



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 June 30, 2018.

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 June 2018 and complies with the prospectus.


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 17,830,312 against L/C no. DPCDA0870118 for the purpose of Acquisition & Installation of Machineries equivalent to USD 217,300 from HSBC, Dhaka Main Branch.
3. The Company has been maintaining Fixed Deposit Receipt (FDR) of Tk. 112,800,000 with Premier Bank Limited, Gulshan Branch (FDR A/C NO. 010224300052606 & 010224300052679) as per bank certificate No. Premier/Gulshan/GB/2018/415 dated: July 09, 2018 and approval of the Board of Directors' Meeting held on June 07, 2018.

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;
- 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: July 15, 2018.


Ahmed Zaker & Co.
Chartered Accountants

Report on Utilization of IPO Proceeds

for the month of 30 June 2018

: Queen South Textile Mills Ltd.

: Tk. 150,000,000

: January 15, 2018

: March 31, 2017

: Within 18 Months of receiving IPO Fund

ast 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.....)	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	-	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	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					17,830,312	37,174,228		112,825,772		

Net Interest on IPO Proceeds

489,740

In-Utilized IPO Proceeds

112,825,772

Total Un-Utilized IPO Proceeds with Interest Income

113,315,511

percentage:

Interest on IPO Proceeds: 0.33%

In-Utilized IPO Proceeds with Interest Income: 75.54%

Notes:

a) The Company collected 37.31 times IPO money to their IPO bank account against the issued IPO Tk. 150,000,000.

b) During the month, The company utilized total amount of Tk. 17,830,312 against L/C no. DPCDA0870118 for the purpose of Acquisition & Installation of Machineries equivalent to USD 217,300 from HSBC, Dhaka Main Branch.

c) The Company has been maintaining Fixed Deposit Receipt (FDR) of Tk. 112,800,000 with Premier Bank Limited, Gulshan Branch, (FDR A/C NO. 010224300052606 & 0102 24300052679) as per bank certificate No. Premier/Gulshan/GB/2018/415 dated July 09, 2018 and approval of the Board of Directors' Meeting held on June 07, 2018.



Chief Financial Officer



Company Secretary



CEO



Ahmed Zaker & Co.

Chartered Accountants