322	814,118,318	700,314,214
	Total at 30.06.2016	1,393,777,329	2,568,702	1,396,346,031	-	688,709,477	46,630,519	735,339,996	661,006,035

Depreciation Allocation:

Administrative expenses

Manufacturing Expenses

7,877,832
70,900,490
78,778,322



Queen South Textile Mills Limited
Statement of Closing Inventory
As at 30 June 2017

Sl.	Particulars	Unit of Meas.	30-Jul-2017			30-Jun-2016		
			Quantity	Rate	Taka	Quantity	Rate	Taka
1	Raw Materials:							
	Raw Yarn	Lbs.	6,776,216	106.47	721,460,152	6,826,199	107.07	730,863,380
	Sub-Total		6,776,216	106.47	721,460,152	6,826,199	107.07	730,863,380
2	Work-in-process:							
	Yarn in process	Lbs.	1,047,159	130.14	136,273,638	816,880	140.61	114,861,877
	Sub-Total		1,047,159	130.14	136,273,638	816,880	140.61	114,861,877
3	Finished Goods:							
	Dyed Yarn	Lbs.	1,573,606	150.32	236,546,921	1,504,578	155.35	233,739,127
	Sub-Total		1,573,606	150.32	236,546,921	1,504,578	155.35	233,739,127
4	Dyes & Chemicals:							
	Dyestuff	Kgs.	213,872	455.84	97,491,272	343,827	438.89	150,902,430
	Chemical	Kgs.	565,069	57.51	32,497,091	914,449	57.98	53,019,775
	Sub-Total		778,941	166.88	129,988,363	1,258,276	162.06	203,922,205
5	Spares & Accessories							
	Sub-Total		-	-	129,141,502	-	-	113,396,862
	Grand Total				1,353,410,576			1,396,783,451



Queen South Textile Mills Limited
Statement of Advances, deposits and prepayments
As at 30 June 2017

Particulars	Amount In Taka	Amount In Taka
	30-Jun-17	30-Jun-16
(A) Advances:		
Income Tax Deducted at Sources	41,494,225	18,907,519
Advance against Import of raw matetial & spares	12,459,391	11,147,793
Adv. Foreign Employee	7,925,460	-
Belal Hossain	395,250	651,000
Advance against Salary & Wages	227,200	7,234,340
Other Advance	3,829,214	5,301,800
Sub Total: A	66,330,740	43,242,452
(B) Deposits:		
Security Deposit for Titas Gas	10,129,460	10,129,460
Cylinder Deposit	33,194	33,193
House Rent Deposit	30,000	30,000
Security Deposit for Electrical Connection-BEPZA	12,324,870	11,989,947
Bank Gurantee with Prime Bank	4,201,683	3,763,200
Security Deposit for Land-BEPZA	1,924,086	1,871,800
Sub Total: B	28,643,293	27,817,600
(C) Prepayments:		
Prepayment for Insurance	1,634,928	1,603,568
Prepayment for House rent	854,700	1,094,460
Prepayment Others	34,894	1,064,755
Sub Total: C	2,524,522	3,762,783
Grand Total (A+B+C)	97,498,555	74,822,835



