

Auditor's Report and Audited Financial Statements

of

Navana Pharmaceuticals Limited

125/A Islam Chamber

Motijheel C/A, Dhaka-1000, Bangladesh.

For the Period from 01 July 2021 to 31 March 2022

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Independent Auditor's Report
To the Shareholders
of
Navana Pharmaceuticals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Navana Pharmaceuticals Limited**, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matters provided in that context.



Risk	Our response to the risk
Revenue Recognition	
<p>During this period, net sales revenue of Tk. 3,662,290,916. Revenue is measured net of discounts, commission and rebates earned by customers on the sales. Within a number of the company markets, the estimation of discounts, commission and rebates recognized based on sales made during the period is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded either side of period end as well as credit notes issued after the period end date to determine whether revenue was recognized in the correct period; • Within a number of the Company's markets, comparing current period rebate accruals to the prior period and, where relevant, completing further inquiries and testing. • Agreeing a sample of claims and rebate accruals to supporting documentation; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards; • Performing cut-off test by obtaining delivery challan for goods delivered during the beginning of the next accounting period and at the close of current accounting period to verify whether sales are recorded in the current accounting period; and • Inspecting VAT returns submitted to VAT authority to determine consistency of sales revenue recognized.
See note no 21.00 to The Financial Statements	
Valuation of Inventory	
<p>The Inventory of Tk. 986,218,537 as at 31 March 2022, held in warehouses, depots and across multiple product lines.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> • evaluating the design and implementation of key inventory controls operating across the Company, including those at a sample of warehouses; • Testing, on a sample basis, the stock aging profile, expiry dates and the market price used in assessing the net realizable values of inventories to the related documents. • comparing the net realizable value, obtained through a detailed review of sales subsequent to the period-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; • reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the period; and • challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow- moving/obsolete stock are valid and complete.
See Note No 8.00 to the Financial Statements	

Valuation of Property, Plant & Equipment

The carrying value of the PPE amounted to Tk. 3,093,501,387 at 31 March 2022. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.

Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.

Our audit included the following procedures:

- We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.
- We obtained a listing of capital expenditures incurred during the period and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals.
- We inspected a sample of invoices and L/C documents to determine whether the classification between capital and operating expenditure was appropriate.
- We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.

We checked whether the depreciation of PPE items was commenced namely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.

See Note No 3.00 to the Financial Statements

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. But we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the mall relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



MABS & J Partners

Chartered Accountants

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report the following:

- a) we have obtained all the information and explanation 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
- d) the expenditure incurred was for the purpose of the Company's business.

Place: Dhaka, Bangladesh

Dated: 24 APR 2022

Signed for & on behalf of

MABS & J Partners

Chartered Accountants

Signed by: **Nasir Uddin Ahmed**

FCA, FCS, CGMA (AICPA), ACMA (UK), FCA (England & Wales)

