

**Golden Harvest Agro Industries Ltd.**



# Annual Report 2019

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A grayscale photograph of a complex industrial piping system, likely in a factory or laboratory. The pipes are made of metal and are arranged in a grid-like pattern, with various valves and fittings. The background is a wall of white tiles. The overall scene is clean and technical.

# mission

Serve the nation with  
pioneering innovative  
product

A grayscale photograph of a food processing plant. The scene is filled with a complex network of pipes, metal railings, and large industrial tanks. In the foreground, a large, rounded, stainless steel tank is prominent. The background shows more of the facility, including overhead pipes and industrial lighting. A semi-transparent yellow rectangular box is centered in the middle of the image, containing text.

Imagine safe food, for  
all, affordable

**vision**

# Strategy and Resource Allocation

## Corporate strategy

Maintaining our competitive position in the core business, we employ our brand name, unique organizational culture, professional excellence and financial strength diversifying in local and alliance with Global conglomerate through acquisitions and new projects thus achieving synergy towards value creation for our stakeholders.

## Management objectives

|                         | OBJECTIVE 01   | OBJECTIVE 02  | OBJECTIVE 03   |
|-------------------------|--|---|--|
|                         | <b>Enhance productivity through balanced food application</b>  | <b>Maintain industry leadership</b>   | <b>Expand sales</b>  |
| Strategy                | Our long term strategy has led for collaborative culture that keeps a collective focus on our purpose  | Stay abreast of technological developments and continuously upgrade production facilities to maximize efficiency  | Sales expansion through geographical diversification and improved farmers' awareness   |
| Nature                  | Medium / Long-term   | Medium-term   | Short / medium-term  |
| Priority                | High   | High  | High   |
| Resources allocated     | Financial capital, human capital, manufactured capital   | Financial capital, manufactured capital   | Financial capital, manufactured capital, human capital, social and relationship capital  |
| KPI Monitored           | Funds allocation to Farm Advisory Centres (FACs)   | Market share and production efficiency ratio  | Market share and production efficiency ratio   |
| Status                  | Ongoing process – Targets for the year achieved  | Ongoing process – State of the art production facilities  | The Company achieved foods & Ice cream production of 14.66 thousand tonnes and sales volume of 14.65 thousand tonnes.  |
| Future relevance of KPI | Bangladesh's per acre yield needs to be improved. The management analyses the impact on an annual basis  | The KPI will remain relevant in the future  | The KPI will remain relevant in the future   |
| Opportunities / Threats | Improvement in per acre agricultural output of Bangladesh is necessary for long-term food security of the Country. However, poor education and knowledge makes them unwilling to adopt modern techniques in achieving this objective | Continuous depletion of Bangladesh's gas reserves is resulting in declining gas pressure, impacting the Company's food & ice cream production. To be sustainable in the long-term, the Company focuses on investment in upgradation and maintenance activities, besides evaluating alternative fuel options. These ventures require high capital costs and increased production downtime but are necessary for sustaining production levels | There is still room for expansion of our domestic distribution network besides exploring export opportunities. However, any possible shortage of gas in the future is a cause for concern and would hamper progress in the long run if not proactively addressed by the Government. Increasing gas cost and pricing pressures can impede Company's margins |

## Significant changes in objectives & strategies

Business objectives & strategies of GHAIL are carefully planned. There were no significant changes during the year which affected our course of action for achievement of these objectives

### OBJECTIVE 04

#### Create / enter new lines of business to augment profitability and achieve sustained economic growth

Continuously seek profitable avenues to diversify within and outside the Fertilizer Industry

Medium / Long-term

High

Human capital, intellectual capital, financial capital

Profitability: EPS, ROE, Asset Turnover and DPS  
Sustainability: Current Ratio, Gearing and Interest Cover

Diversification: Annual resource allocated for expansion of the projects already acquired in addition to identification and development of new investment projects

The KPI will remain relevant in the future

### OBJECTIVE 05

#### Enhance operational efficiency to achieve synergies

Align our business processes, reducing time and money losses

Short-term

High

All capitals

Market share and production efficiency ratio

The KPI will remain relevant in the future

### OBJECTIVE 06

#### Costs Economization

Keeping our resource utilization at an optimum level through strict governance policies

Short / medium term

High

Human capital, intellectual capital, financial capital

Gross Profit Margin & Net Profit Margin

The KPI will remain relevant in the future

# Core Values & Code of Conduct

## Core Values

At GHAIL we seek uncompromising integrity through each individual's effort towards quality products for our customers, maximizing returns to the shareholders and making sizable contributions to the National Exchequer

Our business success is dependent on trusting relationships. Our reputation is founded on the integrity of the Company's personnel and our commitment to the principles of:

### HONESTY

in communicating within the Company and with our business partners, suppliers and customers, while at the same time protecting the Company's confidential information and trade secrets

### EXCELLENCE

in high-quality products and services to our customers

### CONSISTENCY

in our words and deeds

### COMPASSION

in our relationships with our employees and the communities affected by our business

### FAIRNESS

to our fellow employees, stakeholders, business partners, customers and suppliers through adherence to all applicable laws, regulations and policies and a high standard of moral behaviour

## Policy Statement of Ethics & Business Practices

- It is the policy to follow the highest business ethics and standards of conduct. It is the obligation of every one of us to act responsibly; that is, to be honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices
- The Company's reputation and its actions as a legal entity depend on the conduct of its directors and employees. Each one of us must endeavor to act according to the highest ethical standards and to be aware of and abide by applicable laws
- We all must ensure that our personal conduct is above reproach and complies with the highest standards of conduct and business ethics, and have the obligation to ensure that the conduct of those who work around us complies with these standards. The Company's Code of Business Ethics and Code of Conduct will be enforced at all levels fairly and without prejudice
- This code to which the Company is committed in maintaining the highest standards of conduct and ethical behaviour is obligatory, both morally as well as legally and is equally applicable to all the directors and employees of the Company who all have been provided with a personal copy

Code of Conduct

1

We shall conduct our employment activities with the highest principles of honesty, integrity, truthfulness and honour. To this end, we are to avoid not only impropriety, but also the appearance of impropriety

2

We shall not make, recommend, or cause to be taken any action, contract, agreement, investment, expenditure or transaction known or believed to be in violation of any law, regulation or corporate policy

3

We shall not use our respective positions in employment to force, induce, coerce, harass, intimidate, or in any manner influence any person, including subordinates, to provide any favour, gift or benefit, whether financial or otherwise, to ourselves or others

4

In business dealings with suppliers, contractors, consultants, customers and Government entities, we shall not provide or offer to provide, any gratuity, favour or other benefit and all such activities shall be conducted strictly on an arm's length business basis

5

While representing the Company in dealings with third parties we shall not allow ourselves to be placed in a position in which an actual or apparent conflict of interest exists. All such activities shall be conducted strictly on an arm's length business basis

6

All of us shall exercise great care in situations in which a pre-existing personal relationship exists between an individual and any third party or Government employee or official of an agency with whom the Company has an existing or potential business relationship. Where there is any doubt as to the propriety of the relationship, the individual shall report the relationship to management so as to avoid even the appearance of impropriety

7

We shall not engage in outside business activities, either directly or indirectly, with a customer, vendor, supplier or agent of the Company, or engage in business activities which are inconsistent with, or contrary to, the business activities of the Company

8

We shall not use or disclose the Company's trade secrets, proprietary or confidential information, or any other confidential information gained in the performance of Company duties as a means of making private profit, gain or benefit

# Letter of Transmittal

To

All valued Shareholders  
Bangladesh Securities & Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

**Subject: Annual Report for the year ended June 30, 2019**

**Dear Sir (s),**

We are pleased to enclose a copy of the Annual Report together with the Audited Consolidated Financial Statements for the year ended June 30, 2019 along with Auditors' Report for your record.

The Annual report will be available in the company's website at [www.goldenharvestbd.com](http://www.goldenharvestbd.com)

Thank you for your support and confidence on us.

Sincerely yours,



Nirmal Chandra Sardar  
Company Secretary

## NOTICE OF THE 15TH ANNUAL GENERAL MEETING

Dhaka, Dated 8th December 2019

Notice is hereby given that the 15th Annual General Meeting (AGM) of Golden Harvest Agro Industries Limited shall be held at Factory Premises, Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur on 28th December 2019 at 9.00 am to transact the following businesses:

### Agenda for General Resolution:

1. To consider and approve the Company's Financial Statements for the year ended 30th June, 2019 along with the Auditors' and Directors' Reports there on.
2. To approve 7% cash and 5% stock dividend as recommended by board of directors for the year ended 30th June, 2019
3. Retirement and re-election of Directors
4. To approve the appointment of auditors of the Company for the year ended 30th June 2020 and fixation of their remuneration.
5. To approve the appointment of the professionals for certification of compliance of corporate governance code under section 9(2) of "Corporate Governance Code" for the year ended on 30th June 2020.
6. Others

By the Order of the Board

Sd/-

**Nirmal Chandra Sardar**

Company Secretary

### NOTES:

- a) The Record Date of the Company was 18th November 2019 and the name of Shareholders in the Register of Members on the Record Date will be eligible to attend in the AGM and shall be entitled for the dividend to be approved at the AGM.
- b) A shareholder may appoint a proxy to attend and vote in his/her place by filling proxy form. The Proxy Form duly completed and stamped, must be deposited at the share division of the Company not later than 48 hours before the time scheduled for holding the meeting and in default, Form of Proxy will be treated as invalid.
- c) A separate record date will be declared for entitlement of right share after obtaining approval from BSEC.

**As per SEC notification no Gift, Coupon will be provided in the AGM**

# Awards & Achievements

## ICAB National Awards for Best Presented Annual Reports

Golden Harvest Agro Industries Ltd has steadfastly won the first prize in the Agro Sector category for the last five years at the ICAB National Awards for Best Presented Annual Reports, an awards ceremony held every year by the Institute of Chartered Accountants of Bangladesh.

The recent most ceremony, the 19th ICAB National Awards, hosted in the Pan Pacific Sonargaon Hotel and attended by Commerce Minister Mr. Tipu Munshi as the chief guest witnessed the first prize being handed over to Mr. Ahmed Rajeeb Samdani, Managing Director, Golden Harvest Agro Industries Ltd.



2018



2018



2017



2016



2015



Mr. Rajeeb Samdani, Managing Director, Golden Harvest Agro Industries Ltd. receiving the First Prize in the Agro Sector at the 19th ICAB National Awards.

## ICSB National Awards for Corporate Governance

For the last five years, Golden Harvest Agro Industries Ltd. has been awarded and honoured in the ICSB National Award for excellence in Corporate Governance from the food & Allied Category. It won the Gold Award in the 2nd, 5th & 6th ICSB National Awards in 2015, 2017 & 2018 and won the silver prize in the subsequent 3rd and 4th ICSB National Awards in 2014 & 2016 respectively.

The 6th ICSB National Awards, hosted in the Ball Room, Radisson Blue Dhaka Water Garden saw Mr. Ahmed Rajeeb Samdani, Managing Director, Golden Harvest Agro Industries Ltd receiving the Gold Awards from Honorable Former Adviser of Finance Mr. Mirza Azizul Haque at the 6th ICSB National Awards 2018.



Mr. Rajeeb Samdani, Managing Director, Golden Harvest Agro Industries Ltd. receiving the gold awards in the food & allied at the 6th ICSB National Award 2018.

### ICMAB Best Corporate Award:

Golden Harvest Agro Industries Ltd. has won the second prize in the Manufacturing (Miscellaneous) category for the 2nd years at the Best Corporate Award, an awards ceremony held every year by the Institute of Cost and Managements Accountants of Bangladesh.

The recent most ceremony, the Corporate Awards 2018, hosted in the Hotel Inter-Continental Dhaka and attended by Planning Minister Mr. M A Mannan as the chief guest witnessed the second prize being handed over to Mr. Enamuzzaman Chowdhury, Chairman, Golden Harvest Agro Industries Ltd.



2018



2016



Mr. Enamuzzaman Chowdhury, Chairman, Golden Harvest Agro Industries Ltd. receiving the award in the manufacturing (Miscellouns) sector.

## SAFA Best Presented Annual Reports Awards

Golden Harvest has been awarded the winner in Agricultural sector by South Asian Federation of Accountants (SAFA), an Apex Body of the South Asian Association for Regional Co-operation (SAARC) and a Acknowledged Accounting Grouping of International Federation of Accountants (IFAC). The award is a compliment of our commitment to intelligibility.



2018



2017



2016



2014

## DITF Awards



2019



2017



2016

## Commward

Brand Forum Commward 2016;  
Grand Prix award in the packaging category



2016

# Certifications & Membership

## Certifications

Certifications confirm our compliance with international standards on Production, Management system, environment and Social responsibilities.



### ISO 9001:2008

ISO 9001 is the international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

Certificate # SG15/05063 by  
SGS Uniled Kingddn Lld Syslsns &  
Services Cstiliigation  
Rossmore Buissess Pak Ellesmere  
Prt Cheshire CH65 3EN UX



### ISO 22000:2005

ISO 22000 is a Food Safety Management System that can be applied to any organization in the food chain, farm to fork. Becoming certified to ISO 22000 allows a company to show their customers that they have a food safety management system in place.

Certificate # BD16/711040978 by  
SGS Uniled Kingddn Lld Syslsns &  
Services Cstiliigation  
Rossmore Buissess Pak Ellesmere  
Prt Cheshire CH65 3EN UX



### BSTI

Bangladesh Standards And Testing Institution Certification centers on essential elements of products and quality management system compliant with BSTI standards.

Certificate #1785/G-1/2014 by  
BSTI, 116/A. Tejgaon Industrial  
Area, Dhaka-1208.



### HACCP

Hazard analysis and critical control points or HACCP is a systematic preventive approach to food safety from biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to a safe level.

Certificate # BD15/144125 by  
SGS Uniled Kingddn Lld Syslsns &  
Services Cstiliigation  
Rossmore Buissess Pak Ellesmere  
Prt Cheshire CH65 3EN UX

## Membership

Membership confirms our legal and social status in Commercial as well as national and international community.



### DCCI

DCCI, serving its entire range of members with advocacy representation, services and contacts.

Membership # 01028  
DCCI Building, 65-66  
Motijheel C/A, Dhaka



### BFVAPE

Bangladesh Fruits Vegetables and Allied Products Exporters Association

Membership # 184  
28/1 C Toyenbee Circular  
Road, Motijheel, Dhaka



### BAPLC

Bangladesh Association of Public Listed Companies

BAPLC, Block # B, Road # 1,  
House # 17, Nikejan,  
Gulshan - 1, Dhaka



### BAPA

Bangladesh Agro Processors' Association

BAPA, House # 15,  
Road # 16, Dhanmondi,  
Dhaka



### Environment

Environmental certification is a form of environmental regulation and development where a company can voluntarily choose to comply with predefined processes or objectives set forth by the certification service.

Department of  
Environment of Bangladesh  
Gazipur District office, House # 6,  
Word # 9, Nolzani, Chondona,  
Joydevpur, Gazipur, Dhaka

# Same Great Taste in New & Improved Packaging



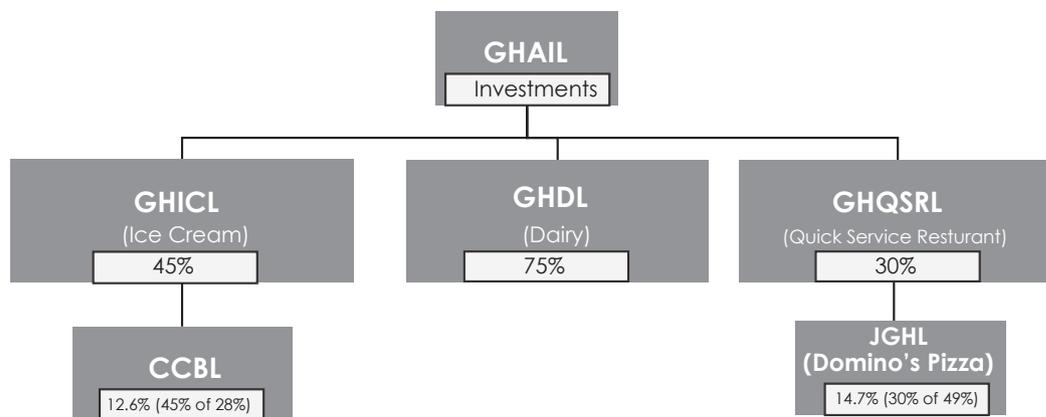
Great Taste from unique recipes & freshest ingredients

# Company Profile & Group Structure

Our commitment to enhance value for our stakeholders, driven through resilience of our business model and determination of our workforce in conjunction with our diversified portfolio and contribution to the economy has made us one of the robust and accomplished businesses in Bangladesh.

## Group Structure

The GHAIL Group is represented by several subsidiaries, associates and chain associates engaged in the two business lines of Food production and logistics. In food business, the parent entity together with two subsidiaries and one associates are involved in the frozen food, Ice cream, dairy and QSR business. Another associates are established for cold chain logistics support.



Parents Company

## Golden Harvest Agro Industries Limited

Golden Harvest Agro Industries Ltd. is a publicly listed company which is one of the pioneers in Frozen Food manufacturing in Bangladesh. The brand is known, both locally and abroad, for its wide range of ready to cook frozen products. Golden Harvest Agro Industries Ltd. takes pride in its food processing plant & supply chain. For its production and supply chain facilities the company has received many certifications including ISO 22000:2005, 9001:2008 & HACCP. The company's supply process is linked with over 100,000 Bangladeshi agricultural partners who supply 95% of the company's raw materials. The food processing plant is situated in Gazipur which is equipped with state of the art machineries and is maintained by a team of industry's best professionals. Once production is completed and quality is assured, the frozen products are distributed through an extensive network of temperature controlled transportation system. The company distributes nationwide Frozen Food maintaining a temperature of -18° C through its cold chain network. All these ensures top quality products, farm to fork!

## Subsidiary Companies

### Golden Harvest Ice Cream Limited

Golden Harvest Ice-Cream Ltd. is the new entrant in the Bangladesh ice-cream industry with the brand BLOOP. Golden Harvest has set up a brand new plant from Tetra Pack Sweden and is being operated under the supervision of a highly experienced Danish production manager. The brand offers around 77 various variants including sticks, cups, cones, calippo, sorbets, tubs, cakes and many more.

### Golden Harvest Dairy Limited

Golden Harvest Dairy Ltd came about as the Company's decision to meet the ever growing domestic demand for milk products. The dairy sector is heavily reliant on import of milk & milk products from abroad, and there was a substantial gap between demand and supply in the country. A scenario which encouraged the Company's senior management to go for this bold venture. Since it already had acquired extensive knowledge and expertise in the agro sector, the Company was soon able to setup its state of the art facilities at Gowainghat, Sylhet spreading over more than 7 acres of land with indoor herd management measures.

## Associates Company

### Golden Harvest QSR Limited

Golden Harvest QSR Ltd. an associated company of Golden Harvest Agro Industries Ltd. has entered into a Joint Venture (JV) agreement with Jubilant FoodWorks Ltd. on Mar. 06, 2018 to set up fast food outlets for Domino's Pizza, the World Wide Leader in Pizza Delivery. Domino's Pizza, Head Quartered in the U S A started operation in the year 1960, is the world renowned pizza brand & the largest pizza chain world-wide, operating through more than 15,300 outlets in 85 countries having global sales for the year 2017 for US\$ 12.20 Billion. Domino's Pizza employs more than 400,000 people & delivers 2 Million pizzas per day throughout the world, which is 730 Million pizzas per year. Domino's has '30-minutes delivery' guarantee & for any reason the customer is dissatisfied with Domino's Pizza dining experience, the company will remake pizza or refund money. The Domino's APP allows the customer to monitor the activities of the relevant order from ordering to delivery', real time. Jubilant FoodWorks Ltd. is a Jubilant Bhartia Group Company of India, is one of India's largest food service company & listed with Indian bourses since Feb. 2010; the JV, named Jubilant Golden Harvest Ltd. is incorporated in Bangladesh & Golden Harvest QSR Ltd

## Joint Venture

### Jubilant Golden Harvest Limited

Golden Harvest QSR Limited (GHQSR), an associate company (30% share) of Golden Harvest Agro Industries Limited, owns 49% share of Jubilant Golden Harvest Limited (JGHL), and rest 51% share is owned by Jubilant Foodworks Limited (JFL), a listed company in India. JGHL is a joint venture company between Jubilant Foodworks and Golden Harvest is operating Domino's Pizza restaurant in Bangladesh.

### Cold Chain Bangladesh Limited

This is the first cold chain network in the country entered into a joint venture agreement with International Finance Corporation (IFC), to invest in a network of temperature-controlled warehouses and logistics assets. This third-party logistics service company is the first of its kind in Bangladesh. CCBL, USD \$ 22 million equity based pilot project (30% IFC : 70% Golden Harvest), expects to serve a diverse customer base from 13 storage locations across the country using its temperature-controlled transportation fleet.

## Company Information

### Board of Directors

Enamuzzaman Chowdhury

#### Chairman

Ahmed Rajeeb Samdani

#### Managing Director

Nadia Khalil Choudhury

Azizul Huque

Mohius Samad Choudhury

Moosud Ahmed Khan

Anita Ghazi Islam-Independent Director

Alena Akhter Khan-Independent Director

### Audit Committee

Alena Akhter Khan

Chairman

Nadia Khalil Chowdhury

Azizul Haque

### Nomination & Remuneration Committee

Anita Ghazi Islam

Chairman

Nadia Khalil Chowdhury

Enamuzzaman Chowdhury

Ahmed Rajeeb Samdani-Advisory

### Chief Financial Officer

Rojina Akhter FCA

Tel No. +88-02-8878784-7

Fax No. +88-02-8878204

E-mail: info@goldenharvestbd.com

### Company Secretary

Nirmal Chandra Sardar

Tel No. +88-02-8878784-7

Fax No. +88-02-8878204

E-mail:

nirmal.sardar@@goldenharvestbd.com

### Corporate Head Office

Shanta Western Tower, Level-5,

S/501 & 502, 186 Gulshan-

Tejgoan Link Road, Tejgoan,

Dhaka-1208

Website: www.goldenharvestbd.com

Tel No. +88-02-8878784-7

ax No. +88-02-8878204

E-mail: info@goldenharvestbd.com



### Registered Office & Factory

Bokran, Monipur Bobanipur,

Gazipur Sadar, Gazipur,

Bangladesh

### Share Department

Plot-270 B

Tejgoan Industrial Area

Tejgoan I/A, Dhaka-1208

Tel No. +88-02-9840181

E-mail: share@goldenharvestbd.com

### **Sales & Marketing Division**

Plot-270 B  
Tejgoan Industrial Area  
Tejgoan I/A, Dhaka-1208  
Tel No. +88-02-9840181

### **Auditors**

S.F. Ahmed & Co.  
Chartered Accountants  
House # 51 (2nd Floor), Road # 9,  
Block-F, Banani, Dhaka-1217  
Phone: +88-02-9870957, 9894026  
Fax: +88-02-55042314

### **Legal Advisor**

Ms. Sameera Mahmud  
Lex Harmonia

### **Tax Advisor**

Rahman Podder & Associates  
333/1, Segun Bagicha, Dhaka-1000

### **Corporate Governance Compliance Auditor**

MABS & J Partners,  
Chartered Accountants  
SMC Tower (7th Floor), 33,  
Road # 17, Banani C/A,  
Dhaka-1213, Bangladesh.

### **Bankers**

Mercantile Bank Limited  
First Security Islami Bank Limited  
Islami bank Bangladesh Limited  
United Commercial Bank Limited  
Standard Bank Limited  
Agrani Bank Limited  
Mutual Trust Bank Limited  
NRB Global Bank Limited

### **Non Banking Financial Institution**

IPDC Finance Limited  
United Finance Limited  
National Finance Limited  
IDLC Finance Limited  
Union Capital Limited  
BD Finance & Investment Limited  
Hajj Finance Limited  
Farest Finance & Investment Limited

### **Insurer**

Janata Insurance Company Limited  
Prime Insurance Company Limited  
Green Delta Insurance Company Limited  
Karnaphuli Insurance Company Limited  
Reliance Insurance Company Limited

## Senior Management Officials

Chief Financial Officer  
**Rojina Akhter FCA**

Company Secretary  
**Nirmal Chandra Sardar**

Assistant Vice President-Finance  
**Md. Einul Haque ACS**

Senior Manager- Finance  
**Faisal Mahmud Sajeeb ACA**

Senior Manager- Internal Audit  
**Shafayet Mohammed**

Deputy Manager- Accounts  
**Mahmudul Hasan ACCA**

Manager- Supply Chain  
**Md. Shamiul Bashar**

Manager- Credit Control  
**Kazi Khurshed Ahmed**

Deputy Manager-Legal  
**Md. Mahbubul Haque**

Deputy Manager - Business Development  
**Muhammad Mohsin Uddin**

Deputy Manager -Financial Reporting  
**Md. Shahiduzzaman**

Assistant Manager – Treasury  
**Md. Mazidur Rahman**

Executive-Share Division  
**A.S.M. Saiem**

Deputy Manager-IT  
**A.N.M Sadiqur Rahman**

Director-Production  
**Lt. Col. Md Nasimul Alam (Retd.)**

Head of HR  
**Md. Mehfuz-ul-Ferdous**

General Manager  
**Mohammad Shahidullah**

Head of Production  
**Jens Erik Molgaard**

Chief Technical Officer  
**Probir Kumar Sarker**

Head of Plant - Syhlet Factory  
**Engr. Md. Rabiul Islam**

Marketing Manager  
**Md. Habib Ullah**

Manager- Factory Operation  
**Mahmud Riyad**

Manager -Factory  
**S. M Quamrul Islam**

National Sales Manager  
**Md. Nazrul Islam**

Sales Manager  
**Mohammad Sahadat Hossain**

Sales Manager  
**Md. Shahabul Islam Shawon**

Deputy Manager, Logistics  
**Muhammad Fahim Siddeque**



ମିଷା  
କୋଡ଼ିକାଟି  
କରନ୍ତୁ

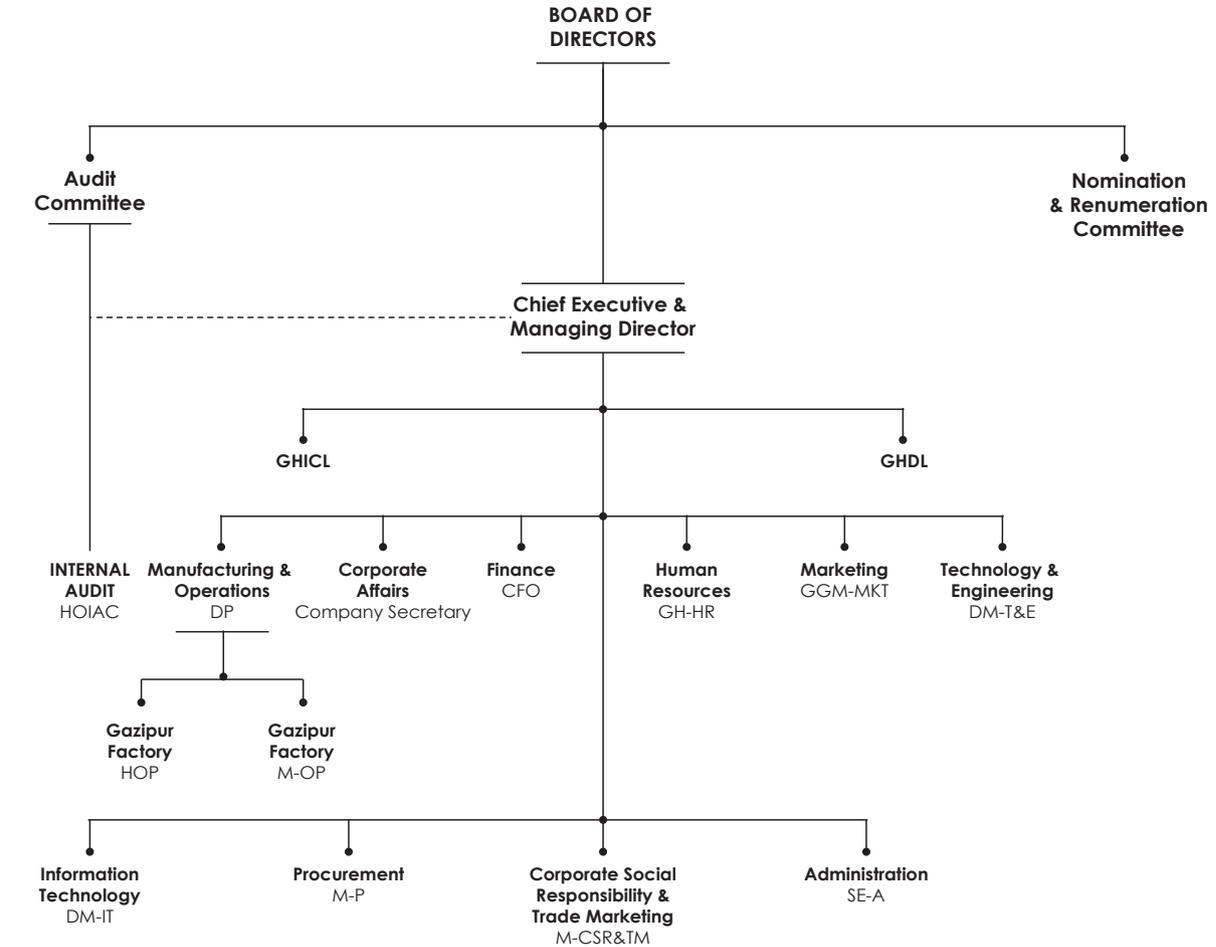


ମିଷା  
କୋଡ଼ିକାଟି  
କରନ୍ତୁ



# Organizational Chart & Key performance indicators

## Organizational Chart



|        |   |
|--------|---|
| A      | Administration                                      |
| CFO    | Chief Financial Officer                             |
| HOIAC  | Head of Internal Audit & Compliance                 |
| CSR&CW | Corporate Social Responsibility and Trade Marketing |
| GHICL  | Golden Harvest Ice Cream Limited                    |
| GHDL   | Golden Harvest Dairy Limited                        |
| DP     | Director-Production                                 |
| GM     | General Manager                                     |

|       |                             |
|-------|-----------------------------|
| GH-HR | Group Head- Human Resources |
| IT    | Information Technology      |
| M&O   | Manufacturing & Operations  |
| MKT   | Marketing                   |
| P     | Procurement                 |
| M     | Manager                     |
| DM    | Deputy Manager              |
| SE    | Sr. Executive               |

### Number of employees

GHAIL has employed 1,142 people in its operations including plants, marketing offices and head office. Location-wise breakup of number of employees has been disclosed on page 55 of the Report. Disclosure of total and average number of employees, separately identifying the factory employees has been made in Note 41.7 of the Financial Statements.

