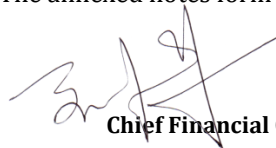






Queen South Textile Mills Limited
Statement of Financial Position
As at 30 September 2022

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u> <u>30-Sep-2022</u>	<u>Amount in Taka</u> <u>30-Jun-2022</u>
Assets:			
Non-current assets			
		1,026,518,351	895,262,301
Property, plant and equipment	5	869,590,523	895,262,301
Capital Work in Progress	6	156,927,828	-
Current assets:			
		4,372,451,383	3,954,116,085
Inventories	7	2,669,633,837	2,339,612,386
Trade and other receivables	8	1,516,240,644	1,420,577,462
Advances, deposits and prepayments	9	113,060,361	95,369,142
Investments-FDR	10	10,113,428	9,746,952
Cash & Cash Equivalent	11	63,403,113	88,810,143
Total Assets		5,398,969,734	4,849,378,386
Equity and liabilities			
Shareholder's equity			
		2,356,630,054	2,309,461,608
Share capital	12	1,439,636,220	1,439,636,220
Retained earnings	13	916,993,834	869,825,388
Non-current liabilities			
		527,781,892	529,438,905
Long-term borrowing	14	471,032,457	472,239,858
Deferred tax liability		56,749,435	57,199,047
Current liabilities			
		2,514,557,787	2,010,477,873
Trade and other payables	15	672,193,630	473,396,661
Current portion of long term borrowing		134,888,472	130,038,638
Short-term borrowing	16	1,606,742,789	1,324,668,812
Liabilities for Expenses	17	58,170,878	51,895,646
Outstanding IPO Subscription	18	-	100,000
Unclaimed Dividend	19	1,443,963	1,602,347
Income Tax provision	20	41,118,055	28,775,768
Total liabilities		3,042,339,679	2,539,916,777
Total Equity and Liabilities		5,398,969,733	4,849,378,386
NAVPS (Net Assets Value Per Share)	21	16.37	16.04

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

Chief Financial Officer **Company Secretary** **Director** **Managing Director** **Chairman**

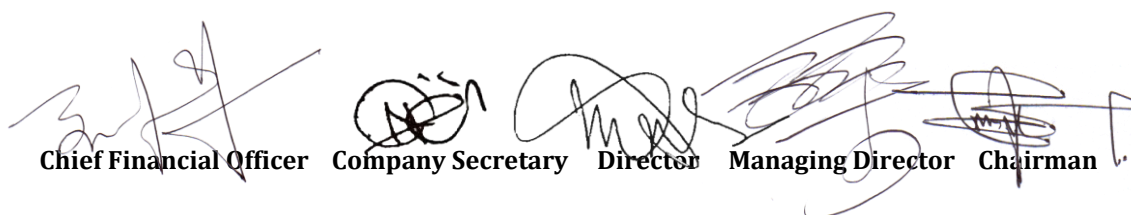
Signed in terms of our separate report of same date.

Dated: Dhaka
November 14, 2022

Queen South Textile Mills Limited
Statement of Profit or Loss and Other Comprehensive Income(Un-Audited)
for the period ended from 01 July 2022 to 30 September 2022

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u> <u>1-Jul-2022</u> <u>to</u> <u>30-Sep-2022</u>	<u>Amount in Taka</u> <u>1-Jul-2021</u> <u>to</u> <u>30-Sep-2021</u>
Revenue	22	1,233,874,361	1,033,762,612
Cost of Sales	23	(1,074,450,939)	(917,931,163)
Gross Profit		159,423,422	115,831,449
Foreign Currency Gain/(Loss)		(27,817,535)	(2,032,748)
Other Income	22.01	-	18,196
Operating Expenses:		(41,292,534)	(32,811,766)
Distribution Costs	24	(6,831,278)	(4,536,577)
Administrative Expenses	25	(34,461,256)	(28,275,189)
Operating profit		90,313,353	81,005,131
Financial Expenses	26	(31,252,232)	(27,010,331)
Net profit before tax		59,061,121	53,994,800
Income tax expenses	27	(11,892,675)	(8,184,613)
Net Profit / (Loss) during the year		47,168,445	45,810,187
Basic & Diluted Earnings per share	28	0.33	0.32

