

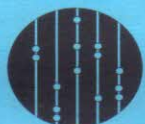
PRIVATE & CONFIDENTIAL

**Audit Report and Financial Statement
Of**

Coppertech Industries LTD

House: 214 (4th floor), Road:13,
Mohakhali DOHS,Dhaka-1206

For the year ended June 30, 2019



INDEPENDENT MEMBER OF
A B A C U S
WORLDWIDE

শফিক বসাক এন্ড কোং
SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS



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In Practice Since 1993



শফিক বসাক এন্ড কোং SHAFIQ BASAK & CO.

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Md. Shafiqul Islam, FCA
Sampad Kumar Basak, FCA
Md. Enayet Ullah, FCA
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Independent Auditor's Report Coppertech Industries Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Coppertech Industries Ltd.** which comprise the statement of financial position as at 30 June 2019, statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the statement of financial position of **Coppertech Industries Ltd.** 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 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) together with the ethical requirements that are relevant to our audit of the financial statements in jurisdictions, and we have fulfilled our other ethical responsibilities in accordance these requirements and with 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.

We have fulfilled the responsibilities described in the Auditors' Responsibilities of the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



INDEPENDENT MEMBER OF
ABACUS
WORLDWIDE

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Description of key audit matters	Our Response to the key audit matters
<p>1. Appropriateness of revenue recognition and disclosure on the impact of the initial application of IFRS 15.</p> <p>Revenue of BDT 666,906,760 is recognized in the statement of profit or loss and other comprehensive income of the Company. This material item is subject to considerable inherent risk due to the complexity of the system necessary for proper recognition, measurement, and recording considering the application of the new standard on revenue recognition, International Financial Reporting Standard 15 “Revenue from Contracts with Customers”. 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 invoices, discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>	<p>In light of the fact that the high degree of complexity and estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the Company’s processes and controls for recognizing revenue as part of our audit. Furthermore, in order to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including:</p> <ul style="list-style-type: none"> • Assessing the environment of the measurement as well as other relevant systems supporting the accounting of revenue. • Assessing controls for systems and procedures supporting revenue recognition. • Assessing the invoicing and measurement system up to entries in the general ledger. • Examining customer invoices and receipts of payment on a test basis. • Testing the revenue charging model against the regulatory guidelines on a sample basis <p>Furthermore, we assessed the accounting effects of new business and price models. We assured ourselves of the appropriateness of the systems, processes, and controls in place and that the estimates and assumptions made by management are sufficiently documented and substantiated to ensure that revenue is properly recognized.</p> <p>With regard to the impact of the initial application of IFRS 15 from the financial year 2018 onward, we assessed the impact determined after the implementation of the new standard. Our audit approach included, among other items:</p> <ul style="list-style-type: none"> • Assessing the accounting estimates made of the different business models of the company. • Assessing the design of the processes set up to account for the transaction in accordance with the new standard. <p>Please refer to the note 18.00 to the financial statements.</p>



<p>2. Impairment of property, plant and equipment</p> <p>Property, plant and equipment (PPE) represents about 48% of total assets of the Company which is thus a material item to the financial statements. PPE includes plant and machinery being of total PPE which are sophisticated in nature and most of them are custom made assets. Being different in nature, there is a risk whether market value of those assets could materially fall because of non-marketability and arise risk of impairment.</p> <p>Management's review regarding determination of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on.</p>	<ul style="list-style-type: none"> • Reviewed the management's assessment of impairment taking consideration of the future economic benefits of the assets. • Reviewed the internal control system implemented by management for safeguarding of those assets. • Tested the operating effectiveness of key controls over assets, including observing the process of management's year-end physical count. • Tested on sample basis the physical condition of the assets whether the assets become idle, obsolesces, damage and there is a plant to discontinue or restructure the operation to which the assets belongs. <p>Please refer to note 3.00 to the financial statements.</p>
<p>3. Trade Receivable</p> <p>Trade receivable BDT 37,611,942 being about 2% of the total assets of the Company is a material item to the financial statements.</p> <p>There is a significant risk regarding recoverability of the amounts and misstatement of the items. As such, management is required to make judgments in determining whether accounts receivable are being appropriately valued and also need to make provision for aged accounts receivable, if required.</p>	<ul style="list-style-type: none"> • Tested the operating effectiveness of key controls over accounts receivable. • Being a part of auditor's responsibility as regarding external confirmation as per ISA 505, we requested for external confirmation. • Tested on a sample basis the value disclosed according to the reply obtained. • Assessed whether appropriate provisions have been recognized for aged accounts receivable, if required and evaluating management's basis for determining the recoverability. <p>Please refer to note 6.00 to the financial statements.</p>

Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's 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.