### Position within the value chain

Our value creation business model and process shows how we take in value, use our manufacturing facilities, people, systems and relationships to create additional value for our shareholders, employees, and other stakeholders. Detailed value chain has been disclosed on page 136 of the Report.

### External environment

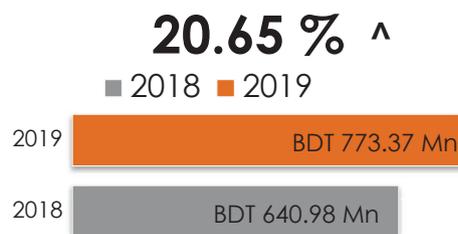
Significant factors effecting the external environment and our associated responses have been disclosed in detail on page 138 of the Report. Significant changes from prior year Any significant changes from last year, have been appropriately disclosed in the relevant sections of this Report.

## Key performance indicators

### • Group Revenue



### • Profit from operations



### • Total Assets



### • Shareholders Equity



### • Property, Plant and Equipment



### • Net Assets



### • EPS



### • Net Assets



# BOARD OF DIRECTORS



**Enamuzzaman Chowdhury**  
Chairman

Mr. Enamuzzaman Chowdhury, Chairman of Golden Harvest Agro Industries Ltd. has completed Bachelor of Arts from University of Dhaka in 1963. Having 31 years of banking experience, started career with the then Habib Bank in April 01, 1964 and voluntarily retired as Deputy General Manager from Agrani Bank Limited in 1994. Worked in different senior level positions of Agrani bank in different locations of the country. Successfully completed different Management related courses from Karachi, Pakistan and different HR related courses from BIM.

**Ahmed Rajeeb Samdani**  
Managing Director

Mr. Ahmed Rajeeb Samdani is the Managing Director of Golden Harvest Agro Industries Ltd and chairman of other companies in Golden Harvest Group, a leading Bangladeshi Conglomerate with business into information technology, commodities, logistics, food processing, agriculture, dairy, aviation, infrastructure development and real estate. Mr. Samdani is the Director of Sonali Life Insurance Company, Director of Cold Chain Bangladesh Ltd and director of Nippon Express (BD) Ltd, a joint venture logistics company with its Japanese partner Nippon Express, the largest logistic company in Asia and the 7th largest logistic company in the world.



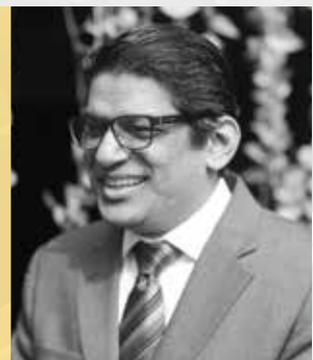
**Ms. Nadia Khalil Choudhury**  
Director

Ms. Nadia Khalil Choudhury, an energetic business person with innovative ideas and concepts, is a Director of Golden Harvest Agro Industries Ltd, Managing Director of Golden Harvest Foods Ltd, Brain train Studio Ltd and Golden Harvest QSR Ltd and Director of other units of the group. Ms. Nadia Khalil Choudhury is actively involved in different Social activities, she is the Founder and Director of Samdani Art Foundation and the Co-Founder and President of Samdani Art Foundation. She is an avid art collector and well known for her art philanthropy. Ms. Nadia Samdani has also contributed articles for various international art magazines and art columns, She is Director of Khalil Group, an advisor to Bangladesh Human Rights Foundation and also the Trustee of Taher Ahmed Choudhury Charitable Hospital (TACCH) & Alvina Samdani Trust.



**Mr. Azizul Huque**  
Director

Mr. Azizul Huque, a Director of Golden Harvest Agro Industries Ltd and Managing Director of Golden Harvest Ice Cream Ltd, Golden Harvest Infotech Ltd, Golden Harvest Commodities Ltd, holds a University Higher diploma in Computer Science from Staffordshire University. Having vast experience extended over 16 years in Bulk Food Commodities Trading as well as Information Technology business, has enabled him to have a comprehensive knowledge in the business dynamics and current local and international business policies of different countries. His in-depth understanding of all aspects of business and expertise on process cost elimination and quality assurance in business processes which is required for international business has proved to be assets for the Company.





**Mr. Moqsud Ahmed Khan**  
Director

Mr. Moqsud Ahmed Khan, is Sponsor Director of Golden Harvest Agro Industries Ltd, and has excellent track record in his own business in UK and Moqsud Ahmed Khan Bangladesh. He has extensive knowledge of Food Business and an active Director Member of Charitable Organizations in UK and Bangladesh.

**Mohius Samad Choudhury**  
Director

Mr. Mohius Samad Choudhury, a Sponsor Director of Golden Harvest Agro Industries Ltd., is looking after the Corporate Finance of the company as well as the company's business partner's interest, particularly in the area of finance dealings, sources of funding and the capital structure of the company. His primary goal is to maximize shareholder value and time management skills in Managing Food Industries. He has vast experience in how to initiate plan, execute and close projects on time. Mr. Choudhury completed his MBA and BA Hons in Business Studies from University of Glamorgan, UK."



**Advocate Alena Akhter Khan**  
independent Director

Advocate Alena Akhter Khan is an Independent Director of Golden Harvest Agro Industries Limited is an illuminating star in the domain of human rights. By profession, she is very devoted human rights worker and also dedicated lawyer. She is also a regular contributor to print media on issues of public awareness on misinterpretation of laws, superstitions, and injustice and power abuses.



**Mrs. Anita Ghazi Islam**  
independent Director

Mrs. Anita Ghazi Islam is an independent Director of Golden Harvest Agro Industries Limited. Mrs. Rahman, a L.L.B. (Hons), Barrister-at-Law, Advocate, Supreme Court of Bangladesh. It is expected that his expertise would help contribute to the further disclosure and protect the interest of all investors of Golden Harvest Agro Industries Limited.



# MANAGEMENT COMMITTEE



**Mr. Ahmed Rajeeb Samdani**  
Chairman

The Managing Director of Golden Harvest Group, a leading Bangladeshi conglomerate with business in information technology, commodities, logistics, food processing, agriculture, dairy, aviation, infrastructure development and real estate. Mr. Samdani is the Director of Sonali Life Insurance Company Ltd. and Director of Nippon Express (BD) Ltd., a joint venture logistics company with its Japanese partner Nippon Express, the largest logistics company in Asia and the 7th largest logistics company in the world. Mr. Samdani is the founder and trustee of Samdani Art Foundation, organizer of the world largest South Asian Art summit, the Dhaka Art Summit. He is also the founding committee member and Co-Chair of South Asian Acquisition Committee of Tate Museum, United Kingdom, and a member of International Council. He is one of the founding members of Harvard University South Asian Arts Council, USA. Mr. Samdani is also a member of Alserkal Avenue Programming Committee, Dubai.



**Ms. Nadia Khalil Choudhury**  
Member

An energetic business person with innovative ideas and concepts, is a Director of Golden Harvest Agro Industries Ltd. and other units of the group. Ms. Nadia Khalil Choudhury is actively involved in different social activities. She is the Founder and Director of Samdani Art Foundation and the Co-Founder and President of Samdani Art Foundation. She is an avid art collector and well known for her art philanthropy. Ms. Choudhury has also contributed articles for various international art magazines and art columns. She is a Director of Khalil Group, an advisor to Bangladesh Human Rights Foundation and also the Trustee of Taher Ahmed Choudhury Charitable Hospital (TACCH) & Alvina Samdani Trust.



**Mr. Azizul Huque**  
Member

A Director of Golden Harvest Agro Industries Ltd, holds a University Higher diploma in Computer Science from Staffordshire University. Having vast experience extended over 16 years in Bulk Food Commodities Trading as well as Information Technology business, has enabled him to have a comprehensive knowledge in the business dynamics and current local and international business policies of different countries. His in-depth understanding of all aspects of business and expertise on process cost elimination and quality assurance in business processes which is required for international business has proved to be assets for the Company.



**Lt. Col. Md Nasimul Alam (Retd.)**  
Member

Lt. Col. Md Nasimul Alam (Retd.) is the Director- Administration of Golden Harvest Group. He bears a long Military Service experience of 28 years. He served in many important appointments both in home and international environment in Civil sector, he performed as Director- Administration and logistics of the different group of companies. He is an MBA of HRM from a Private University.



**Ms. Rojina Akhter, FCA**  
Member

Chief Financial Officer of Golden Harvest Group, is a fellow member of The Institute of Chartered Accountants of Bangladesh (ICAB). Ms. Akhter has 7 years experience in the Food and Pharmaceuticals industry working at board level with a diverse range of Accounting, Auditing, Costing, Business Planning, Budgeting, Income tax and VAT across private and public sector. She has been key in managing the financial health, planning and execution of different financial strategies of Golden Harvest Group.



**Mr. Nirmal Chandra Sardar**  
Member Secretary

Mr. Sardar is the Company Secretary of Golden Harvest Group. He has around 10 years of experience in the field of Banking, telecommunication and FMCG. He joined Golden Harvest in 2013 as Company Secretary. Prior to joining Golden Harvest he was the head of treasury at QUBEE.

Mr. Sardar has completed his article-ship from Rahman Rahman Huq, a member firm of KPMG international. He obtained BBA (Hon's) and MBA in Accounting from Islamic University, Kushtia



**M. M. Ferdous**  
Member

M. M. Ferdous – Group Head of HR & Admin - is a veteran Professional backed by experience of about 25 years in Core Management focusing Human Resources Management, Organizational Development and Administration in reputed Business Conglomerate and MNC.

Post Graduated from School of Life & Earth Science of University of Rajshahi, Mr. Ferdous received number of Diplomas and Trainings on Strategic HRM, OD, OSH, Administration & Labor Law from reputed Organizations / Schools at home & abroad.

## Director's representation in other companies

### Director's representation in other companies Board within the Group

|                   |                            | Company Names                       |                               |                           |                           |                                 |                                |                                |                                |                              |                              |                         |                         |                           |                      |
|-------------------|----------------------------|-------------------------------------|-------------------------------|---------------------------|---------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------|------------------------------|-------------------------|-------------------------|---------------------------|----------------------|
| Name of Directors |                            | Golden Harvest Agro Industries Ltd. | Golden Harvest Ice Cream Ltd. | Golden Harvest Foods Ltd. | Golden Harvest Dairy Ltd. | Golden Harvest Commodities Ltd. | Golden Harvest Food Works Ltd. | Nippon Express Bangladesh Ltd. | Golden Harvest Developers Ltd. | Golden Harvest Infotech Ltd. | Jubilant Golden Harvest Ltd. | Golden Harvest QSR Ltd. | Brain Train Studio Ltd. | Cold Chain Bangladesh Ltd | Fatehpur Estate Ltd. |
| 1                 | Ahmed Rajeeb Samdani       | √                                   | √                             | √                         | √                         | √                               | √                              | √                              | √                              | √                            | √                            | √                       | √                       | √                         | √                    |
| 2                 | Nadia Khalil Choudhury     | √                                   | √                             | √                         |                           |                                 |                                |                                |                                |                              |                              | √                       |                         | √                         |                      |
| 3                 | Enamuzzaman Chowdhury      | √                                   | √                             |                           |                           |                                 |                                |                                |                                |                              |                              |                         |                         |                           |                      |
| 4                 | Azizul Huque               | √                                   | √                             |                           |                           | √                               |                                |                                |                                | √                            |                              |                         |                         |                           |                      |
| 5                 | Mohius Samad Choudhury     | √                                   | √                             | √                         | √                         | √                               | √                              |                                | √                              | √                            | √                            |                         | √                       | √                         | √                    |
| 6                 | Moqsud Ahmed Khan          | √                                   |                               |                           |                           |                                 |                                |                                |                                |                              |                              |                         |                         |                           |                      |
| 8                 | Anita Ghazi Islam          | √                                   |                               |                           |                           |                                 |                                |                                |                                |                              |                              |                         |                         |                           |                      |
| 9                 | Advocate Alena Akhter Khan | √                                   | √                             |                           |                           |                                 |                                |                                |                                |                              |                              |                         |                         |                           |                      |



যখনই খেতে চাই  
বাহ্যনার  
অভাব নাই



[f /bloopbd](https://www.facebook.com/bloopbd)



Golden Harvest, the first company in Bangladesh to prepared a purpose built factory in Bangladesh for processing & manufacturing ready-to-cook frozen food, ensures consistent quality of the products maintaining an efficient cold chain- starting with the production process and ending with consumers getting the product at hand



GOLDEN  
HARVEST



# CHAIRMAN'S MESSAGE



We maintained our market leadership amid a challenging economic environment and growing competition, recording an encouraging top-line and bottom-line growth of 19.79% and 8.96 % percent each.

GHAIL continued to invest in our brands as well as competitive trade marketing, recording growth through in-home consumption via modern trade and general trade channels. Our products continue to be clearly differentiated in the market as high-quality products and remained the first choice amongst our consumers. We continued to focus on acquiring consumer insights on taste, quality and convenience which underpin our new product offering to the market. During the year, GHAIL introduced some new products to the market to meet the changing taste profiles and evolving needs of our consumers. These products were launched under the Golden Harvest and Bloop brand and was well accepted by our customers. All our products continue to adhere to the highest levels of quality standards with no added artificial preservatives and colours.

Seeking to harmonize our 'integrated thinking' in our value creation and sharing process, we continued to be more focused in our efforts to bring in an integrated approach to corporate reporting, an accomplishment highlighted by the honor of Gold Award received at the ICAB, SAFA, ICMAB and ICSB Awards for 2018 .



Dear Shareholder,

I am very pleased to inform you about Golden Harvest Agro Industries Ltd. (GHAIL) performance about in 2019 year when your company maintained market leadership amid a challenging economic environment and growing competition to deliver a strong performance in many front – Financially, Socially and sustainably. For decades now GHAIL has stood for excellence in the quality of its products and its delivery of financial performance. We maintained our market leadership amid a challenging economic environment and growing competition, recording an encouraging top-line and bottom-line growth of 19.79% and 8.96 % percent each.

It is my immense pleasure to announce two success story of the year 2019. GHAIL acquired 14.85% stake through Golden Harvest Ice Cream Ltd in Cold Chain Bangladesh Ltd with equity injection of TK. 89,100 during the year to establish a Cold Chain . By investing in this project GHAIL will can take the advantage of largest logistics facility than competitors which will support the future growth of the company. Moreover, we made a record-breaking entry into the Bangladesh market with Domino's Pizza. Within its first week of operations, Domino's Pizza witnessed a record number of orders from its first restaurant, which is the highest for the brand across its network in 85 countries.

Bangladesh economy suddenly hit by a serious liquidity crisis a couple of months back. As a result, banks' lending rates have hit double digits again after more than a year, making things harder for businesses and consumers alike, the steep depreciation of the Taka, increase in utility prices and unreliable weather conditions. These collectively contributed toward subdued consumer spending during the period under review. Furthermore, the business was affected by incremental price of commodities in the local market which had an adverse impact on the cost and production, whilst the tightened credit conditions that prevailed in the market constrained the financial stability of our distributors. Further, increased competition from low-priced inferior quality products in the market impacted the demand from Modern trade and HORECA channel.

Despite some negative indication in Bangladesh economy Bangladesh per capita consumption of frozen ready to eat products is increasing due to robust growth in country GDP and increase of income level as well as increasing of urbanization. The company's increased focus on brand communication and market development activities in general trade backed by the growth in the country's per capita income helped us grow our volumes by 7 percent during the year.

GHAIL continued to invest in our brands as well as competitive trade marketing, recording growth through in-home consumption via modern trade and general trade channels. Our products continue to be clearly differentiated in the market as high-quality products and remained the first choice amongst our consumers. We continued to focus on acquiring consumer insights on taste, quality and convenience which underpin our new product offering to the market. During the year, GHAIL introduced some new products to the market to meet the changing taste profiles and evolving needs of our consumers. These products were launched under the Golden Harvest and Bloop brand and was well accepted by our customers. All our products continue to adhere to the highest levels of quality standards with no added artificial preservatives and colours.

A strong focus on driving cost efficiencies remained vital in order to safeguard our gross margins and to support the bottom-line growth given the challenging economic outlook. Accordingly, we continued to work closely with our business partners to maximize potential efficiencies in the supply chain coupled with productivity enhancements in our operations.

Seeking to harmonize our 'integrated thinking' in our value creation and sharing process, we continued to be more focused in our efforts to bring in an integrated approach to corporate reporting, an accomplishment highlighted by the honor of Gold Award received at the ICAB, SAFA, ICMAB and ICBS Awards for 2018 . The need to strengthen corporate governance also stems from the fact that the company is publicly listed and is required to uphold transparency and ethics for its shareholders. The Executive Committee has been formed to ensure high level oversight on the operations and activities of the business, through regular monitoring of operational issues and the necessary intervention and decision making whenever required.

In view of these promising results and in continuation of the Company's commitment to offer attractive returns to the shareholders, the Board is pleased to announce final dividend of 5% stock bonus and 7% cash bonus.

The Company also contributed around Tk. 249 million to the national exchequer by way of taxes and levies besides enabling savings in foreign currency of around US\$ 1.25 million through import substitution.

Dedicated team of 1,142 personnel employed by the company are always in their toes to uphold & safeguard the brand your company has successfully created resulting in generating value for you, the shareholders. During the year, Human Resources Department of the Company have been re-organized to stream-line, nurture and develop talent within the company so that they are driven to bring out their best for the company. Packages & benefits for all strata of employees are fixed commensurate with their performances & contributions which are being assessed regularly and recognized by the company with appropriate incentives. I hope, you, all the share-holders shall agree & understand that the ultimate performances of the company shows the continued development of the contribution of our employees.

I would like to congratulate the team of Golden Harvest for another outstanding performance, and also for bringing about the necessary changes when they were urgently needed. They overcame significant challenges through their focus on operational excellence and improved execution. I also extend my sincere appreciation to our customers for maintaining their loyalty and trust towards our products. I promise we will do our outmost to provide them with better products in the future. To our strategic partners and their representatives on the board who have provided guidance, know-how and access to market along with their industry insights which enabled us to negotiate through a difficult path in uncertain time, I extended my sincerest appreciation.



**Enamuzzaman Chowdhury**  
Chairman

# MANAGING DIRECTOR'S MESSAGE





GHAIL through its subsidiary company Golden Harvest Ice Cream Ltd has form a joint venture company Cold Chain Bangladesh Limited with Joint promoters IFC and Golden Harvest Foods Ltd where GHAIL take stake 18%.

You also know that your company successfully bring the franchise of Domino's Pizza by joint venture company Jubilant Golden Harvest Ltd with partnership of franchisor Jubilant Food works Ltd. One of the largest group in India. This year we have successfully started our commercial operation. Consumer lifestyle is Changing, Increasing use of technology in the consumer space, urbanization, rising social media activity, hectic lifestyles, etc. have led to a change in the consumer's dietary habits.

Considering the growth achieved in this financial period, the Board of Directors, in the 131th Board Meeting held on 23 October 2019 proposed a dividend payout of 7% Cash and 5% as stock dividend for this financial year ended 30 June 2019, for the approval of the shareholders in the upcoming 15th AGM of the Company.

We are doing RND on our ready-to-eat (RTE) project. Today's dynamic consumers -people who have grown up seeing their mothers cooking at home, or using ready to cook products -however, are not as keen on displaying their culinary skills. They are okay with the even more convenient ready-to-eat (RTE) products. A change in lifestyle -rising dual-income families, diminishing culinary skills and numerous food delivery apps -has triggered a transition from the Ready to Cook to the Ready To Eat segment.

Dear Shareholders,

Golden Harvest Agro Industries Ltd. (GHAIL) has focused on unlocking the potential of the capitals managed by them, transforming marginally producing frozen ready to cook products in to modern agri business ventures focusing in food and logistics business which support the country's self-sufficiency in nutritional aspects, enhancing the country's food security. Our business model is now focused on two important import substitution projects, Cold Chain logistics which will add largest temperature control distribution capacity of the company as well as the country and Ready to eat products which will obviously bring extra mileage to the food industry.

### **Strategic Alliance**

GHAIL through its subsidiary company Golden Harvest Ice Cream Ltd has form a joint venture company Cold Chain Bangladesh Limited with Joint promoters IFC and Golden Harvest Foods Ltd where GHAIL take stake 18%. Because of unavailability of proper temperature controlled infrastructure ,lack of cold storage and refer vehicle in Bangladesh we are counting post-harvest loss almost 40% and industries those are required cold storage can't grow faster without this logistics support. Keeping in mind of the current demand of cold chain GHAIL has taken this initiative and also this facility has been designed according to the latest standard followed by cold storage industry around the globe by using latest technology.

You also know that your company successfully bring the franchise of Domino's Pizza by joint venture company Jubilant Golden Harvest Ltd with partnership of franchisor Jubilant Food works Ltd. One of the largest group in India. This year we have successfully started our commercial operation. Consumer lifestyle is Changing, Increasing use of technology in the consumer space, urbanization, rising social media activity, hectic lifestyles, etc. have led to a change in the consumer's dietary habits. Increasing preference for the convenience of ordering-in on account of busy lifestyles Increase in the number of on-the-go consumers; growing demand for ready-to-eat-food The growing internet penetration and technology disruption in food delivery is leading to easier and faster availability of food-on-order Increased exposure .Keeping in mind the robust response in this global brand and we have planned to open 50 outlets within 2021.

### **Overview of Financial Performance**

For financial year 2018-2019, the company has yet again delivered another performance, superior to the one achieved in the previous financial year 2017-2018, evidenced by the company's growth of 8.96 percent in consolidated Profit after Tax as well as earnings per share.

For the year ended 30 June 2019, a growth of 19.79% for revenue (consolidated) and 20.83 % for Gross Margin was achieved. Earnings per share was Tk.2.03, an increase of 9.14 %, and net assets per share wasTk.20.01, with a total comprehensive income of Tk.243 million. This demonstrates the emphasis of the company on margins and growth in certain dedicated areas.

This laudable performance was achieved during a period marked by increased competition and a volatility in prices of raw materials and other related goods. Your company has kept focus on quality control, efficient distribution networks and management, and promotion to face the threats from the new entrants and has succeeded in boosting its turnover in another financial year. An improved corporate finance structure, assisted by strong cost and budgetary control, ethical practices, and reduced financial costs, resulted in increased profitability, moving beyond the industry benchmarks.

Besides impressive results in 2019, we have taken few important steps towards achieving our long term strategic objectives and continued to build our organizational capabilities & competence for the future. This has been only possible due to the strong mandate given to us by our valued shareholders. The performance outlines our strength and capabilities to deliver a sustainable growth ensuring growing returns to our shareholders and stakeholders. We are also committed to ourselves in meeting up our goals and being accountable to our stakeholders for our actions.

### **Dividend**

Considering the growth achieved in this financial period, the Board of Directors, in the 131th Board Meeting held on 23 October 2019 proposed a dividend payout of 7% Cash and 5% as stock dividend for this

financial year ended 30 June 2019, for the approval of the shareholders in the upcoming 15th AGM of the Company.

## **Building our Brand**

Golden Harvest retains its lead position in the frozen foods market, with distribution throughout the country, engaging numerous suppliers and retailers through its value chain. In the given year, GHAIL delivers its products to some 40,000 high value retail clients. Innovation is a continuous process for our products retaining the quality and most importantly the trust of our customers. Our commitment to quality & improved distribution made it possible to keep our customer satisfied. BLOOP, the ice cream brand got encouraging response from customers & market share is increasing day by day.

During the year, new international brand Domino's Pizza was added with our group company's brand-portfolio as an associated brand. Domino's Pizza of U S A is the World Leader in Pizza Delivery, a famed brand with great value. It is the largest pizza chain world-wide, operating through more than 15,300 outlets in 85 countries. Domino's Pizza employs more than 400,000 persons & delivers 2 Million pizzas per day throughout the world. We have launched another brand named, 'Happy Cow' through our subsidiary, Golden Harvest Dairy Ltd. The branded cows, 'Happy Cows' are reared & raised to produce good quality milk having increased output & distribution of the milk in Sylhet region is gaining popularity.

Our mother own brand, Golden Harvest, BLOOP & Happy Cow and associated brand Domino's Pizza shall be our driving force to attain sustainable growth for times ahead.

Monitoring customers' response & demand and changing lifestyle; we do plan our line of products. We are in the process to attain Halal Certification for our products to further deepen the trust of our customers in our products.

## **Creating Value for Employees**

The value creation process of the company has been built around 1,142 loyal and committed employees. The company's core values of innovation, integrity, excellence, caring, and trust are embedded in our culture which is driven by our employees and has become an intrinsic part of how we operate our business. The total monetary value delivered to our employees for the year amounted to TK 479 million and we are of the view that empowerment, training and development and mentoring are important aspects that are leveraged to ensure our employees remain the best at what they do and are knowledge leaders in their respective fields.

## **Future Outlook**

Greater spending power – Bangladesh's per capita income has grown steadily, leading to an increase in disposable incomes. Also, more women joining the workforce has given rise to double-income households, giving a boost to the purchasing power. This is driving the growth of the GHAIL. According to advanced GDP estimates, Bangladesh's per capita national income for FY 2019 is set to show a growth of 11.10%, the fastest in the last five years.

We are driving innovation in our core business to bring greater variety and excitement to our offerings as well as to improve our operations. By simplifying and standardizing our business processes, we continue to strengthen our business focus. In the coming year, we will focus on leveraging our brand presence by further expanding our reach across the country and introducing new products to meet consumer demand for variety and convenience.

We are doing RND on our ready-to-eat (RTE) project. Today's dynamic consumers -people who have grown up seeing their mothers cooking at home, or using ready to cook products -however, are not as keen on displaying their culinary skills. They are okay with the even more convenient ready-to-eat (RTE) products. A change in lifestyle -rising dual-income families, diminishing culinary skills and numerous food delivery apps -has triggered a transition from the Ready to Cook to the Ready To Eat segment. Considering the company's success story in manufacturing & marketing of Frozen Foods, Ready-to-Eat-Frozen Foods is going to be the option of expansion to tap the convenience seeking market where the company can leverage the expertise, experience & decade long heritage of managing cold chain related products.

The company's strong distributor network, outlet reach, and long-standing supplier relationships will assist us in driving future growth by enabling easy access to our customers and ensuring a continuous and uninterrupted supply of raw materials.

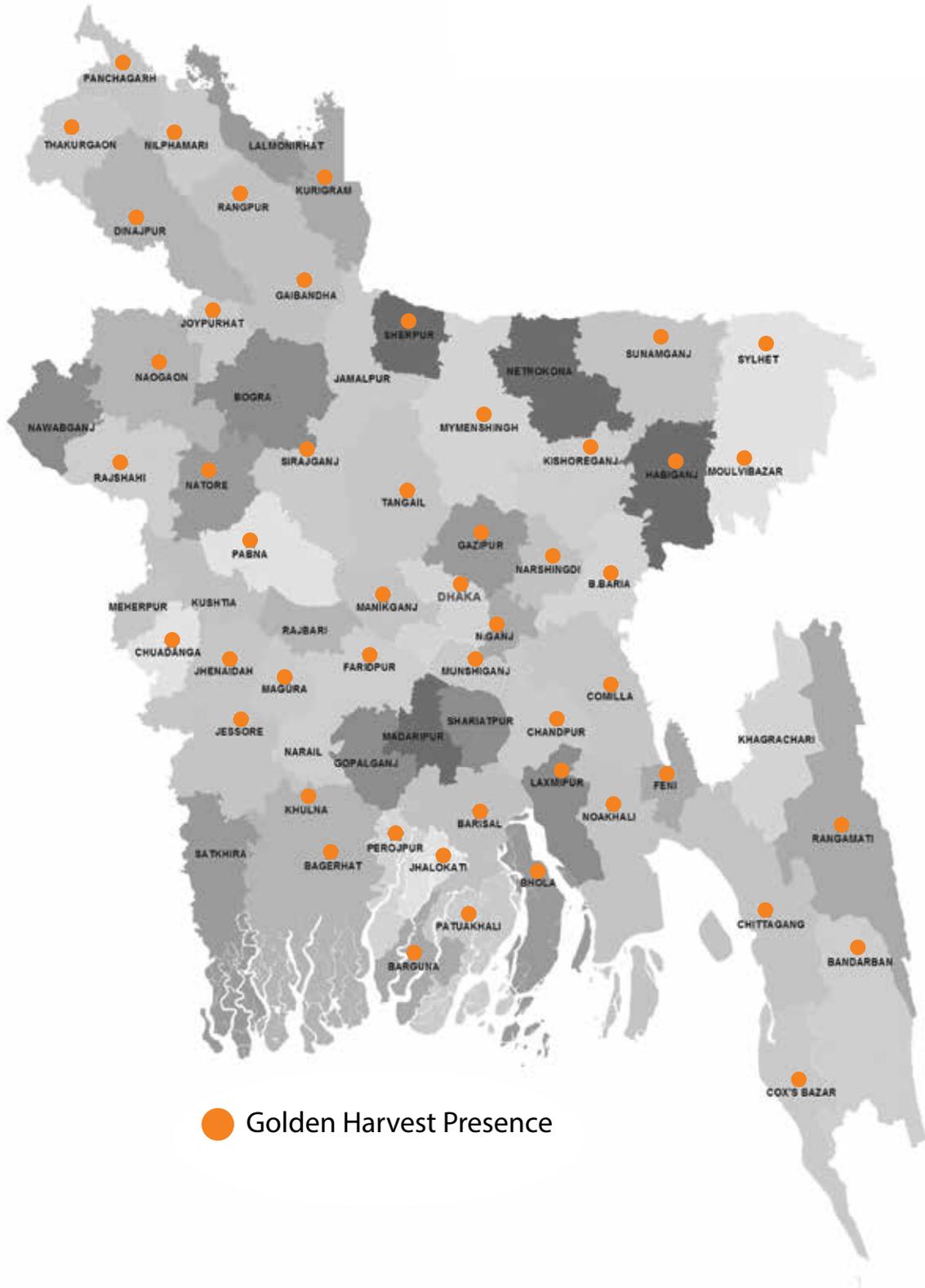
Acknowledgement and appreciation

I would like to thank our GHAIL employees, our channel partners, suppliers and others who worked tirelessly to deliver strong performance in 2019. I thank you dear shareholders for your confidence and trust. I look forward for your continuous support so that together we can build a company that delivers excellence performance.



**Ahmed Rajeeb Samdani**  
Managing Director

## Our National Footprint



# Directors Report

## Management Discussion and Analysis

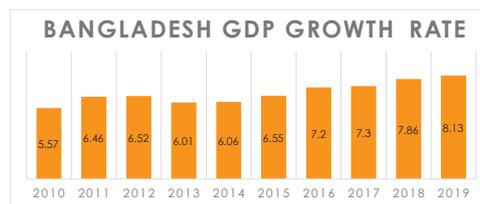
Golden Harvest Agro Industries Limited is The market leader in the frozen, packed food industry of Bangladesh. The products are marketed under the brand name 'Golden Harvest'. It is in the top of the mind of the Bangladeshi consumers as "a Company with a proven track record with high quality products". The Company has a heritage in exporting but now we are selling in local market.