Deputy Managing Partner

ICAB Enrollment No: 535

Navana Pharmaceuticals Limited

Statement of Financial Position

As at 31 March 2022

Particulars	Notes	Amount in BDT	
		31-March-2022	30-Jun-2021
Assets			
Non-Current Assets:			
Property, Plant and Equipment	3.00	3,093,501,387	2,970,319,683
Intangible Asset	3.01	825,000	990,000
Capital Work in Progress	4.00	313,325,000	159,035,250
Right-of-Use Asset	5.00	217,805,718	259,743,994
Investment in Marketable Securities (Fair Value)	6.00	251,371,327	-
Deferred Tax Asset	7.00	29,408,998	20,488,185
Total Non-Current Assets		3,906,237,430	3,410,577,112
Current Assets:			
Inventories	8.00	986,218,537	802,165,574
Trade and Other Receivables	9.00	484,051,894	462,891,220
Advances, Deposits and Prepayments	10.00	1,124,599,230	444,485,260
Goods In Transit	11.00	84,321,012	73,799,207
Cash and Cash Equivalents	12.00	579,961,630	25,776,315
Total Current Assets		3,259,152,302	1,809,117,576
Total Assets		7,165,389,733	5,219,694,689
Equity And Liabilities			
Equity:			
Paid-up Share Capital	13.00	802,301,500	802,301,500
Revaluation Reserve	14.00	1,966,271,633	1,966,271,633
Capital Reserve		605,590,148	-
Unrealized Gain/ (Loss) Reserve	6.00	(4,079,282)	-
Retained Earnings		122,079,963	535,831,580
Total Equity:		3,492,163,962	3,304,404,714
Liabilities			
Non-Current Liabilities:			
Loan from Directors	15.00	30,000,000	30,000,000
Lease Liabilities	16.02	109,049,342	131,527,892
Long Term Loan	17.02	114,300,344	132,979,288
Deferred Tax Liability	18.00	57,283,640	48,740,390
Total Non-Current Liabilities		310,633,325	343,247,570
Current Liabilities:			
Short Term Loan	19.00	2,770,455,335	1,136,653,530
Lease Liabilities (Current Maturity)	16.01	27,559,418	34,620,415
Long Term Loan (Current Maturity)	17.01	39,282,720	18,797,712
Trade and Other Payables	20.00	525,294,973	381,970,750
Total Current Liabilities		3,362,592,446	1,572,042,406
Total Liabilities		3,673,225,771	1,915,289,976
Total Equity and Liabilities		7,165,389,733	5,219,694,689
Net Asset Value (NAV) Per Share	30.00	43.53	41.19

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


Company Secretary


Chief Financial Officer


Managing Director



Director

Signed in terms of our report of even date annexed

Place: Dhaka, Bangladesh

Dated: **24 APR 2022**

Signed for & on behalf of
MABS & J Partners, Chartered Accountants


Signed by: **Nasir Uddin Ahmed**
FCA, FCS, CGMA (AICPA), ACMA (UK), FCA (England & Wales)
Deputy Managing Partner
ICAB Enrollment No: 535

Navana Pharmaceuticals Limited
Statement of Profit or Loss and Other Comprehensive Income
For the period from 01 July 2021 to 31 March 2022

Particulars	Notes	Amount in BDT			
		July'2021- March'2022	July'2020- March'2021	Jan-March'2022	Jan-March'2021
Net Sales	21.00	3,662,290,916	2,646,498,077	1,224,832,851	879,196,067
Less: Cost of Good Sold	22.00	2,041,751,687	1,480,033,747	685,121,122	491,700,100
Gross Profit		1,620,539,229	1,166,464,330	539,711,729	387,495,966
Less: Operating Expenses					
Administrative Expenses	23.00	123,804,419	91,477,791	41,419,456	31,305,733
Selling & Marketing Expenses	24.00	922,520,783	650,989,279	307,655,556	217,878,879
Distribution Expenses	25.00	226,439,985	185,925,912	77,492,795	63,192,086
Total Operating Expenses:		1,272,765,187	928,392,982	426,567,807	312,376,697
Operating Profit		347,774,042	238,071,348	113,143,922	75,119,269
Less: Finance Expenses	26.00	145,489,183	51,147,066	50,436,250	17,128,584
Add: Other Income	27.00	107,707,111	19,960,099	37,577,814	7,008,213
Profit before WPPF & Tax		309,991,970	206,884,381	100,285,486	64,998,898
Contribution to WPPF	20.05	14,761,522	9,851,637	4,953,311	3,491,858
Profit before tax		295,230,447	197,032,744	95,332,175	61,507,039
Less: Income Tax		103,391,916	64,638,881	27,329,109	23,023,633
Current Tax	28.00	103,769,479	38,605,519	27,457,900	13,940,882
Deferred Tax Expense/(Income)		(377,564)	26,033,362	(128,791)	9,082,751
Profit after Tax		191,838,531	132,393,863	68,003,066	38,483,406
Other Comprehensive Income					
Unrealized Gain/(loss) on Marketable Security		(4,079,282)	-	(4,079,282)	-
Total Comprehensive Income		187,759,249	132,393,863	63,923,784	38,483,406
Earnings Per Share (EPS)	29.00	2.39	1.65	0.85	0.48

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


Chief Financial Officer


Managing Director


Director

Signed in terms of our report of even date annexed

Place: Dhaka, Bangladesh
Dated: **24 APR 2022**

Signed for & on behalf of
MABS & J Partners, Chartered Accountants



Signed by: **Nasir Uddin Ahmed**
FCA, FCS, CGMA (AICPA), ACMA (UK), FCA (England & Wales)
Deputy Managing Partner
ICAB Enrollment No: 535