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



Chief Financial Officer Company Secretary Director Managing Director Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
November 14, 2022

Queen South Textile Mills Limited
Statement of Changes in Equity

for the period ended from 01 July 2022 to 30 September 2022

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2022	1,439,636,220	869,825,388	2,309,461,608
Net profit for the period	-	47,168,445	47,168,445
Balance at 30 September 2022	1,439,636,220	916,993,834	2,356,630,054

Queen South Textile Mills Limited
Statement of Changes in Equity

for the period ended from 01 July 2021 to 30 September 2021

Particulars	Share Capital	Retained Earnings	Total
Balance at 01 July 2021	1,308,760,200	826,370,516	2,135,130,716
Net profit for the period	-	45,810,187	45,810,187
Balance at 30 September 2021	1,308,760,200	872,180,702	2,180,940,902

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

 **Chief Financial Officer**  **Company Secretary**  **Director**  **Managing Director**  **Chairman**






Signed in terms of our separate report of same date.

Dated: Dhaka
November 14, 2022

Queen South Textile Mills limited
Statement of Cash Flows
for the period ended from 01 July 2022 to 30 September 2022

<u>Particulars</u>	Notes	<u>Amount in Taka</u> 1-Jul-2021 to 30-Sep-2022	<u>Amount in Taka</u> 1-Jul-2021 to 30-Sep-2021
A. Cash flows from operating activities:			
Cash received from customer & other income	29	1,195,184,524	1,040,686,423
Cash Paid to Suppliers, employees and others expenses	30	(1,233,710,708)	(959,312,386)
Income Tax Paid/Deducted at Source		(12,342,287)	(4,614,276)
Net Cash provided by operating activities		(50,868,471)	76,759,761
B. Cash flows from investing activities:			
Acquisition of property, plant and Equipment		(2,927,740)	48,176,564
Proceed from Sale of PPE			
Capital Work in Progress		(156,927,828)	(49,308,720)
Investments-FDR		-	-
Net Cash used in investing activities		(159,855,568)	(1,132,156)
C. Cash flows from financing activities:			
Financial Expenses		(31,252,232)	(27,010,330)
Short term bank loan (paid)/Received		234,039,691	202,970,517
Dividend Payment		(158,384)	(297)
IPO Expenses		-	-
Long Term Bank Loan (paid)/Received		(18,306,314)	(247,559,684)
Outstanding IPO Subscription Paid		(100,000)	-
Net Cash from financing Activities		184,222,761	(71,599,794)
Net Decrease in cash & cash equivalents (A+B+C)		(26,501,278)	4,027,811
Unrealized Foreign Exchange Gain/(Loss)		1,094,246	13,816
Cash & cash equivalents at the beginning of the period		88,810,143	31,251,777
Cash & cash equivalents at the end of the period		63,403,113	35,293,404
Net Operating Cash Flow per share	31	(0.35)	0.53

The annexed notes are the integral part of these financial statements.

Chief Financial Officer Company Secretary Director Managing Director Chairman

Signed in terms of our separate report of same date.

Dated: Dhaka
November 14, 2022

Queen South Textile Mills Limited

Notes to the financial statements
for the period ended from 01 July 2022 to 30 September 2022

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. It is a 100% foreign owned company. The company went into commercial operation on 1st June 2005. The company is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 7th January 2018 and company's shares are publicly traded on 13th March 2018.

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 is carrying out its production activities on factory premises constructed on leased land from EPZ.

Nature of business

Queen South Textile Mills Limited is a 100% export oriented 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

Significant Accounting Policy for the presentation of the financial Statements

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

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 International Accounting Standards (IASs) 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 IAS-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 IAS & IFRS

The following IAS is applicable to the financial statements for the year under review:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting policies , Changes in Accounting Estimates and Errors
IAS 10	Events after the Reporting period
IAS 12	Income Taxes
IAS 16	Property, Plant And Equipment
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 32	Financial Instruments: Presentation
IAS 33	Earnings Per Share
IAS 36	Impairment of Assets
IAS 37	Provision , Contingent Liabilities and Contingent Assets
IAS 39	Financial Instruments: Recognition and Measurement

The following IFRS is applicable to the financial statements for the year under review:

IFRS 1	First-time Adoption of Bangladesh Financial Reporting Standards
IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IFRS 9	Financial Instruments
IFRS 15	Revenue From Contracts with Customers

2.05 Reporting period

The period of the financial statements covers from 01 July 2022 to 30 September 2022

2.06 Authorization for issue

The Financial Statements have been authorized for issue by the board of directors on 14 November 2022.

