

Delta Spinners Limited
Selected Explanatory Notes as at 31st December, 2017

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 Bangladesh 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 annual financial statements as of and for the year ended June 30, 2017.

- 3 The textile spinning factory of the Company went through BMRE process and many productive machinery remained dismantled for the purpose. Hence there had been substantial production loss. There was no "Non-operating Income" during the period leading to decreased Earning Per Share which in turn was due to reduction in the balance of investment in FDR as the money has been invested in the Export Oriented Unit and in BMRE.
- 4 The Property, Plant & Equipment and Capital Work-in-Progress include an amount of Tk. 8715.03 lacs which has been invested for the 100% Export Oriented Unit and in the BMRE program of the Company, mostly from the Rights Issue Fund.
- 5 The import documents of a portion of capital machinery for the 100% Export Oriented Unit have been released by Agrani Bank Ltd. by creating a PAD loan under current liabilities. This has resulted in the increase in "Capital Work-in-Progress" and corresponding liability.
- 6 The paid-up capital would increase by 10% due to approval given by the shareholders in the 37th AGM held on 30-12-17 for 10% stock dividend. The accounting effect would be given after crediting the stock dividend to the respective shareholders' BO Account. The accounting reflection will be shown in the 3rd quarterly accounts as of 31st March, 2018.

7 Related Party Transaction

During the period, the Company paid a compensation to its 5 (five) key management personnel as "Short Term Employee Benefit" of Tk. 16,40,808. No long term or any other benefits have been paid to these key management personnel.

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