

Delta Spinners Limited

Selected Explanatory Notes on the Accounts as at 31st March, 2022

- 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, 2021.
- 3) The Interim financial statements have been prepared based on un-audited financial statements for the year ended 30th June, 2021. 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 of Significant Deviation in EPS:** In the Half-Yearly Financial Statements ended on 31-12-2021, we stated that due to Covid-19 pandemics, operations of the factory remained closed from 28.03.2020 to 01.04.2020, 09.04.2020 to 28.04.2020 and 25.07.2021 to 31.07.2021 as per Government Directives. This created a serious production loss and severe loss of profitability. The legacy of the bad effect continued and the buyers of our cotton yarn, i.e., the local weavers could not operate their factories properly. In addition to the pandemic problems, there have been serious flash floods during July-August, 2021 in the areas where local weaving factories are situated, namely, Shahjadpur, Belkuchi, Pabna, Sirajganj, Tangail, etc. and the production, vis-a-vis sales of yarn seriously hampered. Besides, there had been serious global problems in the supply of raw cotton and both supply and price had seen abnormal behavior. All these led to lower production and high cost. Because of the above, there was a negative EPS of (-)Tk. 0.04 for July-Sept' 21 quarter. This loss was, however, reduced to (-) Tk. 0.01 in Oct-Dec. 21 quarter and the cumulative effect for Half-Yearly period of July-Dec. 21 were (-) Tk. 0.05 EPS. The negative trend has, however, been arrested now and the EPS for Jan-March' 2022 has been a positive Tk. 0.01. The cumulative effect for all these three quarters of July, 2021 to March, 2022 has been a negative (-) Tk. 0.04 EPS.
- 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, CFO, Mr. Mostafa Zakaria Haider, Director and Head of Internal Audit & Compliance and Mr. Abu Ahammad Sharif, General Manager as "Short Term Employee Benefit" amounting to Tk. 31,37,823 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