2.07 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 authorised 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)

2.08 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.

2.09 Comparative information and rearrangement thereof

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

2.10 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are revised when there is material impact on the financial results of the company.

2.10.1 Regulatory Compliance

The financial Statements have been prepared in compliance with the following
The Companies Act, 1994
The Bangladesh Securities and Exchange Rule 1987
The Bangladesh Securities and Exchange Commission Act 1993.
The Income Tax Ordinance, 1984
The Income Tax Rules, 1984
The Value Added Tax (VAT) Act, 1991
The Custom Act 1969

2.11 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 IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year 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 IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

2.12 Recognition of tangible fixed assets

Tangible assets have been stated 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.

2.13 Depreciation of tangible fixed assets

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

After considering the useful life of assets as per IAS-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%
Right of Use (Asset)	

2.14 Revenue recognition

Revenue is recognised 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 recognised.

2.15 Identifying the contract

An entity shall account for a contract with a customer with a customer that is within the scope of this standard only when all of the following criteria are met:

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 IFRS-15. Revenue is recognized when the parties to the contract have approved the contract and are committed to perform their respective obligations, the entity can identify each party's rights and payment terms regarding the goods or services to be transferred, the contract has commercial substance 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.

2.16 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 year 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: bw_ bs - Av - 4/Kt At - 4/2007-2008/ 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.

Workers Profit Participation Fund:

As per Bangladesh Labour Law 2006, amendment 2013, Chapter 15, Section 232 the company does not maintain Workers Profit Participation Fund (WPPF) for their workers as because Now the company operating EPZ labour ACT 2019, February 28 and as per clause no.174, Section XV we don't need to maintain WPPF until government enforce and instruct to comply the rules. Once government instructs us to deduct @0.03% to maintain the fund the company shall follow accordingly.

2.17 Accrued expenses 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.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable 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 realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.19 Cash and Cash Equivalents

Cash in hand and 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.

2.2 Statements of Cash Flows:

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

2.21 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 IFRS; 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.

2.22 Borrowing costs

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

2.23 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:

Income tax is calculated and provision is made in compliance with the provisions of Finance Act 2018 and the Income Tax Ordinance 1984.

Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years 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.

2.24 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 IAS 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.

3.00 Related party disclosures

During the year the Company carried out a number of transactions 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 IAS 24 in Note-35.1

4.00 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 recognizes 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 include payable for expense, liability for capital expenditure and other current liabilities.

4.01 Earnings Per Share

This has been calculated in compliance with the requirement of IAS-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 year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

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

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.

4.02 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.

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 recognised 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.

4.03 Provision , Contingent Liabilities and Contingent Assets :

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 IAS-37 .

4.04 Intangible Assets

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

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

Amortisation 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 of past events; and

(b) From which future economic benefits are expected to flow to the entity.

An intangible asset shall be recognised 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

4.05 Financial statements comprises:

- (a) Statement of Financial PositionAs at 30 September 2022
- (b) Statement of Profit or Loss and Other Comprehensive Income(Un-Audited)for the period ended from 01 July 2022 to 30 September 2022
- (c) Statement of Changes in Equity(Un-audited)for the period ended from 01 July 2022 to 30 September 2022
- (d) Statement of Cash Flowsfor the period ended from 01 July 2022 to 30 September 2022
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information.

4.06 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. Moreover maximum debts are interest free.

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 mostly in US\$ currency and the transaction would settle 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.