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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing an opinion on the effectiveness of the company's internal control.
- 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 company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, we also report the following:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- In our opinion, proper books of accounts as required by law have been kept by company so far as it appeared from our examination of these books;
- The statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Dated: 28 October, 2019
Dhaka.

Shafiq Basak & Co.
Shafiq Basak & Co.
Chartered Accountants

		Amount in Taka	
		30 June 2019	30 June 2018
TOTAL ASSETS		1,556,292,118	1,248,163,354
EQUITY AND LIABILITIES			
Capital and Reserve		738,718,231	482,461,549
100.00	Share Capital	600,000,000	480,000,000
100.00	Retained Earnings	138,718,231	102,461,549
Liabilities			
Long Term Liabilities			
100.00	Loans	28,915,381	81,339,628
100.00	Deferred Tax	45,308,465	8,963,399
Current Liabilities		561,140,457	489,211,966
100.00	Current Maturity of Term Loan & Lease	96,908,373	81,301,005
100.00	Accounts Payable	18,580,328	52,466,242
100.00	Short Term Borrowings	372,514,124	261,407,104
100.00	Provisioned Liability	9,805,618	-
100.00	Provisions & Accruals	63,327,096	95,537,613
Total Liabilities		825,573,887	706,701,697
TOTAL EQUITY AND LIABILITIES		1,556,292,118	1,248,163,354
Net Asset Value (NAV) Per Share		06.00	12.18

The accounting policies and financial notes form an integral part of the financial statements.

Company Secretary

Managing Director

Signed as per our annexed report on accounts.

Dated: 28 October 2019
Place: Dhaka

Shafiq Basak & Co.
Chartered Accountants



IAS 1.51(a)
IAS 1.10(a),51(b)
IAS 1.51(c)

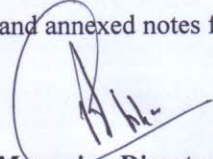
COPPERTECH INDUSTRIES LTD.
Statement of Financial Position
As at 30 June, 2019


IAS 1.51(d),(e)
IAS 1.113

	Particulars	Notes	Amount in Taka	
			30 June 2019	30 June 2018
	ASSETS			
	Non-Current Assets		792,485,403	786,604,429
IAS 1.54(a)	Property, Plant & Equipment	3.00	741,464,530	786,604,429
IAS 1.54(a)	Capital Work in Progress	4.00	51,020,873	-
	Current Assets		763,806,715	461,559,027
IAS 1.66	Inventories	5.00	383,054,039	320,351,093
IAS 1.54(g)	Trade & Other Receivable	6.00	137,611,942	27,026,665
IAS 1.54(h)	Advance, Deposit & Prepayments	7.00	121,470,124	57,851,497
IAS 1.54(i)	Cash & Cash Equivalents	8.00	121,670,610	56,329,772
	TOTAL ASSETS		1,556,292,118	1,248,163,456
	EQUITY AND LIABILITIES			
	Capital and Reserve		730,718,231	482,461,849
IAS 1.79	Share Capital	9.00	600,000,000	400,000,000
IAS 1.78(e),108	Retained Earnings	10.00	130,718,231	82,461,849
	Liabilities			
	Non-Current Liabilities		264,433,450	276,489,641
IAS 1.71	Long Term Loan	11.00	190,009,404	220,166,421
IAS 1.55	Leases	12.00	28,915,581	47,359,626
IAS 1.75	Deferred Tax	24.01	45,508,465	8,963,594
	Current Liabilities		561,140,437	489,211,966
IAS 1.69	Current Maturity of Term Loan & Lease	13.00	96,908,273	81,801,005
IAS 1.61	Accounts Payable	14.00	18,580,328	52,466,242
IAS 1.54(k)	Short Term Borrowings	15.00	372,519,124	261,407,104
IAS 1.54(m)	IPO Refund Liability	16.00	9,805,616	-
IAS 1.60,69	Creditors & Accruals	17.00	63,327,096	93,537,615
IAS 1.70	Total Liabilities		825,573,887	765,701,607
	TOTAL EQUITY AND LIABILITIES		1,556,292,118	1,248,163,456
	Net Asset Value (NAV) Per Share	26.00	12.18	12.06

The accounting policies and annexed notes form an integral part of the financial statements.


