Anwar Galvanizing Limited

Baitul Hossain Building,
27 Dilkusha, Dhaka-1000, Bangladesh.

AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
As at and for the year ended 30 June 2019

MAHFEL HUQ & CO.
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Independent Auditor's Report to the Shareholders' of Anwar Galvanizing Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anwar Galvanizing Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2019 and along with 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 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

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Description of key audit matters	Our response to the key audit matters
Revenue recognition	
At year end, the company reported total revenue of BDT 433,443,776. Revenue is measured including discounts, incentives and rebates by customers on the company's sales. Within a number of the company's markets, the estimation of incentives recognized based on sales made during the year 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. There is also a risk that revenue may be overstated due to the fraud through manipulation of the discounts, incentives and rebates recognised resulting from the pressure of local management may feel to achieve performance targets.	• We have tested the design and operating effectiveness of key controls focusing on the following:Calculation of incentives; • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. Our substantive procedures in relation to the revenue recognition comprises the following: • Obtaining supporting documentation for sales transactions recorded at the year end date to determine whether revenue was recognized in the current period; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. ***[See note 16.0 of the financial statements]***

Valuation of Inventory	Our response to the risk
The company had inventory of BDT 125,387,724 at 1st July 2019, held in factory premises and warehouse. Inventory value is measured at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for value in use and working progress. Closing Inventory under work-in-process is BDT 38,502,547, the items of this kind requires expert valuer's opinion. An expert valuers report would be required. The Work in Process is calculated within the company's accounting systems using an automated process. Where local systems require manual interfaces and inputs, there is a risk that inappropriate management override and/or error	We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by: • Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of warehouses. • Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; • Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess

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may occur.	whether inventory provisions are complete; and • Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory to assess whether provisions for slow-moving/obsolete stock are valid and complete. *[See note 5.00 of the financial statements]*

Legal and regulatory matters

We focused on this area because the company operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities. Overall, the legal provision represents the company's best estimate for existing legal matters that have a probable and estimable impact on the company's financial position.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the company's provisions and contingent liabilities disclosure.

Reporting on 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 auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company 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.
- 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

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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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, 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 together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and

d) the expenditures incurred were for the purpose of the company's business.

Md. Abu Kaiser,
Partner,
Mahfel Huq & Co.
Chartered Accountants

Place: Dhaka
Dated: 27 October 2019

Anwar Galvanizing Limited
Statement of Financial Position
As at 30 June 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
Assets			
Non Current Assets			
Property, Plant and Equipment	3.00	88,031,523	89,399,729
		88,031,523	**89,399,729**
Current Assets			
Assets Reclassified as Held for Sale	4.00	-	52,280,217
Inventories	5.00	125,387,724	138,128,715
Trade Receivables	6.00	5,224,134	10,175,087
Advances, Deposits and Prepayments	7.00	15,373,982	13,315,562
Short Term Investment	8.00	1,217,468	1,323,293
Cash and Cash Equivalents	9.00	33,356,832	34,349,782
		180,560,140	**249,572,656**
Total Assets		**268,591,663**	**338,972,385**
Equity & Liabilities			
Shareholders' Equity			
Share Capital	10.00	145,200,000	145,200,000
Retained Earnings	11.00	(2,285,883)	(43,606,728)
Tax Holiday Reserve	12.00	-	34,057,703
		142,914,117	**135,650,975**
Non Current Liabilities			
Deferred Tax Liabilities	13.00	10,320,053	10,409,064
		10,320,053	**10,409,064**
Current Liabilities			
Trade and Other Payables	14.00	115,357,493	191,186,822
Liabilities for Other Finance	15.00	-	1,725,524
		115,357,493	**192,912,346**
Total Equity & Liabilities		**268,591,663**	**338,972,385**
Net Asset Value Per Share	23.00	9.84	9.34

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

Company Secretary | Managing Director | Chairman

Signed as per our annexed report on even date

Md. Abu Kaiser, FCA
Partner,
Mahfel Huq & Co.
Chartered Accountants

Place: Dhaka
Dated : 27 October 2019

Anwar Galvanizing Limited
Statement of Profit or Loss & Other Comprehensive Income
For the year ended 30 June 2019

Particulars	Notes	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
Revenue	16.00	433,443,776	368,290,713
Cost of Goods Sold	17.00	(379,257,017)	(317,361,710)
Gross Profit		54,186,759	50,929,003
Operating Expenses			
Administrative Expenses	18.00	(13,333,045)	(11,792,217)
Selling and Distribution Expenses	19.00	(10,859,706)	(11,061,285)
		(24,192,751)	**(22,853,502)**
Operating Profit		**29,994,008**	**28,075,501**
Financial Expenses	20.00	(806,570)	(517,653)
Non-Operating Income	21.00	186,937	473,783
Profit Before Distribution of WPPF		**29,374,376**	**28,031,630**
Contribution to WPPF		(1,398,780)	(1,334,840)
Profit Before Tax		**27,975,596**	**26,696,790**
Income Tax Expense			
Current Tax	14.02	(6,175,640)	(5,585,658)
Deferred Tax	13.00	89,011	(3,087,353)
		(6,086,629)	**(8,673,011)**
Net Profit After Tax		**21,888,967**	**18,023,779**
Other Comprehensive Income			
Unrealized Gain/(Loss) on Marketable Securities	8.00	(105,825)	(153,385)
Total Comprehensive Income for the Period		21,783,142	17,870,395
Basic Earning Per Share	24.00	**1.51**	**1.24**

The annexed notes form an integral part of these financial statements

Company Secretary | **Managing Director** | **Chairman**

Signed as per our annexed report on even date

Place: Dhaka
Dated : 27 October 2019

Md. Abu Kaiser, FCA
Partner,
Mahfel Huq & Co.
Chartered Accountants

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Anwar Galvanizing Limited
Statement of Changes in Equity
For the year ended 30 June 2019

Amount in Taka

Particulars	Share Capital	Tax Holiday Reserve	Retained Earnings	Total
Balance as on 01 July 2017	132,000,000	34,057,703	(48,277,123)	117,780,580
Net Profit/Loss for the year	-	-	18,023,779	18,023,779
Unrealized Gain/ (Loss)	-	-	(153,385)	(153,385)
Dividend (Stock)	13,200,000	-	(13,200,000)	-
Balance as on 30 June 2018	**145,200,000**	**34,057,703**	**(43,606,728)**	**135,650,975**
Net Profit/Loss for the year	-	-	21,888,967	21,888,967
Unrealized Gain/ (Loss)	-	-	(105,825)	(105,825)
Dividend (Cash)	-	-	(14,520,000)	(14,520,000)
Transfer of Reserve to Retained Earnings		(34,057,703)	34,057,703	-
Balance as on 30 June 2019	**145,200,000**	-	**(2,285,883)**	**142,914,117**