**Queen South Textile Mills Limited
As at 30 June 2017
Statement of Shareholding position**

SL	Name of Shareholder	June'17	%	June'16	%
1	Gain Plus Agents Limited	30,164,500	35.43%	6,181,250	43.00%
2	Wong Jammy Kwok Chan	17,537,500	20.60%	3,593,750	25.00%
3	Wong Elisa Dai Wah	2,806,000	3.30%	575,000	4.00%
4	Shen Wai Chwang Johnny	3,367,200	3.95%	690,000	4.80%
5	Tasang Wai Kwan	3,367,200	3.95%	690,000	4.80%
6	Chu Kam Tong	3,367,200	3.95%	690,000	4.80%
7	Tasang Wing Hei	3,367,200	3.95%	690,000	4.80%
8	Wong Kai Chung	3,367,200	3.95%	690,000	4.80%
9	Lee Hung Chun	2,806,000	3.30%	575,000	4.00%
10	Abu Saleh Abdul Muiz	1,000,000	1.17%	-	-
11	Md. Saiful Islam Helali	300,000	0.35%	-	-
12	Nashid Amin	1,000,000	1.17%	-	-
13	SM Assets Limited	1,000,000	1.17%	-	-
14	A.H. Enterprise	350,000	0.41%	-	-
15	NahidChowdhury	750,000	0.88%	-	-
16	A. F. M Showkat Ahmed	400,000	0.47%	-	-
17	Brothers Trading	200,000	0.23%	-	-
18	Md. Habibur Rahman Sikder	300,000	0.35%	-	-
19	Rezwona Fardause Karim	650,000	0.76%	-	-
20	Halima Ahmed	500,000	0.59%	-	-
21	Sheikh JogluSadeq	50,000	0.06%	-	-
22	Investment Corporation of Bangladesh	2,000,000	2.35%	-	-
23	Enter IT (BD) Ltd.	725,000	0.85%	-	-
24	Winspect Communication	500,000	0.59%	-	-
25	M/S. AbulHashem Motors	500,000	0.59%	-	-
26	NAF Enterprise	3,000,000	3.52%	-	-
27	Md. Masudur Rahman	50,000	0.06%	-	-
28	Md. MassumRana	450,000	0.53%	-	-
29	Agro Atmosphere Ltd.	750,000	0.88%	-	-
30	Md. Parves Sarwar(Nuton)	85,000	0.10%	-	-
31	Mohammad Kutubul Alam	240,000	0.28%	-	-
32	Goutam Chandra Roy	150,000	0.18%	-	-
33	Md. RafiulAlam Ripon	50,000	0.06%	-	-
	Total	85,150,000	100.00%	14,375,000	100.00%