Amount in Taka	Amount in Taka
<u>30-Sep-2022</u>	<u>30-Jun-2022</u>

5 Property, plant and equipment

Cost:

Opening Balance	2,090,068,926	1,979,886,792
Addition during the period	2,927,740	110,182,134
Disposal during the period	-	-
	2,092,996,666	2,090,068,926

Ness: Accumulated Depreciation:

Opening Balance	1,194,806,625	1,076,802,001
Charged during the period	28,599,518	118,004,624
Adjustment during the period	-	-
	1,223,406,142	1,194,806,625

Written Down Value

	869,590,523	895,262,301
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Included in above PPE, Building, and machineries are mortgaged with banks.
The details have been shown in Annexure: A

6 Capital Work in Progress

Building and Civil Construction	156,927,828	-
Machinery & Equipment	-	-
	156,927,828	-

7 Inventories

Raw materials	1,730,756,449	1,448,744,755
Work-in - process	286,740,901	258,008,230
Finished goods	306,504,288	297,521,008
Dyes & Chemicals	275,200,333	261,858,009
Spares & Accessories	70,431,866	73,480,384
	2,669,633,837	2,339,612,386

8 Trade and other receivables

Accounts Receivable	1,516,240,644	1,420,577,462
Interest Receivable from FDR	-	-
	1,516,240,644	1,420,577,462

9 Advances, deposits and prepayments

Advances	55,093,422	39,871,776
Deposits	52,287,152	51,439,654
Prepayments	5,679,787	4,057,712
	113,060,361	95,369,142

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

	30-Sep-2022	30-Jun-2022
10 Investments-FDR:		
Prime Bank-NFCD A/C # 20116017	-	-
Woori Bank-FDR A/C #9230076351	10,113,428	9,746,952
	10,113,428	9,746,952
11 Cash & Cash Equivalent		
Cash in hand	25,668,731	26,099,733
Cash at Banks (Note 11.1)	37,734,382	62,710,410
	63,403,113	88,810,143
11.1 Cash at Banks		
Standard Chartered-Taka A/C-01-6500560-01	7,285,315	5,860,663
Standard Chartered-USD A/C-01-6700772-01	206,897	199,400
Woori Bank USD A/C-92-30107-60	795,404	696,792
Woori Bank-Taka A/C-92-30107-75	10,678,491	20,949,808
Premier bank FC A/C-010215200000898	13,269,711	27,823,537
Premier Bank Taka A/C-010211100015599	1,826,532	387,789
Woori Bank- Taka NDA	1,869,697	2,028,081
Prime Bank-OBU USD A/C-11-0000-10	187,187	180,404
Prime Bank-DBU USD A/C-124-511800084-41	202,581	195,240
Prime Bank-TK A/C-124-110500084-40	52,262	52,262
Midland Bank Limited. Taka	695,744	119,047
HSBC Bank -OBU USD A/C	(6,617,155)	1,639,931
HSBC Bank -Taka A/C	711,639	717,399
Dutch Bangla Bank-DBU A/C-Taka	6,258,857	1,549,125
Dhaka Bank-OBU USD A/C-099-1125-0000003-47	7,876	7,591
Woori Bank -MOB Account	71	68
Prime Bank-TK A/C-IPO	184,062	184,062
Prime Bank-EURO A/C-IPO	20,003	20,003
Prime Bank-GBP A/C-IPO	-	-
Prime Bank-USD A/C-IPO	99,208	99,208
	37,734,382	62,710,410
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	1,439,636,220	1,308,760,200
Add: Stock Dividend	-	130,876,020
Closing Share Capital	1,439,636,220	1,439,636,220
13 Retained Earnings		
Retained Earnings Opening Balance	869,825,388	826,370,516