Navana Pharmaceuticals Limited
Statement of Changes in Equity
For the period from 01 July 2021 to 31 March 2022

Particulars	Amount in BDT					
	Share Capital	Revaluation Reserve	Capital Reserve	Unrealized Gain / (Loss) Reserve	Retained Earnings	Total
Balance as at 1 July 2021	802,301,500	1,966,271,633	-	-	535,831,580	3,304,404,713
Profit after Tax	-	-	-	-	191,838,531	191,838,531
Transfer to Capital Reserve	-	-	605,590,148	-	(605,590,148)	-
Total Unrealized Gain / (Loss) on Marketable Securities	-	-	-	(4,079,282)	-	(4,079,282)
Balance as at 31 March 2022	802,301,500	1,966,271,633	605,590,148	(4,079,282)	122,079,963	3,492,163,962

Navana Pharmaceuticals Limited
Statement of Changes in Equity
For the year ended 30 June 2021

Particulars	Amount in BDT					
	Share Capital	Revaluation Reserve	Capital Reserve	Unrealized Gain / (Loss) Reserve	Retained Earnings	Total
Balance as at 1 July 2020	801,500	1,966,271,633	-	-	1,135,038,849	3,102,111,982
Issue of bonus share	801,500,000	-	-	-	(801,500,000)	-
Profit after Tax during the period	-	-	-	-	132,393,863	132,393,863
Balance as at 31 March 2021	802,301,500	1,966,271,633	-	-	465,932,711	3,234,505,844
Profit after Tax	-	-	-	-	69,898,869	69,898,869
Balance as at 30 June 2021	802,301,500	1,966,271,633	-	-	535,831,580	3,304,404,713

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

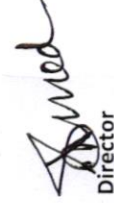

Company Secretary

Place: Dhaka, Bangladesh

Dated: **24 APR 2022**


Chief Financial Officer


Managing Director


Director



Navana Pharmaceuticals Limited
Statement of Cash Flows
For the period from 01 July 2021 to 31 March 2022

Particulars	Notes	Amount in BDT	
		July'2021- March'2022	July'2020- March'2021
Cash Flows from Operating Activities:			
Cash Received from Customers		3,636,113,249	2,647,542,571
Cash Received from Other Income		17,292,321	16,993,886
Cash Paid to Suppliers		(2,095,679,959)	(1,368,313,291)
Cash Paid to Operational & Others		(559,131,281)	(520,669,459)
Cash Paid to Employees		(740,370,424)	(617,645,458)
Income Tax Paid		(87,262,912)	(66,594,275)
Bank & Lease Interest Paid		(113,034,623)	(48,110,277)
Net cash flows from operating Activities:		57,926,371	43,203,699
Cash Flows from Investing Activities:			
Cash Paid for Purchase of Property, Plant & Equipment		(416,496,463)	(274,409,902)
LC Margin for Capital Goods		(191,781,337)	-
Realized Gain from Sale of Marketable Securities		88,196,647	-
Cash Paid for CWIP		(335,786,250)	(117,036,750)
Cash Received from Dividend Income		3,258,700	-
Cash Received/(Paid) from Investment in Marketable Securities		(255,450,609)	-
Net cash from/(used in) investing activities:		(1,108,059,312)	(391,446,652)
Cash Flows from Financing Activities:			
Payment against Related Party		-	(32,645,625)
Payment for IPO Expenses		(7,900,951)	-
Receipts against Short Term Borrowings		1,639,952,691	270,493,633
Receipts against Long Term Borrowings		1,806,064	69,820,542
Payment against Lease Liability		(29,539,548)	(21,369,011)
Net cash from/(used in) financing activities		1,604,318,256	286,299,539
Change in Cash and Cash Equivalent		554,185,315	11,889,637
Cash and Cash Equivalent at the beginning of the period		25,776,315	54,717,534
Cash and Cash Equivalent at the end of the period		579,961,630	66,607,171
Net Operating Cash Flow per Share (NOCFPS)	31.00	0.72	0.54

