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**Navana Pharmaceuticals Limited**

**Auditors' Report and Financial Statements**

**As at and for the year ended 30 June 2018**

**Auditors' Report to the Shareholders  
of  
Navana Pharmaceuticals Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Navana Pharmaceuticals Limited, which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Navana Pharmaceuticals Limited as at 30 June 2018 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other applicable laws in Bangladesh.

**Other matter**

The financial statements of Navana Pharmaceuticals Limited for the year ended 30 June 2017 were audited by Mahfel Huq & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 10 December 2017.

**We also report that:**

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books.
- (c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dhaka, 13 December 2018



  
(A. Qasem & Co.)  
Chartered Accountants

**Navana Pharmaceuticals Limited**  
**Statement of Financial Position**  
**As at 30 June, 2018**

	Notes	June 30, 2018 Taka	June 30, 2017 Taka
<b>Assets</b>			
<b>Non-Current Assets:</b>			
Property, Plant & Equipment	3.0	3,123,772,234	1,705,388,110
Investment in Share	4.0	33,975,000	33,975,000
<b>Total Non-Current Assets:</b>		<b>3,157,747,233</b>	<b>1,739,363,110</b>
<b>Current Assets:</b>			
Inventories	5.0	717,789,244	640,459,132
Trade and Other Receivables	6.0	360,903,450	342,334,081
Advances, Deposits & Prepayments	7.0	434,671,745	434,795,165
Deferred Tax Asset	8.0	7,053,369	-
Cash and Cash Equivalents	9.0	14,852,518	26,307,998
<b>Total Current Assets:</b>		<b>1,535,270,325</b>	<b>1,443,896,376</b>
<b>Total Assets</b>		<b>4,693,017,558</b>	<b>3,183,259,486</b>
<b>Equity And Liabilities</b>			
<b>Equity:</b>			
Issued Share Capital	10.0	801,500	801,500
Share Money Deposit	11.0	140,500,000	135,500,000
Capital Reserve on Amalgamation	12.0	-	653,975,792
Revaluation Reserve	13.0	2,100,586,253	681,882,342
Tax Holiday Reserve		-	4,103,143
Retained Earnings		1,009,030,119	262,445,194
<b>Total Equity:</b>		<b>3,250,917,872</b>	<b>1,738,707,971</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities:</b>			
Lease Obligation	14.2	65,532,121	68,159,722
Term Loan	15.2	82,069,563	-
Deferred Tax Liability	16.0	3,921,699	48,796,238
<b>Total Non-Current Liabilities:</b>		<b>151,523,383</b>	<b>116,955,959</b>
<b>Current Liabilities:</b>			
Short Term Borrowings	17.0	838,001,793	767,809,300
Lease Obligation (Current Maturity)	14.1	40,082,315	60,494,069
Term Loan (Current Maturity)	15.1	21,376,564	-
Inter Company Account	18.0	121,096,470	131,188,220
Trade and other Payables	19.0	270,019,161	368,103,966
<b>Total Current Liabilities:</b>		<b>1,290,576,303</b>	<b>1,327,595,555</b>
<b>Total Liabilities</b>		<b>1,442,099,686</b>	<b>1,444,551,515</b>
<b>Total Equity And Liabilities</b>		<b>4,693,017,558</b>	<b>3,183,259,486</b>

The accompanying notes form an integral part of these financial statements.

  
**Managing Director**

  
**Director**

Signed in terms of our report of even date annexed

Dhaka, 13 December 2018



  
**(A. Qasem & Co.)**  
Chartered Accountants

**Navana Pharmaceuticals Limited**  
**Statement of Profit or Loss & Other Comprehensive Income**  
**For the year ended 30 June, 2018**

	Notes	June 30 2018 Taka	June 30 2017 Taka
Gross Sales	20.00	2,939,154,023	2,665,417,453
Less: VAT		358,025,022	322,762,028
<b>Net Sales</b>		<b>2,581,129,002</b>	<b>2,342,655,424</b>
Less: Cost of Sales	21.00	1,424,499,933	1,310,975,330
<b>Gross Profit</b>		<b>1,156,629,069</b>	<b>1,031,680,095</b>
<b>Less: Operating Expenses</b>			
Administrative Expenses	22.00	116,239,169	101,062,986
Selling & Marketing Expenses	23.00	651,144,008	598,040,709
Distribution Expenses	24.00	178,135,411	127,429,950
<b>Total Operating Expenses:</b>		<b>945,518,588</b>	<b>826,533,646</b>
<b>Operating Profit</b>		<b>211,110,481</b>	<b>205,146,449</b>
Less: Financial Expenses	25.00	97,624,319	89,174,090
Add: Other Income		11,581,171	11,029,687
<b>Profit before WPPF &amp; Tax</b>		<b>125,067,333</b>	<b>127,002,045</b>
Contribution to WPPF		6,253,367	-
<b>Profit before tax</b>		<b>118,813,967</b>	<b>127,002,045</b>
<b>Less: Income Tax</b>	26.00		
Current Tax		45,366,142	47,652,264
Deferred Tax Expense / (Income)		(3,131,670)	4,993,009
<b>Profit after Tax</b>		<b>76,579,495</b>	<b>74,356,772</b>
<b>Other Comprehensive Income</b>			
Unrealized gain on revaluation of Land		1,466,986,253	-
<b>Total Comprehensive Income</b>		<b>1,543,565,748</b>	<b>74,356,772</b>