### Bangladesh Economic Outlook

Bangladesh's growth outlook remains strong and stable. Sound macroeconomic policies – such as keeping the budget deficit below 5 percent of GDP – and resilient domestic demand have led to growth in manufacturing and construction industries on the supply side. On the demand side, growth is led by private consumption and exports. After a modest performance last year, export earnings and remittances have bounced back helping the rural economy grow faster. In addition, the country has substantially improved its electricity generation and a bumper agricultural harvest has further stimulated growth.

Bangladesh can open its doors because of its burgeoning economy. Since 2009, Bangladesh's economy has grown 188 percent. This year, Bangladesh is on track to post record high annual GDP growth of 8.1 percent, up from 7.9 percent in 2018. Bangladesh has the fastest-growing economy in the

Asia-Pacific region. Lately, it has been closing in on double-digit annual growth in its Gross Domestic Product. The reason: Bangladesh has made enormous strides by finding new markets for its exports and attracting large numbers of foreign investors. It's also been investing in a variety of modernization projects.



SOURCE: TRADING ECONOMICS.COM, BANGLADESH BANK

Ongoing trade disputes between the United States and China have stymied global markets and shaken the established order. Projected economic growth in South Asia has fallen 1.1 percentage points in just the last six months. Bangladesh, However, has adapted to the rapidly changing landscape and managed to maintain its impressive record of economic growth. At a time when many countries are looking inwards and closing their doors, Bangladesh is open for business.

### Food & Beverages Industry Outlook

The Food & Beverage Industry, particularly the packaged food is getting impetus due to the changing life style of the consumers; gradually for all the segments of urban, semi-urban & rural consumers. The demand for packaged & processed food is increasing dramatically like never before. The introduction of modern food processing technology in the industry and investments therein translating into marketing of more hygienic & safe food in the market. The increasing trend in per capita income & other related parameters transformed the economy to a middle income country which is a note-worthy improvement for the economy of the country. For last several decades production of poultry meat in the country is increasing continuously due to establishment of numerous poultry farms & its supply chain and also because of policy support from Government as well as Banks resulting in near sufficiency in this sector. Besides, prices of the same are more, less stable. Prices of cattle meat, though is in increasing trend but availability was/is not hindered.

Other ingredients for our products like, Atta, Flour, Edible Oil, Spices, etc. are very much available in the market having occasional/seasonal effects in the prices. Availability of staple food for the population & market-driven price-range for the same are note-worthy achievements of the successive Governments of the country for several decades. Hats Off to the private sector entrepreneurs also for the overall improved situation prevailing in the country. Demand response of market for couple of years or, so for frozen foods category shows very encouraging signs implying the changing food habit of the population at the same time it can be inferred as the effect of increased per capita income & increased disposable income. Golden Harvest eagerly welcomes all sorts of Governmental initiative(s) through policy support in the form of reducing the finance-pricing for the sector. We also expect that duties & other charges shall be reduced for the specialized machinery, equipment, specialized vehicles for the sector so as to enable us to go for exporting the products to different countries thereby contributing to the economy of the country.

## Consumer Spending

Performance of the FMCG (Fast Moving Consumer Goods) segment is directly linked to household consumption patterns. During the year Bangladesh household consumption expenditure was growing marginally by 2.14% due to weak consumer confidence, higher interest rates for most part of the year and depreciation of the Taka. However, over the longer-term a growing urban middle class, rising disposable income and increasing customer sophistication is expected to drive household consumption expenditure. Bangladesh continues to be a consumption-driven economy, contributing nearly 78.02% to GDP.

Impact of operating Environment on Golden Harvest Agro Industries Ltd.

The marginal growth of domestic consumption impacted the Company's performance during the year under review. However, our concentrated marketing activities together with our positive brand reputation in the Bangladesh marketplace enabled the Company to maintain consumer demand for our products. Further, a range of new products which are aligned to changing consumer tastes and lifestyle choices have helped Golden Harvest Agro Industries Ltd to retain our market share and gain new customers during the year under review.

### Short brief of entities within the group

#### Golden Harvest Agro Industries Ltd.

GHAIL remains the market leader in 'processed, ready to cook' frozen products with stable value chains engaging 156 distributors, and over approximately 35,000 retailers. Our products continue to have the highest top of the mind brand recall amongst consumers supported by a commitment to high quality, reinforced by attention to consumer convenience and availability. Innovation & development of new products employing latest machinery & equipment keeping in mind the taste of the consumers are evolving continuously reflecting the growth of market share & turn over for GHAIL; which also enhances the position of the brand, 'Golden Harvest'. During the period under review, our market share was 29 % whereas the market size was worth BDT 1.70 Billion, showing the resilience,



command & strength of your company in the frozen foods category of the country.

Shares of our company are traded in both the bourses of the country, DSE & CSE since 2013 having very stable & healthy rate for the scrip; against which YOU, the Honorable Share Holders are getting very sustainable return on your investments.

Business Diversification is a way to improve the financial health of the company; with that strategy GHAIL holds 99.99 % of shares in Golden Harvest Ice Cream Ltd., 75% of Golden Harvest Dairy Ltd. and 30% of Golden Harvest QSR Ltd.

These initiatives of adding product portfolio and investments in diversified areas underscore the fact that the Company can be able to withstand the sudden changes in demand of the products & changes in sales revenue thereby experiencing stable financial status for the company.

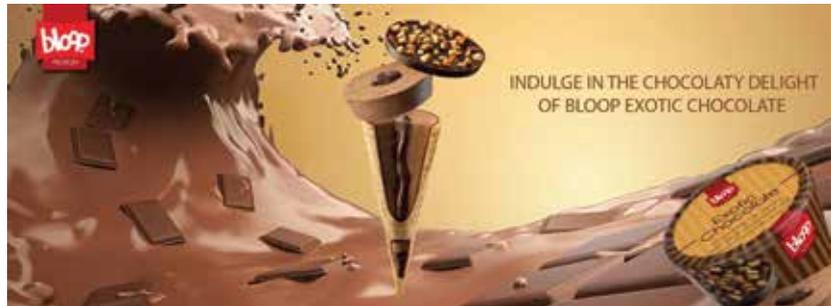
#### Golden Harvest Ice Cream Ltd

Formerly known as Golden Harvest Sea Food and Fish Processing Limited, the company was renamed to Golden Harvest Ice Cream Ltd in the year 2013 through the Registrar of Joint Stock Companies & Firms.

The subsidiary, whose 45.00% shares are owned by Golden Harvest Agro Industries Ltd, was setup for the Company's move into the popular ice cream market in the country, and the Company's brand 'BLOOP' soon became popular among consumers.

Initially, the brand grew quickly and soon established itself as a popular ice cream brand in the country, securing 7th position in the industry. Soon, in spite of facing stiff competition over the next two years, its market position rose from 7th to 3rd position. This was possible due to the company introducing a large product line consisting of premium and regular segment of stick, cone, cup, tub, and mini-series of ice cream, the latter of which has generated sales both from urban areas as well as rural areas. At the end

of our financial year in review, total market share of the subsidiary stood at 9 % in a market worth BDT 12 Billion. The subsidiary's plant is located at Gazipur and is supported by supply chain and distribution system of the Company.



### Jubilant Golden Harvest Ltd

Golden Harvest, backed up by its logistics capability, huge distribution network, experience in QSR chain, success story of marketing Frozen Food, manufacturing Ice Cream in Bangladesh & ensuring the stringent Cold Chain Network, have allied with Jubilant FoodWorks Limited to form a joint venture 'Jubilant Golden Harvest Limited' and introduce Domino's Pizza in Bangladesh.

Domino's Pizza, head quartered in the USA having started its operation in 1960, is currently a renowned pizza brand & the largest pizza chain world-wide famous for its 30 minutes delivery along with the quality & affordable food. It is the largest pizza chain in the world based on global retail sales, with more than 16,500 stores in over 85 markets, selling more than 3 million pizzas each day. In the third quarter of 2019, Domino's had global retail sales of over \$3.2 billion, with over \$1.6 billion in the U.S. and over \$1.6 billion internationally. Emphasis on technology innovation helped Domino's achieve more than half of all global retail sales in 2018 from digital channels, primarily online ordering and mobile applications.

Jubilant FoodWorks Limited, part of Jubilant Bhartia group is one of India's largest food service Company catering through 1283 outlets across 276 cities (as of September 30, 2019) and is the master franchisee of Domino's Pizza. Among all the other franchisees, Jubilant Foodwork owns the highest number of outlets with the exclusive rights to develop and operate Domino's Pizza brand in India, Bangladesh, Sri Lanka & Nepal.



Currently it operates in India, Bangladesh and Sri Lanka. The Company also has exclusive rights for developing and operating Dunkin' Donuts restaurants for India and has 30 Dunkin' Donuts restaurants across 10 cities in India (as of September 30, 2019). JFL has entered into the Chinese cuisine segment with its first owned restaurant brand, 'Hong's Kitchen' and has 1 Hong's kitchen restaurant across 1 city in India (as of September 30, 2019).

Golden Harvest have opened the first Domino's Pizza outlet in Bangladesh on 28th February 2019 & customers in Dhaka have welcome the brand with unprecedented success. The first outlet of Domino's Pizza in Dhaka has witnessed a record number of orders during the first week of launch, which is the highest number achieved in launch week for the brand across its network in 85 countries. The second outlet in Dhaka has already started its operation, meeting the expectation of being the second store of the world famous brand.

Domino's Pizza came to Bangladesh with a menu that is a unique combination of some top international

favorite pizzas along with pizzas that were developed specifically matching the local taste. There have been extensive research over more than a year to develop a menu keeping the needs and preferences of Bangladeshi consumers in mind, while also offering the best of the brand's international menu. Domino's Pizza's proposition of high quality products and value for money will resonate well with customers. Customers are able to enjoy hot and fresh pizzas either at the restaurant or in their homes, where the pizzas would reach them within 30 minutes. Domino's Pizza brings a strong focus on ensuring Value for money for its customers with a value pricing which starts from TK 149 that will help growing into the Bangladesh market by attracting new users into this category.

## Golden Harvest Dairy Ltd

Golden Harvest Dairy Ltd came about as the Company's decision to meet the ever growing domestic demand for milk & milk products. The dairy sector is heavily reliant on import of milk & milk products from

abroad, and there was a substantial gap between demand and supply in the country, a scenario which encouraged the Company's senior management to go for this bold venture. Since it already had acquired extensive knowledge and expertise in the agro sector, the Company was soon able to setup its state of the art



facilities at Gowainghat, Sylhet spreading over more than 7 acres of land with indoor herd management measures.

The Company was able to sustain the Dairy project through the continuous extreme care and protection of its cow herd, and also of the surrounding environment. High quality fodder and cow feeds, along with continuous and strict supervision and management of the herd, cultivation of high breed grasses in the area, excellent veterinarian support, and highly effective vaccination programs have been instrumental in producing high yields from the cattle in successive financial years, while at the same time preserving their health. As part of its social responsibility to its stakeholders, Golden Harvest has continued to provide high breed calves to nearby farmers, through which they have been able to build and lead better lives.

Previously, GH Dairy sold its products only to large buyers and wholesalers, which brought in a respectable amount of income. However, the Management decided to start selling milk products, including the ½ Liter Packs to retailers, which has ultimately led to income growth by making the Company's dairy products readily available to household consumers. This has made Dairy's products which includes Ghee, Yogurt, Cheese, and Mozzarella Cheese, aside from its milk products, highly popular among retail consumers and has further raised the Goodwill of the Company. Besides, during the year, we have started home-delivery of milk in 1 litre & 1/2 liter sealed poly pack to house-holds of Sylhet and adjoining areas with very good responses from consumers. Deliver personnel use motor cycle for quick & smooth delivery. Home-delivery program of milk & other dairy products will be expanded to other areas gradually.

Some 500 liters of the liquid milk extracted from the Golden Harvest Dairy cows, are used every day for the production of some GH Ice Cream products. The rest of the milk is used for the making of cheese, yogurt, and other dairy products. This operation shows that the Company has achieved what it desired most, a backward vertical integration between its two subsidiaries. This linkage will help save the Company in production and operational costs, as the Dairy ensures that Golden Harvest Ice Cream receives a steady supply of milk, and in the process the Company acquires a greater control over the quality of its ice cream products.

### Cold Chain Bangladesh Ltd.

The global third-party logistics (3PL) market was valued at \$869 billion in 2017, and is projected to reach \$1,513 billion by 2025, registering a CAGR of 7.1% from 2018 to 2025. In 2017, the Asia-Pacific region garnered the highest share in the global 3PL market with its status as one of the fastest-growing regions. In India, the 3PL temperature controlled logistics industry is expected to grow at a 15% CAGR with its huge untapped potential.

Every country needs such an infrastructure in its development process, and for a developing nation like Bangladesh, it is a must. Such facilities have been available in India for a long time, but in Bangladesh there have been no such integrated industry till now.

Post-harvest loss in Bangladesh is very high. For many products it reaches more than 40% which is increasing the price of products especially agri based ones far higher than they should be. One key reason for such high level of wastage is that there is a lack of proper storage and transport facility available in the country. For example, Bangladesh is one of the top 10 importers of Apple, Orange and other fruits which need cold chain in every aspect of its supply chain and distribution. However, due to absence of such integrated infrastructure, large part of the distribution channel does not have cold chain. This decreases product shelf life, increases wastage and damage and subsequent price of the products. Overall, it is imperative that Bangladesh has an integrated temperature controlled third party logistics company providing temperature controlled logistics to various industries in the country.



When Golden Harvest started its operation, there was no such service available but the need was felt strongly. In time, GHAIL has invested in the entire cold chain but the demand for expansion has always

been present which is true for any company doing business in Bangladesh. This demand supply gap has influenced Golden Harvest to invest in this sector robustly and open this service for all. It will enable the agricultural sector as well as other important industries in the country to reduce post harvest loss and damage percentage of different products, reduce product and distribution cost and many other expenses for different sectors.

To make such scenario a reality, Golden Harvest Agro Industries Limited's subsidiary company, Golden Harvest Ice Cream Limited (GHICL) has invested in a new company named Cold Chain Bangladesh Limited (CCBL). GHICL owns 40% of CCBL which makes up GHAIL's ownership in CCBL at 18%. This new company has signed a Joint Venture Agreement with the International Finance Corporation (IFC), a member of the World Bank Group, to invest in a network of temperature-controlled warehouses and logistics assets.

The pilot project will have CCBL's own investment of USD 15.2 million, in conjunction with IFC's USD 6.51 million investment. CCBL will provide integrated temperature-controlled storage and transport services to customers in the country. This integrated cold chain and temperature-controlled, third-party logistics service company is the first of its kind in Bangladesh. CCBL expects to serve a diverse customer base from 12 storage locations across the country using its temperature-controlled transportation fleet. It will facilitate high quality storage and movement of various types of perishable products, such as pharmaceuticals, frozen food, dairy and meat, vegetables, fruits, bakery and confectionaries, ice cream, etc.

The venture will increase food safety and quality of delivered products, reduce spoilage and contribute to the development of the country's logistics infrastructure. It will also benefit export-import activities and the economy as a whole.

At present, there is no integrated temperature controlled third party logistics service provider in the country. This places CCBL in a unique position to cater to the rising demand as a pioneer and positively contribute to the market practices from nascent stage. This makes the company's prospect limitless as the growth of the sector is directly related with the economy of the country which is growing continuously by day. As an essential part of a country's infrastructure, TCL 3PL service will contribute unparalleled growth in long term future growth of GHAIL.

### Our Products:

Our Product Responsibility Framework ensures maintenance of high standards in food safety and quality through the entire supply chain. Elements of the Product Responsibility Framework includes Our Pledge, Products and Services Policy and requirements for the certifications obtained, which are integrated in to our systems and processes.

ISO 22000:2005 specifies requirements for a food safety management system where an organization in the food chain needs to demonstrate its ability to control food safety hazards in order to ensure that the food is safe at the time of human consumption. ISO 9001: 2008 addresses quality management aspects to ensure that the products and services consistently meet customers' requirements and that quality is continually improved.

HACCP System requires that potential hazards are identified and controlled at specific points in the process. This includes biological, chemical or physical hazards. Any company involved in the manufacturing, processing or handling of food products can use HACCP to minimize or eliminate food safety hazards in their product. The company is certified to the above international standards.

Innovation is key to success as we monitor the changing lifestyles and preferences of Bangladeshi consumers and continuously invest in research and development to widen our product range and to ensure that our products remain relevant to the Bangladeshi household and food industry. Growth of product portfolio over the years, gaining wide acceptance, bear testimony to our efforts. Our seasonal items continue to be popular adding cheer to the

family gatherings at festive times.

Our customer engagement processes include customer surveys to obtain objective feedback about the quality of our products and the customer experience. Results from surveys are positive and demonstrate growth in customer satisfaction levels. We also engaged with consumers through events and promotions which served to increase awareness of our products amongst consumers whilst adding value through cookery demonstrations. All our product's labels are printed with the consumer helpline number and all helpline detailed are tracked. During the year there has been no significant customer complaint.

Our distribution network is well equipped to ensure that our products are available at the right time in the required manner to fulfil our customer needs.

During the year there were zero significant fines paid to regulatory authorities as a result of not adhering to product, environment or any other regulatory requirements.

**Product Responsibility and Customer Health & Safety**

The Company believes that the modern day Consumers demand quality, convenience and value for money from the brands they choose and all our products sold under the brand names of Golden Harvest, and Bloop score high in this regard. The Company complies with stringent international standards/ ISO certifications for hygiene and food safety such as ISO 22000:2005, HACCP at factory.

Furthermore the Golden Harvest and Bloop brand range is also BSTI certified. This prime focus on the highest quality standards run through all the functions in the Company from sourcing and quality standard are maintaining from end-to-end covering to product innovation, manufacturing, marketing and are embedded in the genes of our staff. Our well equipped Quality Assurance and Research and Development laboratories help us to deliver our promise of high quality products to our consumers.

**GHAIL Food Safety Policy**

**Vision**

To be the World's Purest and Safest Frozen Food & Beverage Produced by a Socially Responsible Company from Bangladesh.

**Product Responsibility Framework**

**Our Pledge**

We strive to ensure that all our suppliers, employees, customers, and other stakeholders are treated fairly and with respect as per market practice & Law of the land. We remain committed to act responsibly at all times, where we will be governed by all applicable legal & regulatory stipulations and industry benchmarks. If these have not yet been defined, we will seek to enact voluntary standards as per internationally accredited benchmarks

**Products and Services Policy**

GHAIL strive to maintain products and services at the highest standards through embracing industry and corporate best practice and compliance with all relevant local and international statutory and regulatory requirements in the markets we serve. All products and services will seek to identify and assess any environmental and social impact through communications, service, operations and supply chain.



ISO 9001:2008



ISO 22000:2005



BSTI



ISO 9001:2008

## Food Safety Policy

- Maintaining ISO 22000:2005/ HACCP standard for food safety management systems (FSMS) to ensure the safety and quality of product
- Periodically reviewing the FSMS to ensure continuous improvement of the effectiveness of the FSMS.
- Communicating the policy to all levels within the organization and ensuring that it is adequately understood
- Motivating employees to achieve required competencies through adequate training and a well-managed system of recognition and rewards
- Ensures that the company complies with all relevant applicable statutory and regulatory requirements.

In addition, a designated in-house team has been established at each area, to monitor compliance with quality parameters, with regular internal audits and an external audit conducted annually, to ensure continuous improvements are made.

## Product and Service Labelling And Compliance

For Tea, GHAIL adheres to the labelling requirements specified by the Bangladesh Standard And Testing Institution (BSTI), which is stenciled onto each package and include the following;

- Company Address
- Factory Address
- Batch No.
- Net weight
- Gross weight
- Serial number of the package
- Manufacturing Date
- Expiry Date

## Halal Certification

Halal foods are prepared as per Islamic law and is free of ingredients such as alcohol, pork and other haram substances. Given the country's majority Muslim population and the demand for halal food products, Golden Harvest plans to go for Halal Certification for all of its products in order to gain the trust of its consumers. Such an accreditation has become imperative given the increasing competition in the market.



## Our Products Lines

Golden Harvest Agro Industries Ltd. is market leader in the processed food industry. The products are marketed under three brands, Golden Harvest, Bloop, 2GO and Happy Cow as described below. It is in the top of the mind of Bangladeshi customers as "a Company with a proven track record with high quality products".

|   | Description   | Our Products  |
|---|---|---|
|    | <p>81 varieties of premium quality frozen food products of snacks, ready to eat foods, finger foods like; Chicken Nuggets, Chicken Sausages, Fish Fingers, French Fries, Spring Rolls, Paratha, Samosa etc.</p> <p>This range generates 39.58% of Revenue</p> |    |
|   | <p>77 various variants including sticks, cups, cones, calippo, sorbets, tubs and many more.</p> <p>This range generates 58.76% of Revenue</p>   |    |
|  | <p>Zingy Burger, Fried Chicken, Milkshake, Twisty Wrap and many more.</p> <p>This range generated 0.60% of Revenue</p>  |  |
|  | <p>Non-Pasturized milk.<br/>Available in One liter &amp; Half liter Bottle and Pouch Pack</p> <p>This range generated 1.30% of Revenue</p>  |  |
|  | <p>Domino's Pizza</p>   |  |

## BUSINESS REVIEW

### INTELLECTUAL CAPITAL

“Innovation takes priority at GHAIL where customer needs and requirements are continuously monitored to ensure that the right product is available at the right time at the right place.”

Our intellectual capital as identified below is carefully nurtured through a robust performance management processes to ensure the delivery of value. Safeguarding of intellectual capital is amore complex combination of sound Corporate Governance and Corporate values which guides day to day decision making and strategic vision.

Our products are marketed under three main Brands which cater to varying customer needs. Our Brands are developed to differentiate the functionality of the products which all adhere to our customer covenant of quality, safety and convenient food solutions. The Golden Harvest range of Chicken Sausages, Meatballs, Hams and Slices are Halal Certified and has a wide appeal and are available throughout the Country. The Golden Harvest of snacks and bites are popular with Bangladesh and are eagerly sought after at gatherings and outdoor events such as cricket matches which is fast

becoming part of Bangladesh culture. Golden Harvest sausages and bacon comprise of the premium range, made to international standards, and popular with the increasingly, discerning urban consumer and sought after by Bangladesh in overseas markets.

Our reputation relies on the quality of our products and we invest significant resources to ensure that suppliers, distributors and our employees understand our values, commitment to quality and the systems, processes and controls that have been put in place in this regard. Investments in technology enable us to monitor critical aspects consumers conform to specified standards.

Our reputation relies on the quality of our products and we invest in significant resources into our systems, processes and controls to ensure that suppliers, distributors and our employees understand our commitment to quality.

“Investments in technoloy enable us to monitor critical aspects of our supply chain and distribution to ensure that products reaching consumers to specified standareds.”

### INNOVATION

Innovation is a key corporate value we cultivate at Golden Harvest Agro Industries Limited. In this process customer feedback is continuously monitored to ensure that our products cater to the changing lifestyle and preferences of the consumer. Our dedicated Research and Development team is supported with advanced facilities which facilitates testing and development of new products,

expanding the options available to consumers while enabling us to maintain our leadership in the processed meat and snacks industry.

2018/2019 was a significant year for our Research and Development team where they tested variety of products. The wide acceptance of our product portfolio over the year's bears testimony to our efforts. Our seasonal items continue to be popular adding cheer to family gatherings at festive occasions.

| Brands  | Innovation Capability   | Tacit Knowledge and Processes  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Golden Harvest</li> <li>• Bloop Ice Cream</li> <li>• 2GO</li> <li>• Happy Cow</li> <li>• Domino's Pizza</li> </ul> | <ul style="list-style-type: none"> <li>• No Added MSG and preservative</li> <li>• All our recipes and products have been developed in-house</li> <li>• Library of 500+ recipes</li> </ul> | <ul style="list-style-type: none"> <li>• Our team has an average tenure of 7 years of service</li> <li>• Certified Processes that conform to Global Standards</li> </ul> |

### Brands



Tk. 58.51 million investment in Research and Development



Over 28 products tested during the year

Results of our customer surveys are positive and demonstrate growth in customer satisfaction levels. Refer Our Product Lines on pages 20 to 21 for details of improved products and new product introduced during the year.

We also engaged with consumers through events and promotions which served to increase awareness of our products amongst consumers whilst adding value through cookery demonstrations.

Our distributions network is well equipped to ensure that our products are available at the right time in the required manner to fulfil our customer needs.

During the year, the Company moved from prompt selling to preselling its products and hand held mobile devices were introduced to the sales staff further enhancing the DMS to support our distributors.

This initiative is expected to improve route efficiency, outlet productivity, and reduce market returns and expired stocks and enable better management of inventories and receivables.

Tacit Knowledge & Processes Established in 1982, Our production and management processes have been fine-tuned over three decades of operations. We have adapted to our range of products, the changing tastes and habits of Bangladesh consumers.

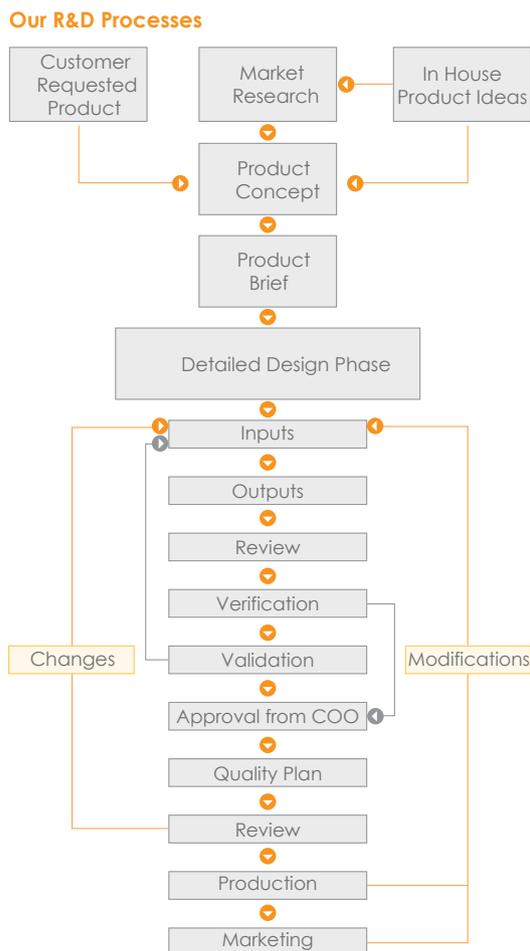
During this period, we successfully, retained our position as market leader in the processed meats segment of the food industry which stands as testimony to our market surveillance and proactive response mechanisms. Well established talent management processes ensure that mentoring and succession planning, combine to pass down our legacy which has added to and is enriched with the passing of time.

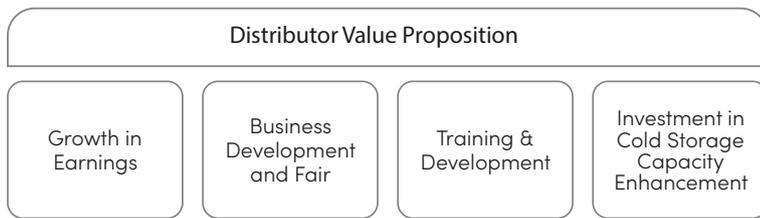
### Our Channels and Distribution Network

A network of over 502 distributors ensure availability of our products in over 57,200 retail locations covering Bangladesh. They are key to our growth as we rely on them to store, promote and sell our products to the end customers in accordance with specified standards. Our sales team have overall responsibility for implementing a structured engagement plan with this key stakeholder in the distribution channels to identify their challenges, concerns and to address them. A comprehensive Enterprise Resource Management Software (ERP) system supports the team to ensure that the right product is available at the right place at the right time fulfilling our promise of convenience to consumers.

We safeguard our reputation for high quality by educating and supporting the distributors and retailers to have proper disciplines in the cold chain to ensure food safety and environmental considerations. Cold chain- temperature loggers are in place to monitor and maintain standardized temperatures throughout the distribution journey to guarantee freshness of the products.

GHAIL revamped the distributor network during the year, deepening its reach in geographies outside the Western and Southern Division as disposable incomes in these Division grew. The average length of relationship for the distributors is approximately 5 years with over 26% having been engaged for more than 6 years. New distributors are screened to ensure alignment with company values and business requirements and provided guidance and support to succeed. Additionally, we review their financial performance as part of our regular risk management processes. Performance incentive schemes are in place to





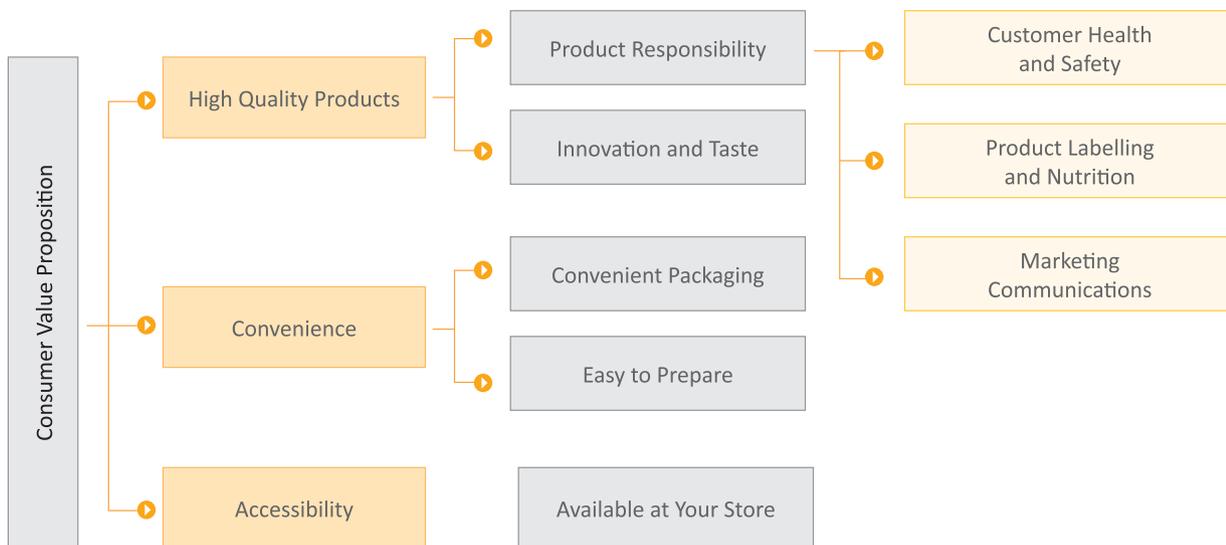
inspire dealers to reach stretched goals and ongoing dialogue with the sales teams ensures that we identify their concerns to respond accordingly. We also conducted workshops for distributors to enhance their management capabilities, supporting their growth.

