

Delta Spinners Limited

Selected Explanatory Notes on the Accounts as at 31st December, 2021

- 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:** Due to Covid-19 pandemic, 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 even during the period under review and the buyers of our cotton yarn, i.e., the local weavers could not operate their factories properly. Consequent upon which, they did not purchase our yarn regularly. 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. During the whole calendar year of 2021 and especially during the period under review, the supply of the basic raw materials of the Company, i.e., the raw cotton has experienced erratic behavior. Apparently, there had been some 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. The over-all effect had been a big operational loss of the Company during the period under review and a negative 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, Head of Internal Audit and Compliance and Mr. Abu Ahammad Sharif, General Manager as "Short Term Employee Benefit" amounting to Tk. 20,43,294 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