

Delta Spinners Limited

Selected Explanatory Notes on the Accounts as on 31st March, 2025

- 1) **Statement of Compliance:** These Condensed Consolidated Financial Statements do not include all the information as required for full annual financial statements, and have been prepared in accordance with International Financial Reporting Standards.
- 2) **Accounting Policies:** The Company has applied the same accounting policies and methods of computation for the interim financial statements as in the un-audited annual financial statements as of and for the year ended 30th June, 2024.
- 3) The Interim financial statements have been prepared based on un-audited financial statements for the year ended 30th June, 2024. As per IAS-34, only "Selected Explanatory Notes" are provided. Detailed break-up of the amounts are not presented in the Financial Statements.
- 4) **Subsidiary Company:** There has not been any trading operation of the subsidiary company during the period under review.
- 5) **Reasons for Low Operational Performance:**
 - A poor supply and higher cost of raw cotton, the basic raw material of the factory, due to disruption of supply chain since July, 2024.
 - Wages of the factory workers have been increased by 10% as per Govt. Directives.
 - The operations of the factory remained closed for several days in the month of July, 2024 due to imposition of curfew.
 - Titas Gas, which is our main source of power supply, has increased its tariff by 87% since February, 2023.
 - Fluctuation in the US Dollar to Taka rate has raised the price of imported raw cotton. The price of the US Dollar has since increased by about 44%.

The above reasons, amongst others, have caused increase in the cost of production during the period under review. However, in order to keep the factory in operation; we have to sell our products even without any profit margin at the prevailing market rate. Consequently, the nine-months' period of the accounting year 2024-2025 has experienced operational loss leading to a negative EPS of (-) Tk. 0.10. It may, however, be stated that due to relentless efforts by the management, the Company has earned a net profit of Tk. 32.90 lacs during the last quarter, i.e, from 01-01-2025 to 31-03-2025 and the loss of nine-months' of the financial year 2024-2025 has been reduced to (-) Tk. 0.10 compared to (-) Tk. 0.29 during the corresponding period of 2023-2024.

- 6) **Issued, Subscribed & Paid-up Capital:** The present number of Ordinary Shares stands at 16,64,81,964 of Tk. 10 each fully paid up. The paid-up capital is Tk. 166,48,19,640 only.
- 7) **Related Party Transaction:** During the period under review, the Company paid a compensation to its 5 (five) key management personnel namely, Mr. Mostafa Jamal Haider, Managing Director, Mr. Masudur Rahman, Executive Director and Company Secretary, Ms. Rabeya Sultana, our former CFO, Mr. Mostafa Zakaria Haider, Head of Internal Audit & Compliance and Mr. Abu Ahammad Sharif, General Manager as "Short Term Employee Benefit" amounting to Tk. 22,42,662 only. No long term or any other benefits has been paid to these key management personnel.

The accounts have been posted in the Web Site of the Company at: www.delta-spinners.com