Company Secretary



Managing Director


Chairman

Signed as per our annexed report of even date.

Dated: 28 October 2019
Place : Dhaka




Shafiq Basak & Co.
Chartered Accountants

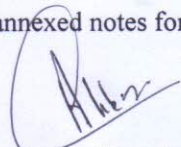
IAS 1.51(a)
IAS 1.10(b),81(b)
IAS 1.51(b),(c)


COPPERTECH INDUSTRIES LTD.
Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June, 2019

IAS 1.51(d),(e) IAS 1.113	Particulars	Notes	Amount in Taka	
			2018-2019	2017-2018
IAS 1.82(a)	Revenue	18.00	666,906,760	526,653,242
IAS 1.82(b),103	Less: Cost of Goods Sold	19.00	478,646,725	390,413,536
IAS 1.85	Gross Profit		188,260,035	136,239,706
	Less: Operating Expenses		25,009,999	19,024,843
IAS 1.82(b)	Administrative Expenses	20.00	12,685,721	9,484,655
IAS 1.82(b)	Selling & Distributing Expenses	21.00	12,324,278	9,540,188
IAS 1.54(h)	Profit from Operation		163,250,036	117,214,863
IAS 1.82(b)	Less: Financial Expenses	23.00	71,103,191	60,548,906
IAS 1.85	Add: Non-Operating Income	22.00	16,884,395	9,593,677
	Profit/(Loss) before WPPF & Tax		109,031,240	66,259,634
IAS 1.99	Less: Contribution to WPPF		5,191,964	3,155,221
IAS 1.85	Profit/(Loss) before Tax		103,839,276	63,104,413
	Less: Income Tax Expenses		55,582,894	22,086,545
IAS 12.82(b)	Current Tax	24.00	16,369,331	13,122,951
	Shortfall Provision for Previous years		2,668,692	
IAS 12.82(b)	Deferred Tax	24.01	36,544,871	8,963,594
IAS 1.82(f)	Profit after tax for the year		48,256,382	41,017,868
IAS 33.66	Earnings per share (EPS)	25.00	1.11	2.60

The accounting policies and annexed notes form an integral part of the financial statements.


Company Secretary

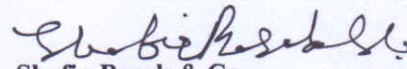

Managing Director


Chairman

Signed as per our annexed report of even date.

Dated: 28 October 2019

Place : Dhaka


Shafiq Basak & Co.
Chartered Accountants



COPPERTECH INDUSTRIES LTD.
Statement of Changes in Equity
For the year ended 30 June, 2019

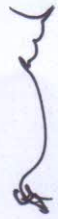
IAS 1.51(a)
IAS 1.10(c)
IAS 1.51(c)
IAS 1.51(d),(e)


IAS 1.113

IAS 1.10(a)

IAS 1.10(a)


Particular	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Amount in Taka
					Total Equity
Balance as at 01 July 2017	95,000,000	-	-	41,443,981	136,443,981
Issuance of shares	305,000,000	-	-	-	305,000,000
Total Comprehensive Income for the year	-	-	-	41,017,868	41,017,868
Balance as on 30 June 2018	400,000,000	-	-	82,461,849	482,461,849
Balance as at 01 July 2018	400,000,000	-	-	82,461,849	482,461,849
Issuance of shares	200,000,000	-	-	-	200,000,000
Total Comprehensive Income for the year	-	-	-	48,256,382	48,256,382
Balance as on 30 June 2019	600,000,000	-	-	130,718,231	730,718,231


Company Secretary


Managing Director

Signed as per our annexed report of even date.