**Queen South Textile Mills Limited
Schedule of Loan from Shareholders
As at 30 June 2017**

SL No.	Inv. Date	Invoice No.	Sales Contract No	Amount in Taka	Amount in Taka
				30-Jun-2017	30-Jun-2016
1	26-Jan-13	GP-LHT01/13	GP-CONT/LHT-01/13	10,727,895	10,436,369
2	12-Jan-13	GP-JGT01-A/13	GP-CONT/JGT-01-A/13	5,163,498	5,023,182
3	26-Jan-13	GP-JGT01-C/13	GP-CONT/JGT-01-C/13	5,330,061	5,185,219
4	16-Jan-13	GP-JGT01-B/13	GP-CONT/JGT-01-B/13	5,216,799	5,075,034
5	05-Feb-13	GP-JGT02-A/13	GP-CONT/JGT-02-A/13	11,752,793	11,433,416
6	28-Jan-13	GP-NA01-A/13	GP-CONT/NA-01-A/13	9,664,756	9,402,120
7	01-Feb-13	GP-JGT02-B/13	GP-CONT/JGT-02-B/13	17,615,491	17,136,797
8	05-Mar-13	GP-JGT04-A/13	GP-CONT/JGT-04-A/13	5,742,324	5,586,279
9	19-Feb-13	GP-NA01-D/13	GP-CONT/NA01-D/13	4,832,378	4,701,060
10	12-Feb-13	GP-NA01-B/13	GP-CONT/NA01-B/13	4,832,378	4,701,060
11	19-Feb-13	GP-NA01-C/13	GP-CONT/NA01-C/13	4,832,378	4,701,060
12	06-Mar-13	GP-JGT04-B/13	GP-CONT/JGT04-B/13	5,743,275	5,587,204
13	25-Feb-13	GP-NA01-E/13	GP-CONT/NA01-E/13	4,832,378	4,701,060
14	18-Feb-13	GP-002/13	GP-CONT/GP-02/13	4,875,373	4,742,886
15	06-Mar-13	GP-JGT04-C/13	GP-CONT/JGT-04-C/13	6,188,201	6,020,040
16	16-Mar-13	GP-MAI-01/13	GP-CONT/MAI-01/13	6,245,055	6,075,348
17	17-Mar-13	GP-JGT-04-D/13	GP-CONT/JGT-04-D/13	6,172,211	6,004,484
18	19-Mar-13	GP-JGT-04-E/13	GP-CONT/JGT-04-E/13	6,167,031	5,999,445
19	18-Mar-13	GP-JGT-04-F/13	GP-CONT/JGT-04-F/13	6,201,953	6,033,418
20	16-Mar-13	GP-VC-02/13	GP-CONT/GP-VC-02/13	4,211,956	4,097,498
21	26-Mar-13	GP-FCC-02/13	GP-CONT/GP-FCC-02/13	2,385,464	2,320,640
22	29-Apr-13	GP-NA-01-F/13	GP-CONT/NA01-F/13	4,832,378	4,701,060
23	16-May-13	GP-AAS01-A/13	GP-CONT/AAS-01-A/13	4,832,378	4,701,060
24	17-May-13	GP-CFA02/13	GP-CONT/CFA02/13	6,011,027	5,847,680
25	23-May-13	GP-ATM01-A/13	GP-CONT/ATM01-A/13	4,795,206	4,664,898
26	23-May-13	GP-AAS01-B/13	GP-CONT/AAS-01-B/13	4,832,378	4,701,060
27	17-May-13	GP-LHT02-A/13	GP-CONT/LHT-02-A/13	16,981,576	16,520,109
28	16-May-13	GP-VC03/13	GP-CONT/VC03/13	3,621,392	3,522,982
29	25-May-13	GP-LHT02-B/13	GP-CONT/LHT-02-B/13	16,981,576	16,520,109
30	31-May-13	GP-NA01-G/13	GP-CONT/NA01-G/13	14,447,571	14,054,964
31	04-Jun-13	GP-JGT06-B/13	GP-CONT/JGT06-B/13	6,408,946	6,234,785
32	16-Jun-13	GP-AAS01-C/13	GP-CONT/AAS-01-C/13	4,832,378	4,701,060
33	04-Jun-13	GP-JGT06-A/13	GP-CONT/JGT06-A/13	6,420,760	6,246,279
34	04-Jun-13	GP-JGT06-C/13	GP-CONT/JGT06-C/13	6,413,841	6,239,547
35	12-Jun-13	GP-130006-JGTGM	GP-CONT/130006-JGTGM	6,032,494	5,868,564
36	12-Jun-13	GP-130005-JGTGM	GP-CONT/130005-JGTGM	6,245,055	6,075,348
37	18-Jun-13	GP-JGT07-A/13	GP-CONT/JGT07-A/13	6,245,055	6,075,348
38	18-Jun-13	GP-JGT07-B/13	GP-CONT/JGT07-B/13	6,245,055	6,075,348
39	18-Jul-13	GP-130009/MN	GP-CONT/130009/MN	2,111,726	2,054,341
40	25-Jul-13	GP-130015/URM	GP-CONT/130015/URM	5,009,877	4,873,736
41	29-Jul-13	GP-130017/URM	GP-CONT/130017/URM	5,041,710	4,904,704
42	05-Aug-13	GP-130022-FCC	GP-CONT/130022-FCC	3,304,190	3,214,400
43	26-Aug-13	GP-130031/JGTG	GP-CONT/130031/JGTG	6,416,879	6,242,503
44	13-Sep-13	GP-130042/ZT	GP-CONT/GP-130042/ZT	19,986,320	19,443,200
45	06-Sep-13	GP-130044/QS	GP-CONT/GP-130044/QS	4,604,187	4,479,070
46	08-Oct-13	GP-130055/ZT	GP-CONT/GP-130055/ZT	14,989,740	14,582,400
47	21-Oct-13	GP-130058/ZT	GP-CONT/GP-130058/ZT	4,996,580	4,860,800
48	30-Oct-13	GP-130063/ZT	GP-CONT/GP-130063/ZT	4,996,580	4,860,800



QUEEN SOUTH TEXTILE MILLS LTD.