	30-Sep-2022	30-Jun-2022
Less: Stock Dividend	-	(130,876,020)
Less: Cash Dividend	-	(61,205,285)
Add: Net profit during the period	47,168,445	235,536,177
Retained Earnings Closing Balance	916,993,834	869,825,388
14 Long-term borrowing		
Lease Liability-ROU	18,445,383	18,519,957
HSBC Bank Ltd.	223,609,175	233,077,433
Loan from Shareholders(Annexure-E)	363,866,371	350,681,106
	605,920,929	602,278,496
Less: Current Portion of Long Term Loan		
HSBC Bank Ltd.	49,134,690	47,354,218
Loan from Shareholders	84,703,445	81,634,083
Lease Liability-ROU	1,050,337	1,050,337
	134,888,472	130,038,638
	471,032,457	472,239,858
Short details of long term borrowing from HSBC.		
Purpose:	Procurement of Machineries	
Tenure:	Three years from the date of disbursement	
Repayment:	From proceed realization	
Rate of Interest:	LIBOR+3.75%	
Security:	Building, machineries and book debt	
15 Trade and other payables		
Trade Payables	656,667,878	455,239,889
Other Payables	15,525,752	18,156,772
	672,193,630	473,396,661
16 Short term borrowing		
Woori Bank Limited (TR)	245,798,151	224,142,905
Premier Bank Limited (TR)	426,399,919	159,492,431
HSBC (TR)	565,853,608	790,344,088
Premier Bank Limited (O/D)	180,752,018	99,913,197
Woori Bank Limited (O/D)	36,825,178	5,288,269
Midland Bank (O/D)	151,113,915	45,487,922
HSBC (OD)	-	-
	1,606,742,789	1,324,668,812
17 Liabilities for Expenses		
Salaries, Wages & Allowances	30,922,259	26,572,852
Utilities Payable	18,498,271	16,515,374
Vehicle Rent & Expenses	342,567	342,567

	30-Sep-2022	30-Jun-2022
ETP Expenses BEPZA	4,441,792	4,441,792
Godown rent	12,000	12,000
Audit Fees	573,126	500,876
Liability for employee Tax	152,753	405,145
Liability for supplier VAT and Tax	980,323	999,648
PF subscription	1,404,007	1,346,139
Others	843,780	759,253
	58,170,878	51,895,646
18 Outstanding IPO Subscription		
The Break-Up of the amount is given below		
Bank Name & Account Number		
Prime Bank A/C 2148517000877(USD)	-	79,997
Prime Bank A/C 214851100154 (EURO)	-	20,003
	-	100,000
19 Dividend Payable		
Dividend Payable	1,443,963	1,602,347
	1,443,963	1,602,347
20 Income Tax provision		
Opening Balance	28,775,768	31,320,261
Add: Provision during the year	12,342,287	40,228,839
Less: Adjustment/Paid during the year	-	(42,773,332)
Total	41,118,055	28,775,768
21 NAVPS (Net Assets Value Per Share)		
No of shares to calculate Net Asset Value Per Share	143,963,622	143,963,622
Shareholder's equity	2,356,630,054	2,309,461,608
NAVPS (Net Assets Value Per Share)	16.37	16.04

	<u>Amount in Taka</u> 1-Jul-2022 to 30-Sep-2022	<u>Amount in Taka</u> 1-Jul-2021 to 30-Sep-2021
22 Revenue		
Export Sales	1,233,874,361	1,033,762,612
	1,233,874,361	1,033,762,612
22.01 Other Income		
Bank Interest FDR-Premier Bank	-	-
Bank Interest-Prime Bank	-	-
FDR Interest-Woori Bank	-	18,196
Profit on Sale of PPE	-	-
	-	18,196
23 Cost of Sales		
Yarn consumed (Note-23.01)	857,552,213	662,886,525
Dyes & Chemicals Consumed (Note 23.02)	88,623,380	79,194,618
Manufacturing expenses (Note-23.03)	165,991,297	157,009,738
Manufacturing costs for the period	1,112,166,890	899,090,881
Opening work in progress	258,008,230	220,792,279
Closing work in progress	(286,740,901)	(218,683,874)
Cost of goods manufactured	1,083,434,220	901,199,286
Finished goods (Opening)	297,521,008	376,251,037
Finished goods (Closing)	(306,504,288)	(359,519,160)
	1,074,450,939	917,931,163
23.01 Yarn consumed		
Opening stock	1,448,744,755	820,709,324
Purchase during the period	1,139,563,907	729,659,303
Raw materials available for consumption	2,588,308,662	1,550,368,627
Closing stock	(1,730,756,449)	(887,482,102)
Raw materials consumed	857,552,213	662,886,525
23.02 Dyes & Chemical consumed		
Opening stock	261,858,009	223,055,429
Purchase during the period	101,965,704	69,940,392
Dyes & Chemicals available for consumption	363,823,713	292,995,821
Closing stock	(275,200,333)	(213,801,203)
Dyes & Chemicals consumed	88,623,380	79,194,618
23.03 Factory Overhead		
Utility Bills-BEPZA	39,180,249	42,269,622
Repair and Maintenance	2,658,070	2,313,429
Wages and Salary	38,807,706	32,854,144
Daily Labor Charges	3,728,725	2,060,088
P.F. Contribution	1,242,589	1,056,150
Gas Charges- Titas	30,230,816	24,141,637
Insurance Premium (Mfg.)	1,127,881	1,260,025
Godown Rent	536,013	807,920
Medical Subscription & Worker Welfare	347,820	315,147
Spare & Accessories consumed(Notes-:	22,391,862	24,219,896
Depreciation	25,739,566	25,711,680

