



AUDITORS' REPORT
On IPO Proceeds Utilization

We have audited the annexed Statement of Initial Public Offering (IPO) Proceeds Utilization of **Queen South Textile Mills Ltd.** as on April 30, 2019.

Management's Responsibility for the IPO Proceeds Utilization

Management is responsible for the preparation and fair presentation of this IPO Proceeds Utilization Statement and its related documents in accordance with Bangladesh Securities and Exchange Commission (BSEC) guidelines.

Auditor's Responsibility

Our responsibility is to express an independent opinion on this Initial Public Offering (IPO) Proceeds Utilization Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) and Bangladesh Securities and Exchange Commission (BSEC) guidelines.

We believe that the audit evidence we have obtained as provided by the management of the company is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our Opinion, the Statement of Initial Public Offering (IPO) Proceeds Utilization prepared in accordance with Bangladesh Securities and Exchange Commission (BSEC) guidelines presents fairly in all material respects, of the statement as on 30 April 2019 and complies with the prospectus and revised IPO Utilization plan as approved by the shareholders in the 16th AGM held on 27th December 2018.

We draw attention to the following matters,

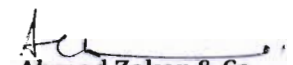
1. The Company has utilized a total amount of Tk. 37,174,228 from IPO proceeds as described in the prospectus and revised IPO Utilization plan as approved by the shareholders in respect of Acquisition & installation of machineries for Tk. 17,830,312 against L/C payment; Repayment of short term bank loan for Tk. 6,343,916 against L/C Payment and IPO Expenses for Tk. 13,000,000.
2. During the month, the company has utilized total amount of Tk. Nil.
3. The Company has been maintaining Fixed Deposit Receipt (FDR) of Tk. 118,633,445 with Premier Bank Limited, Gulshan Branch, (FDR A/C NO. 010224300052606 & 0102 24300052679) as per bank certificate No. Premier/Gulshan/GB/2019/0293 dated May 12, 2019.
4. The Company has opened a Letter of Credit (L/C No. DPCDA0963204) under sales contract (S/C No. JM1127-002/18) with HSBC Bank of total L/C value of \$ 616,359 for procuring machineries.
5. The Time Frame for utilization of IPO Proceeds has been extended up to 31st October 2019 and approved by the Shareholders on the 16th Annual General Meeting held on December 27, 2018. The revised IPO Utilization plan is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC).

We also state that referred to above:

- a) IPO proceeds have been utilized for the purposes as specified in the prospectus and revised IPO Utilization plan;
- b) IPO proceeds have been utilized in line with the conditions as stipulated in the BSEC's Consent letter for the IPO;
- c) Utilization of IPO proceeds is being under completion within the time frame as specified in the prospectus and revised IPO Utilization plan as approved in the 16th AGM held on 27th December 2018;
- d) Utilization of IPO proceeds is accurate for the purposes of the company as mentioned in the prospectus;
- e) The annexed audited Statement of IPO Proceeds Utilization has been made upon verification of all necessary documents/papers/vouchers in support of utilization of IPO Proceeds making reconciliation with the Bank statement as submitted by the management of the company for the purpose.

Place: Dhaka;

Date: May 14, 2019.


Ahmed Zaker & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds

for the month of 30 April, 2019

: Queen South Textile Mills Ltd.

: Tk. 150,000,000

: January 15, 2018

: January 25, 2018

: Within 31st October 2019 Following the approval in the 16th AGM

Name of the Company

Amount (BDT) of Capital Raised Through IPO

Date of Close of Subscription

Proceeds Receiving Date

Last Date of Full Utilization of Fund as per Prospectus

Sl	Purpose Mentioned in the Prospectus	Time line as per prospectus	Revised time line (Up to 31st October 2019)	Amount as per Prospectus	Utilized Amount		Utilized (%)	Total Un-utilized Amount	Un-utilized (%)	Remarks
					This month	Total Utilized Amount				
a)	Construction of Automatic warehouse System	Within 12 months of receiving IPO fund	Up to 31st October 2019 as approved in the 16th AGM held on 27th December 2018	74,644,050	-	-	0.00%	74,644,050	100.00%	
b)	Acquisition & Installation of Machineries for modernization of existing factory	Within 12 months of receiving IPO fund	-	56,012,034	-	17,830,312	31.83%	38,181,722	68.17%	
c)	Repayment of short term bank loan	Within 3 months of receiving IPO fund	-	6,343,916	-	6,343,916	100.00%	-	0.00%	
d)	IPO Expenses	As and when required	-	13,000,000	-	13,000,000	100.00%	-	0.00%	
Total				150,000,000	-	37,174,228		112,825,772		

Net Interest on IPO Proceeds

Un-Utilized IPO Proceeds

Total Un-Utilized IPO Proceeds with Interest Income

Percentage:

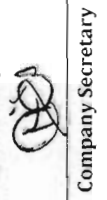
Interest on IPO Proceeds: 4.07%

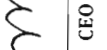
Un-Utilized IPO Proceeds with Interest Income: 79.29%

Notes:

- During the month, The company utilized Tk. Nil.
- The Company has been maintaining Fixed Deposit Receipt (FDR) of Tk. 118,633,445 with Premier Bank Limited, Gulshan Branch, (FDR A/C NO. 010224300052606 & 0102 24300052679) as per bank certificate No. Premier/Gulshan/GB/2019/0293 dated May 12, 2019.
- The Company has opened a Letter of Credit (L/C No. DPCDA0963204) under sales contract (S/C No. JM1127-002/18) with HSBC Bank of total L/C value of \$ 616,359 for procuring machineries.
- The Company has got permission from BEPZA (Bangladesh Export Processing Zones Authority) Dated: November 13,2018 for Construction of Automatic warehouse system and has started the construction work on February, 2019.
- The Time Frame for utilization of IPO Proceeds has been extended up to 31st October 2019 and approved by the Shareholders on the 16th Annual General Meeting held on December 27,2018. The revised IPO Utilization plan is yet to be approved by the Bangladesh Securities and Exchange Commission (BSEC).


 Chief Financial Officer


 Company Secretary


 CEO


 Ahmed Zaker & Co.
 Chartered Accountants