Shafiq Basak & Co.
Chartered Accountants

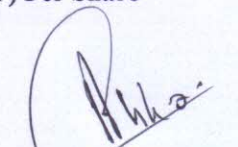
Dated: 28 October 2019
Place : Dhaka


IAS 1.51(a)
IAS 1.10(d)
IAS 1.51(c)

COPPERTECH INDUSTRIES LTD.
Statement of Cash Flows
For the year ended 30 June 2019

IAS 1.113(d),e IAS 1.113	Particulars	Notes	Amount in Taka	
			2018-2019	2017-2018
IAS 7.10	A. Cash Flows from Operating Activities			
IAS 7.18(a)	Cash receipts from customers		626,828,215	503,641,685
IAS 1.85	Non-Operating Income	22.00	16,884,395	9,593,677
	Cash payment to Suppliers		(530,553,248)	(438,229,621)
	Cash payment to Employees		(31,872,960)	(18,361,994)
	Cash payment to others		(48,922,334)	(32,532,680)
	Cash Generate from Operation		32,364,068	24,111,067
IAS 7.35	Cash payment against Income Tax	7.02	(28,621,064)	(13,122,951)
	Net Cash Generate from Operating Activities	27.01	3,743,004	10,988,116
IAS 7.10	B. Cash Flows from Investing Activities			
IAS 7.16(a)	Acquisition of Property, Plant and Equipment	3.00	(7,757,275)	(23,867,808)
IAS 1.54(a)	Capital Work in Progress	5.00	(51,020,873)	-
	Net Cash used in Investing Activities		(58,778,148)	(23,867,808)
IAS 7.10	C. Cash Flows from Financing Activities			
	Increase/(Decrease) Share Capital		200,000,000	260,000,000
	IPO Fund Receivable From Dhaka Stock Exchange		(100,000,000)	-
IAS 1.60,69	IPO Refund Liability	16.00	9,805,616	-
IAS 7.33	Financial Expenses		(67,047,860)	(67,336,556)
IAS 7.17(c)	Increase/(Decrease) Short Term Borrowing		111,112,020	(126,511,637)
	Increase/(Decreases) Lease Loan Liabilities (Lease Loan)		(12,949,534)	8,483,541
IAS 7.17(d)	Increase/(Decreases) Loan Liabilities (Long term)		(20,544,260)	(23,124,543)
	Net Cash Provided by Financing Activities		120,375,982	51,510,805
IAS 7.50(d)	D. Net increase in Cash and Cash Equivalent (A+B+C)		65,340,838	38,631,113
	E. Cash and Bank Balances at beginning the year		56,329,772	17,698,659
	F. Cash and Bank Balances at end of the year (D+E)		121,670,610	56,329,772
	Net Operating Cash Flows (NOCF) Per Share	27.00	0.09	0.70


Company Secretary


Managing Director


Chairman

Dated: 28 October 2019
Place : Dhaka



COPPERTECH INDUSTRIES LTD.

Notes to the Financial Statements

For the year ended 30 June 2019

IAS 1.51(a)
IAS 1.51(e)
IAS 1.51(c)

IAS 1.38 1.00 REPORTING ENTITY

1.01 Company Profile

Coppertech Industries Ltd was registered as a private limited company under the Companies Act-1994 on 16 October 2012 vides Registration No.C-105188/12. And the company started its commercial operation on June 2014. The company was converted into a public limited company on May 31, 2018 and its shares are quoted in Dhaka and Chittagong Stock Exchanges.

IAS 1.38(b) 1.02 Nature of the Business

The company manufactures copper pipe, tube, copper billet, copper flat hexagonal and copper rod, copper wire, brass rod and all related items of copper. The company has a factory in Horitola, Sylhet.

2.00 BASIS OF PREPARATION

2.01 Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules 1987.

IAS 10.17 2.02 Date of authorization

The financial statements were authorized for issue by the Board of Directors on 28th October 2019 for publication.

IAS 1.51(c) 2.03 Reporting period

The financial period of the Company covers one year from 1st July 2018 to 30th June 2019.

IAS 1.51 (d) 2.04 Functional and Presentational Currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is both functional and presentational currency of the Company. The amounts in these financial statements have been rounded off unless otherwise indicated. Because of these rounding off, in some instance the total may not match the sum of individual balance.