From a channel perspective all channels contributed to the overall growth in volume. The three main channels which are the General Trade, HORECA and Modern Trade all posted satisfactory growth. Our distributor network which covers the sale and availability of our Products Country wide also contributed to our success by ensuring that our key sales strategies were implemented and executed satisfactorily. Their role in our overall success was invaluable and although many of them have had to contend with growing trend of delayed settlements by both General Trade merchants and HORECA outlets which impacts collection viz a viz their cash flow.



Our distribution network is well equipped to ensure that our products are available at the right time in the required manner to fulfil our customer needs. Refer Distributors and Retailers section in page 77 for more information.

Our customer value proposition comprises the following components



### Creating Value for Suppliers

GHAIL sources inputs for its manufacturing processes mainly from direct farmers and growers, from own farms and a very small quantity of raw materials are sourced from few suppliers. Consequently it has a three tier structure for managing its supply chain which takes into consideration the support required to facilitate their growth.

**Tier 1** supplier refers to Golden Harvest and all its holdings as the primary supplier. The Company has its own agricultural land in Sylhet. Cultivation is carried out on some 50 acres of land. The vast majority of the area

is used to grow grass as cattle feed for the cow herd. The remaining area has been set aside to grow seasoned vegetables, and fruits such as pineapples, mango, and guava. Some 10 acres of the land is cultivated to grow potatoes which, incidentally is used by GHAIL for production of its french fries. Other than this, spices and vegetables essential for production of frozen foods are also grown within the area.

**Tier II** suppliers are typically corporates and are subject to social and environmental screening and regular monitoring to ensure compliance with regulatory requirements.

We also encourage these suppliers to obtain formal certifications to ensure that their products consistently meet our criteria.

**Tier III** suppliers are typically small scale farmers who are provided technical support by a team of GHAIL employees qualified in animal husbandry and agriculture who visit their farms. They give necessary technical assistance, advice, and training.

Through contract farming, GHAIL continued with the Tier III supply chain management and seamless

backward integration initiatives practiced in the past few years .An agreed pricing formula which is revised regularly ensures that farmers get a fair price for the product considering the price of inputs and market factors, providing them a sustainable livelihood.

Driven by an unwavering commitment to excellence, the Company has always pursued relationships with local producers and suppliers to help secure the consistent quality of the produce used in the Company's products. Technical guidance and knowledge transfer efforts initiated by GHAIL have assisted suppliers to enhance their service standards and outputs in conformity with internationally accepted benchmarks, while promoting cost effective procurement practices. In addition to offering farmers a secure livelihood, GHAIL's seamless farmer out grower model for vegetables and meat facilitates a guaranteed standardized supply to fulfill the Company's requirements. The cold chain network not only eliminating the need for intermediaries, direct access to farmers and growers through this program also seeks to benchmark the quality of produce sourced, thereby assuring all vegetables and meat used in the product range conforms to uniform quality specifications. We create awareness of the impacts of climate change and eco-system decline on their earnings, ensuring they are invested in adhering to good agricultural practices that respect the environment and conform to GHAIL's quality assurance standards. Our qualified teams work with them to provide the necessary knowledge to increase their yields with feedback provided on visits on a one to one basis which we have found to be effective. Training programs are conducted together with the Department of Animal Health covering a number of areas including the importance of timely vaccination and general animal hygiene standards. We also work with Banks to facilitate access to finance to support their growth which has enabled many of them to grow their farms.

**GHAIL creates value for its suppliers in the following manner:**



## GHAIL's own cultivation



## Cold Chain Network

A cold chain is a temperature-controlled supply chain. An unbroken cold chain is an uninterrupted series of refrigerated production, storage and distribution activities and associated equipment which maintain a given low-temperature range



Golden Harvest has developed international class cold chain infrastructure, to cater to its diverse business interests like Frozen Foods, Dairy based products, QSR products, Ice Cream, etc. As the pioneering entrant in the then frozen foods emerging market, Golden Harvest has created a strong image of quality, freshness and reliability.

Golden Harvest has set up an ISO 22000: 2005 (Food Safety Management System) and ISO 9001: 2008 (quality management system) compliant Cold Chain network. These international certifications ensure proper maintenance of procedures and handling to keep the product in top condition and value. Additionally, Golden Harvest diligently follows the BSTI Hygienic Standard (Code of Hygienic Conditions for Food Processing Units) and also has the international certification of HACCP.

Golden Harvest operations comprised of 21 temperature controlled warehouses across 11 locations with a storage capacity of 210,000 liter in Bangladesh including Dhaka, Gazipur, Chottogram, Noakhali, Cumilla, Sylhet, Khulna, Bogura etc. Further, as of 30 June 2018, Golden Harvest operates 54 refer vehicles with stringent temperature control and monitoring system.

The integrated cold chain distribution system comprise of warehousing, primary distribution and secondary distribution for Golden Harvest's Frozen food, Dairy products, QSR products and Ice Cream products. The warehousing facilities cover the complete spectrum of temperature ranges from ( i.e.  $-40^{\circ}\text{C}$  to  $+20^{\circ}\text{C}$  ). Here the storage temperature varies with the type of product being stored or transported (i.e. Ice Cream  $-20^{\circ}\text{C}$ , Frozen food  $-18^{\circ}\text{C}$ , QSR  $4^{\circ}\text{C}$  to  $-18^{\circ}\text{C}$ , Dairy products  $2^{\circ}\text{C}$  to  $-20^{\circ}\text{C}$ , etc.). Golden Harvest also has blast freezing facilities at Gazipur which is a central location near Dhaka.

Golden Harvest Ice Cream Ltd., a subsidiary company of Golden Harvest Agro Industries Ltd. signed an MOU with IFC InfraVentures (A World Bank Group Company) to set up a Joint Venture (JV) Cold Chain Project; for the purposes of establishing a company to cover the entire logistics value chain throughout the country as delivery van, cold storages, etc. for products, like, Ice Cream, Frozen Food, Perishable Vegetable, etc. Modus-operandi of the proposed JV is being prepared by the internationally reputed consultants, which is likely to be implemented during the year 2019. The JV, being the new type of business initiative in the country will be an independent entity, shall have separate business eco-system, shall add value to the shareholders & stakeholders of Golden Harvest Ice Cream Ltd. as well as create jobs thereby contributing to the economic development of the country. Being subsidiary of Golden Harvest Ice Cream Ltd., through the proposed JV the marketing & distribution of Ice Cream, Frozen Food, etc. shall have competitive edge & ultimately increased turn over for our products.

### Building our Brand and Reputation

The very beginning of the Brands of Golden Harvest Group witnessed very encouraging responses from market due to launching of the same recognizing the market pulse-beating after thorough market research for the products we are marketing with focused strategy. Through frozen foods, we have targeted the upper economic echelon of the market which also needed for the consumers to be accustomed with the processed food since we were pioneer in Bangladesh for this segment. Later, through Bloop, the ice cream brand, we have targeted both high income & middle

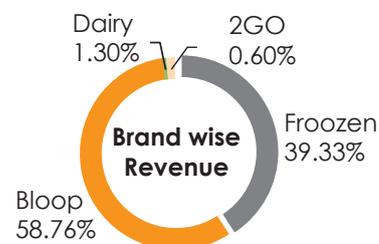


income group people residing at urban & semi-urban areas, as well as the youths of the country who constitute 47 % (Age group: 0-24) of the population. And within 4 years, Bloop captured over 9% of the market share competing with the market leaders like Igloo & Polar who are operating in the market for last 5/6 decades. Now, we have planned to penetrate rural areas very vigorously targeting the middle income & low income group people with different varieties of ice creams priced as low as Tk. 5.

A comprehensive marketing strategy facilitates brand building and we have adopted an increasingly granular approach to this key aspect of our operations. This has enabled us to customize our marketing activities, selecting themes that are relevant for different geographical and other segments, enhancing high levels of brand recall. Our reputation relies on the quality of our products and we invest significant resources to ensure that suppliers, distributors and our employees understand our values, commitment to quality and the

systems, processes and controls that have been put in place in this regard. Investments in technology enable us to monitor critical aspects of our supply chain and distribution to ensure that products reaching consumers conform to specified standards. Revenue growth, market leadership and high levels of brand recall are testimony to our success in building our brand and reputation.

Brand activates were focused around both ATL & BTL activities with diversified communications. Golden Harvest has been present in prominent national daily "The Daily Star" for 37 Days during ICC World Cup, in sports



page with both Frozen Food & Ice Cream. There has been extensive presence in digital platform across Facebook, Youtube, Instagram, Twitter & Linked In. TVC & OVC have been aired in localized digital billboards & cable channels.

Consumer engagement at point of consumption is considered one important element in building brand equity. National Festivals- Independence Day, Victory Day, Pohela Boishakh, Pohela Falgun, Valentine's Day, Eid ul Fitr, Eid ul Azha, Durga Puja has become festivity occasion for people across geography, age, race or religion. Golden Harvest have been present in these touch points through it's diversified portfolio of frozen food, ice cream, dairy and QSR.

DITF is one of the biggest platform to reach audience base of more than 20 million. Golden Harvest have attended the month-long consumer connecting festival and have been rewarded for availing First Position in General Pavilion Category among all participating brands at DITF.

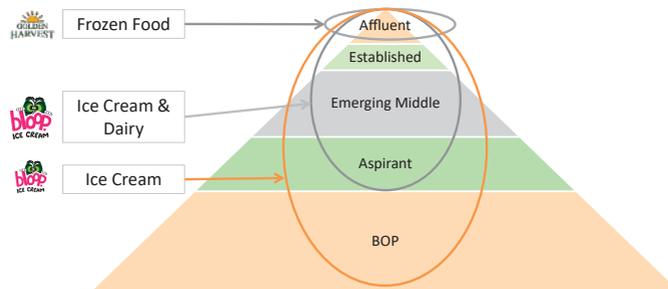
Brand visibility has been focus area throughout the year. Shop Signage, Shop Identifier, On-store & In-store branding materials have been placed in retail touch points- establishing brand point of contacts. Umbrella branding done for Frozen Food & Ice Cream across the capital city has been instrumental in positive brand recall among the consumers.

Community activation (Masjid / Park / Apartments) has ensured effective reach among end consumers triggering trial & repurchase. Other than these, there has also been numerous activation done at Super Markets, Retail Points and other consumption points contributing to overall brand equity.



## Business Strategy & Market Comparison

Golden Harvest's ever expanding presence in mass level market

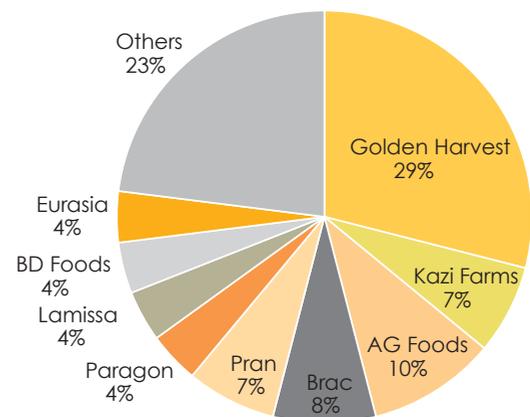


Golden Harvest started with frozen food, targeting the upper echelon of the society. Later the mid level was served with the introduction of Ice Cream in Golden Harvest's portfolio. Now, to cater the vast market of lower segment of pyramid, new varieties of Ice Cream are introduced in the market having prices as low as Tk. 5 which shall increase the customer coverage so as to reach out to the entire segment; thereby increasing the sales substantially.

The organized-branded frozen processed food industry in Bangladesh is estimated to be BDT 285+ crore. There are other small unorganized players along with imported brands who are coexisting with the national brands in a smaller scale. The market is predominantly meat (chicken) based market, with very little fish and vegetable based products. This ready to cook local snacks market consists of veg and non-veg products with some key categories like a. Morning snacks (mainly veg neutral products, e.g. Paratha, Atta Rooti, Rice Rooti, etc.), b. Local snacks (both veg and non-veg, e.g. Singara, Samosa, Dal Puri, Aloo Puri, etc.), c. Quick fix western snacks (both veg and non-veg, e.g. Nuggets, Sausage, Spring Roll, French Fries, Meat ball, Wings & Drumlets, etc.).

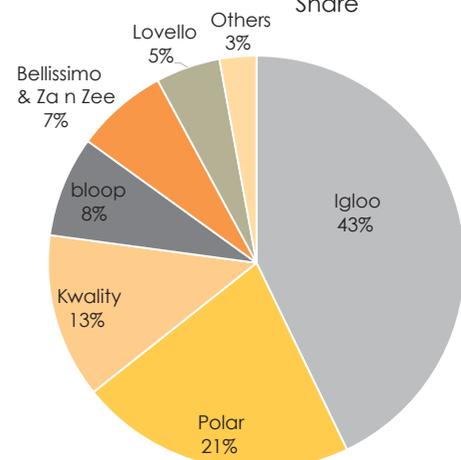
The estimated market size of domestic organized branded ice cream in Bangladesh is near around BDT 1,400 crore. Alongside the national brands, there are numerous local brands with limited geographic presence and low to non-existent brand image. Even though the size of this unorganized sector was large in past, in last 5 years it became smaller in face of aggressive expansion in distribution by the national players. New entrants like bloop contributed in the expansion of organized market significantly as well reducing the dominance of old players like Igloo. The most common product types here are Sticks and Cup. Additionally, Calippo and family sized tub share a significant portion in the market. The product offerings for a long time followed the international flavors. The entry of new players encouraged the market to wider innovation in offerings (both in product type and flavors) which brought in many locally influenced flavors like Chana, Malai, Yogurt, etc.

### Branded Frozen Market Share



Source: PwC India Research

### Domestic Branded Ice Cream Market Share



## SOCIAL AND RELATIONSHIP CAPITAL

“Our relationships have been nurtured and developed over many decades as it is a vital element to maintaining our social license to operate.”

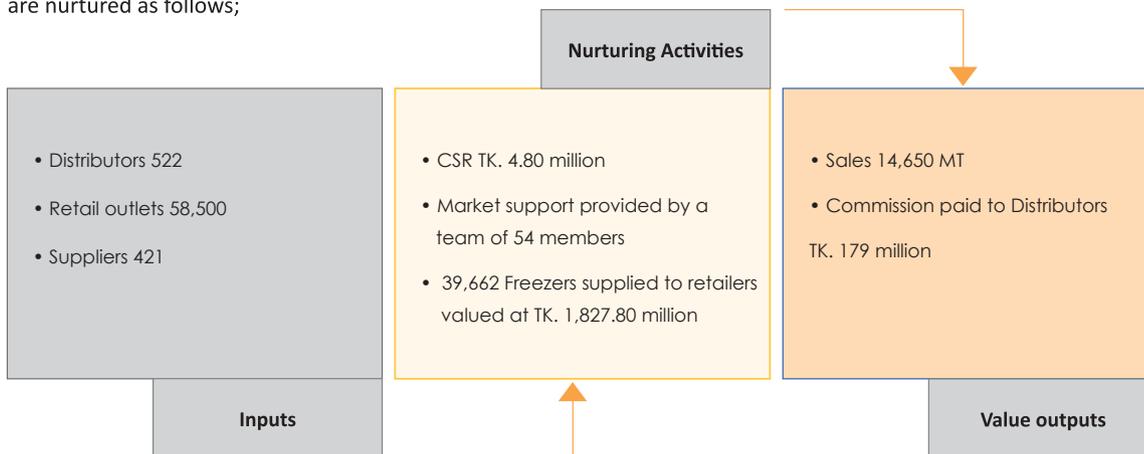
As a Company that depends on its relationships with its customer and suppliers, we have built a brand reputation over many<sup>s</sup> decades and we are conscious of our responsibility to manage our Social and Relationship Capital. Our relationships have been nurtured and developed over many decades as it is a vital element to maintain our social license to operate.

As exhibited in the adjacent diagram our Social and Network Capital comprises of four key segments. Our Business Partners are;

- Farmers/out-growers and other suppliers
- Distributors and Retailers
- Communities, Environment and Government
- Consumers



The above identified four Social and Relationship Capital groups are nurtured as follows;



### Consumer Value Creation

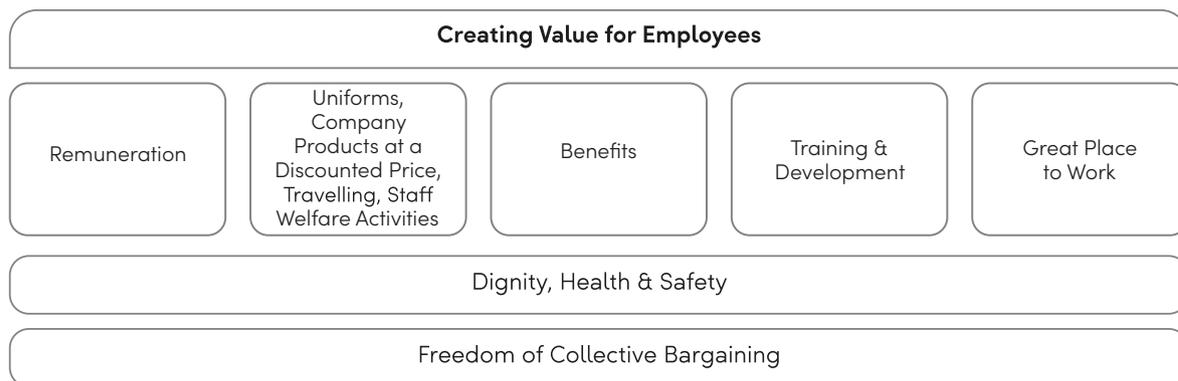
Our Customers are consumers of our products branded <sup>Keells</sup>Krest, Krest and Elephant House and these consumers are further identified as household consumers and consumers at hotels, restaurants and catering establishments across the country. The three brands are associated with high quality and nutrition that customers trust and expect convenience to the housewives and chefs as they can be quickly converted into a variety of mouth-watering dishes that are guaranteed to please those served.

Results of our customer engagement process surveys are positive and demonstrate growth in customer satisfaction levels.

We also engaged with consumers through events and promotions which served to increase awareness of our products amongst consumers whilst adding value through cookery demonstrations.

## Human Capital

Human capital is key to delivering strategy and we rely on their collective knowledge, experience, and dedication and hard work to deliver value to other stakeholders. GHAIL has 342 employees. The infogram below outlines how we create value for our employees.



## Governance, Culture & Ethics

The Company's people strategies are implemented by Human Resources Division which reports to the Chief Executive Officer and supports the Board Human Resources & NRC Committee which determine policy, approve strategy and monitor performance. Our people strategy primarily seeks to attract, develop and retain talent in line with requirements of the business and conforms to the Group's HR policies and procedures. Consequently, policies, procedures and operational matters such as promotions, increments, performance incentives etc., are all determined by Group Management Committees.

A comprehensive set of HR policies provides explicit guidance on a range of matters including recruitment, performance management, training and development, remuneration, rewards and recognition, promotions, conduct and ethics, disciplinary matters and managing exits. High levels of engagement supported by formal employee communication create a culture where employee receive regular feedback on performance enabling them to reach higher levels of efficiency and where employees are able to approach their line managers to voice their concerns. Consequently, all employees receive formal assessments of their performance facilitating identification of their training and development needs.

GHAIL is an equal opportunity employer and does not discriminate based on gender, race or religion. All employees are provided with a Code of Ethics which details the corporate values, employee and employer rights and obligations which include provisions on respect and dignity in the work place, health and safety matters and anti-corruption practices.

## Team Profile

As part of the Golden Harvest Group of companies and in its own right, GHAIL is able to attract talent at all levels and has a proven track record in developing and retaining talent. Consequently, the company is able to maintain a healthy talent pipeline.

The team profile given in the tables below.

| Employee Category                  | 2018-2019   | 2017-2018   | 2016-2017   | 2015-2016   |
|------------------------------------|-------------|-------------|-------------|-------------|
| AGM & Above                        | 5           | 4           | 5           | 8           |
| Manager / Senior Manager           | 16          | 19          | 18          | 18          |
| Assistant Manager / Deputy Manager | 82          | 32          | 30          | 26          |
| Executive / Senior Executive       | 100         | 102         | 98          | 92          |
| Junior Officer / Officer           | 198         | 198         | 186         | 178         |
| Technical & Others                 | 102         | 127         | 129         | 116         |
| Casual Workers                     | 639         | 619         | 594         | 572         |
| <b>Total Workforce</b>             | <b>1142</b> | <b>1101</b> | <b>1060</b> | <b>1010</b> |
| Male                               | 828         | 810         | 777         | 735         |
| Female                             | 314         | 291         | 283         | 273         |

## Remuneration & Benefits

Remuneration of permanent employees comprise two components, guaranteed pay and performance incentives. Typically, sales teams monthly pay comprises elements of both while other employee's performance incentives are awarded annually on completion of performance appraisals which assess several aspects of their role. Employees also receive Employees Provident Fund contributions of 10% of Basic Salary and Workers Profit Participation fund of 5% additionally of profit. Benefits provided to employees include the following:

- Medical insurance in case of hospitalisation
- Life Insurance
- Workmen's compensation in case of serious injury

## Training & Development

Capacity and skill building is an ongoing activity which is monitored by the Group's Learning and Development function. Training and development needs are identified through the performance management process to address current and future competency requirements. Training opportunities provided to employees include technical training, competency development and leadership development. The adjacent graph is testimony to the company's commitment to training and development. The Group also has mentoring and coaching programmes for employees at senior levels which include one on one sessions with identified mentors based on requirements identified by mentees.



## Recruitment and Retention Policy

We adopted modern selection tools e.g. Competency Based Interview, Behavioral Interview etc. which made our selection process more scientific and unbiased. We are doing Manpower Planning, Career Planning and Succession Planning so that the organization gets the right people in the right place at the right time. We adopted KPI (Key Performance Indicator) based Performance Appraisal System which is a combination of qualitative & quantitative SMART targets with an objective to make our appraisal system more participatory, fair and unbiased. Our Appraisal System also includes appropriate balance over Individual Performance, Departmental Performance and Organizational Performance.

There is a Compensation Committee which ensures regular compensation survey of the relevant industry and ensures that the salary & fringe benefits are determined by the reference to the external market, internal equity and affordability.

## Health and Safety

It is the policy of the Golden Harvest to promote safe and healthy working conditions in the office as far as reasonable. The Golden Harvest will ensure that various health and safety measures will be maintained. All the employees also have the responsibility for their own and other employees' health and safety and should act accordingly. If possible Golden Harvest will, from time to time, try to organize sessions on general health and safety to remind and update all employees about appropriate measures and practices. The following are the measures taken for the sound environment, health and safety of employees in the office:

- The Company is a no smoking area and environment friendly.
- All working areas of GHAIL are fitted with room air conditioners to keep the working areas cool and dust-free.
- The GHAIL will ensure that electrical wiring and installations in the office are safe and properly maintained to avoid hazards.
- All reasonable measures will be taken that machinery and equipment is safe to operate.
- A full time doctor has been appointed to give emergency medical aid if anybody injure and there are several first aid boxes in our factory office with emergency medicines.

It is proudly observed that there were no major accidents reported during the year under review and the attendance of associates did improve appreciably. We did not experience any major injuries, occupational diseases, lost days or work related fatalities in any of our operations.

### **Looking Ahead**

The consumption of processed products is seeing a pickup due to improvement in disposable income of our consumers and life style changes. The per capita consumption of these products are low compared to the regional markets and we see an upside of increase in consumption and consumer base in the medium term. The growth of the modern trade channel across the country would be leveraged to improve the visibility and availability of our product range. The strategies implemented during the year which proved successful in achieving a significant growth in our profitability will be further consolidated for future growth. Furthermore the economic indicators in the short to medium term are positive for the consumer market and as such we are hopeful of improving upon the success we achieved this year.

### **Ready to eat products**

Golden Harvest, backed up with its largest logistics network, huge distribution network, experience in operating international QSR Chain and success story of marketing Frozen Food, Ice Cream in Bangladesh ensuring the stringent Cold Chain Network, has planned to introduce Ready to Eat products in Bangladesh. Bangladesh has been going through noticeable progression in infrastructural development, financial growth and global lifestyle exposure, which metro consumers are experiencing the most. The trend of shifting consumer demand in our neighboring country India suggests a similar shift in Bangladesh. Taking above into consideration, there is a market of take away meal of 2480 Crore per annum. The market is expected to expand with shift in habit of consumers preferring out of home lunch over bringing in lunch from home for further convenience.

Frozen Food has long been one option as ready solution bringing the clutter breaking changes in 'in-home food repertoire' to allowing mothers to get easy access to 'out of home snacks' in the house. It had opened a new avenue to bring variation and breaking the monotony from typical home made snacks, divulging the world of restaurant snacks among kids and family members. In today's competitive life, it is utilized like a lifestyle marker, an image booster for allowing family & friends to get the best tasty food. Another form of Ready & convenient solution is "Ready-to-Eat" or "Ready-to-Serve" food. Ready-to-eat food is animal or plant derived food that is cooked, frozen, washed, cooked for hot holding, cooled, and processed to be consumed directly or after heating.

### **Awards and Accolades**

19th ICAB National Awards "Best Presented Annual Reports 2018": Golden Harvest Agro Industries Ltd. achieved the first prize in category of Agro Sector. It is conjunctive 3rd time first prize achievement of Golden Harvest from The Institute of Chartered Accountants of Bangladesh (ICAB).

SAFA Best Presented Annual Reports Awards 2018: Golden Harvest has been awarded the 2nd Prize by South Asian Federation of Accountants (SAFA), an Apex Body of the South Asian Association for Regional Co-operation (SAARC) and a Acknowledged Accounting Grouping of International Federation of Accountants (IFAC). The award is a compliment of our commitment to intelligibility.

6th ICSB national Award 2018: Golden Harvest Agro Industries Limited has been awarded the Gold Award by Institute of Chartered Secretaries of Bangladesh (ICSB). This award signifies the excellence in Corporate Governance.

DITF 2017: Golden Harvest Agro Industries Limited (for 2GO branded QSR) received the second prize in "Food Stall" category.

Brand Forum Commward 2016; Bloop has won the Grand Prix award in the packaging category

### **Risks and concerns**

Risk and uncertainty are the indispensable elements of business, GHAIL is also inheriting risks like materials supply, distribution, operational and power, For minimizing risks, the Company is maintaining robust system of managing risks relating to material supply by establishing strong base through contract farming, well-built distribution channel and also flawless credit control system and ensuring power backup support for uninterrupted production through setting up of appropriate capacity of backup Generator. Risk framework and risk management are elaborated in [page No.52](#).

## **Financial Review**

### **Value Creation Report**

This segment of the report focuses on how the company has utilized or transformed Financial and Manufactured Capital, Social and Network Capital, Human Capital, and Natural Capital for the creation of value to the Company

### **Financial and Manufactured Capital**

Golden harvest has maintained its growth line recording the highest growth in revenue and profits through regular structured investment in state of art manufacturing plants and machinery to manufacture high quality products, proactive research and development activities to come up with new and innovative products and to engage with our distributors to ensure the availability of products in the market at the right time and right place.

| Inputs  |  |  |
|---|--|--|
| Equity BDT. 2,438 Million                         | <b>Activities</b>                                      |  |
| Interest bearing borrowings of BDT. 3,853 Million | Total Property, Plant and Equipment BDT. 3,966 Million | <b>Value Outputs</b>                                     |
| Market Capitalization BDT. 4,041 Million          | Total Non-Current Assets BDT. 783 Million              | Earnings per share - BDT. 2.03                           |
|   | Total Current Assets BDT. 2,999 Million                | Earnings Attributable to Shareholders - BDT. 243 Million |
|   | Total Assets BDT. 7,748 Million                        | Dividends 2018/19 - BDT. 143.89 Million                  |
|   |  | Interest Paid to Funding Providers - BDT. 433.5 Million  |

## 1. Sales Revenue:

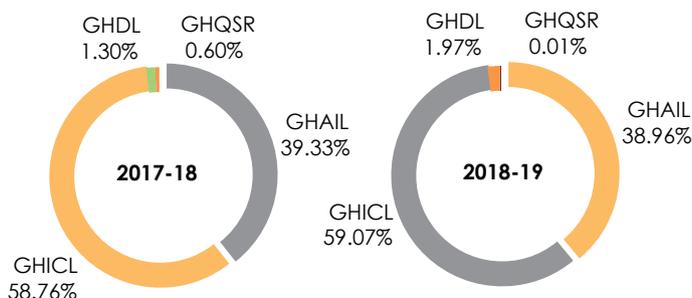
The contribution to the revenue from the frozen sector (GHAIL) and the Ice Cream sector (GHICL) was 38.96% & 59.08% respectively. Whist Dairy sector (GHDL) for the remaining 1.97%. Revenue growth witnessed in the past five years continued during the current financial year as well recording an increase of 19.79% with a total revenue of Tk. 2,240 million in 2018-2019. This revenue growth was mainly due to increase in remarkable sell of Ice Cream as well as effective engagement with distributors and aligning market activities to our core products.



## Segmental turnover

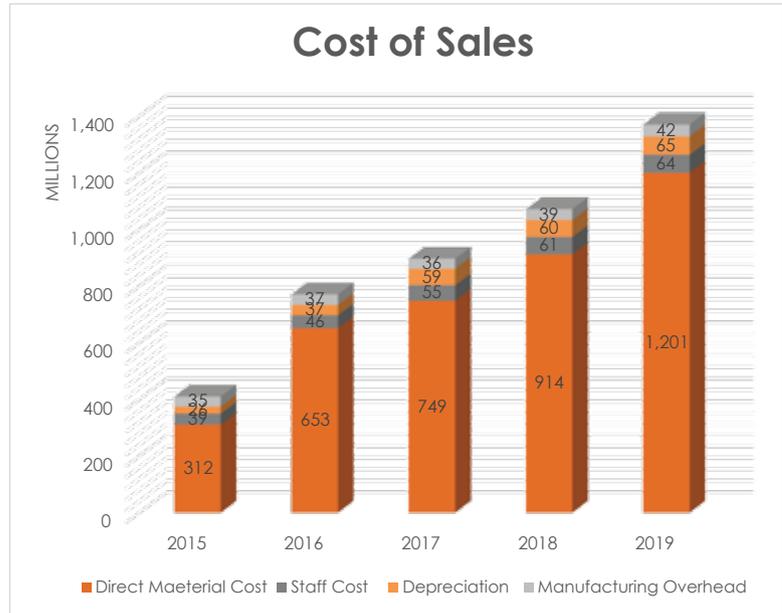
The groups frozen segment revenue of BDT 872 million was made up of 60.35% from snacks and 39.65% from milk based products. GHAIL contribution remains insignificant for maintaining high quality and reinforced by attention to consumer convenience and availability. The frozen food turnover for the year under review increased by 18.04% compared to the turnover recorded in the last financial year.