	<u>Amount in Taka</u> <u>1-Jul-2022</u> to <u>30-Sep-2022</u>	<u>Amount in Taka</u> <u>1-Jul-2021</u> to <u>30-Sep-2021</u>
	165,991,297	157,009,738
23.04 Spare & Accessories consumed		
Opening stock	73,480,384	100,356,455
Purchase during the period	19,343,344	19,094,139
Spares & Accessories available for consumption	92,823,728	119,450,594
Closing stock	(70,431,866)	(95,230,698)
Spares & Accessories consumed	22,391,862	24,219,896
24 Distribution Costs		
Salaries & Allowances	3,749,586	3,101,157
Contribution to P.F	107,857	150,965
Advertisement	21,420	7,698
House Rent	268,380	255,780
Entertainment-(Sales&Marketing)	668,336	522,879
Delivery Expense	2,015,699	498,098
	6,831,278	4,536,577
25 Administrative expenses		
Association Fees	111,548	-
Telephone, Mobile and Internet	309,343	287,129
Medical & Welfare	878,345	678,160
Professional Fees	1,001,650	353,208
Audit Fees	72,250	72,250
Renewal & Registration	1,152,946	364,658
Salaries & Allowances	22,294,331	18,747,765
Security Expenses	600,001	795,989
Vehicle Expenses	2,300,873	1,872,004
Contribution for P.F	737,317	746,005
Entertainment(Office)	120,704	159,584
Traveling & Conveyance	911,992	974,572
Printing & Stationeries	1,068,559	326,111
Courier Charge	41,445	40,901
Depreciation	2,859,952	2,856,853
	34,461,256	28,275,189
26 Financial Expenses:		
Interest on Long Term Loan	1,787,162	8,196,680
Interest on Short Term Loan	26,829,509	16,893,789
Bank Charge and Commission	2,635,561	1,919,862
	31,252,232	27,010,331
Financial Expenses:		
Interest -Bill Discounting	8,386,017	3,742,239
Bank Charges & Commission	2,635,561	1,919,862
Interest -Bill settlement	6,472,301	4,710,988
Interest-overdraft	4,055,145	314,195
Interest- Term Loan	1,579,474	8,196,680

	<u>Amount in Taka</u> <u>1-Jul-2022</u> to <u>30-Sep-2022</u>	<u>Amount in Taka</u> <u>1-Jul-2021</u> to <u>30-Sep-2021</u>
Interest TR Loan	7,916,046	7,910,714
Interest-Lease Liability (ROU)	207,688	215,653
	-	-
	31,252,232	27,010,331
27 Income tax expenses:		
The above balance is made up as follows:		
Current tax (27.01)	12,342,287	8,430,768
Deferred tax (income)/expenses (Annexure-G)	(449,612)	(246,155)
	11,892,675	8,184,613
27.01 Current tax		
The above balance is made up as follows:		
Income tax on business income (Note 27.02)	12,342,287	8,426,219
Short Provision for prior years	-	-
Income tax on other income (Note 27.03)	-	4,549
Total tax on income	12,342,287	8,430,768
27.02 Income tax on business income		
Net Profit/ (Loss) before tax	59,061,121	53,994,800
Less: IPO Expenses	-	-
Add: Accounting depreciation	28,599,518	28,568,533
Less: Tax depreciation	(25,602,107)	(26,370,344)
	62,058,531	56,192,989
Less: Other income	-	18,196
Total business income	62,058,531	56,174,793
Income tax @ 15%	9,308,780	8,426,219
Tax deducted under section 82 (C)	12,342,287	4,614,276
As per section 82(c) of the ITO tax deducted at source or tax calculated @ 15% whichever is higher will be the tax payable.	7,171,107	6,244,119
27.03 Income tax on other income:		
Other income	-	18,196
Income tax @ 25%	-	4,549
28 Earning Per Share:		
Net profit after tax attributable to ordinary shareholders	47,168,445	45,810,187
No of weighted average shares to calculate basic earnings per share	143,963,622	143,963,622
Basic & Diluted Earnings per share	0.33	0.32
29 Cash received from customer & other income		
Revenue	1,233,874,361	1,033,762,612
Other Income	-	18,196
Realized Foreign Exchange Gain/(Loss)	3,514,392	(691,487)