The annexed notes form an integral part of these financial statements

Company Secretary

Managing Director

Chairman

Place: Dhaka
Dated : 27 October 2019

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Anwar Galvanizing Limited
Statement of Cash Flows
For the year ended 30 June 2019

Particulars	Notes	Amount in Taka	
		30 June 2019	30 June 2018
Cash Flows from Operating Activities			
Collection from Customers and Others	22.00	448,169,015	382,749,631
Payment for Expenses		(418,705,817)	(340,509,966)
Income Tax Paid		(5,051,812)	(5,031,907)
Interest Paid		(165,293)	-
Net Cash Inflow/(Outflow) from Operating Activities		**24,246,092**	**37,207,758**
Cash Flows from Investing Activities			
Payment for the Acquisition of Property, Plant & Equipment		(6,502,585)	(14,665,458)
Proceeds from Sales of Property, Plant & Equipment		51,783,688	-
Net Cash Inflow/(Outflow) from Investing Activities		**45,281,103**	**(14,665,458)**
Cash Flows from Financing Activities			
Dividend Paid		(10,546,053)	(111,775)
Inter Company Payment		(55,977,217)	-
Paid Loan against Trust Receipts (LTR)		(3,996,875)	1,725,525
Net Cash Inflow/(Outflow) from Financing Activities		**(70,520,146)**	**1,613,750**
Net Increase/(decrease) in Cash and Cash Equivalents		**(992,950)**	**24,156,050**
Cash and Cash Equivalents at the Beginning of the Year		34,349,782	10,193,732
Cash and Cash Equivalents at the Year End		**33,356,832**	**34,349,782**
Net Operating Cash Flow Per Share	25.00	**1.67**	**2.56**

The annexed notes form an integral part of these financial statements

Company Secretary

Managing Director

Chairman

Place: Dhaka
Dated : 27 October 2019

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Anwar Galvanizing Ltd.
Notes to the Financial Statements
As at and for the year ended 30 June 2019

1. **Legal Status and Nature of the Company - Disclosure under IAS 1 "Presentation of Financial Statements":**

(a) Domicile, Legal Forms and Country of Incorporation:

Anwar Galvanizing Limited (a "Company") was incorporated in Bangladesh on 14th February 1995, Registration No. 27860(1706)/95 under the Companies Act, 1994 as a public company limited by shares and its shares are listed in the Dhaka Stock Exchange, Bangladesh.

(b) Address of the Registered Office and Principal Place of the Business:

The address of the Registered Office and the Principal place of business is located at 27, Dilkusha Commercial Area, Dhaka and the manufacturing plant is located at Tongi Industrial Area, Gazipur.

(c) Principal Activities and Nature of Operation:

The company carries on the business of manufacturing of Galvanized GI Fittings and Brake Dram of all specifications and grades.

2. **Summary of significant accounting policies and basis of preparation of the financial statements:**

2.1 Statement of Compliance:

These financial statements (including consolidated financial statements) have been prepared on going concern basis in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws in Bangladesh.

2.2 Going Concern:

The company has adequate resources to continue in operation for foreseeable future and hence the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

2.4 Compliance with Financial Reporting Standards as applicable in Bangladesh:

IAS/ IFRS	Title	Remarks
IAS 1	Presentation of Financial Statements	Complied
IAS 2	Inventory	Complied
IAS 7	Statement of Cash Flows	Complied
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS 10	Events after the Reporting Period	Complied

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IAS 11	Construction Contracts	N/A
IAS 12	Income Taxes	Complied
IAS 16	Property, Plant and Equipment	Complied
IAS 17	Leases	Complied
IAS 18	Revenue	Complied
IAS 19	Employee Benefits	Complied
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	N/A
IAS 21	The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23	Borrowing Costs	Complied
IAS 24	Related Party Disclosures	Complied
IAS 26	Accounting and Reporting by Retirement Benefit Plans	N/A
IAS 27	Consolidated and Separate Financial Statements	N/A
IAS 28	Investments in Associates and Joint Ventures	N/A
IAS 31	Interests in Joint Ventures	N/A
IAS 32	Financial Instruments: Presentation	Complied
IAS 33	Earnings per Share	Complied
IAS 34	Interim Financial Reporting	Complied
IAS 36	Impairment of Assets	Complied
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Complied
IAS 38	Intangible Assets	Complied
IAS 39	Financial Instruments: Recognition and Measurement	Complied
IAS 40	Investment Property	N/A
IAS 41	Agriculture	N/A
IFRS-1	First Time Adoption of IFRS	N/A
IFRS-2	Share Based Payment	N/A
IFRS-3	Business Combinations	N/A
IFRS-4	Insurance Contracts	N/A
IFRS-5	Non-Current Assets held for Sale and Discontinued Operations	Complied
IFRS-6	Exploration for and Evaluation of Mineral Resources	Complied
IFRS-7	Financial Instruments : Disclosures	N/A
IFRS-8	Operating Segments	N/A
IFRS-10	Consolidated Financial Statements	N/A
IFRS-11	Joint Arrangements	N/A
IFRS-12	Disclosure of Interests in Other Entities	Complied
IFRS-13	Fair Value Measurement	Complied
IFRS-14	Regulatory Deferral Accounts	N/A
IFRS-15	Revenue from contracts with customers	Complied
IFRS-16	Leases	Complied

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2.5 Other Regulatory Compliances:

The company is also required to comply with the following major legal provisions in addition to The Companies Act 1994 and other applicable laws and regulations but not limited to:

a) The Income Tax Ordinance & Rules, 1984
b) The Value Added Tax Act & Rules, 1991
c) The Security & Exchange Rules, 1987
d) The Customs Act 1969
e) Bangladesh Labour Act 2006 (Amended in 2013)
f) Bangladesh Labour Rules 2015

2.6 Basis of Measurement:

The financial statements have been prepared on the historical cost basis except for the 'Short Term Investment' measured at present value using 'mark to market' concept with unrealized gain/loss presented in other comprehensive income.

2.7 Use of Estimates and Judgments:

The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.8 Cash Flow Statement:

IAS 1 requires that a complete set of financial statement requires preparation of statement of cash flows. The statement of cash flows is prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with the information about ability of the enterprise to generate cash and utilization of those cash.