The groups Ice Cream segment revenue of BDT 1323 million and for the year under review increased by 19.62% compared to the turnover recorded in the last financial year.



## 2. Cost of Sales:

Establishment of out-grower models for vegetables Snacks, Meat Snacks, vegetables, Ice Cream and Dairy Products in previous years facilitated sustainable supply chain management with stability in prices, volumes, and most importantly, quality. Golden Harvest maintains the cost of sales at TK. 1,229 million where the cost of sales was 54.87% of the company revenue. The comparative in the previous year was TK. 1,034 million which was 55.00% to the total revenue.

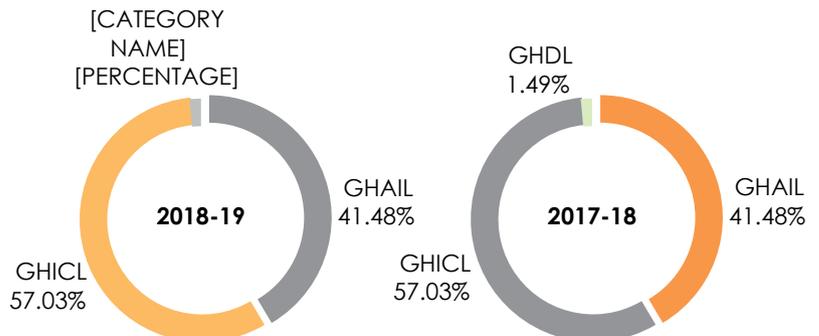


## 3. Gross Profit:

Gross profit improved by 20.83% over the previous year supported mainly by volume growth. Despite raw materials and labour cost increases the Company managed to improve the GP margin. This was supported by strong supply chain management processes in curtailing production costs. As prices are fairly elastic, a careful balance is maintained between raw material suppliers, customer, and employees which has enabled the company to maintain a healthy GP margin.

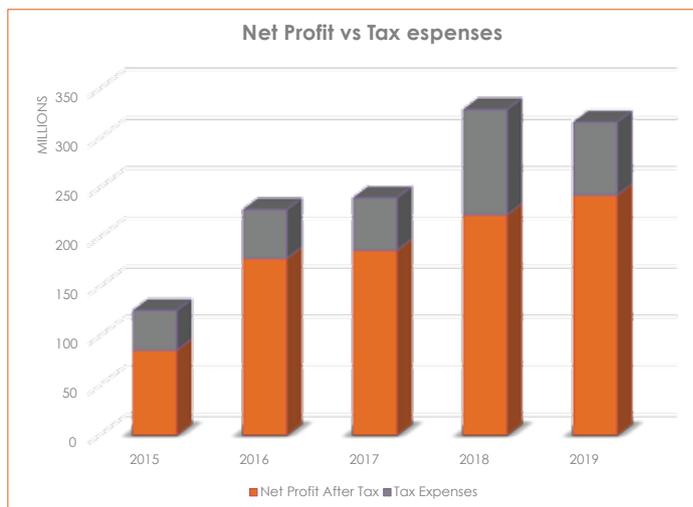
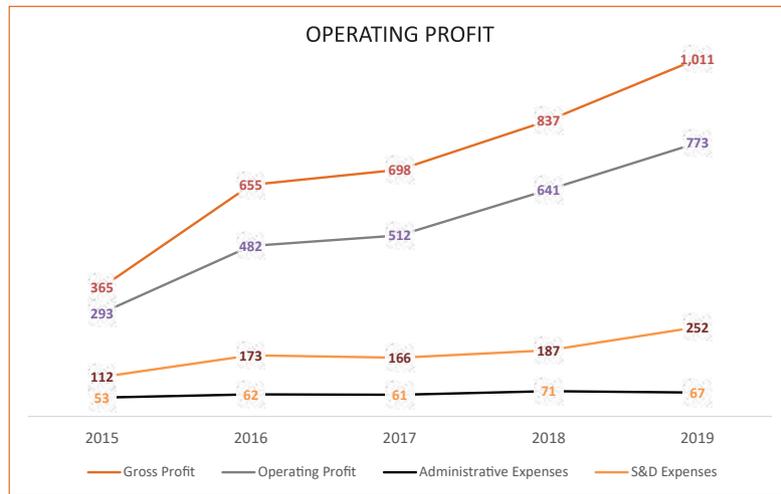
## Segmental Gross Profit

Ice Cream was the main contributor to gross profit, representing 56.97% amounting to BDT 576 m. while frozen food contributed 41.44%, which represents BDT 419 m. Contribution from other sources was BDT 81.80 millions.



## 4. Operating Profit:

Golden Harvest recorded consolidated operating profit of Tk. 773 million, an increase of 20.78% over the previous year supported by tight cost controls, investments in developing the distributor network together with targeted marketing campaigns customized for the different geographies and retail segments yielded these returns.

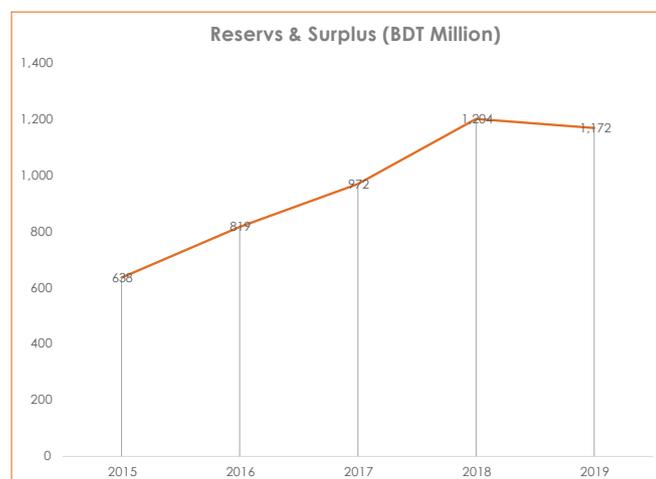


## 5. Net Profit after Tax:

Profit after tax amounted to Tk. 242.83 million reflecting an increase of 8.98%. Taxation amounted to BDT. 73.58 million, recording an decrease of 30.76% mainly due to huge amount under provision for the previous year.

## 6. Reserves and Surplus:

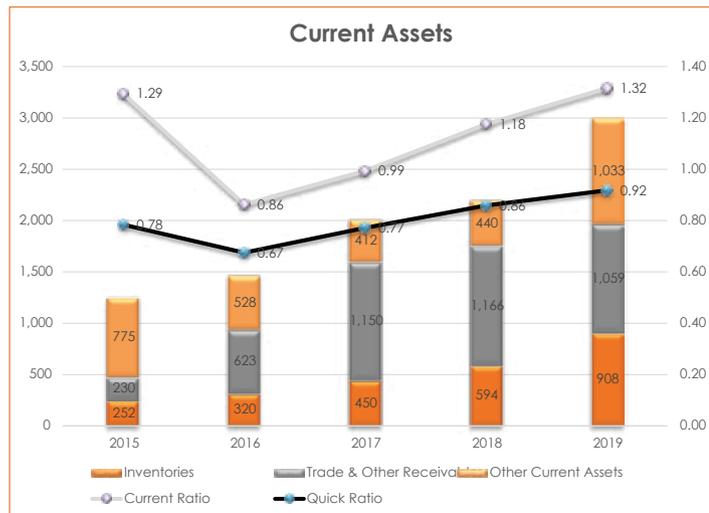
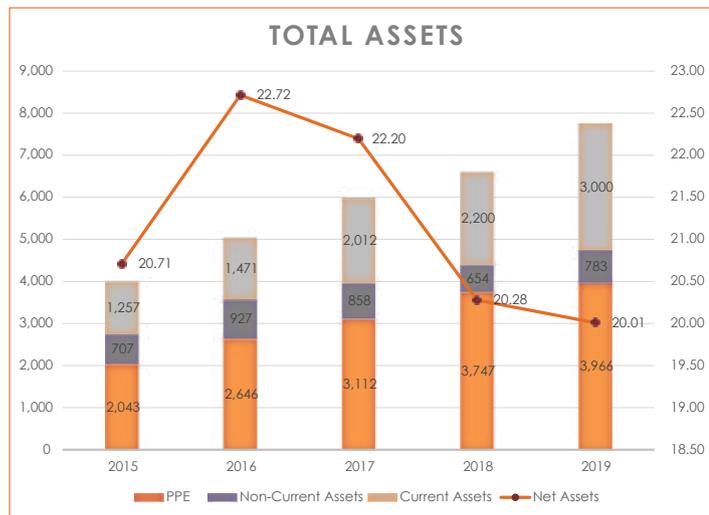
Reserves and Surplus stood at Tk. 1,172 million compared to Tk. 1,204 million in previous year recording decrease from previous year due to adjustment of shareholding position changes in Ice Cream.



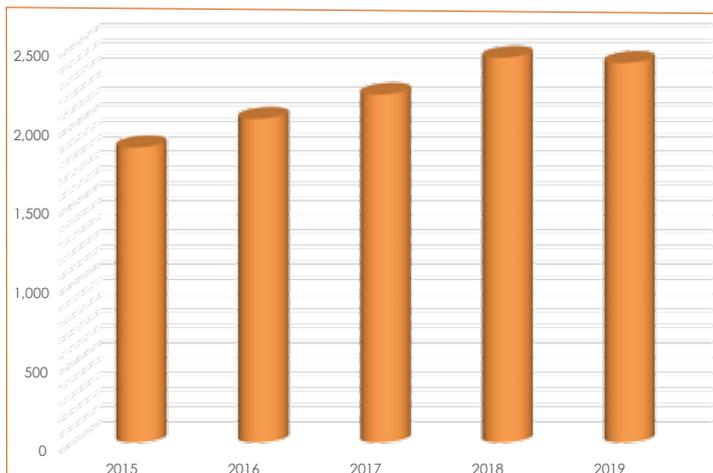
### 7. Total Assets:

The total asset at the Company increased to TK. 4,176 million from the previous year of TK. 4,147 million. The slight growth is because of addition of fixed assets & investment is subsidiaries.

Consolidated total assets grew from BDT 6,601 million to BDT 7,748 due to total growth of 17.38% growth of current assets driven by growth in business volumes and 5.90% growth of Property, Plant & Equipment's.



### Shareholders Equity (BDT Million)



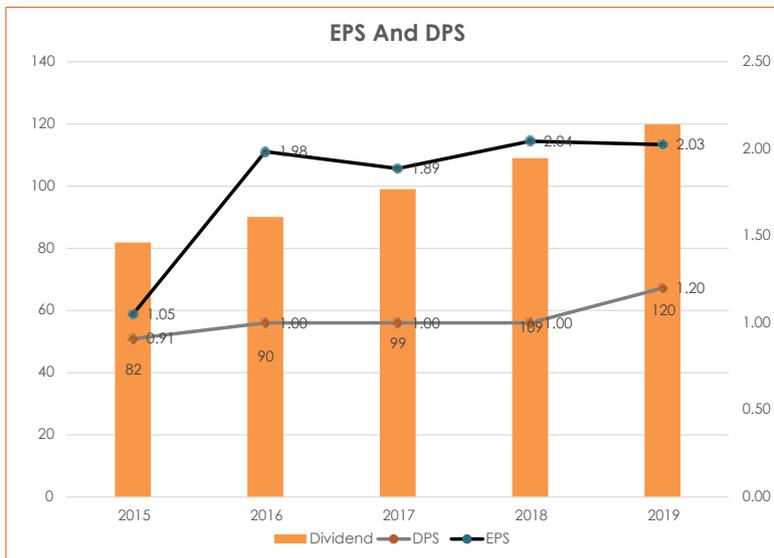
### 8. Shareholders' Funds:

Shareholders' funds decreased to TK. 2,399 million from TK. 2,432 million from the previous year representing a decrease of 1.36% for the Company. The growth is negative because of decrease in profitability, shareholding positions changes of subsidiary company and the payment of dividends amounting to TK. 109 million.

## 9. Earnings Per Share (EPS) vs Dividend Per Share (DPS):

The Group EPS of reporting period is Tk. 2.03 per share. In the previous year the EPS was Tk. 1.86 per share. There is an increase of EPS by 9.14 % in reporting year due to increase in overall performance of the Company.

The strong financial performance enabled Golden Harvest propose a dividend of 7% cash dividend and 5% stock dividend. It is the aim of the Company to return to shareholders equity.

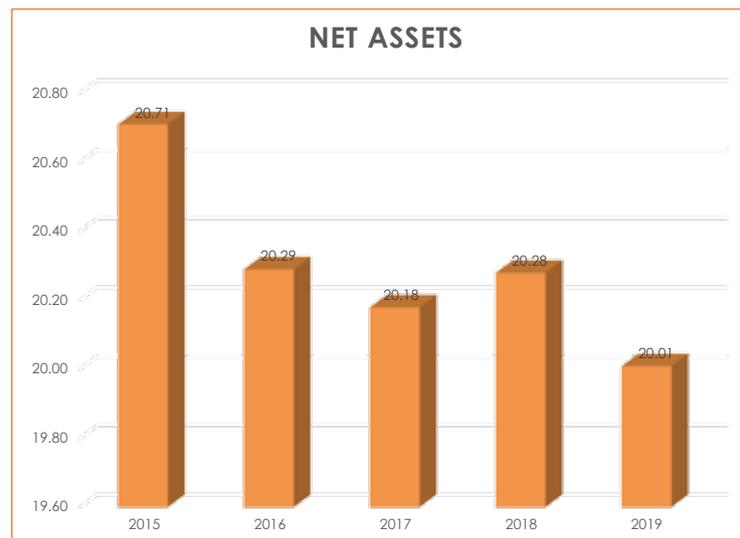


## 10. Return on Equity:

Return on Equity in the reporting year was 10.05% compared to 9.62% in previous year.

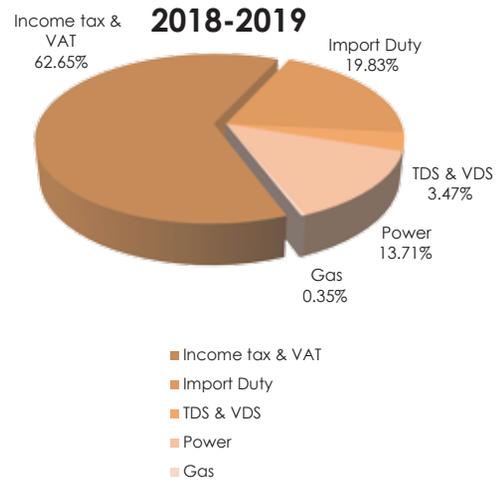
## 11. Net Assets:

Net Assets in the reporting year was 20.01 compared to 20.28 in previous year. There is a decrease of return by 8.63%



**Contribution to National Exchequer:**

GHAIL is paying and facilitating collection of Government's revenue. In 2018-19, we paid, collected & deposited a significant amount of Income Tax, VAT & Duties. All due and applicable taxes were paid, collected and deposited in time. During the year 2018-19, the group contributed to the government exchequer along with utility about a sum of Tk. 249.4 Million which is appended below:



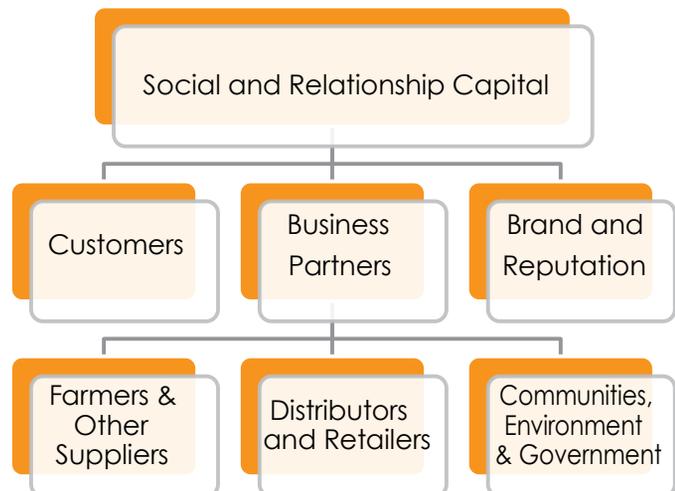
**Market Capitalization:**

The Company's share price was Tk. 37.60 at the beginning of the financial year and saw a decrease to TK. 33.70 as at 30 June 2019 moving within a range of Tk. 42.90 to Tk. 28.70 during the year.

The market capitalization of the Company was TK. 4,041 million (Tk. 4,099 million in 2017-18) as at the end of the financial year.

**Social and Relationship Capital**

Our value creation process is where the relationships has been nurtured and developed with our customers, business partners such as suppliers, distributors, retailers ,bankers, communities, industry associations and government and related regulators. The Group's brand and reputation, built over many decades is also a vital element of this capital input and is essential to maintain our social license to operate. This section of this Report will provide a brief, balanced assessment of the capital resources allocated and the shared value generated to each component of our Social and Relationship capital



The infogram below summarises how Social & Relationship Capital was nurtured during the year.

| Inputs                |                                |   |
|-----------------------|--------------------------------|---|
| Distributors 522      | Activities                     |   |
| Direct outlets 498    | Brand Building BDT. 42 Million | Value Outputs   |
| Retail Outlets 58,500 | Advertisement BDT. 2.2 Million | Sales Volume BDT. 2,240 Million                                   |
| Supplier 421          |                                | Commission Paid to Distributors BDT. 179 Million                  |
| Brands 05             |                                | Purchase BDT. 1,229 Million                                       |
|                       |                                | Dealer and Distributor cold storage investment in Freezers 39,662 |

## Stock Performance

The graph set forth below compares the annual cumulative total return for the Company's two fiscal years ended 30 June 2019 among the Company, the Dhaka Stock Exchange Market Index (the "DSEX Index") and a sector index for Food and Agro products (called 'Food & Ailed') manufacturers and traders (the "Group Index") comprised of the Company and 17 other companies. The returns of each company in the Group Index have been weighted according to the company's stock market capitalization. The graph has been prepared based on an assumed investment of Tk. 1,000 on 29 June 2013 and the reinvestment of dividends (where applicable).

## Stock Performance



## Stock Performance

|                                     | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Golden Harvest Agro Industries Ltd. | 696       | 664       | 682.96    | 1,271     | 1,142     | 1,126     |
| Group Index                         | 1,987     | 2,554     | 2,633     | 2,667     | 3,143     | 3,432     |
| DSEX Index                          | 4,481     | 4,583     | 4,508     | 5,656     | 5,405     | 5,422     |

### Remuneration of Directors

Directors were remunerated as per the decision of the Board and a detailed report of the Directors Remuneration is included in Note 41.3 of Financial Statements.

### Related Party Transaction

Related Party Transaction with other entities that fall within the definition of related party is included in Note 41.3 of Financial Statements.

### Dividend

Board of Directors has recommended Cash Dividend 7% and Stock Dividend of 5% for the year 2018-2019. Upon your approval in the General Meeting, the dividend will be provided to the Share-holders whose names appear in the share Registers of the Company or in the Depository as on 18 November 2019 at the close of office.

### Credit Ratings

CRISL has reaffirmed the long term rating to 'A+' (pronounced as single A plus) and the short term rating to 'ST-2' of Golden Harvest Agro Industries Limited on the basis of its financial statements and other relevant quantitative and qualitative information up to the date of rating. CRISL placed the company with "Positive Outlook" with the Credit rating history.

| Entity Rating | Outlook  | Validity Rating | Rating Assigned |
|---------------|----------|-----------------|-----------------|
| A+            | Positive | 2018-2019       | CRISL           |
| A+            | Positive | 2017-2018       | CRISL           |
| A+            | Positive | 2016-2017       | CRISL           |
| A+            | Positive | 2015-2016       | CRISL           |
| A+            | Positive | 2014-2015       | CRISL           |
| A+            | Positive | 2013-2014       | CRISL           |
| A+            | Positive | 2012-2013       | CRISL           |

### Reporting and Compliance of Corporate Governance Code :

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD /2006-158/207/Admin/80 dated 3 June 2018 on Corporate governance code has been included in the report in Page No. 127 to 136.

Directors' Responsibilities statements:

Pursuant to the BSEC notification No. SEC/CMRRCD /2006-158/207/Admin/80 dated 3 June 2018 the Directors confirm that:

- a) The financial statements prepared by the management of Golden Harvest Agro Industries Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of Account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company's ability to continue as a going concern and the annual accounts have been prepared on going concern basis.
- g) The significant deviations from last year in the operating results of the company have been highlighted in the report and reasons thereof have been explained.
- h) The key operating and financial data for the last five years is disclosed in Page No. 74.
- i) The pattern of shareholding is disclosed in Page No. 81.
- j) A compliance status report with requirements of corporate governance as required by BSEC has been disclosed in Regulatory Compliance Report segment.
- k) Directors' profile and their directorship and business interest in other organizations have been disclosed in Board of Directors segment.

**Gratitude:**

We express our sincere thanks and appreciation to all honorable shareholders, our customers. Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, National Board of Revenue, various government authorities, trade bodies and all bankers and financial institutions for their support, co-operation and guidance in our business endeavor. In this occasion we also want to express our heartiest congratulations to all our staffs and management members whose perseverance and professionalism, hard works contribute to maintain our strong competitive position and high technological status. We rely on their enthusiasm, sincerity as well as their commitments for maintaining quality to ensure safety and to build the company as a pioneer and leader in food sector.

As we moving forward to the next frontier of growth and excellence, we seek your support and encouragement as we are used to get from you since beginning of our journey.

On behalf of the Board



**Enamuzzaman Chowdhury**

Chairman

## 5 Years Analysis

### Operating Performance:

| SL No | Particular                 | 2018-2019        | 2017-2018        | 2016-17          | 2015-16 Restated | 2014-15 Restated |
|-------|----------------------------|------------------|------------------|------------------|------------------|------------------|
| 1     | Turnover                   | 240,120,323.00   | 1,870,954,629.00 | 1,526,709,565.00 | 1,427,568,390.00 | 776,658,989.00   |
| 2     | Gross Profit               | 1,011,037,742.00 | 836,765,153.00   | 697,601,664.00   | 654,555,435.00   | 364,986,172.00   |
| 3     | Profit/Loss from operation | 773,369,517.00   | 640,975,036.00   | 511,687,434.00   | 482,024,181.00   | 292,782,987.00   |
| 4     | Net Profit/loss before tax | 329,832,358.00   | 328,070,695.00   | 238,231,971.00   | 224,814,336.00   | 125,994,308.00   |
| 5     | Net Profit/loss after tax  | 242,839,111.00   | 222,872,646.00   | 187,045,836.00   | 178,767,995.00   | 85,875,335.00    |
| 6     | EBITDA                     | 1,228,298,464.00 | 787,690,737.00   | 654,503,931.00   | 607,148,308.00   | 361,522,084.00   |
| 7     | EBITDA margin to sales     | 54.83%           | 42.10%           | 42.87%           | 42.53%           | 46.55%           |
| 8     | Earnings Per Share(EPS)    | 2.03             | 2.04             | 1.89             | 1.80             | 1.05             |
| 9     | Dividend per share         | 1.20             | 1.00             | 1.00             | 1.00             | 1.00             |
| 10    | No of Shares               | 119,909,790.00   | 109,008,900.00   | 99,099,000.00    | 90,090,000.00    | 81,900,000.00    |

### Statement of Financial Position

| SL No | Particular                          | 2018-2019        | 2017-2018        | 2016-17          | 2015-16 Restated | 2014-15 Restated |
|-------|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| 1     | Total Assets                        | 7,748,446,476.00 | 6,601,249,811.07 | 5,981,228,741.00 | 1,427,568,390.00 | 4,006,564,213.00 |
| 2     | Property, Plant and Equipment-Gross | 4,775,203,843.00 | 4,363,683,936.00 | 3,581,336,189.00 | 654,555,435.00   | 2,248,213,749.00 |
| 3     | Property, Plant and Equipment-Net   | 3,965,751,209.00 | 3,747,437,696.50 | 3,111,515,064.31 | 482,024,181.00   | 2,043,007,481.00 |
| 4     | Gross Working Capital               | 2,999,662,010.00 | 2,199,715,005.00 | 2,011,727,496.00 | 224,814,336.00   | 1,256,509,485.00 |
| 5     | Net Working Capital                 | 719,708,609.00   | 329,737,190.00   | (13,451,460.00)  | 178,767,995.00   | 285,942,539.00   |
| 6     | Short term Loan                     | 1,225,486,192.00 | 1,043,722,703.00 | 1,435,548,926.00 | 607,148,308.00   | 514,461,293.00   |
| 7     | Share Capital                       | 1,199,097,900.00 | 1,090,089,000.00 | 990,990,000.00   | 42.53%           | 819,000,000.00   |
| 8     | Share Premium                       | 28,668,154.00    | 137,677,054.00   | 236,776,054.00   | 1.80             | 408,766,054.00   |
| 9     | Reserve and Surplus                 | 219,946,668.00   | 283,316,706.00   | 971,748,832.00   | 1.00             | 701,946,156.00   |
| 10    | Shareholders' Equity                | 2,399,343,861.00 | 2,431,880,452.00 | 2,199,514,886.00 | 90,090,000.00    | 1,865,693,030.00 |
| 11    | Term Loan                           | 2,575,656,648.00 | 2,458,725,847.00 | 1,770,345,586.00 |                  | 1,159,511,438.00 |
| 12    | Lease Obligation                    | 51,533,507.00    | 56,192,046.00    | 56,352,122.00    |                  | 7,882,651.00     |

## Operating Performance

| SL No | Particular                      | 2018-2019 | 2017-2018 | 2016-17 | 2015-16 Restated | 2014-15 Restated |
|-------|---------------------------------|-----------|-----------|---------|------------------|------------------|
| 1     | Current Ratio                   | 1.32      | 1.18      | 0.99    | 0.86             | 1.29             |
| 2     | Gross profit ratio (%)          | 45.13%    | 44.72%    | 45.69%  | 45.85%           | 46.99%           |
| 3     | Debt to Total Assets (%)        | 49.72%    | 53.91%    | 54.54%  | 48.69%           | 41.98%           |
| 4     | Debt Equity Ratio               | 1.88      | 1.71      | 1.72    | 1.50             | 1.14             |
| 5     | Return on Equity (%)            | 10.05%    | 9.62%     | 8.89%   | 9.22%            | 4.58%            |
| 6     | Return on Capital Employed (%)  | 4.45      | 6.01      | 6.04    | 5.50             | 8.40             |
| 7     | Debt to EBITDA Ratio            | 3.14      | 4.52      | 4.98    | 4.04             | 4.65             |
| 8     | Net Asset Value Per Share       | 20.01     | 22.31     | 22.20   | 22.32            | 22.78            |
| 9     | Dividend Payout Ratio           | 49.38%    | 48.91%    | 52.98%  | 50.39%           | 95.37%           |
| 10    | Interest Service Coverage Ratio | 1.80      | 2.16      | 1.95    | 1.96             | 1.78             |

## Others:

| SL No | Particular                       | 2018-2019 | 2017-2018 | 2016-17 | 2015-16 Restated | 2014-15 Restated |
|-------|----------------------------------|-----------|-----------|---------|------------------|------------------|
| 1     | Market Price per share           | 33.70     | 37.60     | 46.00   | 27.20            | 29.10            |
| 2     | Price Earning multiple           | 16.60     | 18.39     | 24.37   | 13.71            | 27.75            |
| 3     | Number of Employee               | 547.00    | 535.00    | 524.00  | 492.00           | 520.00           |
| 9     | Capacity Utilization (%) Average | 67.17     | 49.64     | 44.81   | 61.27            | 48.78            |

# Horizontal & Vertical Analysis

## Horizontal Analysis

### Statement of Comprehensive Income

|   | 2019         | 19 vs 18     | 2018         | 18 vs 17     | 2017         | 17 vs 16      | 2016         | 16 vs 15     | 2015         | 15 vs 14       |
|---|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|----------------|
|   | BDT/M        | %            | BDT/M        | %            | BDT/M        | %             | BDT/M        | %            | BDT/M        | %              |
| Revenue   | 2,240        | 19.73        | 1,871        | 22.55        | 1,527        | 6.94          | 1,428        | 83.81        | 777          | 18.28          |
| Cost of goods sold  | (1,229)      | 18.85        | (1,034)      | 24.74        | (829)        | 7.26          | (773)        | 87.77        | (412)        | 19.04          |
| <b>Gross profit</b>   | <b>1,011</b> | <b>20.83</b> | <b>837</b>   | <b>19.95</b> | <b>698</b>   | <b>6.58</b>   | <b>655</b>   | <b>79.34</b> | <b>365</b>   | <b>17.44</b>   |
| <b>Operating expenses</b>   | <b>(319)</b> | <b>23.80</b> | <b>(258)</b> | <b>13.67</b> | <b>(227)</b> | <b>(3.43)</b> | <b>(235)</b> | <b>42.90</b> | <b>(165)</b> | <b>29.41</b>   |
| Administrative expenses   | (67)         | 2.02         | (66)         | 8.04         | (61)         | (2.39)        | (62)         | 17.94        | (53)         | (13.28)        |
| Selling and distribution expenses                                       | (252)        | 31.25        | (192)        | 15.74        | (166)        | (3.81)        | (173)        | 54.74        | (112)        | 68.81          |
| Fair value adjustments of biological assets                             | 18           | 32.32        | 14           | 6.27         | 13           | 574.98        | 2            | -            | -            |                |
| Other operating income  | 64           | 31.09        | 49           | 72.03        | 28           | (53.42)       | 61           | (34.29)      | 92           | 510.69         |
| <b>Profit from operations</b>   | <b>773</b>   | <b>20.66</b> | <b>641</b>   | <b>25.27</b> | <b>512</b>   | <b>6.15</b>   | <b>482</b>   | <b>64.64</b> | <b>293</b>   | <b>47.29</b>   |
| Finance income  | 6            | 256.23       | 2            | 47.38        | 1            | (56.81)       | 3            | (70.78)      | 10           | (79.78)        |
| Finance expenses  | (434)        | 45.44        | (298)        | 13.59        | (262)        | 5.90          | (248)        | 45.54        | (170)        | 90.15          |
| <b>Net profit from operation</b>  | <b>346</b>   | <b>0.47</b>  | <b>345</b>   | <b>37.61</b> | <b>251</b>   | <b>5.66</b>   | <b>237</b>   | <b>79.20</b> | <b>132</b>   | <b>(16.06)</b> |
| Contribution to WPPF  | (16)         | (0.89)       | (17)         | 35.60        | (12)         | 2.51          | (12)         | 89.77        | (6)          | (15.91)        |
| <b>Income before share of non-consolidated companies and income tax</b> | <b>330</b>   | <b>0.54</b>  | <b>328</b>   | <b>37.71</b> | <b>238</b>   | <b>5.83</b>   | <b>225</b>   | <b>78.67</b> | <b>126</b>   | <b>(16.07)</b> |
| Share of profit / (loss) from associates                                | -            | -            | -            | -            | -            | (0)           | -            | -            | -            | -              |
| <b>Net profit before tax</b>  | <b>330</b>   | <b>0.54</b>  | <b>328</b>   | <b>37.71</b> | <b>238</b>   | <b>5.97</b>   | <b>225</b>   | <b>78.43</b> | <b>126</b>   | <b>(16.07)</b> |
| Income tax expenses   | (74)         | (30.82)      | (106)        | 101.09       | (53)         | 7.35          | (49)         | 96.94        | (25)         | (52.74)        |
| <b>Net profit after tax</b>   | <b>256</b>   | <b>15.58</b> | <b>222</b>   | <b>19.62</b> | <b>185</b>   | <b>5.58</b>   | <b>176</b>   | <b>73.85</b> | <b>101</b>   | <b>3.91</b>    |
| Non controlling interest  | (13)         | (1,251.56)   | 1            | (31.76)      | 2            | (47.10)       | 3            | 5,208.10     | 0.06         | (164,397)      |
| <b>Total comprehensive income</b>                                       | <b>243</b>   | <b>8.96</b>  | <b>223</b>   | <b>19.15</b> | <b>187</b>   | <b>4.63</b>   | <b>179</b>   | <b>76.94</b> | <b>101</b>   | <b>3.97</b>    |