	<u>Amount in Taka</u> <u>1-Jul-2022</u> to <u>30-Sep-2022</u>	<u>Amount in Taka</u> <u>1-Jul-2021</u> to <u>30-Sep-2021</u>
Adjustment of unrealized foreign exchange gain/(loss) for trade	53,458,953	3,854,775
(Increase)/Decrease in Trade and other receivables	(95,663,182)	3,742,327
	<u>1,195,184,524</u>	<u>1,040,686,423</u>

30 Cash Paid to Suppliers, employees and others expenses

Cost of Goods Sold	(1,074,450,939)	(917,931,163)
Distribution Cost	(6,831,278)	(4,536,577)
Administrative Expenses	(34,461,256)	(28,275,189)
Adjustment for Depreciation	28,599,518	28,568,533
Adjustment for Unrealized Foreign Exchange gain/(Loss)	(16,268,569)	(896,495)
(Increase)/Decrease in Inventory	(330,021,450)	(33,552,513)
(Increase)/Decrease in Advances	(17,691,219)	(9,146,686)
Deposits Prepayments		
Net Advance Income Tax included in advance deposits & prepayments considered separately	12,342,287	4,614,276
Increase/(Decrease) Trade and other payable	198,796,969	(9,022,743)
Increase/(Decrease) Liabilities for Expenses	6,275,232	10,866,171
	<u>(1,233,710,708)</u>	<u>(959,312,386)</u>

Opening AIT	(24,273,813)	(34,534,009)
Closing AIT	36,616,100	39,148,285
Opening Income Tax Provision	28,775,768	31,320,261
Closing Income Tax Provision	(41,118,055)	(39,751,029)
Current Year Tax Provision	12,342,287	8,430,768
	<u>12,342,287</u>	<u>4,614,276</u>

31 Net Operating Cash Flow per share(NOCFPS)

No of weighted average shares to calculate Net Operating Cash flow	<u>143,963,622</u>	<u>143,963,622</u>
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Net Cash provided by operating activities	<u>(50,868,471)</u>	<u>76,759,761</u>
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Net Operating Cash Flow per share (NOCFPS)	<u>(0.35)</u>	<u>0.53</u>
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32 Reconciliation of Net profit with cash flow from operating activities

Net Profit Before Tax	59,061,121	53,994,800
(Increase)/Decrease in Trade and other receivables	(95,663,182)	3,742,327
Adjustment for Depreciation	28,599,518	28,568,533
Adjustment for Sale of PPE included in (Increase)/Decrease in Inventory	(330,021,450)	(33,552,513)

	<u>Amount in Taka</u> <u>1-Jul-2022</u> to <u>30-Sep-2022</u>	<u>Amount in Taka</u> <u>1-Jul-2021</u> to <u>30-Sep-2021</u>
(Increase)/Decrease in Advances	(17,691,219)	(9,146,686)
Deposits Prepayments		
Net Advance Income Tax included in advance deposits & prepayments considered separately	12,342,287	4,614,276
Increase/(Decrease) Trade and other payable	198,796,969	(9,022,743)
Increase/(Decrease) Liabilities for Finance Expenses	6,275,232	10,866,171
Income Tax Paid	31,252,232	27,010,330
Foreign Currency Gain/(Loss) for financing and investing activities	(12,342,287)	(4,614,276)
Foreign Currency Gain/(Loss) for Cash and Cash Equivalents	69,616,557	4,313,357
	(1,094,246)	(13,816)
Cash Flow from operating activities	(50,868,471)	76,759,760