2.9 Statement of Changes in Equity:

The Statement of Changes in Equity reflects information about the increase or decrease in net assets or wealth. The statement also shows item-wise movement along with the description of changes from the end of last year to the end of current period.

2.10 Significant Accounting Policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by the Central Bank as prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

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i. Property, Plant and Equipments:

a) Recognition and measurement:

In pursuant to IAS 16: Property, Plant and Equipment, the cost of an item of property, plant and equipment is recognized as an asset if, and only 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.

Fixed assets have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs of enhancement of existing assets are recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of such items can be measured reliably. All other expenditures are charged to the Profit and Loss account in the financial period which they are incurred.

b) Depreciation:

No depreciation is charged on land and capital work in progress (CWIP) as the land has unlimited useful life and CWIP has not yet been placed in service.

Depreciation on assets is calculated using the Straight Line Method to allocate the cost amount over their estimated useful lives. In respect of addition of fixed assets, depreciation is charged full month in the month of addition. No depreciation is charged in the month of disposal.

Depreciation is charged using the following rates on the fixed assets:

Asset Category	Depreciation Rate	
	FY 2018-19	FY 2017-18
Land & Land Development	0%	0%
Building & Construction	2-5%	2-5%
Plant, Machinery & Equipment	3.33-25%	3.33-25%
Office Equipment	10-33.33%	10-33.33%
Furniture & Fixtures	10%	10%
Vehicles	6.67%	6.67%

c) Retirement and disposals:

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecoznition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized as profit or loss.

d) Impairment of Assets:

The carrying amount of Company's assets are reviewed with sufficient regularity to determine whether there is any indication of impairment. Any impairment loss is recognized in the profit and loss account if the carrying amount of an asset exceeds its recoverable amount [IAS 36 Impairment of Assets]. No such impairment loss has been arisen and recognized during the year ended 30 June 2019.

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ii. **Inventories:**

Inventories except materials in transit are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operation capacity.

Allowance for inventory is periodically recognized mainly on the basis of failure in quality control testing, net realizable value, non-compliance testing, near to expiry etc. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Material in transit represents the cost incurred up to the date of the statement of financial position for the items that were not received but the relative risk has been transferred till to the date of reporting. Inventory losses and abnormal losses are recognized as expenses.

iii. **Leases:**

All leases other than those which meet the definition of finance lease are treated as operating lease and are recognized in the statement of profit and loss. Payments made under operating leases are recognized in profit or loss. For non-cancellable operating leases payments are recognized on a straight line basis over the term of the lease.

iv. **Financial instruments:**

Non-derivative financial instruments comprise investments in shares and term deposit, trade receivables, other receivables, intercompany receivables, cash and cash equivalents, trade payables, other payables, intercompany payables, share capital and interest-bearing borrowings.

a) Financial Assets:

The Company initially recognizes receivables and deposits issued on the date when they are originated. All other financial assets are initially recognized on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Company's financial assets comprise trade and other receivables, investment in shares and term deposit and cash and cash equivalents.

Trade, Other and Intercompany Receivables:

Trade, other and intercompany receivables are recognized at original invoiced amount. Receivables are stated at netted off provision for bad and doubtful debt and written off. Provision is made in the financial statements considering the uncertainty of recovery at the date of the statement of financial position and bad debts are written off when the debts became finally irrecoverable based on assessment and judgment made by senior management of the Company.

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Investment in Shares-other than the Investment in Subsidiaries, Associates and Joint Ventures:

Investment in shares are non-derivative financial assets that are designated as available-for-sale. Initially they are recognized at cost and subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale are recognized in other comprehensive income and presented in fair value reserve in equity. When an investment is derecoznised, the gain or loss accumulated in equity is reclassified to profit or loss.

Cash and Cash Equivalents:

Cash and cash equivalents comprise cash balances and all call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows. There is no bank overdraft availing by the company.

b) Financial Liabilities:

The Company initially recognizes financial liabilities on the transaction date at which the Company becomes a party to the contractual provisions of the liability. The Company recognizes such financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying benefits. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company's financial liabilities comprise trade and other payables and interest-bearing borrowings.

Trade Payables

Trade payables are recognized at fair value.

Interest-bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method less any impairment losses.

c) Offsetting a Financial Asset and a Financial Liability

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v. Share Capital:

a) Authorized Capital:

Authorized capital is the maximum amount of share capital that the Company is authorized by its Memorandum and Articles of Association to issue to shareholders.

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b) **Paid-up Capital:**

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

c) **Retained Earnings:**

The surplus amount after appropriation of profit is kept in Retained Earnings

vi. **Taxation:**

a) **Current Year:**

During the year, provision for income tax has been calculated in compliance with the Income Tax Ordinance 1984.

b) **Previous Years Assessment Status:**

The company submitted Income Tax Returns for assessment years from 2007-08 to 2017-18 (Income Years 2006-07 to 2016-17) to the Tax Authority availing facility u/s 82 BB of the I.T. Ordinance, 1984. The returns so submitted to the Tax Authority are deemed to have been accepted by the Tax Authority as per Section 82 BB. There is no further tax liability in respect of these assessment years except for assessment year 2009-10 and 2014 -15 for which revised assessments have been completed and necessary provisions have been made.

The company has preferred an appeal to the High Court Division of the Honorable Supreme Court of Bangladesh in respect of assessment year 2002-2003 against which Court award is still pending. The management, in consultation with the tax consultant is expecting that no liability will be aroused.

c) **Deferred Tax:**

Deferred tax is recognized in compliance with IAS 12: Income Taxes, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

vii. **Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are liabilities of uncertain timings or amount. Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be repaid to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

All provisions are recognized by making the best estimate of the amounts in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

viii. Employee Benefits:

Workers' Profit Participation Fund

The company has made a provision for Workers' Profit Participation Fund (WPPF) for the year ended 30 June 2017. The Company provides 5% of its net profit before tax after charging such expense as Workers' Profit Participation Fund in accordance with Bangladesh Labour Act 2006 as amended 2013.

ix. Revenue Recognition, Measurement and Presentation:

The Company has adopted IFRS 15 (Revenue from Contracts with Customers) to provide a single, comprehensive revenue recognition model for all contracts with customers. Under the new guidance, an entity will recognize revenue to depict the transfer of promised goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. A five step model has been introduced for an entity to apply when recognizing revenue.