*The accompanying notes form an integral part of these financial statements.*

  
**Managing Director**

  
**Director**

Signed in terms of our report of even date annexed

Dhaka, 13 December 2018



  
**(A. Qasem & Co.)**  
Chartered Accountants

Navana Pharmaceuticals Limited  
Statement of Change in Equity  
For the year ended 30 June, 2018

*Amount in Taka*

Particulars	Share Capital	Tax Holiday Reserve	Share Money Deposit	Revaluation Reserve	Capital Reserve on Amalgamation	Retained Earnings	Total
Balance as at 1 July 2017	801,500	4,103,143	135,500,000	681,882,342	653,975,792	262,445,194	1,738,707,971
Profit after Tax	-	-	-	-	-	76,579,495	76,579,495
Share money deposits	-	-	5,000,000	-	-	-	5,000,000
Derecognition of provision for VAT expense	-	-	-	-	-	40,000,000	40,000,000
Reversal of Deferred Tax liability on revaluation gain	-	-	-	48,796,238	-	-	48,796,238
Revaluation Loss on assets other than land	-	-	-	(97,078,580)	-	-	(97,078,580)
Capital Reserve on Amalgamation transferred to Retained Earnings	-	-	-	-	(653,975,792)	653,975,792	-
Reversal of prior year excess depreciation	-	-	-	-	-	(28,073,505)	(28,073,505)
Revaluation gain on Land	-	-	-	1,466,986,253	-	-	1,466,986,253
Derecognition of Tax Holiday Reserve	-	(4,103,143)	-	-	-	4,103,143	-
<b>Balance as at 30 June 2018</b>	<b>801,500</b>	<b>-</b>	<b>140,500,000</b>	<b>2,100,586,253</b>	<b>-</b>	<b>1,009,030,119</b>	<b>3,250,917,872</b>

Navana Pharmaceuticals Limited  
For the year ended 30 June, 2017

*Amount in Taka*

Particulars	Share Capital	Tax Holiday Reserve	Share Money Deposit	Revaluation Reserve	Capital Reserve on Amalgamation	Retained Earnings	Total
Balance as at 1 July 2016	301,500	4,103,143	120,000,000	744,988,726	-	168,785,267	1,038,178,635
Issue of new share to NHCL	500,000	-	-	-	-	-	500,000
Profit after Tax	-	-	-	-	-	74,356,772	74,356,772
Share Money Deposit	-	-	15,500,000	-	-	-	15,500,000
Deferred tax on revalued assets	-	-	-	(43,803,229)	-	-	(43,803,229)
Transfer of excess depreciation from revaluation surplus	-	-	-	(19,303,155)	-	19,303,155	-
Capital reserve on amalgamation	-	-	-	-	653,975,792	-	653,975,792
<b>Balance as at 30 June 2017</b>	<b>801,500</b>	<b>4,103,143</b>	<b>135,500,000</b>	<b>681,882,342</b>	<b>653,975,792</b>	<b>262,445,194</b>	<b>1,738,707,971</b>



Navana Pharmaceuticals Limited  
Statement of Cash Flows  
For the year ended 30 June 2018

	30-Jun-18 Taka	30-Jun-17 Taka
<b><i>Cash Flows from Operating Activities:</i></b>		
Cash receipts from customers	2,920,584,655	2,673,502,539
Cash paid to Suppliers	(1,250,783,282)	(1,045,822,350)
Cash paid to Employees & others	(1,513,018,423)	(1,317,852,110)
Income tax paid	(75,674,837)	(65,698,001)
Other income received	11,581,171	11,029,687
<b>Net cash flows from operating Activities:</b>	<b>92,689,284</b>	<b>255,159,764</b>
<b><i>Cash Flows from Investing Activities:</i></b>		
Purchase of Fixed Asset	(151,864,801)	(95,045,766)
Sale of Fixed Assets	-	17,206,021
<b>Net cash used in investing activities:</b>	<b>(151,864,801)</b>	<b>(77,839,745)</b>
<b><i>Cash Flows from Financing Activities:</i></b>		
Share Money Deposit	5,000,000	15,500,000
Intercompany Account	(10,091,750)	(228,323,000)
Short Term Borrowings	70,029,333	161,468,274
Long Term Borrowings	103,446,127	-
Lease Liability	(23,039,355)	(36,161,119)
Bank & Lease Interest- Charge paid	(97,624,319)	(89,174,090)
<b>Net Cash from Financing Activities</b>	<b>47,720,036</b>	<b>(176,689,935)</b>
<b><i>Change in Cash and Cash Equivalent</i></b>	<b>(11,455,480)</b>	<b>630,084</b>
Cash and Cash Equivalent at the beginning of the year	26,307,998	25,677,914
<b><i>Cash and Cash Equivalent at the end of the year</i></b>	<b>14,852,518</b>	<b>26,307,998</b>