IAS 1.112(a) 2.05 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the current and following pages:

- A. Valuation of current asset
- B. Property, plant and equipment
- C. Financial instruments
- D. Share capital
- E. Impairment
- F. Employee benefits
- G. Provisions
- H. Revenue from contracts with customers
- I. Income tax expense
- J. Finance income and expenses
- K. Earnings per share (EPS)
- L. Statement of cash flows
- M. Materiality and aggregation
- N. Events after the reporting period



IAS 1.78(b) **A. Valuation of current assets**
Accounts Receivable:
 The company considers the credit worthiness of entire bills receivable as good and is collectable and also they are reliably measurable, therefore no amount stated can be marked as bad debt.

IAS 2.36(a) **Inventories:**
 Inventories are including work in process and finished goods are stated at the lower of cost and net realizable value in compliance with the requirements of IAS-2.
 Cost comprises purchase price, import duties and other taxes, transport, handling and other cost directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.(IAS – 2.11)

IAS 16.21 **B. Property, Plant and Equipment**
 IAS 16.73(a) **Recognition and Measurement**
 Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any as per IAS 16 –Property, Plant & Equipment.

Cost includes original purchase price and the expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The cost of the day to day maintaining cost on Property, Plant and Equipment is recognized in the Statements of Profit or Loss and other Comprehensive Income as incurred.

IAS 16.73(C) **Depreciation**
 IAS 1.55 All items of Property, Plant and Equipment have been depreciated on reducing balance method. Depreciation has been charged on addition when the related property, plant and equipment are available for used. On disposal of an asset, depreciation is charged up to the month prior to the disposal. No depreciation is charged for Building & Civil construction and Plant & Machinery due to under construction. Depreciation rates are as follows:

Name of Assets	Rate	Rate
	2019	2018
Land & Land Development	0%	0%
Building and Civil Construction	2.50%	2.50%
Gas Line Installation	15%	15%
Electric Equipment	15%	15%
Plant & Machineries	10%	10%
Furniture & Fixture	10%	10%
Gas & Diesel Generator	10%	10%
Vehicles	15%	15%

Retirement and Disposals
 An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the Statement of Profit or Loss and Other Comprehensive income.

C. Financial Instruments
 A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity as per IAS-39 “Financial Instruments Recognition and Measurement.”



Financial Assets

Financial assets of the company include cash and cash equivalents, equity instrument to another entity, Trade receivables and other receivables.

The company initially recognizes a financial asset in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognize a financial asset when, and only when; the contractual rights to the cash flows from the financial asset expire or transfer the contractual rights to receive the cash flows of the financial asset.

Financial Liabilities

The company initially recognizes a financial liability in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument.

The company derecognizes a financial liability from its statement of financial position when, and only when, it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires.

D. Share Capital

The ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

We got paid up capital money Tk. 10 crore at the year end and Tk. 10 crore receivable from Dhaka Stock Exchange which indicate the number of shares increased at year end. The money was not used in operation, as a result Earning per share decreases in comparative to previous year.

IAS 16.63

E. Impairment

In accordance with the provision of IAS-36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in the statement of comprehensive income. No such indication of impairment has been observed till the end of the period.

IAS 19.120

F. Employees' Benefit

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds. The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19 - Employee Benefits. The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:

Short Term Employee Benefits

Short-term employee benefits include wages, salaries, festival bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

Worker's profit participation fund (WPPF)

The company makes a regular allocation of 5% on net profit before charging such expenses to this fund as per provisions of Labor Laws 2006.

IAS 37.85

G. Provisions

A provision is recognized if, there is a present legal or constructive obligation as a result of past event and this can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is probable that an outflow of resources embodying economic benefits are required to settle the obligation, the provisions are reversed.



IAS 1.119

H. Revenue

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The company recognizes revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT).

Sales volume increases in comparison to previous year but Net profit after Tax does not increase in proportionate to that Sales due to implication of deferred tax as per IAS 12 amounting Tk. 36,544,871.00 which is the aggregate result of previous years.

IAS 12.47

I. Income Tax Expenses

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. Income tax expense comprises current and deferred tax. It is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

IAS 12.47

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any.