IFRS 15 is effective from 01 January 2018, and was applied to contracts that were not completed at the date of initial application on a modified retrospective basis through a cumulative effect adjustment to retained earnings as of that date. The prior period comparative information has not been restated and continues to be reported under the accounting guidance in effect for those periods.

x. Finance income and expenses:

The Group's finance income and finance costs include:

• interest income and
• interest expense;

Interest income or expense is recognized using the effective interest method. Interest income is recognized on accrual basis. All finance expenses are recognized in profit or loss.

xi. Foreign Currency Transactions and Translations:

a) Foreign Currency Transactions:

Transactions/Day End Balances in foreign currencies are converted into respective functional currencies at the rate of exchange ruling at the date of transactions as per IAS 21 'The Effects of Changes in Foreign Exchange Rates'. Effects of Exchange rate differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) applied on the monetary assets or liabilities of the Company are recorded in the Profit or Loss Account.

b) Foreign Currency Translations:

Assets and liabilities have been presented into Taka (which is functional currency of the Company) using yearend spot rate of exchange of the Company and incomes and expenses are translated using spot rate of exchange. The foreign currency translation difference is a net result of exchange difference of year end

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standard mid-rate and monthly average of standard mid-rate arising from translation of functional currency to presentation currency.

xii. Proposed Dividend:

Proposed Dividend has been shown separately under the shareholders' equity in accordance with International Accounting Standards (IAS)-10 "Events after the Reporting Period"

IAS 1: Presentation of Financial Statements also requires the dividend proposed after the balance sheet date but before the date when the financial statements are authorized for issue, be disclosed in the notes to the financial statement. Accordingly, the Company has disclosed the amount of proposed dividend in notes.

xiii. Earnings Per Share (EPS)

The Company calculates earnings per share (EPS) in accordance with IAS 33 "Earnings Per Share" which has been shown on the face of Profit and Loss Account. Earnings per share (EPS) has been calculated by dividing the net profit after tax by the total number of ordinary shares outstanding at the end of the period.

Basic Earnings per Share
Basic earnings per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

Diluted Earnings per Share

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the total number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

xiv. Net Asset Value (NAV) and Net Operating Cash Flow Per share (NOCFPS):

The Net Asset Value (NAV) and Net Operating Cash Flow per share has been disclosed in the financial statements in line with BSEC (Bangladesh Securities & Exchange Commission) and have been computed in line with EPS.

xv. Related Party Disclosure:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per IAS 24 'Related Party Disclosures', BSEC guidelines.

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xvi. **Components of Financial Statements:**

According to the International Accounting standards (IAS) 1 "Presentation of Financial Statements", the complete set of Financial Statements includes the following components:

a) Statement of Financial Position as on 30th June 2019.
b) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2019.
c) Statement of Cash Flows for the year ended 30th June 2019.
d) Statement of Changes in Equity for the year ended 30th June 2019.
e) Accounting Policies and Explanatory Notes.

2.11 Reporting Period:

Financial Statements of the company cover one financial year from 1st July 2018 to 30th June 2019.

2.12 Comparative Information and Rearrangement thereof:

Comparative information has been disclosed in respect of the year for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for prior year have been re-arranged wherever considered necessary to ensure better comparability with current year.

2.13 Reporting Currency and Level Precision:

Comparative information has been disclosed in respect of the year for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for prior year have been re-arranged wherever considered necessary to ensure better

2.14 Consistency:

In accordance with IFRS framework for the presentation of financial statements together with IAS-1 and IAS-8, Anwar Galvanizing Limited discloses its information consistently from one period to the next. Where selecting and applying a new accounting policies, changes in accounting policies, correction of errors, and the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS-8. However, for changes in the accounting estimates the related amount is recognized prospectively in the current period and in the next period or periods.

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SL.	Particulars	Notes	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
3.00	**Property, Plant and Equipment**			
	A. Cost			
	Opening Balance as on 01 July		121,585,809	243,758,057
	Addition during the year		6,502,585	14,665,458
	Disposal during the year		(5,450)	(530,000)
	Assets reclassified as held for sale		-	(136,307,706)
			128,082,944	**121,585,809**
	B. Accumulated Depreciation			
	Opening Balance as on 01 July 2018		**32,186,080**	**104,385,728**
	Depreciation for the year		7,870,341	7,452,000
	Depreciation on disposal of assets during the year		(5,000)	(212,016)
	Depreciation on assets reclassified as held for sale		-	(79,439,632)
			40,051,421	**32,186,080**
			87,151,545	
	Written down value as on 30 June 2019 (A-B)		**88,031,523**	89,399,729

Details have been shown in the Schedule of Property, Plant and Equipment

SL.	Particulars	Notes	30 June 2019	30 June 2018
4.00	**Assets Reclassified as Held for Sale**			
	Total Cost as on 01 July 2018		52,280,217	136,307,706
	Less: Accumulated depreciation		-	79,439,632
			52,280,217	**56,868,074**
	Loss on impairment of assets at reclassification		-	(4,587,857)
	Loss on sale of assets		(496,529)	-
	Proceed from sales of asset		(51,783,688)	-
	Written down value as on 30 June 2019		-	52,280,217

Assets reclassified for sale in the year ended on 30 June 2018 have been sold in the current financial year. The loss arising from sale is reported as operating expense in accordance with IAS-16 and IFRS 5. The proceeds from sale of assets is use for the furtherance of business.

SL.	Particulars	Notes	30 June 2019	30 June 2018
5.00	**Inventories**			
	Raw materials	5.1	4,207,551	6,644,492
	Auxiliary materials	5.2	6,993,465	5,616,796
	Spare parts and other materials	5.3	31,913,240	31,444,070
	Finished goods	5.4	43,770,920	49,675,758
	Work -in-process	5.5	38,502,547	44,747,599
			125,387,724	**138,128,715**

Inventories, except goods in transit are measured at lower of cost and estimated net realisable value (NRV). In view of innumerable items of inventory and diversified units of measurement, it is not feasible to disclose the comparison of NRV and cost.