### Statement of Financial Position

|                                    | 2019         | 19 vs 18     | 2018         | 18 vs 17     | 2017         | 17 vs 16     | 2016         | 16 vs 15     | 2015         | 15 vs 14     |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                    | BDT/M        | %            |
| <b>ASSETS</b>                      |              |              |              |              |              |              |              |              |              |              |
| <b>Non-current assets</b>          | <b>4,749</b> |              | <b>4,402</b> |              | <b>3,970</b> |              | <b>3,574</b> |              | <b>2,750</b> |              |
| Property, plant and equipment      | 3,966        | 5.83         | 3,747        | 20.44        | 3,112        | 17.59        | 2,646        | 29.52        | 2,043        | 95.46        |
| Leased assets                      | 103          | 21.16        | 85           | 15.37        | 74           | 28.17        | 58           | 128.62       | 25           | 21.58        |
| Intangible assets                  | 82           | (5.65)       | 87           | (5.60)       | 92           | 59.41        | 58           | 367.68       | 12           | 10.53        |
| Biological assets                  | 102          | 27.07        | 80           | 2.78         | 78           | 4.55         | 75           | -            | -            | -            |
| Capital work in progress           | 480          | 19.62        | 401          | (34.59)      | 614          | (16.76)      | 737          | 10.10        | 669          | (35.36)      |
| Investment in associates           | 15           | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Current assets</b>              | <b>3,000</b> |              | <b>2,200</b> |              | <b>2,012</b> |              | <b>1,471</b> |              | <b>1,257</b> |              |
| Inventories                        | 908          | 52.86        | 594          | 32.10        | 450          | 40.29        | 320          | 27.40        | 252          | 61.96        |
| Advances, deposits and prepayments | 663          | 55.87        | 425          | 25.80        | 338          | (31.43)      | 493          | (27.12)      | 677          | 31.43        |
| Trade & other receivables          | 1,059        | (9.20)       | 1,166        | 1.39         | 1,150        | 84.66        | 623          | 170.61       | 230          | (1.21)       |
| Cash and cash equivalents          | 370          | 2,447.61     | 15           | (80.38)      | 74           | 114.48       | 35           | (64.87)      | 98           | (76.85)      |
| <b>TOTAL ASSETS</b>                | <b>7,748</b> | <b>17.38</b> | <b>6,601</b> | <b>10.37</b> | <b>5,981</b> | <b>18.57</b> | <b>5,044</b> | <b>25.90</b> | <b>4,007</b> | <b>16.46</b> |
| <b>EQUITY AND LIABILITIES</b>      |              |              |              |              |              |              |              |              |              |              |
| <b>Shareholders' equity</b>        |              |              |              |              |              |              |              |              |              |              |
| Share capital                      | 1,199        | 10.00        | 1,090        | 10.00        | 991          | 10.00        | 901          | 10.00        | 819          | -            |
| Share premium                      | 29           | (79.18)      | 138          | (41.85)      | 237          | (27.56)      | 327          | (20.04)      | 409          | -            |
| Revaluation surplus                | 220          | (22.37)      | 283          | 1.78         | 278          | (1.76)       | 283          | (6.65)       | 304          | 5.22         |
| Retained earnings                  | 952          | 3.35         | 921          | 32.80        | 693          | 38.82        | 499          | 25.37        | 398          | 7.13         |
| Non controlling interest           | 844          | 13,210.20    | 6            | (15.52)      | 8            | (18.53)      | 9            | (25.94)      | 12           | 1,045,312    |
| <b>Total equity</b>                | <b>3,243</b> | <b>33.03</b> | <b>2,438</b> | <b>10.48</b> | <b>2,207</b> | <b>9.27</b>  | <b>2,020</b> | <b>4.00</b>  | <b>1,942</b> | <b>2.86</b>  |

|                                      | 2019         | 19 vs 18     | 2018         | 18 vs 17     | 2017         | 17 vs 16     | 2016         | 16 vs 15     | 2015         | 15 vs 14     |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | BDT/M        | %            |
| <b>Non-current liabilities</b>       | <b>2,225</b> |              | <b>2,293</b> |              | <b>1,749</b> |              | <b>1,320</b> |              | <b>846</b>   |              |
| Long term loans                      | 1,942        | (4.70)       | 2,038        | 35.23        | 1,507        | 34.28        | 1,122        | 58.61        | 708          | 64.55        |
| Deferred tax liability               | 257          | 14.81        | 224          | 12.18        | 199          | 22.63        | 163          | 22.44        | 133          | (8.05)       |
| Lease obligations                    | 26           | (17.13)      | 31           | (26.57)      | 42           | 22.78        | 35           | 523.43       | 6            | 150.17       |
| <b>Current liabilities</b>           | <b>2,280</b> |              | <b>1,870</b> |              | <b>2,025</b> |              | <b>1,705</b> |              | <b>1,218</b> |              |
| Accounts and other payables          | 85           | (28.98)      | 120          | 34.62        | 89           | (51.81)      | 185          | 92.24        | 96           | 67.09        |
| Accruals and provisions              | 310          | 19.03        | 261          | 16.68        | 223          | 1.10         | 221          | 43.97        | 153          | 21.25        |
| Short term loans                     | 1,225        | 17.41        | 1,044        | (27.29)      | 1,436        | 34.82        | 1,065        | 28.85        | 826          | 7.49         |
| Current portion of long term loans   | 633          | 50.59        | 420          | 59.80        | 263          | 17.01        | 225          | 60.67        | 140          | 728.72       |
| Current portion of lease obligations | 26           | 2.75         | 25           | 80.26        | 14           | 49.97        | 9            | 296.41       | 2            | (58.84)      |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>7,748</b> | <b>17.38</b> | <b>6,601</b> | <b>10.37</b> | <b>5,981</b> | <b>18.57</b> | <b>5,044</b> | <b>25.90</b> | <b>4,007</b> | <b>16.46</b> |

## Vertical Analysis

### Statement of Comprehensive Income

|   | 2,019        |                | 2,018        |                | 2,017        |                | 2,016        |                | 2,015        |                |
|---|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
|   | BDT/M        | %              |
| Revenue   | 2,240        | 100.00         | 1,871        | 100.00         | 1,527        | 100.00         | 1,428        | 100.00         | 777          | 100.00         |
| Cost of goods sold  | (1,229)      | (54.87)        | (1,034)      | (55.28)        | (829)        | (54.31)        | (773)        | (54.15)        | (412)        | (53.01)        |
| <b>Gross profit</b>   | <b>1,011</b> | <b>45.13</b>   | <b>837</b>   | <b>44.72</b>   | <b>698</b>   | <b>45.69</b>   | <b>655</b>   | <b>45.85</b>   | <b>365</b>   | <b>46.99</b>   |
| <b>Operating expenses</b>   | <b>(319)</b> | <b>(14.26)</b> | <b>(258)</b> | <b>(13.79)</b> | <b>(227)</b> | <b>(14.87)</b> | <b>(235)</b> | <b>(16.47)</b> | <b>(165)</b> | <b>(21.18)</b> |
| Administrative expenses   | (67)         | (3.00)         | (66)         | (3.52)         | (61)         | (3.99)         | (62)         | (4.37)         | (53)         | (6.81)         |
| Selling and distribution expenses                                       | (252)        | (11.26)        | (192)        | (10.28)        | (166)        | (10.88)        | (173)        | (12.10)        | (112)        | (14.37)        |
| Fair value adjustments of biological assets                             | 18           | 0.81           | 14           | 0.73           | 13           | 0.84           | 2            | 0.13           | -            | -              |
| Other operating income  | 64           | 2.84           | 49           | 2.60           | 28           | 1.85           | 61           | 4.25           | 92           | 11.89          |
| <b>Profit from operations</b>   | <b>773</b>   | <b>34.52</b>   | <b>641</b>   | <b>34.26</b>   | <b>512</b>   | <b>33.52</b>   | <b>482</b>   | <b>33.77</b>   | <b>293</b>   | <b>37.70</b>   |
| Finance income  | 6            | 0.29           | 2            | 0.10           | 1            | 0.08           | 3            | 0.20           | 10           | 1.26           |
| Finance expenses  | (434)        | (19.35)        | (298)        | (15.93)        | (262)        | (17.19)        | (248)        | (17.36)        | (170)        | (21.92)        |
| <b>Net profit from operation</b>  | <b>346</b>   | <b>15.46</b>   | <b>345</b>   | <b>18.42</b>   | <b>251</b>   | <b>16.41</b>   | <b>237</b>   | <b>16.61</b>   | <b>132</b>   | <b>17.03</b>   |
| Contribution to WPPF  | (16)         | (0.74)         | (17)         | (0.89)         | (12)         | (0.80)         | (12)         | (0.84)         | (6)          | (0.81)         |
| <b>Income before share of non-consolidated companies and income tax</b> | <b>330</b>   | <b>14.72</b>   | <b>328</b>   | <b>17.53</b>   | <b>238</b>   | <b>15.60</b>   | <b>225</b>   | <b>15.77</b>   | <b>126</b>   | <b>16.22</b>   |
| Share of profit / (loss) from associates                                | -            | -              | -            | -              | -            | -              | (0)          | (0.02)         | -            | -              |
| <b>Net profit before tax</b>  | <b>330</b>   | <b>14.72</b>   | <b>328</b>   | <b>17.53</b>   | <b>238</b>   | <b>15.60</b>   | <b>225</b>   | <b>15.75</b>   | <b>126</b>   | <b>16.22</b>   |
| Income tax expenses   | (74)         | (3.28)         | (106)        | (5.68)         | (53)         | (3.46)         | (49)         | (3.45)         | (25)         | (3.22)         |
| <b>Net profit after tax</b>   | <b>256</b>   | <b>11.44</b>   | <b>222</b>   | <b>11.85</b>   | <b>185</b>   | <b>12.14</b>   | <b>176</b>   | <b>12.30</b>   | <b>101</b>   | <b>13.00</b>   |
| Non controlling interest  | (13)         | (0.60)         | 1            | 0.06           | 2            | 0.11           | 3            | 0.23           | 0            | 0.01           |
| <b>Total comprehensive income</b>                                       | <b>243</b>   | <b>10.84</b>   | <b>223</b>   | <b>11.91</b>   | <b>187</b>   | <b>12.25</b>   | <b>179</b>   | <b>12.52</b>   | <b>101</b>   | <b>13.01</b>   |

## Statement of Financial Position

|                                      | 2019         |               | 2018         |               | 2017         |               | 2016         |               | 2015         |               |
|--------------------------------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
|                                      | BDT/M        | %             |
| <b>ASSETS</b>                        |              |               |              |               |              |               |              |               |              |               |
| <b>Non-current assets</b>            | <b>4,749</b> |               | <b>4,402</b> |               | <b>3,970</b> |               | <b>3,574</b> |               | <b>2,750</b> |               |
| Property, plant and equipment        | 3,966        | 51.18         | 3,747        | 56.77         | 3,112        | 52.02         | 2,646        | 52.46         | 2,043        | 50.99         |
| Leased assets                        | 103          | 1.33          | 85           | 1.29          | 74           | 1.23          | 58           | 1.14          | 25           | 0.63          |
| Intangible assets                    | 82           | 1.06          | 87           | 1.32          | 92           | 1.54          | 58           | 1.15          | 12           | 0.31          |
| Biological assets                    | 102          | 1.32          | 80           | 1.22          | 78           | 1.31          | 75           | 1.48          | -            | -             |
| Capital work in progress             | 480          | 6.20          | 401          | 6.08          | 614          | 10.26         | 737          | 14.61         | 669          | 16.71         |
| Investment in associates             | 15           | 0.20          | -            | -             | -            | -             | -            | -             | -            | -             |
| <b>Current assets</b>                | <b>3,000</b> |               | <b>2,200</b> |               | <b>2,012</b> |               | <b>1,471</b> |               | <b>1,257</b> |               |
| Inventories                          | 908          | 11.72         | 594          | 9.00          | 450          | 7.52          | 320          | 6.35          | 252          | 6.28          |
| Advances, deposits and prepayments   | 663          | 8.56          | 425          | 6.44          | 338          | 5.65          | 493          | 9.77          | 677          | 16.89         |
| Trade & other receivables            | 1,059        | 13.66         | 1,166        | 17.66         | 1,150        | 19.23         | 623          | 12.35         | 230          | 5.74          |
| Cash and cash equivalents            | 370          | 4.78          | 15           | 0.22          | 74           | 1.24          | 35           | 0.68          | 98           | 2.45          |
| <b>TOTAL ASSETS</b>                  | <b>7,748</b> | <b>100.00</b> | <b>6,601</b> | <b>100.00</b> | <b>5,981</b> | <b>100.00</b> | <b>5,044</b> | <b>100.00</b> | <b>4,007</b> | <b>100.00</b> |
| <b>EQUITY AND LIABILITIES</b>        |              |               |              |               |              |               |              |               |              |               |
| <b>Shareholders' equity</b>          | <b>2,399</b> |               | <b>2,432</b> |               | <b>2,200</b> |               | <b>2,011</b> |               | <b>1,930</b> |               |
| Share capital                        | 1,199        | 15.48         | 1,090        | 16.51         | 991          | 16.57         | 901          | 17.86         | 819          | 20.44         |
| Share premium                        | 29           | 0.37          | 138          | 2.09          | 237          | 3.96          | 327          | 6.48          | 409          | 10.20         |
| Revaluation surplus                  | 220          | 2.84          | 283          | 4.29          | 278          | 4.65          | 283          | 5.62          | 304          | 7.58          |
| Retained earnings                    | 952          | 12.28         | 921          | 13.95         | 693          | 11.59         | 499          | 9.90          | 398          | 9.94          |
| Non controlling interest             | 844          | 10.89         | 6            | 0.10          | 8            | 0.13          | 9            | 0.18          | 12           | 0.31          |
| <b>Non-current liabilities</b>       | <b>2,225</b> | <b>29</b>     | <b>2,293</b> | <b>35</b>     | <b>1,749</b> | <b>29</b>     | <b>1,320</b> | <b>26</b>     | <b>846</b>   | <b>21</b>     |
| Long term loans                      | 1,942        | 25.07         | 2,038        | 30.88         | 1,507        | 25.20         | 1,122        | 22.25         | 708          | 17.66         |
| Deferred tax liability               | 257          | 3.31          | 224          | 3.39          | 199          | 3.33          | 163          | 3.22          | 133          | 3.31          |
| Lease obligations                    | 26           | 0.33          | 31           | 0.47          | 42           | 0.71          | 35           | 0.69          | 6            | 0.14          |
| <b>Current liabilities</b>           | <b>2,280</b> | <b>29</b>     | <b>1,870</b> | <b>28</b>     | <b>2,025</b> | <b>34</b>     | <b>1,705</b> | <b>34</b>     | <b>1,218</b> | <b>30</b>     |
| Accounts and other payables          | 85           | 1.10          | 120          | 1.82          | 89           | 1.49          | 185          | 3.67          | 96           | 2.40          |
| Accruals and provisions              | 310          | 4.00          | 261          | 3.95          | 223          | 3.74          | 221          | 4.38          | 153          | 3.83          |
| Short term loans                     | 1,225        | 15.82         | 1,044        | 15.81         | 1,436        | 24.00         | 1,065        | 21.11         | 826          | 20.62         |
| Current portion of long term loans   | 633          | 8.17          | 420          | 6.37          | 263          | 4.40          | 225          | 4.46          | 140          | 3.49          |
| Current portion of lease obligations | 26           | 0.33          | 25           | 0.38          | 14           | 0.23          | 9            | 0.18          | 2            | 0.06          |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>7,748</b> | <b>100.00</b> | <b>6,601</b> | <b>100.00</b> | <b>5,981</b> | <b>100.00</b> | <b>5,044</b> | <b>100.00</b> | <b>4,007</b> | <b>100.00</b> |

## Horizontal Analysis

### Statement of Financial Position

#### Shareholders' Equity

GHAIL share capital increase Tk. 819 Million since 2015 to Tk. 1199 Million for declaration. Reserves witnessed gradual increase over the past five years on account of higher profit retention to finance the capital expenditure and diversification projects which are currently in various phases of completion. Resultantly, shareholders' equity stood at Tk. 3,243 million with an increase of 67% since 2015.

#### Non-Current Liabilities

Non-current liabilities comprising of long term borrowings and deferred liabilities increased by around 1.6 times to Tk. 2,225 million in 2019 from 2015 due to borrowings to fund payment for Inventories & Property Plant & Equipment's. Consequently, non-current liabilities recorded an increase of 163% to Tk. 1379 million since 2015

#### Current Liabilities

Under the current liabilities, accounts and other payables decreased from Tk. 120 million in 2018 to Tk. 96 million. Accrual & provisions increase from Tk. 153 million in 2015 to Tk. 310 Million in 2019 on account of over tax assessment. Short term borrowings availed towards the year end resulted in increased liability of Tk. 1,225 million at June 30, 2019. Current maturity of long term borrowings also increased in 2019 owing to upcoming maturity of long term borrowings obtained in 2017 and 2018.

#### Non-Current Assets

Property, plant & equipment, intangible assets, biological assets and capital work in progress constitute the Company's non-current assets. Investment in machinery & freezer under the Company's sustainability plan besides routine capital expenditure has resulted in net increase of Tk. 1,923 million since 2015 to Tk. 3,966 million in property, plant and equipment. Lease assets increased of Tk. 25.00 million in 2015 to Tk. 103 million in 2019. Biological assets increased of Tk. 80.00 million in 2018 to Tk. 102 million in 2019 and Intangible assets increase tk. 82 million from 2015.

#### Current Assets

Inventories increased from Tk. 252 million in 2015 to Tk. 908 million in 2019 due to production of frozen foods, Ice cream & dairy products and suppressed market conditions. Similarly, trade and others receivables increased from Tk. 230 million in 2015 to Tk. 1059 million in 2019 owing to timely not recovery of balances during the year and not better cash sales ratio towards the end of the year. Inventories increased to Tk. 908 million in 2019 mainly due to higher inventory of DAP carried by the Company to meet anticipated demand for the year 2020.

### Statement of Profit or Loss

#### Turnover:

Revenue growth witnessed in the past five years continued during the current financial year as well recording an increase of 19.79% with a total revenue of Tk. 2,240 million in 2019, depicting an increase of 188% since 2015. This revenue growth was mainly due to increase in remarkable sell of Ice Cream as well as effective engagement with distributors and aligning market activities to our core products.

#### Cost of Sales:

Cost of sales recorded a substantial year on year increase from 2015 to 2019. Establishment of out-grower models for vegetables Snacks, Meat Snacks, vegetables, Ice Cream and Dairy Products in previous years facilitated sustainable supply chain management with stability in prices, volumes, and most importantly, quality. The company has resulted in cost of sales of Tk. 1,229 million recording a cumulative annual growth rate of 32% on since 2015.

#### Gross Profit

Gross margin increase from 2015 due to despite raw materials and labour cost increases the Company managed to improve the GP margin, this was supported by strong supply chain management processes

in curtailing production costs. As prices are fairly elastic, a careful balance is maintained between raw material suppliers, customer, and employees which has enabled the company to maintain a healthy GP margin improved in 2019 resulting in a gross profit of Tk. 1,011 million for the year.

### **Operating Cost**

Operation cost has registered an average annualized increase of 21% since 2015 owing to higher volumes and impact of rising inflationary on prices.

### **Finance Cost**

Finance cost of the Company witnessed an increase since 2015 because of financing property plant & equipment and continuous funding of working capital requirements due to depressed market conditions in 2015 to 2019. However, finance cost increased significantly during 2019 due to improved mainly due higher working capital requirement & huge PPE addition.

### **Taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in Profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. The effect of gradual increase in applicable corporate tax rates and deferred tax in 2018 since 2015 and decreased in 2019 for segment wise tax calculation.

### **Net profit**

Net profit stood at Tk. 243 million in 2019 as compared to Tk. 101 million in 2015 reflecting an average profit percentage increase each year. Net profit in 2019 increase because of taxation amounted to Tk. 73.58 million, recording an decrease of 30.76% mainly due to huge amount under provision for the previous year.

## **Vertical Analysis**

### **Statement of Financial Position**

#### **Property, Plant and Equipment**

Property Plant and Equipment increased from Tk. 2,043 million in 2015 to Tk. 3,966 million in 2019 mainly due to investment in property plant and equipment under sustainability plan besides investment in regular capital expenditure.

#### **Inventories**

Inventories of the Company increased from Tk. 252 million in 2015 to Tk. 908 million in 2019 mainly due to production & storage capacity increase and raw materials availability.

#### **Trade receivables**

Trade and others receivables increased from Tk. 230 million in 2015 to Tk. 1059 million in 2019 due to timely not recovery of balances during the years and not better cash sales ratio towards the end of the years.

#### **Trade and Other Payable**

Trade and other payable decreased from Tk. 96.00 million in 2015 to Tk. 85.00 million in 2019 mainly due to regular payment to suppliers & others.

### **Statement of Profit or Loss**

#### **Gross Profit**

Although the revenue increased from Tk. 777 million in 2015 to Tk. 2,240 million in 2019, the gross profit increased from Tk. 365 million in 2015 to Tk. 1,011 million in 2019 because of increase in revenue which mainly included frozen & Ice Cream besides not increased manufacturing cost comparable.

#### **Net Profit**

Net profit increased from Tk. 101 million in 2015 to Tk. 243 million 2019 mainly because of increase in revenue which mainly included frozen & Ice Cream besides not increased manufacturing cost comparable.

## Distribution of Shareholding

| Name /Status                                 | % of Shares    | No. of Shares      |
|--|----------------|--------------------|
| Mr. Enamuzzaman Chowdhury - Chairman         | 2.00%          | 2,398,196          |
| Mr. Ahmed Rajeeb Samdani - Managing Director | 21.94%         | 26,304,147         |
| Mr. Mohius Samad Choudhury - Director        | 2.00%          | 2,398,196          |
| Ms. Nadia Khalil Choudhury -Director         | 2.00%          | 2,398,196          |
| Mr. Azizul Huque -Director                   | 2.26%          | 2,709,591          |
| Mr. Moqsd Ahmed Khan - Director              | 2.46%          | 2,951,626          |
| Mr. Ahmed Mehdi Samdani                      | 0.38%          | 449,878            |
| Institutions                                 | 46.45%         | 55,699,845         |
| General shareholders                         | 20.52%         | 24,600,116         |
|  | <b>100.00%</b> | <b>119,909,790</b> |

### Shareholder Holding ten percent (10%) or more voting interest in the company:

|                      |            |
|----------------------|------------|
| Ahmed Rajeeb Samdani | 26,304,147 |
| ICB                  | 18,936,464 |

Share held by Directors /Executives and relatives of Directors / Executives

Nil

### Range with shareholding position:

| Range of holdings<br>In number of shares | No. of shareholders |               | % of shareholders |             | Number of shares   |                    |
|--|---------------------|---------------|-------------------|-------------|--------------------|--------------------|
|  | 2019                | 2018          | 2019              | 2018        | 2019               | 2018               |
| 1 to 499                                 | 4,481               | 5,431         | 0.47              | 0.47        | 503,479            | 630,730            |
| 500 to 5,000                             | 4,201               | 5,133         | 0.44              | 0.44        | 4,443,882          | 5,660,298          |
| 5,001 to 10,000                          | 318                 | 406           | 0.03              | 0.04        | 2,215,612          | 3,059,875          |
| 10,001 to 20,000                         | 217                 | 260           | 0.02              | 0.02        | 3,083,852          | 3,772,292          |
| 20,001 to 30,000                         | 91                  | 102           | 0.01              | 0.01        | 2,237,697          | 2,555,380          |
| 30,001 to 40,000                         | 38                  | 46            | 0.00              | 0.00        | 1,328,017          | 1,617,861          |
| 40,001 to 50,000                         | 31                  | 36            | 0.00              | 0.00        | 1,465,631          | 1,667,627          |
| 50,001 to 100,000                        | 62                  | 75            | 0.01              | 0.01        | 4,222,929          | 5,533,285          |
| 100,001 to 1,000,000                     | 75                  | 64            | 0.01              | 0.01        | 20,844,599         | 14,766,690         |
| Over 1,000,000                           | 19                  | 17            | 0.00              | 0.00        | 79,564,092         | 69,744,862         |
| <b>Total</b>                             | <b>9,533</b>        | <b>11,570</b> | <b>1.00</b>       | <b>1.00</b> | <b>119,909,790</b> | <b>109,008,900</b> |

| Status               | % of Shares    |
|----------------------|----------------|
| Institutions         | 46.45%         |
| Sponsor              | 33.03%         |
| General shareholders | 20.52%         |
| Foreign investors    | -              |
| <b>Total</b>         | <b>100.00%</b> |



## Shareholders' & Investors' Information

Annual General Meeting (AGM)

No. of AGM: 15th AGM

Date: 28 December 2019

Venue: Factory premises, Bokran, monipur, Bobanipur, Gazipur Sadar, Gazipur, bangladesh.

Time: 9.00 AM

Financial Calendar

Financial Year: 1st July to 30th June

During the FY 2018-2019 operational results of the company were announced on:

|                  |                         |
|------------------|-------------------------|
| 15 November 2018 | First Quarter Report    |
| 29 January 2019  | Half Yearly Report      |
| 30 April 2019    | Third Quarter Report    |
| 23 October 2019  | Annual Financial Result |

### Record Date

The Record Date was 18 November 2019

### Dividend Rate

A final dividend @ 7% Cash and 5% stock has been recommended on 23 October 2019 and after having approval of the shareholders at the AGM, dividend will be distributed within 30 days from the date of AGM.

### Listing

The Company's shares are listed at the Stock Exchanges in Dhaka and Chittagong of Bangladesh.

Face value Per Share: Tk. 10/= (Taka ten)

Share Trading Information from 1st July to 30th June

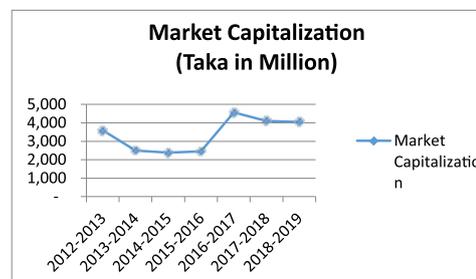
|                               | 2018-2019   | 2017-2018   | 2016-2017  | 2015-2016  | 2014-2015  |
|-------------------------------|-------------|-------------|------------|------------|------------|
| Highest during the year       | 43.90       | 47.90       | 58         | 33         | 38         |
| Lowest during the year        | 28.70       | 35.50       | 24         | 20         | 16         |
| Closing Price as at 30th June | 33.70       | 37.60       | 46         | 27         | 29         |
| No. of Shares                 | 119,909,790 | 109,008,900 | 99,099,000 | 90,090,000 | 81,900,000 |

### Dividend

| Year      | Rate of Dividend | Form of dividend            |
|-----------|------------------|-----------------------------|
| 2018-2019 | 7% and 5%        | Cash and Stock respectively |
| 2017-2018 | 10%              | Stock                       |
| 2016-2017 | 10%              | Stock                       |
| 2015-2016 | 10%              | Stock                       |
| 2014-2015 | 10%              | Stock                       |
| 2013-2014 | 10%              | Cash                        |
| 2012-2013 | 10% and 5%       | Cash and Stock respectively |

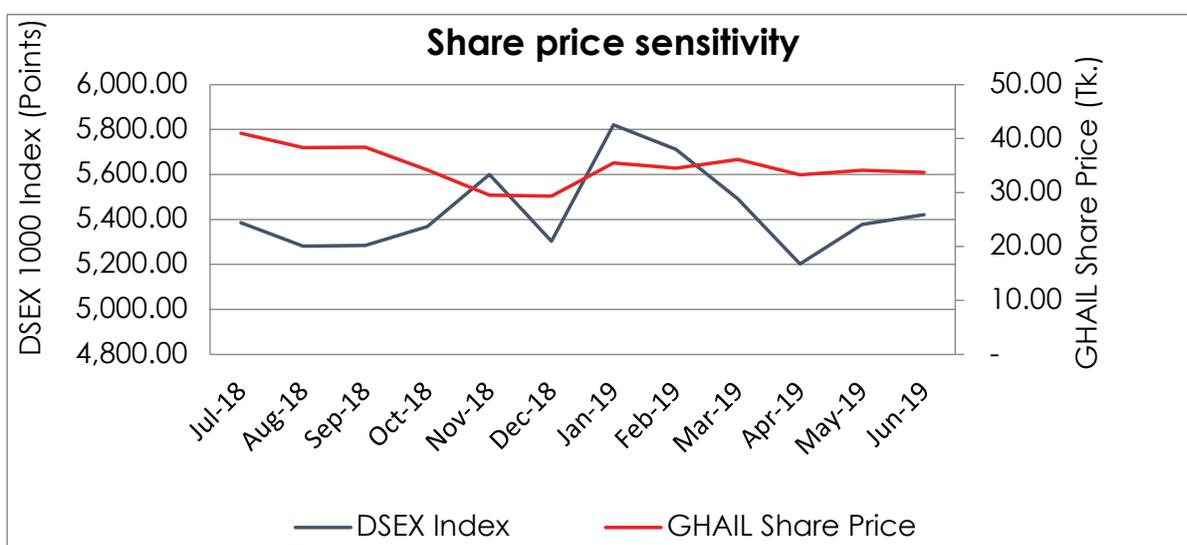
### Market Capitalization

| Year      | Taka in Million |
|-----------|-----------------|
| 2014-2015 | 2,383           |
| 2015-2016 | 2,450           |
| 2016-2017 | 4,559           |
| 2017-2018 | 4,099           |
| 2018-2019 | 4,041           |



## Share price sensitivity

Golden Harvest Agro Industries Ltd (GHAIL) processes over 75 varieties of premium quality frozen food products of vegetables, ready to eat foods, finger foods, Dairy products and Golden Harvest Ice-Cream Ltd. a subsidiary of GHAIL is the new entrant in the Bangladesh ice-cream industry with the brand BLOOP. The brand offers around 75 various variants including sticks, cups, cones, calippo, sorbets, tubs, cakes and many more. Hence variety of external and internal factors influence the company's predominance as well as its share price. During the year end 30 June 2019 GHAIL outperformed the DSEX 1000 index but its share price decreased from Tk. 37.60 to Tk. 33.70 witnessing a notable increase of 10.37% as compared to increased in DSEX 1000 index by 1.41%. During the year the Company reported an EPS of Tk 2.03 which is 9.14% higher as compared to last year.