IAS 12.47

IAS 1.15,

12.24

Deferred Tax

The company has decided to adopt policy of recognition of deferred tax in accordance with the IAS 12, deferred tax is provided using the balance sheet approach method for temporary difference arising between the carrying value of fixed assets as per accounts and the corresponding income tax written down value. Deferred tax is calculated at the effective income tax rate prevailing at the statement of financial position date.

J. Finance Income and Expenses

Finance income comprises interest on financial deposits with banks. Finance income is recognised on an accrual basis and shown under Statement of profit or loss and other comprehensive income. Finance costs comprise interest expense on overdraft and borrowings from bank.

IAS 33.66

K. Earnings Per Share

The management calculates Earnings per Share (EPS) in accordance with IAS-33, Earnings per share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income; the same has been calculated dividing surplus available for ordinary shareholders by weighted average number of ordinary shares outstanding at the end of the period.

We got paid up capital money Tk. 10 crore at the year end and Tk. 10 crore receivable from Dhaka Stock Exchange which indicate the number of shares increased at year end. The money was not used in operation, as a result Earning per share decreases in comparative to previous year.

Basis Earnings

This represents earnings for the period attributable to the ordinary shareholders. As there was no minority interest or extra ordinary items, the net profit after tax for the period has been considered as fully attributable to ordinary shareholders.

IAS 1.111

L. Statement of Cash Flows

Statement of Cash flows have been prepared in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under direct method considering the provisions of Paragraph 19 of IAS-7 and Securities and Exchange Rules 1987. No foreign exchange gain or loss has been recognized in Statement of Cash Flows.



- IAS 1.29 **M. Materiality and aggregation**
Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.
- IAS 10.12 **N. Events after the Reporting Period**
Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.
- Two types of events can be identified:
- **Adjusting Events:** Those that provide evidence of conditions that existed at the end of the reporting period.
 - **Non adjusting Events:** Those that are indicative of conditions that arose after the reporting period. The company has taken close look whether any events after the reporting period exist that need to take into account during the preparation of Financial Reports. No event after the reporting period exists and management of the company has prepared the financial reports in accordance.
- 2.06 Advances, Deposits and Prepayments**
Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE, inventory and others.
- IAS 1.45 **2.07 Cash and Cash Equivalents**
IAS 1.119
According to IAS 7 Statement of Cash Flows, cash comprises cash in hand, short term deposit and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values. No foreign exchange gain or loss has been considered in Cash and Cash Equivalents.
- IAS 1.119 **2.08 Borrowing Cost**
IAS 23.01
Interest and other cost incurred in the company in connection with the borrowing of fund are recognized as expenses in the year in which they are incurred unless such borrowings cost related to acquisition/construction of assets in progress that are required to capitalized as per IAS-23: Borrowing Cost.
- 2.09 IPO Refund Liability**
The excess amount received against Initial public Offer (IPO) in the Social Islami Bank (SIBL) bank account foreign currency and BDT both are recognized as current liability. According to IAS 7 Para 28 Foreign currency Exchange gain or loss arise from the transaction in a foreign currency which shall be recorded in an entity's functional by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow. But the company did not made any transaction in foreign currency during the period, Hence there is no Foreign Exchange gain or loss. The amount of this account head is stated in the note number 16 to financial statement.
- IAS 1.25 **2.10 Going Concern**
The company has adequate resources to continue its operation for the foreseeable future. As such, the directors intended to adopt the going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.
- IAS 1.27-28 **2.11 Accrual Basis**
The financial statements have been prepared, except cash flow information, using the accrual Basis of accounting.
- IAS 1.10 **2.12 Components of the Financial Statements**
According to IAS-1 "Presentation of the Financial Statements" the complete set of financial statement includes the following components:
- a. Statement of Financial Position as at June 30, 2019
 - b. Statement of Profit or Loss and other Comprehensive Income for the year ended June 30, 2019
 - c. Statement of Changes in Equity for the year ended June 30, 2019



- d. Statement of Cash Flows for the year ended June 30, 2019 and
e. Notes, summary of significant accounting policies and other explanatory information.