SL.	Particulars	Notes	30 June 2019	30 June 2018
5.01	**Raw Materials**			
	Pig Iron		1,689,451	1,460,670
	CI Scrap		2,029,149	2,703,061

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SL.	Particulars	Notes	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
	MS Scrap		488,951	2,480,760
			4,207,551	**6,644,492**
5.02	**Auxiliary Materials**			
	Hydrochloric acid		10,137	7,560
	Molasses		217,971	419,893
	Talcum powder		49,113	28,920
	Quartz powder		115,362	91,001
	Graphite powder		5,600	47,600
	Shots		451,300	232,762
	Aluminum ingot		19,652	54,208
	Ball clay		19,390	45,230
	Brass		19,580	9,914
	Binder core		250	250
	Coal dust		7,500	18,720
	Fire clay		19,250	16,900
	Hard cook		260,589	75,480
	Resin sand for core		3,000	3,000
	Silicon manganese		611	611
	Boric acid		19,425	12,000
	Castable cement G-1850		38,750	3,125
	Sodium silicate gum		5,757	-
	Sponge iron		18,100	18,100
	Calcine petroleum coke		1,989,920	773,609
	Ferro silicon		1,120,740	1,085,320
	Zing ingot		2,514,030	2,672,595
	HS def. bar 20mm		87,440	-
			6,993,465	**5,616,796**
5.03	**Spare Parts and Other Materials**			
	Consumable materials		24,384,650	26,658,537
	Construction materials		3,169,465	141,698
	Spare parts and other materials		4,359,125	4,643,835
			31,913,240	**31,444,070**
5.04	**Finished Goods**			
	Finished Goods		43,770,920	49,675,758
			43,770,920	**49,675,758**
5.05	**Work-in-Process**			
	Annealing		6,014,720	10,356,891
	Grinding		5,961,830	-
	Drilling		860,125	-
	Galvanizing		2,253,223	75,726
	Threading		23,397,259	33,559,921
	Packing		15,390	755,060
			38,502,547	**44,747,599**
6.00	**Trade Receivables**			
	Receivable from dealers		5,224,134	13,046,585
	Provision for bad debt		-	(2,871,498)
			5,224,134	**10,175,087**

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SL.	Particulars	Notes	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
	Aging of Trade Receivables			
	Duration		4,267,109	3,637,697
	1 - 30 Days		-	2,114,073
	31 - 60 Days		-	1,947,473
	61 - 90 Days		1	906,388
	91 - 180 Days		22	360,448
	181 - 365 Days		957,002	1,209,009
	Over 365 Days		5,224,134	10,175,087

As the Company deals with large number of parties, party-wise trade receivables could not be given.

SL.	Particulars	Notes	30 June 2019	30 June 2018
7.00	**Advances, Deposits and Prepayments**			
	Advances	7.1	11,136,429	9,078,009
	Security deposits	7.2	4,237,552	4,237,552
			15,373,982	13,315,562

Above amounts are unsecured, but considered good

SL.	Particulars	Notes	30 June 2019	30 June 2018
7.01	**Advances**			
	Advance against supplier		7,572,144	3,227,533
	Advance income tax	7.01.1	2,005,307	2,000,000
	Advance against employee		82,023	162,096
	Advance against others		717,577	546,637
	Advance To NBL securities ltd		35,198	35,648
	VAT current account		724,180	3,106,095
			11,136,429	9,078,009
7.01.1	**Advance Income Tax**			
	Opening balance		2,000,000	17,330,677
	Payment made u/s 64 and 74		2,000,000	1,000,000
	Withholding tax		5,308	632,292
	Tax adjustment for AY: 2017-18		(2,000,000)	(16,962,969)
	Closing balance		2,005,307	2,000,000
7.02	**Security Deposits**			
	Security deposit -CDBL		300,000	300,000
	Security deposit-electricity		3,333,965	3,333,965
	Security deposit-gas		561,587	561,587
	Security deposit- metre		42,000	42,000
			4,237,552	4,237,552

8.00 Short Term Investment

Name of Company	No of Share	Cost Price	Market Price	Market Price
Jamuna Oil Limited	3,932	702,800	683,382	731,745
M.I. Cement Factory Limited	5,500	652,600	374,000	446,050
Sumit Power Limited	3,839	208,926	160,086	145,498
		1,564,326	1,217,468	1,323,293

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SL.	Particulars	Notes	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018

The investments comprise of equity investments in other entities and are not held for sale. The unrealized gain/(loss)has been accounted and presented presented in other comprehensive income in accordance IFRS 9.

SL.	Particulars	Notes	30 June 2019	30 June 2018
9.00	**Cash and Cash Equivalents**			
	Cash at banks	9.01	32,766,990	31,609,204
	Cash in hand	9.02	589,842	2,740,578
			33,356,832	**34,349,782**
9.01	**Cash at Banks**			
	AB Bank Limited		2,899	4,199
	Al-Arafah Islami Bank Limited		275,902	150,823
	Bangladesh Commerce Bank Limited		17,350	18,500
	Brac Bank Limited		112,467	1,418,612
	Dutch Bangla Bank Limited		1,804,510	1,245,198
	First Security Islami Bank Limited		7,187,603	2,169,503
	Islami Bank Limited		3,676,333	904,423
	Mutual Trust Bank Limited		251,624	75,248
	NRB Commercial Bank Limited		2,305	2,305
	Pubali Bank Limited		2,124,865	151,556
	South Bangla Agricultural and Commercial Bank Limited		32,279	213
	Shahjalal Islami Bank Limited		80,194	357,974
	Standard Bank Limited		7,043	93,398
	The City Bank Limited, F.Ex. Branch		14,730,371	23,399,926
	The City Bank Limited, Motijheel Branch		904,014	934,487
	The City Bank Limited, Principal Branch		1,064,204	74,033
	United Commercial Bank Limited		424,165	501,159
	Uttara Bank Limited		68,865	107,648
			32,766,990	**31,609,204**
9.02	**Cash in Hand**			
	Cash in head office		1,687	124,372
	Cash in factory office		588,155	2,616,206
			589,842	**2,740,578**
10.00	**Share Capital**			
	Authorised Capital			
	2,00,00,000 Ordinary Shares of Tk. 10 Each		200,000,000	200,000,000
			200,000,000	**200,000,000**
	Issued, Subscribed, and Paid-up-Capital			
	13,200,000 ordinary shares of TK 10 each issued for cash		132,000,000	132,000,000
	1,320,000 bonus shares of TK 10 each		13,200,000	13,200,000
			145,200,000	**145,200,000**

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SL.	Particulars	Notes	Amount in Taka	
			30 June 2019	30 June 2018

The composition of the shareholders at balance sheet date was as follows:

Categories of Shareholders	% of Shareholding		Value of Shares	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Sponsor and Directors	35.32%	35.32%	51,290,000	51,290,000
Institutional Investors	18.91%	18.91%	27,457,280	27,457,280
Public	45.77%	45.77%	66,452,720	66,452,720
	100%	100%	145,200,000	145,200,000

Classifications of Shareholders by Holding:

Holdings	% of Holding		Number of Holders	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
01-20	0.017%	0.015%	349	298
21-49	0.029%	0.022%	134	98
50-50	0.022%	0.024%	65	71
51-200	0.552%	0.522%	623	582
201-500	2.479%	2.602%	852	896
501-1000	3.966%	4.542%	732	824
1001-5000	14.318%	16.603%	911	1032
5001-10000	8.099%	9.797%	158	194
10001-25000	8.479%	13.042%	84	125
25001-50000	4.860%	5.068%	21	19
50001-9999999999	57.177%	47.764%	30	20
Total	100%	100%	3,959	4,159

11.00 Retained Earnings

	30 June 2019	30 June 2018
Profit brought forward	(43,606,728)	(48,277,123)
Net profit during the year	21,888,967	18,023,779
Add: Gain/(loss) on marketable securities (unrealized)	(105,825)	(153,385)
Less : Cash dividend	(14,520,000)	-
Less : Stock dividend	-	(13,200,000)
Add: Transfer of tax holiday reserve to retained earnings	34,057,703	-
Balance carried forward	(2,285,883)	(43,606,728)

12.00 Tax Holiday Reserve

Year	30 June 2019	30 June 2018
1996-1997	8,489,546	8,489,546
1997-1998	8,539,236	8,539,236
1998-1999	5,687,240	5,687,240
1999-2000	5,700,825	5,700,825
2000-2001	5,640,856	5,640,856
	34,057,703	34,057,703
Less: Transfer of tax holiday reserve to retained earnings	(34,057,703)	-
	-	34,057,703

The company transferred the 'Tax Holiday Reserve' fully to the 'Retained Earnings' in the financial year ended on 30 June 2019 since tax holiday period relating to the reserve has already been elapsed since long and there is no requirement by law to continue this special reserve in accounts.

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SL.	Particulars	Notes	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
13.00	**Deferred Tax Liability**			
	Opening Balance		10,409,064	7,321,711
	Deferred tax (income)/ expense charged in Profit & Loss		(89,011)	3,087,353
	Deferred tax (income)/ expense charged in OCI		-	-
	Closing Balance	13.1	**10,320,053**	**10,409,064**

SL.	Particulars	Carrying Value	Tax Based Value	Temporary Difference
13.01	**For 30 June 2019**			
	Property, Plant and Equipment			
	Land	8,877,421	8,877,421	-
	Other than land	79,154,102	37,873,891	41,280,211
		88,031,523	**46,751,312**	**41,280,211**
	Applicable Tax Rate			
	On land			15%
	On other than land			25%
	Deferred Tax Liability			
	On land			-
	On other than land			10,320,053
	Deferred tax liabilities as on June 30, 2019			**10,320,053**

SL.	Particulars	Notes	30 June 2019	30 June 2018
14.00	**Trade and Other Payables**			
	Trade payable		70,848,323	143,775,410
	Liabilities for expenses	14.1	26,970,851	21,182,530
	Income tax payable	14.2	7,984,244	6,860,416
	Advance received from customers		9,554,075	19,368,465
			115,357,493	**191,186,822**
14.01	**Liabilities for Expenses**			
	Unpaid dividend		12,080,301	8,106,354
	Liabilities for other expense		8,838,332	6,808,679
	TDS & VDS payable		963,066	924,112
	Liabilities for salaries, wages and others		5,089,152	5,343,385
			26,970,851	**21,182,530**
14.02	**Income Tax Payable**			
	Opening balance		6,860,416	5,437,538
	Tax provision made during the year		6,175,640	5,585,658
	Tax adjustment during the year		-	12,800,189
	Adjustment of tax liability with advance tax paid		(2,000,000)	(16,962,969)
	Tax payment against demand for the AY: 2018-19		(3,051,812)	-
	Closing balance		**7,984,244**	**6,860,416**
15.00	**Liabilities for Other Finance**			
	Loan against trust receipts (LTR)		-	1,725,524
			-	**1,725,524**

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SL.	Particulars	Notes	Amount in Taka 30 June 2019	Amount in Taka 30 June 2018
16.00	**Revenue**			
	Sales: GI Fittings		410,004,235	325,638,545
	Sales: Brake Drum		12,656,355	33,563,553
	Sales: Others		10,783,186	9,088,614
			433,443,776	**368,290,713**
	The sales amount is presented net of VAT.			
17.00	**Cost of Goods Sold**			
	Raw materials consumption	17.01	89,588,485	84,175,300
	Auxiliary materials consumption	17.02	87,101,184	78,598,200
	Spare parts and other material consumption	17.03	55,375,475	48,711,840
	Total Consumption of Material		**232,065,145**	**211,485,340**
	Factory overheads	17.04	135,041,982	142,355,084
	Opening stock of work -in-process		44,747,599	28,922,138
	Closing stock of work -in-process		(38,502,547)	(44,747,599)
	Cost of Production		**373,352,178**	**338,014,964**
	Opening stock of finished goods		49,675,758	29,022,505
	Closing stock of finished goods		(43,770,920)	(49,675,758)
	Cost of Goods Sold		**379,257,017**	**317,361,710**
17.01	**Raw Materials Consumption**			
	Opening stock		6,644,492	5,924,950
	Add: Purchase		87,151,545	84,894,842
			93,796,037	**90,819,792**
	Less: Closing stock		4,207,551	6,644,492
			89,588,485	**84,175,300**
17.02	**Auxiliary Materials Consumption**			
	Opening stock		5,616,796	4,603,614
	Add: Purchase		88,477,853	79,611,382
			94,094,649	84,214,996
	Less: Closing stock		6,993,465	5,616,796
			87,101,184	**78,598,200**
17.03	**Spare Parts and Other Material Consumption**			
	Opening stock		31,444,070	43,386,944
	Add: Purchase		55,844,646	36,768,966
			87,288,715	80,155,910
	Less: Closing stock		31,913,240	31,444,070
			55,375,475	**48,711,840**

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17.04 Factory Overheads			
Salary, wages and allowances		81,451,201	81,053,638
Power cost		39,264,921	43,877,521
Entertainment expense		829,455	1,718,154
Telephone, mobile & internet		126,498	102,400
Workers quarter rent		504,000	412,000
Worker welfare expenses		846,867	-
Business development expense		247,500	588,357
Consumables		265,756	-
Cleaning expense		46,200	40,700
Repair and maintenance		3,437,432	2,464,227
Travelling and conveyance		195,961	30,393
Carriage inward		428,071	623,997
Impairment loss of assets	4.00	-	4,587,857
Depreciation		7,398,120	6,855,840
		135,041,982	**142,355,084**