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


Company Secretary


Chief Financial Officer


Managing Director


Director

Place: Dhaka, Bangladesh

Dated: **24 APR 2022**



Navana Pharmaceuticals Limited
Notes to the financial statements
For the period 01 July 2021 to 31 March 2022

1.0 About the Company

1.01 Legal Form of the Company

Navana Pharmaceuticals Limited was incorporated in Bangladesh on 31 March 1986 vide registration No. C-15428/994 under the Companies Act-1913 as a Private Company Limited by shares. The company was converted into a Public Limited Company on 30 December 2020. In July 01, 2016 it took over 'Navana Health Care Limited' a private limited company with common shareholders following the Scheme of Amalgamation approved by the High Court.

1.02 Address of the Registered Office and Factory

The address of the Company's registered office is 125/A Islam Chamber Motijheel C/A Dhaka 1000. Corporate office address is House 99, Road 4, Block # B, Banani Dhaka-1213, Bangladesh. The Company has its factory in Rupshi, Narayangonj and several depots around the country.

1.03 Nature of Business Activities

The principal activities of the Company are manufacturing, distribution and marketing of pharmaceutical and veterinary products and sales of the produced items in the domestic and foreign market.

2.00 Basis of preparation and Presentation of Financial Statements

2.01 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of the company is responsible for the preparation and presentation of Financial Statements of Navana Pharmaceuticals Limited.

2.02 Statement of Compliance

The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 1994 and other relevant local laws as applicable and in accordance with the applicable International Accounting Standards (IASs), The Securities and Exchange Rules, 2020 and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and others laws and regulations applicable for the company.

2.03 Regulatory Compliances

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- a) The Income Tax Ordinance 1984;
- b) The Income Tax Rules 1984;
- c) The Value Added Tax and Supplementary Duty Act 2012;
- d) The Value Added Tax and Supplementary Duty Rules 2016;
- e) The Customs Act, 1969;
- f) Bangladesh Labour Law, 2006 (Amended 2018);
- g) Negotiable Instrument Act, 1881; and
- h) The Securities and Exchange Rules, 2020.

2.04 Basis of Measurement

Measurement is the process of determining the monetary amounts at which the elements of the financial Statements are to be recognized and carried in the statement of financial position and profit or loss and other comprehensive income. The measurement basis adopted by the Company is historical cost of inventories are at the lower of cost and net realizable value and marketable securities (if any) are at market value. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. The Financial Statements have been prepared on a going concern basis under the historical cost convention applying accrual basis of accounting in accordance with the International Financial Reporting Standards (IFRS).

The financial statements have been prepared on historical cost convention following the accrual concept of accounting, except for Property, plant & equipment which has been presented under the revaluation model. Investment in shares is valued at par value and cash flow statement has been prepared on cash basis.

2.05 Components of Financial Statements

The presentation of the financial statements is in accordance with the guidelines provided by IAS 1: Presentation of Financial Statements.

The Financial Statements comprises of:

- (a) Statement of Financial Position as at 31 March, 2022;



- (b) Statement of Profit or Loss and Other Comprehensive Income for the period from 01 July 2021 to 31 March 2022;
- (c) Statement of Changes in Equity for the period from 01 July 2021 to 31 March 2022;
- (d) Statement of Cash Flows for the period from 01 July 2021 to 31 March 2022; and
- (e) Notes, comprising summary of significant accounting policies and explanatory information.

2.06 Reporting Period and Comparative Information

Interim Financial Reporting:

Interim period is a financial reporting period shorter than a full financial period. Interim financial report means a financial report containing either a complete set of financial statements (as described in IAS 1 Presentation of Financial Statements) or a set of condensed financial statements for an interim period.

IAS 34 requires that condensed Interim Financial Statements contain at a minimum:

- a condensed statement of financial position;
- a condensed statement or condensed statements of profit or loss and other comprehensive income;
- a condensed statement of changes in equity;
- a condensed statement of cash flows; and
- selected explanatory notes.

These Interim Financial Statements present selected explanatory notes that are intended to assist users in understanding the results of the operations of the company for the current interim period.