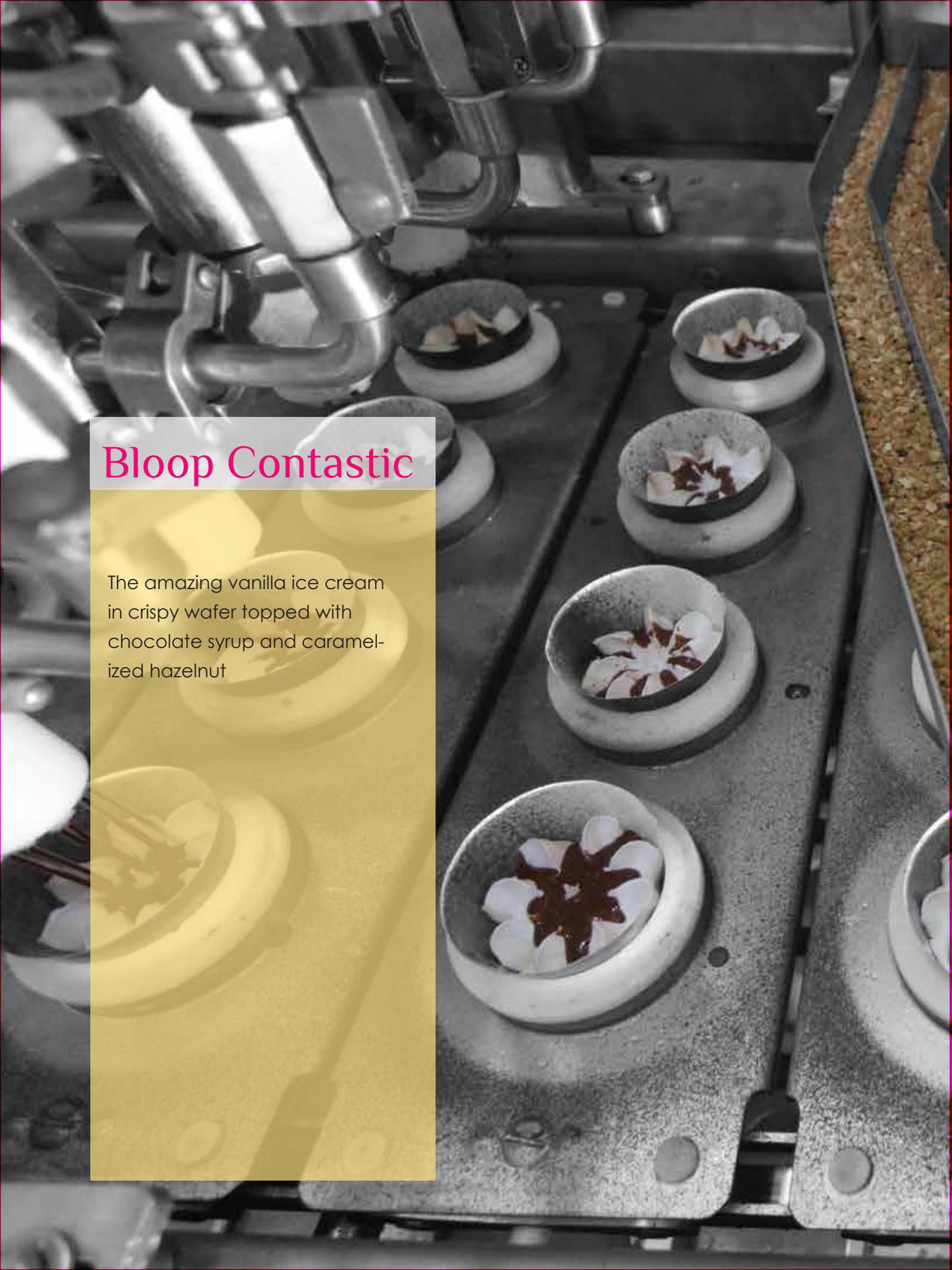


## Redressal of Investors Complaints

The company has formed a committee to resolve the investors' complaints. The committee consists of three members.

- |                           |                         |
|---------------------------|-------------------------|
| 1. Nadia Khalil Choudhury | Director                |
| 2. Rojina Akhter FCA      | Chief Financial Officer |
| 3. Nirmal Chandra Sardar  | Company Secretary       |

The committee follows a set process to resolve any complaint. When any investor lodges any complaint the committee, within three working days from the date of receipt of the complaints, gives the investors update on that issue. After proper investigation the committee resolves the complaint with due course and communicate the investor properly. In the year 2018-2019 there was no instance of such complaint.



## Bloop Contastic

The amazing vanilla ice cream in crispy wafer topped with chocolate syrup and caramelized hazelnut



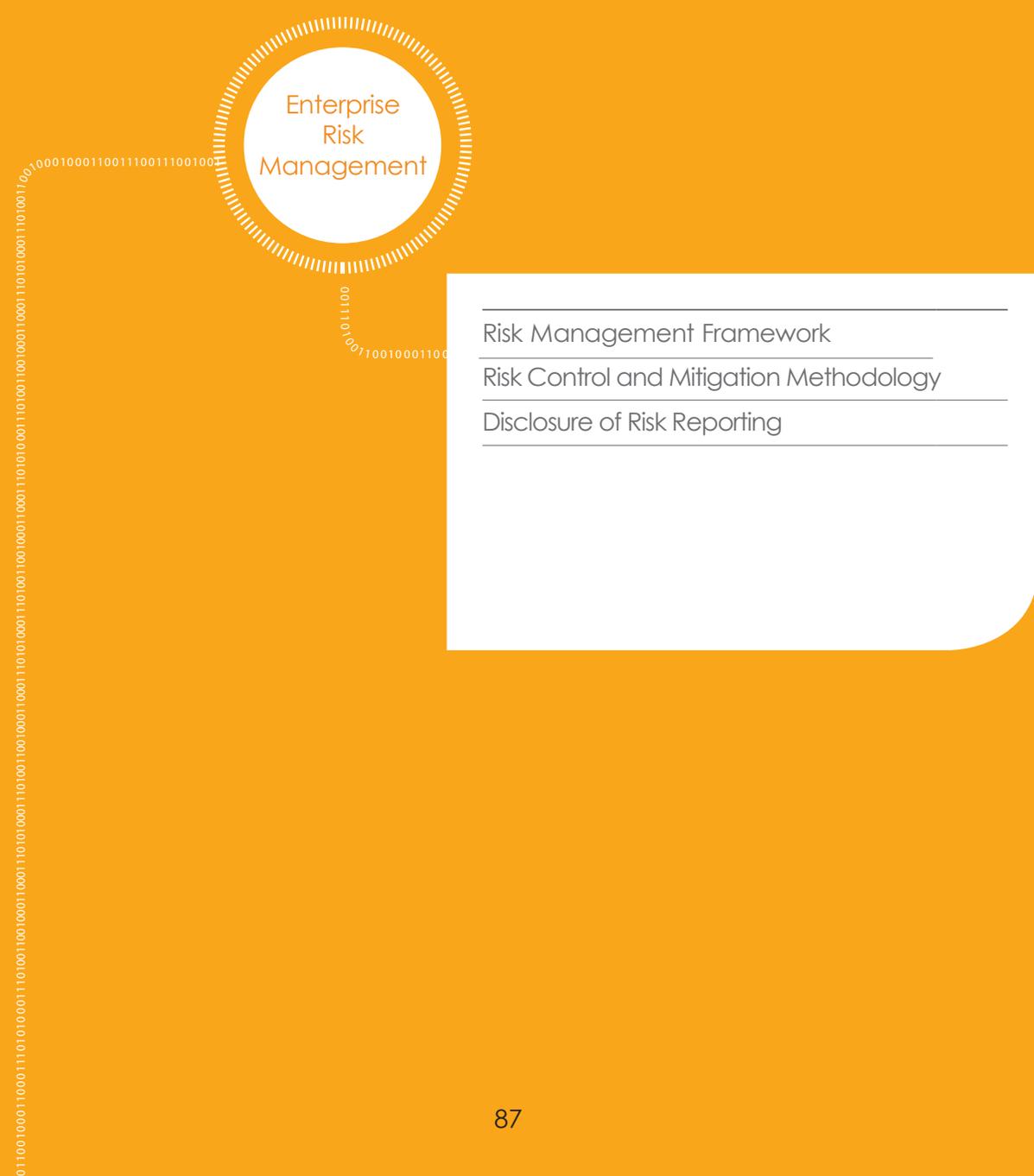
**bloop**  
ICE CREAM





সম্ভবকে  
অসম্ভব করাই  
বুপের  
কাজ



A diagram with a central white circle containing the text "Enterprise Risk Management". A thick white line extends from the bottom of the circle, curving to the right and then down to form a large 'L' shape. The text "Enterprise Risk Management" is centered within the circle. The background is a solid orange color with faint binary code (0s and 1s) scattered throughout.

Enterprise  
Risk  
Management

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Risk Management Framework

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Risk Control and Mitigation Methodology

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Disclosure of Risk Reporting

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## 1. Risk Management Framework

Golden Harvest Agro Industries Limited is exposed to various forms of industrial, operational, environmental and financial risks arising from transactions entered into and the economic environment within which it operates. Enterprise Risk Management (ERM), is very highly related and connected to 'Sustainability' and forms a part of the Company's business process. The objective of the Risk Management Strategy of the Company is to identify and manage risk, risk mitigation, harness opportunities, adapt to changing environment and adopt long-term and short term strategies which link well with the overall objectives of the Company and the Group. The annual risk management cycles begins at the Company with a detailed discussion and identification of risks, impacts and preventive, detective and corrective mitigation plans in conjunction with the GHAIL ERM Division, which constitutes the 'bottom-up' approach to ERM, where risk management is believed to be an integral part of strategic decision making. Risks are identified and assessed through a Risk Control Self-Assessment (RCSA) document unique to the Company's business. The Company rates its level of risk for each identified risk event using an evaluation of the expected severity of impact of the risk event and the likelihood of its occurrence. Further, the velocity of impact of a risk event, or the speed at which the risk event will impact the organisation, in the RCSA document, has served to priorities risks and their relevant mitigation plans. The Company is the ultimate owners of their risks and are responsible for reviewing their RCSA form on a quarterly basis. This reviewed RCSA form is then considered by the GHAIL ERM division in consolidating risks for the Group.

### Bottom up Approach of Risk Management Framework



**The ERM framework adopted and implemented by the Company involves the following:**

**i. Identification of types of Risk**

**A Risk Event**

Any event with a degree of uncertainty which, if occurs, may result in the Company not meeting its stated objectives.

**Core Sustainability Risks**

Core Sustainability Risks are defined as those risks having a catastrophic impact to and from the organisation, but may have a very low or nil probability of occurrence. These are risks that threaten the sustainability or long term viability of a business and are typically risks stemming from the Company's impact on the environment or society that will have an eventual negative impact on the longevity of the business operations.

**ii. Establishment of Risk Grid with Likelihood of**

Occurrence and severity of impact using the guideline in Table 1 given below, a risk Grid is established for the Company. Every Risk is analysed in terms of Likelihood of Occurrence and Severity of Impact assigning a number ranging from 1 (low probability/impact) to 5 (high probability/impact) to signify the possibility of occurrence and the level of impact to the organisation. Please see Table 1 for further details.

**iii. Establishment of Level of Risk based on above**

Based on the values assigned for each individual risk, using the matrix given in Table 1, a level of risk is established by multiplying the Likelihood of Occurrence with Severity of Impact.

**Table1 :Guideline for Rating Risks**

|                              |                                 |   |                         |                      |                      |                    |                            |
|------------------------------|---------------------------------|---|-------------------------|----------------------|----------------------|--------------------|----------------------------|
| <b>Impact/Severity</b>       | Catastrophic/<br>extreme Impact | 5 | 5                       | 10                   | 15                   | 20                 | 10                         |
|                              | Major/very high<br>impact       | 4 | 4                       | 8                    | 12                   | 16                 | 20                         |
|                              | Moderate/<br>High Impact        | 3 | 3                       | 6                    | 9                    | 12                 | 15                         |
|                              | Minor Impact                    | 2 | 2                       | 4                    | 6                    | 8                  | 10                         |
|                              | Low/Insignificant<br>Impact     | 1 | 1                       | 2                    | 3                    | 4                  | 5                          |
|                              |                                 |   | Rare/Remote<br>to occur | Unlikely to<br>occur | Possible to<br>occur | Likely to<br>occur | Almost certain<br>to occur |
|                              |                                 | 1 | 2                       | 3                    | 4                    | 5                  |                            |
| <b>Occurrence/Likelihood</b> |                                 |   |                         |                      |                      |                    |                            |

**The Color Matrix implies the following;**

|                |            |      |        |     |               |
|----------------|------------|------|--------|-----|---------------|
| Priority level | 1          | 2    | 3      | 4   | 5             |
| ColorCode      | Ultra High | High | Medium | Low | Insignificant |
| Score          | 15-25      | 9-14 | 4-8    | 2-3 | 1             |

## 2. Risk Control and Mitigation Methodology

**“Risk management is part of our culture across the Company. We accept the risks we can manage and where this gives us a competitive advantage. We seek to mitigate or avoid other risks. Ensuring we have an efficient risk management system in place is key to developing our business and achieving our objectives.”**

**Ahmed Rajeeb Samdani**  
Managing Director

### Trusted to manage our risks

Security is our business – so risk management is a necessary and intrinsic part of the way we work. Our customers trust us to make it integral to our service and our culture. It is part of our responsibility to them, as well as to investors, employees and other stakeholders. We review our principal risks regularly, because we work in a dynamic environment where new risks may arise or previously identified risks may have a different impact. Effectively managing risks is the responsibility of all employees. Managers are accountable for allocating required resources to successfully manage the risks they own. The Board needs reasonable assurance that our risk management and reporting systems remain sound.

So we have a range of policies and processes involving both internal and independent controls: Internal Audit, external certification bodies and external auditors. These are designed to strike the right balance between cost and effectiveness. Together, they aim to help us achieve our business objectives while cutting to an acceptable minimum the risk of operational failures, misstatements, inaccuracies and errors, fraud and non-compliance with laws and regulations.

### What we focused on during the year

We strive for a simple and practical approach while constantly improving our risk management process and the quality of information it produces. Our key focus areas during the year were:

- Further improved the Company’s level of preparation for crisis management. Maturity assessment performed on all the plans submitted by our crisis management leaders.
- Expanded risk assessment on key activities with a focus on our Platforms & Services businesses.
- Fraud risk assessment performed.
- Concentrated support provided to Manufacturing and Information Solutions and Services (ISS) in terms of Business Continuity management.

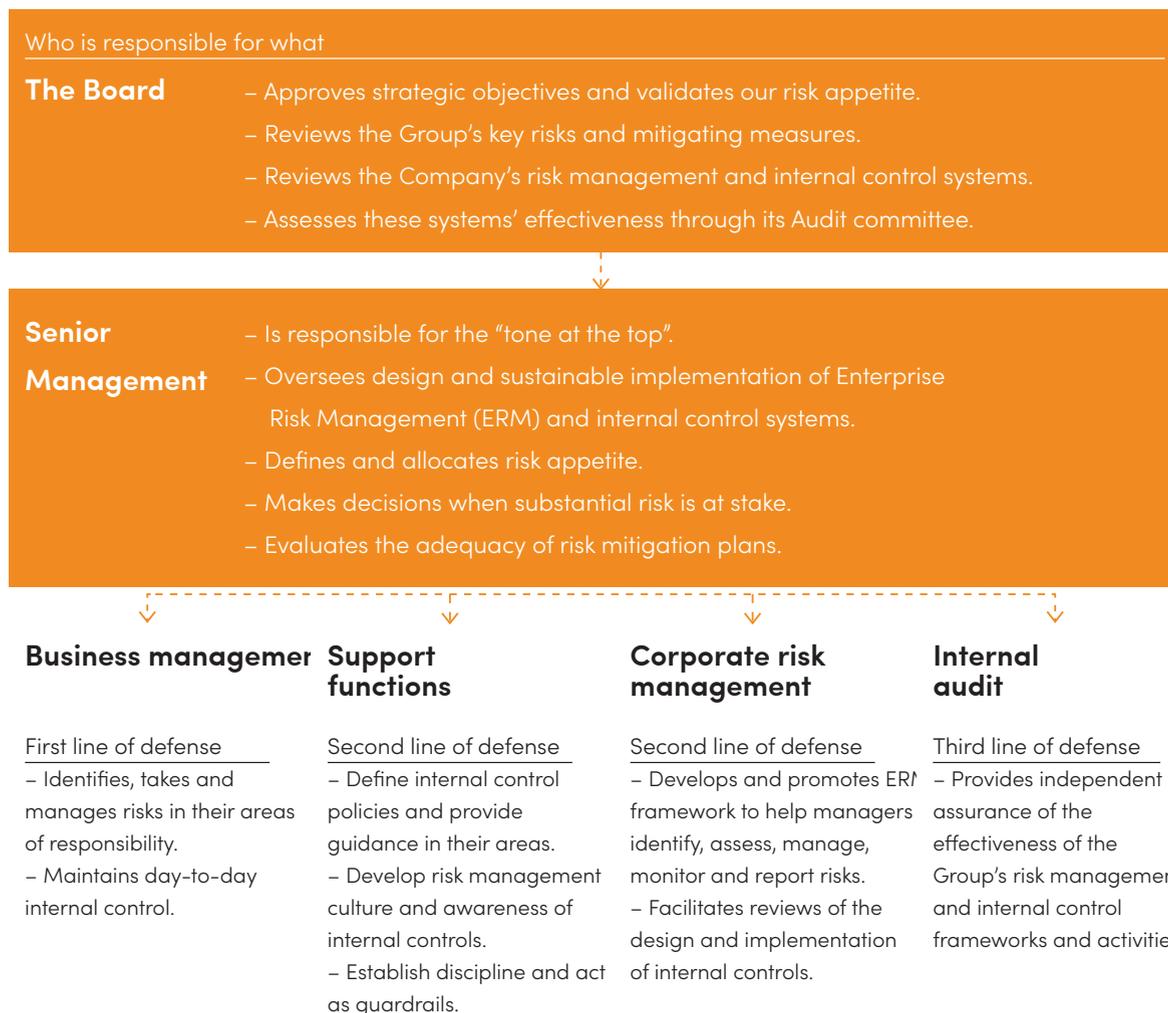
### What we plan to do in the future

- Support our key suppliers to improve their business continuity responses.
- Continue to enhance our business continuity planning with a focus on our IT recovery.
- Ongoing development of our holistic control view through synergies, exchanges and reviews between Risk management, Internal control, Internal Audit, Quality and Corporate Strategy teams.

### The way we manage risk



## How we share our risk management responsibilities



### Five key risk management processes



### Foundations

Our processes are underpinned and informed by:

- Strategy and objectives
- Culture and values
- Internal control
- Sustainability

Business overview

Financial review

Sustainability

Risk management

Governance

Financial statements

Other information

## How we address risk management

### Five key risk management processes

Our risks reporting and mitigating actions are explained on pages 36-38. We have five dedicated processes for managing these and other risks:

1. Budgeting, planning and reporting
2. Risk assessment and mitigation
3. Crisis and business continuity management
4. Fraud risk management
5. Transfer to insurance

### Budgeting, planning and reporting

To support informed and timely decision-making, we maintain strategic planning and detailed annual budgeting and forecasting processes with complementary reporting systems.

Our 2018-2021 Development Plan, prepared in line with Group objectives and strategy, covers the whole Group. The planning process includes analysis of our own business and its competition across all our activities, assessing strengths, weaknesses, opportunities and threats.

Operating and financial results and forecast are reviewed monthly. Operating results and forecast are reviewed first by our MD and and Controller of each segment and geographic area. They are then consolidated for review by the Corporate Treasurer and the CFO.

Our business review process covers all operational entities and corporate departments at least quarterly. The budget process begins in September and delivers an

annual Group budget for the following year. This is approved by the Board in December. Whenever justified by changes in activity, current quarter and current year forecasts are reviewed and consolidated into updated forecasts for the Group.

The Group Treasurer prepares a monthly review of financial results, the efficiency of the balance sheet and cash flow hedges, client receivables, and Group cash and debt. Drawing on the

review of the operating results and the treasury report, the Group Controller and CFO prepare an operating dashboard and report for review by the CEO and circulation to the Board quarterly. A review of activity is also presented by the CEO and the CFO at each Board meeting. In addition to the monthly result calls, the Head of Consolidation holds quarterly reviews with each segment and region to help identify any transaction or event which could significantly impact the Group's results or financial condition.

### Risk assessment and mitigation

Our risk management process has six key elements:



Integrated in the Company's processes, our approach is based on the principles of responsibility, ownership, performance-oriented and continuous improvement. Key risks are assigned to risk owners responsible for developing action plans. Reporting on progress on the mitigation plans is done every six months by each manager sponsor of a risk assessment to the ERA\* Steering Committee chaired by the MD. Risk assessment is carried out at all management levels as shown in the chart below, and is supported by an ERM software tool also used to manage our internal control self-assessment questionnaires.

## Crisis and business continuity management

We cannot identify all the risks we may face. So we have crisis management processes and business continuity responses designed to improve our resilience to unforeseen events – such as a supply chain disruption, employee repatriation, or network intrusion attempts – and minimize their impact on our stakeholders and reputation.

Our Crisis Management Framework was first rolled out in 2014. It encompasses basic escalation and communication rules, guidelines for anticipation and action, and clear roles and responsibilities.

In 2016, we continued to update and refine our crisis management framework and improved the Company's preparation level. In particular, the Corporate Risk Management department assessed the maturity of all the crisis management plans submitted by the crisis management leaders, and provided guidelines on the improvement areas.

Our business continuity responses aim to avoid or

minimize disruption to customers and our business in the event of a crisis. They include increasing the standardization of production tools and processes for greater flexibility between sites; multi-sourcing strategies to avoid dependence on a single supplier; creating redundancies in our infrastructure; and storing key information in back-up sites. Developments of specific technical capacities in these sites have significantly reduced the number of products still depending on a single point of manufacturing. In 2016 we further reinforced our business continuity framework with improved tools and templates as well as educational support across the Company, with particular attention and focus on Manufacturing, IT and Purchasing. Continued governance and oversight of business continuity development is provided by our Business Continuity Leadership team.

## Fraud risk management

We have built an anti-fraud framework to prevent, detect, deter, report and respond to fraudulent activities. This is overseen by the Golden Harvest Anti-Fraud Commission comprising the Managing Director, Head of Human Resources, Head of Internal Audit.

All managers must report any suspicion of fraud to the Commission, and our whistle-blowing hotline enables employees to raise suspected irregularities with a confidential advisor. In the event of a fraud, managers must make appropriate changes to systems, controls, education and procedures to prevent recurrence, and the commission monitors the effectiveness of such actions.

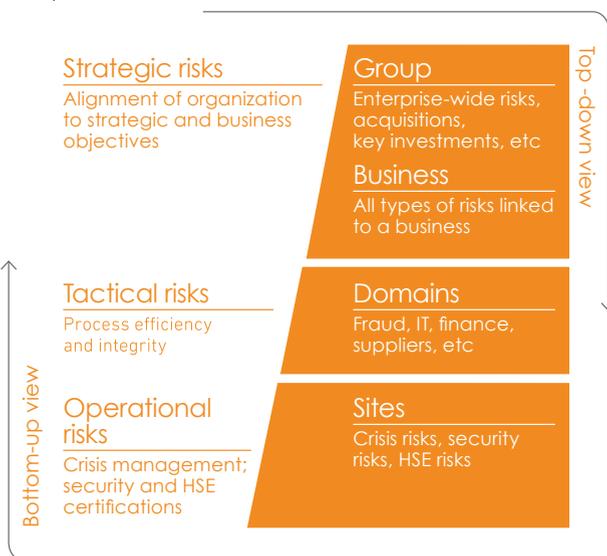
In 2016, we performed a fraud risk assessment and trained some 80 key people in anti-fraud, anti-bribery, anti-trust and ethics. In addition, some 185 employees were trained in trade compliance topics.

## Transfer to insurance

Our global insurance programs cover property damage, business interruption, public, product and professional liability, and Directors' and Officers' exposures. They aim to protect the Company against exceptionally large or numerous claims, at a cost that does not impair Group competitiveness. We neither own nor operate any captive insurance: we use only high-quality and financially sound insurers, combining master policies with local insurance policies where countries require this.

Negotiation and coordination of these programs are carried out centrally with the help of leading insurance brokers with integrated international networks. In this way we secure broad and consistent cover for all Golden Harvest activities and locations worldwide, cost optimization, and global reporting and control, while ensuring compliance with local regulatory requirements. We review our insurance strategies periodically, taking into account changes in our risk profile (such as acquisitions, claims, loss events and other activities) and insurance market trends.

\*Enterprise Risk Assessment.



## How we monitor effectiveness

### Ethical practices and employee confidence

In our 2016 internal People Quest survey, employees confirmed their confidence in our ethical practices and performance. They said that Golden Harvest and its management:

**92%**  
are committed to  
ethical practices

**92%**  
set a good  
example

**88%**  
provide adequate  
information about  
ethical practices

### Risk management

The Corporate Risk Management department has a global view of risks encompassing Enterprise Risk management, Internal Control, Crisis management, Business Continuity, Insurance and Trade Compliance. This broad view is a powerful asset in understanding and managing our risks, and helps us develop a pragmatic overall risk management approach. The department reports to both the General Counsel and the CFO.

### Internal control

We have a strong framework of internal control across all business areas and functions, based on a clear statement of ethical business principles, established procedures, and effective training of the key personnel who implement and oversee it. It aims to check that we are meeting our objectives (including sustainability goals), reporting financial performance

reliably, and complying with relevant laws and regulations.

We apply a risk-based approach. The internal control framework is updated yearly, so that it continuously evolves in line with the Company's structure, objectives, commitments and risks.

Our internal control team develops awareness across the Company and uses yearly risk-based self-assessment campaigns to ensure that the proper level of control is maintained and enhanced. For our most critical processes and entities, these self-evaluations are tested by internal auditors. This helps us to define plans for remedying deficiencies and to monitor their implementation, with particular focus on newly acquired companies.

Our dedicated Security, Quality, Health, Safety and Environment department, with representatives throughout the Group, promotes the appropriate culture and performs regular audits.

The Audit committee regularly reviews internal control reporting and internal audit activity. An annual report to the Audit committee is prepared by the Internal Audit Director and agreed with the CFO and MD.

### Financial control

Financial controllers, with the support from Internal Audit and Corporate Risk Management, are responsible for identifying risks which significantly impact the financial statements, and for taking action to mitigate those risks. They are also responsible for ensuring that the controls over the Group's earnings and operating performance remain adequate. They participate in the budget and quarterly business reviews, and oversee the monthly financial results of segments, regions and the Group. They also play an active role in operational and performance improvement projects, and in cost control and cost-effectiveness initiatives.

## How we provide independent assurance

Internal and external bodies provide assurance on the design and effectiveness of the risk management processes and compliance with the relevant standards, policies and norms.

## **Internal audit**

- Our Internal Audit department conforms to the International Standards published by the Institute of Internal Auditors (IIA). It has direct and unlimited access to Group operations, documents and employees. It reports directly to the CFO and has an independent line of communication with the Audit committee Chairman and the MD. Internal Audit reports to the Audit committee at each meeting and holds regular private sessions with the Audit committee.
- The team reports monthly and annually to the Chairman of the Audit committee and the CFO. Audit missions include ethics and fraud reviews and follow-up reviews of acquisitions.

## **External auditor**

- The independent external auditor provides an independent opinion on the financial results of the Group: its report is available on page 120. The auditor has unrestricted access to Golden Harvest sites and documentation, and communicates regularly with the Internal Audit department and with the Audit committee.
- The Audit committee assesses the work of the external auditor at least once a year.

### 3. Disclosure of Risk Reporting

In addition to the business risks generally faced by international businesses like Gemalto (such as country risks, M&A, foreign exchange, interest rates, liquidity...), we have outlined eight principal risks that could have an impact on the Company, and have taken measures to mitigate each one.

#### Potential impacts/effects

- Negative impact on revenues, cash flows and profitability sustainability.
- Inefficient distribution of physical, personnel and financial resources.

#### Mitigating actions

- Competitive and market intelligence program.
- Formal multi-year development plan.
- Focus on industries where reach is strong.
- Focus investments in growing markets.

#### Mitigating actions

- Comprehensive Product and Software Platform architecture in place to quickly answer clients' unmet business needs.
- Effective contribution to standardization bodies.
- R&D, balancing near-term improvements with longer-term 'break-out' solutions.

#### Market growth

New businesses and chosen markets do not hold their growth prospect or develop as predicted.



#### Relevance/materiality

- Failure to benefit as expected from business opportunities particularly in the Internet of Things, Enterprise Security and National Identity programs.
- Failure to make security a ready-to-use service that grows as fast as the markets it protects.
- Sovereignty consideration reduce potential market for global security solution providers despite increasing needs.

#### Mitigating actions

- Target market leadership where we play.
- Design our security solutions to preserve customer ownership and control.
- Design our security solutions to facilitate enforcement of local regulatory compliances.

#### Mitigating actions

- Selective M&A.
- Customer intimacy, focus on creating value for clients; high overall customer confidence in the annual 'Tell Me' survey.
- Promoting agility, benchmarking and quick market responses.

#### Competition

Change in the business dynamic, whereby a competitor's product or technology may lead to loss of competitive advantage.