49	16-Nov-13	GP-130072/AT	GP-CONT/GP-130072/AT	4,873,680	4,741,240
50	05-Jun-12	GP-HM02-B/12	GP-HM02-B/12	4,795,105	4,664,800
51	03-Jun-12	GP-ES01-B/12	GP-ES01-B/12	4,675,227	4,548,180
52	19-Jun-12	GP-ES01-C/12	GP-ES01-C/12	4,675,227	4,548,180
53	17-Jun-12	GP-PA02-A/12	GP-PA02-A/12	4,518,077	4,395,300
54	28-May-12	GP-JGT03-E/12	GP-JGT03-E/12	6,094,014	5,928,412
55	02-Jun-12	GP-JGT03-F/12	GP-JGT03-F/12	6,591,509	6,412,388
56	12-Jun-12	GP-JGT03-G/12	GP-JGT03-G/12	6,342,755	6,170,394
57	16-Jun-12	GP-JGT03-H/12	GP-JGT03-H/12	6,334,374	6,162,240
58	23-Jul-12	GP-GAT02-A/12	GP-GAT02-A/12	10,686,234	10,395,840
59	28-May-12	GP-JGT04-D/12	GP-JGT04-D/12	6,588,161	6,409,130
60	27-May-12	GP-JGT04-C/12	GP-JGT04-C/12	6,582,626	6,403,746
61	23-Jun-12	GP-JGT04-E/12	GP-JGT04-E/12	6,586,264	6,407,285
62	27-Jun-12	GP-JGT04-G/12	GP-JGT04-G/12	6,579,160	6,400,375
63	27-Jun-12	GP-JGT04-H/12	GP-JGT04-H/12	6,573,549	6,394,916
Total				428,866,468	417,212,199



Queen South Textile Mills Ltd
Calculation of Deferred tax
for the period ended from 01 July 2016 to 30 June 2017

Particulars	<u>30-Jun-2017</u>	<u>30-Jun-2016</u>
Carrying value		
Property , Plant and Equipment	700,314,214	661,006,035
Tax base		
Property , Plant and Equipment	407,780,896	390,318,564
Taxable /(Deductible)temporary difference	292,533,318	270,687,471
Income Tax rate 15%	15%	15%
Deferred Tax Liabilities/(Assets) at the end of the year	43,879,998	40,603,121
Closing Deferred Tax Liabilities	43,879,998	40,603,121
Opening Deferred Tax Liabilities	40,603,121	36,874,938
D.Tax (income) / expenses:	3,276,877	3,728,183



Queen South Textile Mills Limited
Statement of Trade and other payables
As at 30 June 2017

Name of the Customer	Amount in Taka	Amount in Taka
	30-Jun-17	30-Jun-16
A) Trade Payables:		
Akij Textiles	-	24,320,220
Bhalchandram Clothing Ltd.	-	8,722,272
Duy Nam Spinning JSC	23,754,481	16,092,311
Gain Plus Agents Limited	144,931,360	304,980,886
Globalmax Textile Co.	17,062,955	714,996
Kingpro Trading Limited	59,691,213	135,543,702
Queensin Ltd	157,094,437	12,327,628
Queen Product Ltd.	80,193,552	-
Huntsman(Singapore)Pte Ltd	23,856,300	37,317,427
Jiangsu Guo Tai Int.	-	41,944,934
Kohinoor Spinning Mills Ltd	-	10,152,000
Lahoti Oversease Ltd.	8,404,301	49,802,656
Le Merite Exported Pvt. Ltd.	29,166,482	-
Nagina Cotton Mills	-	24,000
Ring Sine Textiles Ltd	-	158,416
R.N. Spinning Mills Ltd.	3,600,000	3,413,514
Samuda Chemicals	-	672,000
SEO Wan Bangladesh Ltd.	-	103,488
SunShine Highlight International Ltd	24,336,060	-
Viet Cotton Yarn Investment Trading JSC	-	4,142,865
Sub-Total (A)	572,091,142	656,908,115
B) Other Payables:		
Barinur Builders	-	13,800
Chemiline Enterprise	-	69,000
Chyti Engineering Works	-	429,866
Excel Freight Systems Ltd	-	1,815,258
Green Will Limited	424,000	-
Hawk Eye Secrity Services	-	360,120
Ju Hyung Ind. Co. Ltd	1,866,557	-
Khan Sufia Packaging	-	40,250
H.K. Enterprise	-	182,000
Mahi Enterprise	-	58,585
Mojumder Industries	-	342,500
Millick Trade International	-	324,706
Perfect Point	3,222,285	-
Pragati Insurance Ltd	-	19,006
Ring Shine Textiles Ltd.	456,000	74,000
Shepherd Yarn Ltd.	-	255,000
Shohag Security Service Ltd.	-	239,200
Speedway Logistics	-	1,073,444
Sunrise Enterprise	-	370,664
Tajmahal Scientific Stores	-	78,750
Local Suppliers	-	527,624
Zakir Printers	-	103,050
Sub-Total (B)	5,968,842	6,376,823
Grand-Total (A+B)	578,059,984	663,284,938