18.00 Administrative Expenses		
Salary and allowances	6,394,451	4,604,640
Business development expenses	610,450	710,870
Licence, registration, consultancy and renewal fees	664,695	1,333,266
Audit fees	172,500	123,500
Office rent	588,320	191,671
Repair and maintenance	604,806	565,312
Staff welfare expenses	1,213,845	-
Utility expenses	929,239	345,635
IT expenses	52,913	73,862
Postage and courier expenses	53,617	22,313
Entertainment expenses	55,384	-
Telephone and mobile	45,358	37,517
Printing, stationary and photocopy	715,020	193,126
Travelling and conveyance	77,320	122,847
Other expenses	-	-
Loss on disposal of fixed assets	496,529	-
Bad debt expense	186,378	2,871,498
Depreciation	472,220	596,160
	13,333,045	**11,792,217**

19.00 Selling and Distribution Expenses		
Promotional expenses	538,984	1,464,626
Carriage outward	2,738,884	2,562,181
Sales incentive	2,475,783	2,612,691
Salary and allowances	2,232,953	2,068,534
Mobile bill	54,667	77,191
Dealer/ mechanics seminar	1,799,985	657,800
Travelling and daily allowances	1,018,450	1,618,262
Repair and maintenance	-	-
	10,859,706	**11,061,285**

20.00 Financial Expenses		
Bank charges and commission	139,374	132,452
Credit report fee	34,740	40,000
Interest expenses	632,455	345,201
	806,570	**517,653**

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21.00 Non-Operating Income

Discount and commission	14,234	333,526
Dividend income	63,982	43,402
Rent income	72,970	92,750
Interest income	35,752	4,105
	186,937	**473,783**

22.00 Collection from Customers and Others

Opening balance of trade receivables	10,175,087	8,040,183
Add: Sales during the year	433,443,776	368,290,713
	443,618,863	**376,330,895**
Less: Closing balance of trade receivables	5,224,134	13,046,585
Total collection from trade receivables	**438,394,729**	**363,284,310**
Advance collection from customers	9,554,075	19,368,465
Collection from other income	220,210	96,855
	448,169,015	**382,749,631**

23.00 Net Asset Value (NAV) Per Share

The Computation of NAV per share is given below:

Assets		268,591,663	338,972,385
Less: Liabilities		125,677,546	203,321,410
Net Assets Value		**142,914,117**	**135,650,975**
Weighted average number of ordinary shares	24.03	14,520,000	14,520,000
Net Assets Value (NAV) Per Share		**9.84**	**9.34**

24.00 Earnings Per Share (EPS)

24.01 Basic Earnings Per Share

a) Profit Attributable to the ordinary shareholders		21,888,967	18,023,779
b) Weighted average number of ordinary shares	24.03	14,520,000	14,520,000
Basic Earnings Per Share (a/b)		**1.51**	**1.24**

24.02 Diluted Earnings Per Share

No diluted EPS was required to be calculated for the year since there was no scope for dilution of shares during the year.

24.03 Weighted average number of Ordinary Shares as at 30 June 2019

Details	Number of days outstanding	No. of shares in issue	Weighted average no. of shares
Outstanding shares as at 01 July 2018	365	13,200,000	13,200,000
Bonus Share	365	1,320,000	1,320,000
		14,520,000	**14,520,000**

Weighted average number of Ordinary Shares as at 30 June 2018

Details	Number of days outstanding	No. of shares in issue	Weighted average no. of shares
Outstanding shares as at 01 July 2017	365	13,200,000	13,200,000
Bonus Share	365	1,320,000	1,320,000
		14,520,000	**14,520,000**

25.00 Net Operating Cash Flow Per share (NOCFPS)

The composition of operating cash inflow/outflow value per share is given below:

a) Operating cash inflow / (outflow) during the period	24,246,092	37,207,758
b) Weighted average number of ordinary shares	14,520,000	14,520,000
	1.67	**2.56**

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Anwar Galvanizing Limited
Notes to the Financial Statements
For the year ended 30 June 2019

		Amount in Taka	
		30 June 2019	**30 June 2018**
26.00	**Reconciliation of Net Operating Cash Flows**		
	Net profit before tax	27,975,596	26,696,790
	Add: Item not involving movement of cash		
	Depreciation on property, plant & equipment	7,870,341	7,239,984
	(Gain)/loss on disposal of non-current asset	496,529	4,587,857
	Finance cost	806,570	517,653
	Interest income	35,752	4,105
	WPPF	1,398,780	1,334,840
		10,607,971	13,684,440
	A. Cash generated from operations before changes in working capital	**38,583,567**	**40,381,230**
	Changes in working capital		
	(Increase) / decrease in inventory	12,740,991	(26,268,564)
	(Increase) / decrease in trade receivables	4,950,953	(2,134,904)
	(Increase)/ decrease in advance, deposit & prepayment	(2,053,112)	16,699,441
	Increase / (decrease) in trade and other payable	(24,759,200)	14,080,115
	B. Total changes in working capital	**(9,120,368)**	**2,376,088**
	C. Cash generated from operating activities (A+B)	**29,463,198**	**42,757,318**
	Less: payments made during the year		
	Tax paid	(5,051,812)	(5,031,907)
	Interest paid	(165,293)	(517,653)
	D. Net cash inflows from operating activities	**24,246,093**	**37,207,758**

27.00 Related Party Disclosure :

a). Key Management Personnel of the Company were not given any compensation benefits.

b). During the year the company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Name of those related parties , nature of those transactions and their total value have been set out in accordance with the provisions of IAS -24: Related party Disclosure.

Name of Party/Company	Relation	Nature of Transaction	Outstanding as on 30 June 2019
Anwar Ispat Ltd.	Common Director	Supply of Material	32,026,845
A One Polymer Ltd	Common Director	Supply of Material	17,174,248
Anwar Integrated Steel Plant Ltd.	Common Director	Supply of Material	3,412,371
Anwar Cement Sheet Ltd	Common Director	Supply of Material	(108,849)

28.00 Financial Risk Management

28.01 Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse these risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

28.02 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

28.03 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses for periods which the Company thinks appropriate; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. Moreover, the group seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment.

28.04 Market Risk

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

29.00 Capital Management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing Company's internal capital adequacy to ensure Company's operation as a going concern. Capital consists of share capital, general reserve and revaluation reserve. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the board. The Board of Directors monitors the level of dividends to ordinary shareholders.