The Financial statements cover 09 months period starting from July 01, 2021 to March 31, 2022

Certain comparative amounts have been re-classified & rearranged to conform to the current period's presentation and all numerical information in the current financial statements as below:

- Statements of Financial Position as of the end of the preceding financial period;
- Statements of Comprehensive Income for the comparable of the preceding financial period;
- Statements of Changes in Equity for the comparable of the preceding financial period;
- Statement Cash Flows for the comparable of the preceding financial period;

Narrative and descriptive information for comparative information has also been disclosed as required by IAS & IFRS whenever it is relevant for the understanding of the current Period financial statements.

2.07 Rearrangement of Financial Statement:

The previous period's figure has been rearrangement whenever considered necessary to ensure comparability with the current period presentation as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2.08 Functional and Presentation Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.09 Authorization for issue

The financial statements have been authorized for issue by the Board of Directors on 24 April 2022.

2.10 Compliance with the IASs and IFRSs

Sl. No.	Name of the IAS	IAS's No.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Statement of Cash Flows	7
4	Accounting policies, Changes in Accounting Estimates and Errors	8
5	Events after the Reporting Period	10
6	Income Taxes	12
7	Property, Plant and Equipment	16
8	Employee Benefits	19
9	The Effects of Changes in Foreign Exchange Rates	21
10	Borrowing Costs	23
11	Related Party Disclosures	24
12	Earnings per Share	33
13	Impairment of Assets	36
14	Provision, Contingent Liabilities and Contingent Assets	37
15	Intangible Assets	38
16	Financial Instrument	32
Sl. No.	Name of the IFRS	IFRS No.
1	First-time Adoption of International Financial Reporting Standards	1
2	Financial Instruments: Disclosures	7
3	Operating Segments	8
4	Financial Instruments	9



5	Fair Value Measurement	13
6	Revenue from Contracts with Customers	15
7	Leases	16

2.11 Use of Estimates and Judgments:

The preparation of financial statements in conformity with the IFRSs including IASs require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, the key areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation accrued expenses, others payable, capitalization of assets and deferred liability for gratuity.

2.12 Going Concern:

The company has adequate resources to continue in operation for the foreseeable future. The current resources of the company provides sufficient fund to meet the present requirements of its existing business. For this reason the management continue to adopt going concern assumption in preparing the Financial Statements. As per management assessment there is no material uncertainties related to event as condition which may cast significant doubt upon the company's ability to continue as a going concern.

2.13 Significant Accounting Policies

The specific accounting policies have been selected and applied for significant transactions and events that have a material effect within the framework for the preparation and presentation of Financial

2.14 Changes in significant accounting policies

Except the changes following, the Company has consistently applied the accounting policies to all periods presented in these financial statements. The Company has initially adopted IFRS 16 'Leases' from 1 July 2019. There is no material impact on financial statements on initial application of the standards.

As a Lessee

On 1st July 2019, IFRS 16 'Lease' has been adopted and all leasing arrangements except those having less than 12 months of useful life and underlying asset values of less than BDT 425,000 (\geq \$ 5000 as per IFRS 16) when new, have been capitalized as "right to use" assets with a corresponding financial liability on the balance sheet. Leased assets are capitalized from the start date of the lease agreement at the present value of the future leased payments, based on the rate of interest entered in the asset master data. Low value (less than BDT 425,000) and short term leases (less than 12 months) have been excluded from the recognition requirements and expensed in operating profit as rental costs. Lease reassessment and lease modification to increase/decrease the value of an asset depending on a change in scope of lease agreement can be made if necessary.

The lessor transfers ownership of the underlying assets to the lessee by the end of the lease term or if the cost of right-of-use asset reflects that the lessee will exercise a purchase option, the lessor shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

2.15 Property, Plant and Equipment (PPE)

Recognition and measurement:

Items of property, plant & equipment are measured at cost or revalued amount less accumulated depreciation and impairment losses, if any in accordance with IAS 16: Property, Plant and Equipment. Cost includes expenditure that are directly attributable to the acquisition of the assets. The company has adopted 'Revaluation Model' for stating property, plant & equipment.

Maintenance Activities

The company incurs maintenance costs for all its major items of property, plant and equipment. Repair and maintenance, costs are charged as expenses when incurred.

Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenances costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they incurred.