2.13 Applicable Accounting Standards

The following IASs and IFRSs are applicable for the financial statements for the year under review:

IASs:

- IAS-1 Presentation of Financial Statements
- IAS-2 Inventories
- IAS-7 Statements of Cash Flows
- IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events after the reporting Period
- IAS 12 Income Taxes
- IAS 16 Property, Plant and Equipment
- IAS 17 Lease
- IAS 19 Employee Benefits
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- IAS 23 Borrowing Costs
- IAS 24 Related Party Disclosures
- IAS 33 Earnings per Share
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 39 Financial Instruments: Recognition and Measurement

IFRSs:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IFRS 13 Fair Value Measurement
- IFRS 15 Revenue from Contract with Customers

2.14 Other Regulatory Compliance

As required, Coppertech Industries Ltd. 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) Securities and Exchange Rules 1987
- d) The Labour Act 2006 (as amendment in 2015)
- e) The Value Added Tax Act 1991
- f) The Value Added Tax Rules 1991
- g) The Customs Act 1969

2.15 Accounting Policies & Estimates

The preparation of these financial statements is in conformity with IASs/IFRSs which 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. Estimates and underlying assumptions are reviewed on an ongoing basis and used for accounting of certain terms such as provision for expenses and depreciation.

2.16 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of financial statements under section 183 of the Companies Act, 1994 and as per the provision of "The Framework for the preparation and Presentation of Financial Statements" issued by the International Accounting Standards Board (IASB).

IAS 10.17

2.17 Authorization date for issuing Financial Statements:

The financial statements were authorized by the Board of Directors on October 28, 2019.

IAS 1.38(a)

2.18 Comparative Information

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



Re-arrangement

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the financial statement.

2.19 Capacity

The Company works on continuous operation basis and given the current installed machine configurations and planned expansions, there is sufficient capacity to meet forecast future demand in a variety of specification (e.g. Copper tube & Copper pipe). The Directors regularly review the production capability of the Company and are satisfied that the current and future capacities are adequate. Plans are in place to meet any anticipated future demand.

2.20 Segmental Reporting

As required by IFRS-8 "Operating Segments", if an entity operates business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available.

The company considers the operation on aggregate basis and manages the operations as a single operating segment. Hence it is felt that such segment reporting is not required to be disclosed.

2.21 Related Party Disclosure

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by IAS-24: Related Party Disclosures has been disclosed in a separate note (note no 30.01) in the Financial Statement.

IAS 10.12

2.22 Events after the Reporting Period

There are no events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

2.23 General

- i) The figure has been rounded off to the nearest taka.
- ii) The financial Statements have been prepared covering one year from 01 July 2018 to 30 June 2019.
- iii) Because of these rounding off, in some instance the total may not match the sum of individual balance.



IAS 1.78(O)
IAS 16.73
(a)

3.00 Property, Plant and Equipment

A. At Cost

Opening Balance
Add: Addition during the Period
Total Cost

B. Accumulated Depreciation

Opening Balance
Add: Depreciation charged for the period
Total Charge
Written down value (A-B)

Details are shown in Annexure-A

4.00 Capital Work in Progress

A. Factory Building

Opening Balance
Add: Addition during the Period

Less: Transfer to PPE.

B. Plant and Machinery

Opening Balance
Add: Addition during the Period

Less: Transfer to PPE.

C. Electric Equipment

Opening Balance
Add: Addition during the Period

Less: Transfer to PPE.

Total (A+B+C)

IAS 1.54(b)
IAS 2.36(b)

5.00 Inventories

		30 June 2019	30 June 2018
Raw Material	Note-19.01	167,337,590	140,876,173
Work in Process	Note- 19.00	54,864,300	54,256,350
Finished Goods	Note- 19.00	152,773,260	124,269,820
Store & Spares	Note- 19.02.01	1,220,647	948,750
Packing Materials	Note-21.01	6,858,242	-
		383,054,039	320,351,093

Details are given in Annexure - B

IAS 1.78(b)

6.00 Trade & Other Receivable

		30 June 2019	30 June 2018
Trade Receivable	Note-6.01	37,611,942	27,026,665
IPO Fund Receivable From Dhaka Stock Exchange		100,000,000	-
		137,611,942	27,026,665

We got paid up capital money Tk. 10 crore at the year end and Tk. 10 crore receivable from Dhaka Stock Exchange which indicate the number of shares increased at year end. The money was not used in operation, as a result Earning per share decreases in comparative to previous year.