30.00 Director of the Company:

a) Number of Director:

There are 09 Directors of the company during the year ended 30 June 2019.

b) Salary & Remuneration of the management team:

Aggregate amount paid to the management team for their service rendered as defined in the schedule 12(2) para 4 part-II of Securities & Exchange rules 1987 are given below:

SL	Name	Designation	Amount (Yearly)	Remarks
1	Mr. Manwar Hossain	Chairman	NIL	
2	Mr. Hossain Mehmood	Managing Director	NIL	Full Time
3	Mrs. Bibi Amena	Director	NIL	
4	Mr. Hossain Khaled	Director	NIL	
5	Mrs. Hasian Begum	Nominated Director	NIL	
6	Mrs. Shaheena Begum	Nominated Director	NIL	
7	Mr. Tareq Hossain	Shareholder Director	NIL	
8	Mr Mafizuddin Sarkar	Independent Director	NIL	
9	Mr. Naba Gopal Banik	Independent Director	NIL	

31.00 General

a. The Company has no aggregate amount of contract for capital expenditure to be executed and not provided for in the accounts.

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b. There is no Guarantee issued by the management on behalf of Director of the company.

c. Auditors are paid only statutory audit fees approved by the share holders in the last AGM.

d. There was no foreign exchange remitted to relevant share holders during the year under audit.

e. No amount of money was expended by the company for compensating any member of the board for special service.

32.00 ADDITIONAL DISCL

Security and Exchange rules. 1987 [Rule 12(2)]

a) Claim against the company not acknowledge as debt as on 30.06.2019 — NIL

b) Uncalled liability on partly paid up shares — NIL

c) Arrears of first cumulative dividends on preference shares together with the period for which the dividend are in arrears. — NIL

d) The aggregate amount of contracts for capital expenditure remaining to be executed and not provided for — NIL

e) Other sums for which the company is continently liable as on 30/06/2019 except letter of credit open in the normal course of have the same amount of contingent asset. business, again we have the same amount of contingent asset. — NIL

f) The general nature of any credit facilities available to the company under any contract and not taken up at date of Statement of Financial Position — NIL

g) Aggregate amount due by directors and officers of the company or associated undertakings:

Director — NIL
Associated Undertaking — NIL
Officers — NIL

h) Securities and Exchange Rules. 1987[Para5(a) (iii) of part-I]

The advances against goods, services and expenses considered good by the management and no collateral security is held against the advances. — NIL

33.00 Particulars of requirements as per schedule XI Part ii of the companies Act, 1994

1. Para-3 (i) (b) Commission paid to selling agents. — NIL

2. Para-3 (i) (c) Brokerage and discount on sales other then the usual trade discount — NIL

3. Para-3d (i) (ii)

i)	Value of raw materials consumed	89,588,485	TK
ii)	Opening Stock	182.46	MT
iii)	Production during the year	2,328.56	MT
iv)	Sold during the year	2,244.14	MT
v)	Other consumption	NIL	MT
vi	Closing Stock	266.88	MT

4. Para-3.(ii)

i) Number of employees drawing salary above Tk. 3,000 per Month — 564 Nos
ii) Number of employees drawing salary below Tk. 3,000 per month — NIL

5. Para - 8 (b)

Expenses incurred in foreign currency on account of royalty, Technical expert & professional advisory fee. Interest etc. if any — NIL

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6. Para - 8 (c)

Value of all imported raw materials, spare parts & components consumed during the financial year & the value of all indigenous raw materials, spare parts & components similarly consumed & the percentage of each to the total consumption are as under:

Local	Qty. MT	Value	%	Remarks
CI Scrap	439	14,496,396	10.00	
MS Scrap/ Rod Cutting	1,648	69,293,531	47.80	
Pig Iron	157	5,798,558	4.00	
Sub Total	**2,244**	**89,588,485**	**61.80**	
Spare Parts		55,375,475	38.20	
Foreign	Nil.	Nil.	Nil.	
Total	**2,244**	**144,963,960**	**100.00**	

7. Para- 8(d)

(i) Number of Non - Resident shareholder NIL

(ii) Number of shares held by the Non-Resident shareholders including foreign investor NIL

8. Para - 8 (e)

Earning in foreign exchange classified under the following head, namely :

(i) export of goods calculated on F. O. B. basis; NIL

(ii) royalty, know-how, professional and consultation fees; NIL

(iii) interest and dividend; NIL

(iv) other income, indicating the nature thereof NIL

34.00 Events after the Reporting Period:

a) Proposed Dividend:

The Board of Directors of it's 157th meeting held on 27 October 2019 recommended 10% cash dividend for the year ended 30 June 2019 which is subject to approval by the shareholders in the Annual General Meeting (AGM).

b) Approval of Financial Statements:

These financial statements were authorized for issue in accordance with a resolution of the company's Board of directors on 27 October 2019.

c) Significant Events After Reporting Period:

There is no other significant event that has occurred between the end of the reporting period and the date when the Financial Statements were authorised for issue.

Company Secretary | Managing Director | Chairman

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Anwar Galvanizing Limited
Schedule of Property, Plant and Equipment
For the year ended 30 June 2019

Sl No.	Assets Category	COST					Rate	Depreciation					Written down value as on 30 June 2019
		As on 01 July 2018	Addition during the year	Disposal	Reclassified	As on 30 June 2019	%	As on 01 July 2018	Charged during the year	Disposal	Reclassified	As on 30 June 2019	
		A	B	C	D	E=(A+B-C-D)		F	G	H	I	J=(F+G-H-I)	K=(E-J)
01	Land & Land Development	8,877,421	-	-	-	8,877,421	-	-	-	-	-	-	8,877,421
02	Building & Construction	14,890,845	1,227,687	-	-	16,118,532	2-5%	7,762,969	254,460	-	-	8,017,429	8,101,103
03	Plant, Machinery & Equipment	87,399,835	3,477,066	5,450	-	90,871,451	3.33-25%	21,642,334	6,746,063	5,000	-	28,383,398	62,488,053
04	Office Equipment	6,847,623	1,003,865	-	-	7,851,488	10-33.33%	1,908,131	626,771	-	-	2,534,902	5,316,586
05	Furniture & Fixtures	656,615	793,967	-	-	1,450,582	10%	161,220	77,893	-	-	239,113	1,211,468
06	Vehicles	2,913,470	-	-	-	2,913,470	6.67%	711,425	165,153	-	-	876,578	2,036,892
Total Taka as on 30 June 2019		121,585,809	6,502,585	5,450	-	128,082,944		32,186,082	7,870,341	5,000	-	40,051,421	88,031,523

Total Taka as on 30 June 2018	243,758,057	14,665,458	530,000	136,307,706	121,585,809		104,385,728	7,452,000	212,016	79,439,632	32,186,080	89,399,729

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