33 Explanation note 31 for changes in statement of cash flow

We have paid Tk. 1,233,710,708/- to Suppliers, employees and others expenses for 1st qtr of 2022-2023 compare with 1st qtr of last year Tk.959,312,386/- . Thus, the net operating cash flow per share during the period has been decreased.

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

Schedule of Property Plant and Equipment as at September 30, 2022

Sl. No.	Name of Assets	COST				DEPRECIATION				Written down value as on 30-Sep-2022	
		Balance as on 1-Jul-2022	Addition during the period	Disposal during the period	Balance as on 30-Sep-2022	Rate of Dep	Balance as on 1-Jul-2022	Charged during the period	Adjustment during the period		Balance as on 30-Sep-2022
1	Machinery & Equipment	1,678,094,167	2,790,000	-	1,680,884,167	15%	1,001,583,091	25,473,790	-	1,027,056,881	653,827,286
2	Building & Civil Const.	318,193,669	-	-	318,193,669	5%	142,545,226	2,195,606	-	144,740,832	173,452,838
3	Furniture and fixture	2,555,994	-	-	2,555,994	20%	2,138,806	20,860	-	2,159,666	396,329
4	Office equipment	24,665,587	137,740	-	24,803,327	25%	20,991,889	238,215	-	21,230,104	3,573,223
5	Electrical Installation	30,754,236	-	-	30,754,236	5%	12,226,055	231,602	-	12,457,657	18,296,579
6	Vehicles	12,812,743	-	-	12,812,743	20%	11,084,913	86,392	-	11,171,305	1,641,438
7	Right of Use (Asset)	22,992,530	-	-	22,992,530	-	4,236,645	353,054	-	4,589,699	18,402,831
	Total at 30.09.2022	2,090,068,926	2,927,740	-	2,092,996,666		1,194,806,625	28,599,518	-	1,223,406,142	869,590,523
	Total at 30.06.2022	1,979,886,792	110,182,134	-	2,090,068,926	-	1,076,802,001	118,004,624	-	1,194,806,625	895,262,301

Annexure-A

Depreciation Allocation:

Administrative expenses
Manufacturing Expenses

2,859,952
25,739,566
28,599,518

35 Disclosure as per requirement of schedule XI, Part-II of companies Act 1994**35.1 Related party disclosures**

The Company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-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 30.09.22 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	(255,141,417)	(130,493,067)	(385,634,484)
Gain Plus Agents Limited	Common Management	Loan from Shareholders	(350,681,106)	(13,185,265)	(363,866,371)
Ideal Fastenar BD Limited	Common Management	Trade Payable	(8,908,214)	(16,093,674)	(25,001,888)
Kingpro Manufacturing Co. Limited	Common Management	Trade Receivable	(4,234,136)	(159,199)	(4,393,335)
Kingpro Trading Limited	Common Management	Trade Payable	(47,054,717)	(1,708,180)	(48,762,897)
Queensin Ltd	Common Management	Trade Payable	(41,783,640)	(1,571,024)	(43,354,664)
Master Knitwear Ltd	Common Management	Trade Receivable	(1,240,333)	-	(1,240,333)
Winpro Textile Mills Ltd	Common Management	Trade Payable	(9,031,667)	(3,408,582)	(12,440,249)
BHK Textile Mills Ltd	Common Management	Trade Receivable	-	-	-

36 Number of Employees

All the employees receive

Number of permanent staff

Number of permanent workers

Number of temporary staff/worker

Total:

118

632

40

790

37 General

37.1 Directors' responsibility statements

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

37.2 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest Taka and, wherever considered necessary.

37.3 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.

37.4 Authorization for issue of the financial statements

The financial statements have been authorised for issue by the Board of Directors on 14 November 2022


Chief Financial Officer


Company Secretary


Director


Managing Director


Chairman