#### Relevance/materiality

- Market demand is not strong enough for cloud independent security solutions.
- Authentication market commoditizes with generic procedures, pre-embedded in consumer devices sufficient for service providers.
- Physical SIM cards and/or payment cards are replaced by software and dematerialized solutions before our position is strongly established there.

#### Mitigating actions

- Use common core technologies across segments to leverage internal synergies.
- Continuous adjustment of our geographic footprint by balancing local hiring with the right network of local partners and distributors.
- Diversification of use cases of our technologies and client bases.

Key: Main potential impacts expected when unforeseen circumstances occur:

-  Financial
-  Organizational
-  Reputational
-  Legal

## Product quality and service delivery

Technical requirements becoming more and more complex and demanding with high liabilities.



### Relevance/materiality

- Data protection and cyber security are core to our business, which itself is contingent on customer confidence in our ability to protect the privacy of the data they entrust to us.
- Hacking threats are growing significantly.
- Enhanced data quality and integrity lead to strategic business decisions and better customer service.

### Potential impacts/effects

- Leakage and/or loss of customers' or Golden Harvest's confidential data resulting, for example, from cyberattacks, employee negligence or the vulnerability of our IT systems.
- Inquiries, complaints and lawsuits.
- Investigation by governmental privacy authorities.

### Potential impacts/effects

- Inability to attract, develop and retain highly qualified management and suitably skilled employees, particularly to address the markets we want to develop in.
- Loss of key resources, including in acquired companies.
- Shortage of appropriately skilled management.

### Mitigating actions

- Quality management system and world-class enterprise organization.
- Dedicated R&D teams for Product as well as Platforms & Services.
- Bid and contract reviews with approval process based on risk assessment and according to limits of authority.
- Product and professional liability insurance.

## Talent management

Our people and HR processes may not be adequately scalable to meet our growth and transformation ambitions.



### Relevance/materiality

- Business development through expansion into jurisdictions with clear privacy regulations.
- Development of embedded products (else...) will increase liabilities and replacement costs.
- Defects (visual) on Government Program products could be seen as a security breach (fake, fraud...).

### Potential impacts/effects

- Replacement of products or remediation costs.
- Loss of business or market share.
- Adverse impact on reputation.
- Drop in stock prices due to negative publicity.
- Failure to develop and deploy secure, stable or reliable technology products and solutions.

### Mitigating actions

- Awareness program and compliance action plan on food safety by the Director of Golden Harvest.
- Corporate Security Incident Response team.
- Internal security audits.
- Anti-Fraud Commission.
- Regular penetration testing on our systems.
- Standardized manufacturing processes.

### Mitigating actions

- Comprehensive Human Resources strategy with eight pillars (diversity, mobility, promotion from within, learning, recruitment, compensation & benefits, ethics & well-being, management by objectives).
- Technical Ladder to recognize individual contributors/technical skills.
- Short-term and long-term management incentive plans.

### Relevance/materiality

- Our products support our image to the customer
- The Group's success and its strategic shift towards Software and Services are contingent on recruiting and retaining highly skilled personnel (senior management, R&D, engineering, sales, marketing...).
- There is intense competition for skilled employees.

### Potential impacts/effects

- Failure of supplier's product embedded in a Golden Harvest.
- Major quality issue in one of our manufacturing facilities.
- Mismanagement of after-sales service.
- Replacement of products.
- Loss of reputation.

### Mitigating actions

- Customer satisfaction measured regularly with high overall customer confidence in annual survey.
- Dedicated key account management program.
- Qualification labs continuously improving qualification processes.
- Failure analysis labs.
- Corporate quality improvements programs, anti-error systems.

### Mitigating actions

- Succession plan for senior management positions.
- Company positioning on professional social networks.
- Yearly Employee satisfaction survey and related action plan.
- Acquisition of specific expertise accelerated through M&A.

## Business integrity, ethics and reputation

Internal fraud, bribery, anti-trust violations; actions or inactions perceived by stakeholders to be inappropriate.



### Relevance/materiality

- As a listed company with a national wide presence, the Group is subject to numerous rapidly evolving and complex laws and regulations.
- Stakeholder trust is directly tied to ethical behavior, compliance with applicable rules and regulations and internal policies and procedures.
- R&D is an important part of the activity of the Group and is dependent on proprietary technology and intellectual property rights.

### Potential impacts/effects

- Failure to accurately assess our selection chances within the framework of a bid process may lead to inefficient allocation of resources and additional costs.
- Poor understanding and/or implementation of client expectations or needs could lead to a failed contract, resulting in reduced future revenue, profitability and cash generation.
- Contingent liabilities.

### Mitigating actions

- Training/e-learning: security, business principles, anti-fraud, anti-trust.
- Regular internal and external audits of facilities.
- Internal audits on all suspected fraud.
- Investigation process and tools.
- Crisis management framework and associated worldwide training program.

## Contracts

Ineffectively managing complex national or multinational customer contracts.



### Relevance/materiality

- Potential excessive liabilities arising from contracts.
- Numerous factors including cost variation; delivery delays; changes to customer requirements, budgets, strategies, or businesses; supplier performance; our ability to negotiate back-to back clauses for purchasing or partnership agreements affect the revenue and profitability of a contract and could lead to financial loss.

### Mitigating actions

- Code of Ethics signed by employees.
- Clear policies on "do's and don'ts".
- Dedicated and qualified internal IP team organized by technology.

### Mitigating actions

- Patent committee.
- Management of Open Source use within Golden Harvest through a dedicated process.
- In-depth analysis at the very beginning of bidding process for major deals in order to measure the Group's likelihood of success.

Key: Main potential impacts expected when unforeseen circumstances occur:



### Potential impacts/effects

- Loss of trust.
- Impact on our image and reputation.
- Fines and other sanctions.
- Liabilities, including Director and Officer Liabilities.
- Third-party claims for alleged infringements of their patent rights (inability to use the patented invention in our products and services, damages to be paid for past infringements...).

### Mitigating actions

- Risk assessments with regular updates (including fraud risks).
- Anti-fraud commission; Compliance Officer reporting directly to the CEO.
- Policies and procedures, Code of Ethics, Agents Policy, whistle-blowing tool, employee survey.
- Sustainability structure and framework in place.
- Security certifications and organization.

### Mitigating actions

- Reassessment and contract review with clear presentation of risks and approval process according to limits of authority in order to ensure decision-making at proper management level and efficient allocation of resources.
- Project-based organization of Government Programs and solutions and services contracts to manage delivery risks.
- Revenue recognition policy, contractual guidelines, business and geographical legal teams.

ফুডগ্রোড পলিব্যাগে ও বোতলে পূর্ণ ননীযুক্ত  
১০০% খাঁটি দুধ



ফ্রি হোম ডেলিভারি

সম্পূর্ণ নিজস্ব খামারে উৎপাদিত



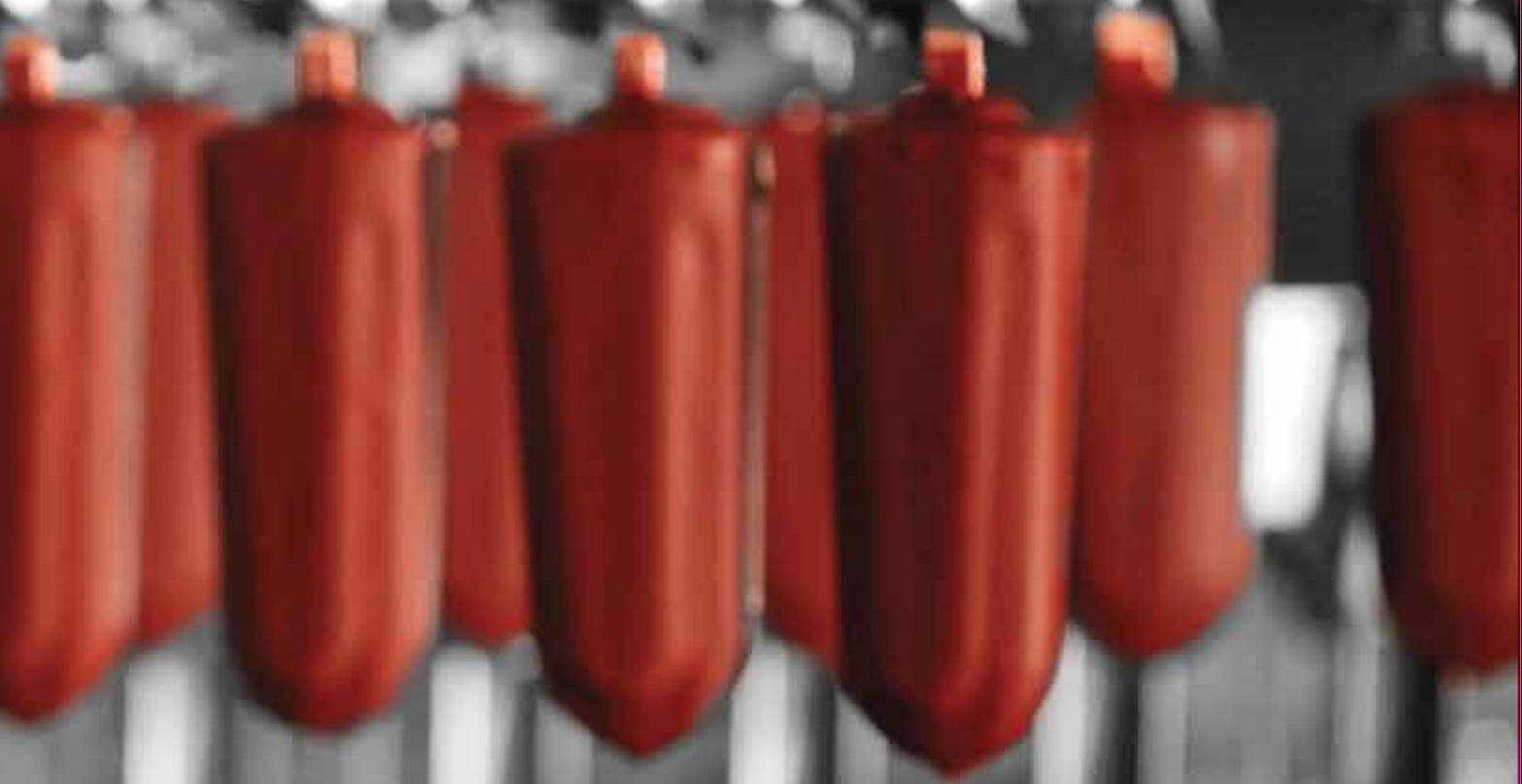


## Bloop Choc-o-papa

The chocolaty delight with vanilla ice cream with chocolate coating, the delicate mix of chocolate & vanilla, cheers up with every bite



**bloop**  
ICE CREAM



# Corporate Governance



## Management Committee

From Left: Lt. Col. Md Nasimul Alam (Retd.), Mr. Nirmal Chandra Sardar, Ms. Nadia Khalil Choudhury, Mr. Ahmed Rajeeb Samdani, Mr. Azizul Huque, M. M. Ferdous, Ms. Rojina Akhter, FCA

***“What we believe is good governance will excel organizational overall strategy keeping transparency, accountability and stakeholders’ interest in place.”***

### THIS REPORT INCLUDES

- Statement of Board of Directors on the Responsibility to Establish Appropriate System of Internal Control.
- Corporate information.
- Corporate Governance Report
- Certificate on Compliance of Corporate Governance
- Compliance Report on BSEC’s Notification on Corporate Governance Code
- Declaration by CEO and CFO on Financial Statements of the Bank to the Board

## STATEMENT OF DIRECTORS' RESPONSIBILITY TO ESTABLISH APPROPRIATE SYSTEM OF INTERNAL CONTROL

The company goal is to maximize the shareholders prosperity, not just to maximize profit. The fact is that the company not only has economic responsibility but also social responsibility to the community and its environment. The Company is committed to maintain high standards of corporate governance. Our corporate governance framework is carefully constructed, and continually evaluated and updated, to ensure that it promotes accountability and supports our strategy to foster long term value and sustainable growth for the benefit of all shareholders.

The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. We attach importance to our people, our code of conduct, and our corporate policies and standards, which together form the basis of our governance practices. We respect and are committed to comply with the laws, rules and regulations of the country and area in which we operate, and we strive to ensure for our people a healthy and safe working environment which is our paramount concern. We endeavor to contribute to the sustainable development of the Company, with particular focus on our accountability to shareholders and stakeholders. This report describes how the Company has applied its corporate governance practices to its everyday activities.

The company has adopted a time-tested corporate governance framework which is being regularly reviewed and updated in line with the evolving regulations and best practice, to guide the Board, Board committees, Management and staff in performing their stewardship roles. This framework is underpinned by leadership, integrity, accountability, transparency, sustainability and shareholder engagement. These guide the company in all its decisions relating the Board oversight, delegation of authority, division of responsibilities, resource allocation, risk management, compliance, performance appraisal and compensation, related party transactions, and financial reporting. The commitment to good corporate governance has in fact been a major contributory factor to the many achievements the company has accomplished.

*In order to separate execution by and monitoring over management, Non- executive Directors in our Board Additionally, GHAIL has established a Governance and Remuneration Committee and a Nomination Committee as advisory committees to the Board of Directors. Each committee is chaired by an Independent Director and Audit & Supervisory Board Members. In appointing Independent Director and Audit & Supervisory Board Members, GHAIL places great importance on their independence, and in this connection.*

**A strong leadership and a transparent  
Decision-making system are pillars  
Of good corporate governance.**

It is our fundamental management policy to build a fair and good relationship with various stakeholders based on our corporate philosophy and our code of conduct and thus improve our corporate value from a long-term perspective. In accordance with this policy, with the intention to ensure proper and efficient execution by management, we will enhance the transparency of decision-making and establish a corporate governance system in which monitoring and supervision functions are appropriately incorporated.

The Company believes this arrangement facilitates not only appropriate monitoring over execution by management but also the consideration of important business execution from an external perspective.

It is also vital that GHAIL timely and adequately discloses its financial and non-financial information to the stakeholders as part of good governance.

We believe that our current corporate governance structure accords with good and effective corporate governance called for by the Bangladesh Security Exchange Commission., in its Corporate Governance Code. GHAIL will continue to evaluate and improve its corporate governance structure so that it always best suits GHAIL in any given moment and time in its corporate history.



**Enamuzzaman Chowdhury**  
Chairman

## CORPORATE INFORMATION

|  |  |                 |
|--|--|-----------------|
| Legal Form                                 | Incorporated as a private Limited company on August 10,2004; Converted into Public Limited Company on June 30,2010 under The Companies Act, 1994   |                 |
| Listing Status                             | Listed with Dhaka Stock Exchange and Chittagong Stock Exchange   |                 |
| Stock Summary & Financial Information      |  |                 |
| Authorized Capital                         | Tk.  | 2,500 Million   |
| Paid up Capital                            | Tk.  | 1199.09 Million |
| No. of Shareholders                        |  | 9,533           |
| No. of Employees                           |  | 1142 Persons    |
| Corporate Office                           | Shanta Western Tower, Level-5, Space#501 & 502, 186, Gulshan- Tejgaon Link Road Tejgaon I/A Dhaka- 1208.   |                 |
| Factory Address                            | Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur.  |                 |
| Company E-mail address                     | <a href="mailto:info@goldenharvestbd.com">info@goldenharvestbd.com</a>   |                 |
| Company website                            | <a href="http://www.goldenharvestbd.com">www.goldenharvestbd.com</a>   |                 |
| Board of Directors                         | Mr. Enamuzzaman Chowdhury  |                 |
|  | Mr. Ahmed Rajeeb Samdani   |                 |
|  | Ms. Nadia Khalil Choudhury   |                 |
|  | Mr. Azizul Huque   |                 |
|  | Mr. Mohius Samad Choudhury   |                 |
|  | Mr. Moqsud Ahmed Khan  |                 |
|  | Mrs. Anita Ghazi Islam   |                 |
|  | Alena Akhter Khan  |                 |
| Audit Committee                            | Alena Akhter Khan  |                 |
|  | Ms. Nadia Khalil Choudhury   |                 |
|  | Mr. Azizul Huque   |                 |
| Nomination and Remuneration Committee      | Anita Gazi Islam-Independent Director<br>Nadia Khalil Chowdhury-Director<br>Enamuzzaman Chowdhury-Director<br>Ahmed Rajeeb Samdani-Managing Director   |                 |
| Company Secretary                          | Mr. Nirmal Chandra Sardar  |                 |
| Chief Financial Officer                    | Ms. Rojina Akhter, FCA   |                 |
| Statutory Auditor                          | S F AHMED & Co.Chartered Accountants,<br>House 51 (2nd floor), Road 9, Block F, Banani,<br>Dhaka 1213, Bangladesh.   |                 |
| Corporate Governance<br>Compliance Auditor | MABS & J Partners, Chartered Accountants,<br>SMC Tower (7th Floor), 33, Banani C/A, Road #17,<br>Dhaka-1213,Bangladesh   |                 |
| Subsidiaries Company                       | Golden Harvest Ice Cream Limited   |                 |
|  | Golden Harvest Dairy Limited   |                 |
| Associate Company                          | Golden Harvest QSR Limited   |                 |
| Share Holding Position                     | <ul style="list-style-type: none"> <li>■ Sponsors/promoters and directors</li> <li>■ Institute</li> <li>■ Public</li> </ul>  |                 |

## Corporate Governance Report

### Executive Summary

Golden Harvest Agro Industries Limited (GHAIL), its Subsidiary Golden Harvest Ice Cream Limited (GHIL) and Golden Harvest Dairy Limited (GHDL) have a Corporate Governance philosophy founded on a culture of performance within a framework of conformance and compliance to succeed in today's competitive business vicinities in a manner that is sustainable and equitable to all our stakeholders.

### Corporate Governance Framework

GHAIL's Corporate Governance framework has been developed and enhanced based on the basic principles and best practices outlined in the following:

- Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code;
- The Companies Act 1994 and other applicable regulations of Bangladesh;
- Dhaka and Chittagong Stock Exchanges Listing Regulations, 2015;
- Laws of the country;
- Internal Policies and Guidelines of the Company;
- Statement of Delegated Authorities of the Company; and
- Statement of Risk Management of the Company;

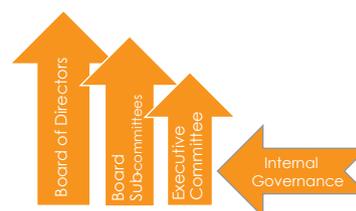
### Sound Corporate Governance Practice in GHAIL

GHAIL is committed to the highest standards of business integrity, ethical values and professionalism in all its activities towards rewarding all its stakeholders with greater creation of value, year-on-year. Our governance framework which has been communicated to all levels of management and staff in individual businesses and functional units is based on the following:

- ≈ The Board is responsible to the shareholders to fulfill its stewardship obligations, in the best interest of the Company and its stakeholders.
- ≈ Maximizing shareholder wealth-creation on a sustainable basis while safeguarding the rights of multiple stakeholders.
- ≈ The methods we employ to achieve our goals are as important to us as the goals themselves.
- ≈ No one person has unfettered powers of decision making.
- ≈ Building and improving stakeholder relationships is an integral aspect of board effectiveness and is a responsible approach to business.
- ≈ Opting, when practical, for early adoption of best practice governance regulations and accounting standards.
- ≈ Our resolve to maintain strong governance practices which present strong commercial advantages especially through a lowering of our cost of capital as a result of the strengthened stakeholder confidence, the confidence of our investors, both institutional and individual.
- ≈ The making of business decisions, and resource allocations, in an efficient and timely manner, within a framework that ensures transparent and ethical dealings which are compliant with the laws of the country and the standards of governance.

### Internal Governance Structure

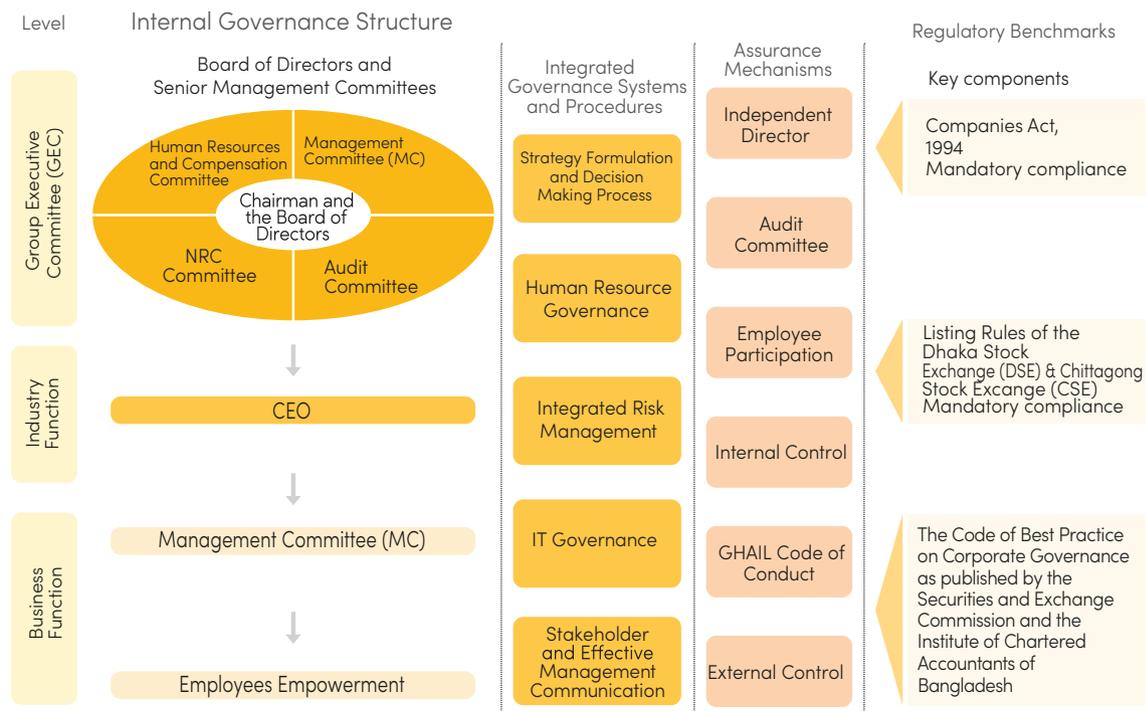
The Internal Governance Structure covers the committees which formulate, execute and monitor Group strategies and initiatives and the policies, processes and procedures employed. The Three (3) main pillars are:



Executive authority is well devolved and delegated through a committee structure ensuring that the CEO, and profit center/functional managers are accountable for the business units/sub functions respectively. Clear definitions of authority limits, responsibilities and accountabilities are set and agreed upon in advance to achieve greater operating efficiency, expediency, healthy debate and freedom of decision making. As depicted in the Governance framework, the above components are strengthened and

complemented by internal policies, processes and procedures such as strategy formulation and decision making, human resource governance, integrated risk management, IT governance and stakeholder management and effective communication.

GHAIL'S Governance Framework is depicted in the following diagram:



## Statement of Compliance with Bangladesh Securities and Exchange Commission's notification on Corporate Governance

As GHAIL is listed on the Stock Exchanges in Bangladesh, we comply with the Compliance of Notification No.SEC/CMRRCD /2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969. For the year ended 30th June 2019, we have complied with the relevant provisions set out in this report.

### Structure of the Board

The Board of Golden Harvest Agro Industries Ltd. consists 08 (eight) Directors including Managing Director & CEO. The Managing director is an Executive Director ( Ex-Officio).02 (two) are independent Directors having diverse and professional expertise and experiences with enables them to execute independent judgments on the Board where their views carry substantial weight in the decision making and policy formation of GHAIL. The presence of 03 (three) female Directors bring variety in the Board. The combination of Executive, Non-Executive and Independent Director in the Board of GHAIL adheres to the corporate governance code issued by Bangladesh Securities & Exchange Commission (BSEC)

### Board of Directors, Chairman and CEO

#### Board of Directors:

The board of directors, along with the Chairman, is the apex body that is responsible and accountable for company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate

interests of its shareholders and stakeholders. In addition to business and financial issues, board of directors must deal with challenges and issues relating to corporate governance, corporate social responsibilities and corporate ethics.

## GHAIL's policy on appointment of Directors:

In relation to the appointment of new Directors, the existing Board of Directors possesses the following duties and responsibilities:

- Regularly review of size and composition of the Board that may be required to permit the Board to execute its functions with adequate skills and expertise;
- Identify any competencies not adequately represented and agreed to the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of GHAIL;
- Any change in the members of the Board requires intimation to Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges.

## Retirement and re-election of Directors

As per the Articles of the Company one third of the directors to retire every year shall be who have been longest in office since their last election but remain for re-election. The Directors, Mr. Enamuzzaman Chowdhury and Mr. Azizul Haque will retire at this AGM and are eligible to be re-elected.

| SL No. | Name of Director       | Nature of Directorship | Mode of Change      |
|--------|------------------------|------------------------|---------------------|
| 01     | Enamuzzaman Chowdhury  | Non-Executive          | Retired & Reelected |
| 02     | Ahmed Rajeeb Samdani   | Executive              | Continue            |
| 03     | Nadia Khalil Choudhury | Non-Executive          | Continue            |
| 04     | Azizul Huque           | Non-Executive          | Retired & Reelected |
| 05     | Mohius Samad Choudhury | Executive              | Continue            |
| 06     | Moqsud Ahmed Khan      | Non-Executive          | Continue            |
| 07     | Advocate Alena Akhter  | Independent Director   | Continue            |
| 08     | Anita Ghazi Islam      | Independent Director   | Continue            |

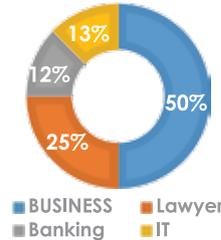
## Roles and responsibilities of the Board

The board of directors, including the general manager or CEO (Chief Executive Officer), has very defined roles and responsibilities within the business organization. Essentially it is the role of the board of directors to hire the CEO or general manager of the business and assess the overall direction and strategy of the business.

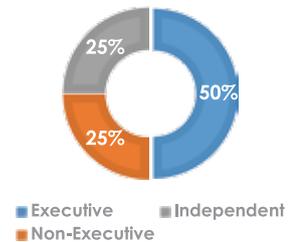
- Provide direction and guidance to the Company and the Subsidiary in the formulation of its high level Strategies, with emphasis on the medium and long term, in pursuance of its sustainable development goals;
- The ultimate direction of the company, in particular the conduct, management and supervision of the company, and the provision of necessary directions;

- The determination of accounting and financial control principles, as well as the principles of financial planning;
- Review and approve major corporate objectives, policies, budgets and strategies as initiated by the CEO. In reviewing the strategic Annual plan, long-term business plans, confirm its directors, or propose changes of direction;
- The board reviews the financial performance of the company from time to time and reformulates the financial policies;
- Monitoring systems of governance and compliance;
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels Adopting voluntarily, best practices where relevant and applicable;
- Approving in principle issue of equity I debt securities;
- Test business model and identify key performance measures also identify risk areas and oversee risk management;
- Ensure the integrity of published financial statements;
- The board formulates, reviews and

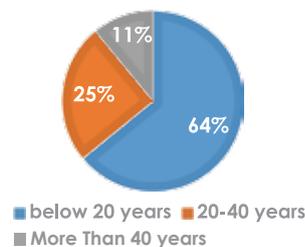
**PROFESSIONAL BACKGROUND**



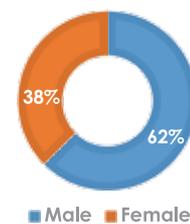
**DIRECTOR BALANCE**



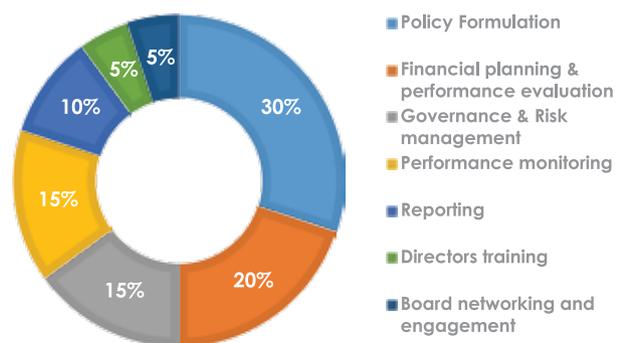
**LENGTH OF SERVICE**



**GENDER DIVERSITY**



**BOARD SPENT TIME IN FY 2019**



reformulates the company's mission, objectives and policies which forms the basis for strategy formulation and implementation;

- The board acts a vital and continuous link between the company and external environment like government, other companies, social and economic institutions etc;
- Ensure the company complies with laws and codes;

### Continuing development program of Directors:

In instances where Non-Executive Directors are newly appointed to the Board, they are apprised of the: Values and culture, operations of the Company and its strategies, operating model, policies, governance framework and processes, responsibilities as a director in terms of prevailing legislation, the code of conduct demanded by the Company and important developments in the business activities of the Group. The Board policy on Directors' training is to provide adequate opportunities for continuous development, subject to requirement and relevance for each Director.

The Directors are constantly updated on the latest trends and issues facing the Company and the industry in general.

## Annual appraisal scheme of the board:

The Board conducted its annual Board performance appraisal for the financial year 2018-19. This formalized process of individual appraisal enabled each member to self-appraise on an anonymous basis, the performance of the Board under the areas of;

- Role clarity and effective discharge of responsibilities
- People mix and structures
- Systems and procedures
- Quality of participation
- Board image

The scoring and open comments are collated by a Non- Executive Independent Director, and the results are analyzed to give the Board an indication of its effectiveness as well as areas that required addressing and/or strengthening.

## Composition of the Board, representation of the Non-Executive Directors and their independence

As at 30 June 2019, the Board consisted of Eight (8) Directors, of which two (2) are Non-Executive, Independent Directors and comply with the limits given by Bangladesh Securities and Exchange Commission (BSEC).

As at the last Annual General Meeting held on the 19 December 2018, the Board was consisted of Eight (8) Directors, of which Two (2) were Non-Executive, Independent Director. The Directors of the Board are appointed by the Shareholders at the Annual general Meeting (AGM) and accountable to the shareholders.

The Board members have a wide range of expertise as well as significant experience in corporate, marketing, legal and financial activities enabling them to discharge their governance duties in an effective manner.

## Representation of Independent Directors in the Board and their independence

As per the Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80: dated 3 June 2018, issued by Bangladesh Securities and Exchange Commission (BSEC), at least one fifth of the total directors of the Board shall be independent Directors. Thus in compliance with the code 1(2)(a) two (2) directors out of total eight (8) directors are independent, having no share or interest in GHAIL. The selected Independent directors are committed to maintain their independence throughout their tenure in the board.

## Appointment of Independent Director

As per code 1(2)(e), the tenure of office of an independent director shall be for a period of 3 years, which may be extended for 1 term only. The appointment of independent directors is essential for listed companies in order to ensure good corporate governance. One of the main reasons behind appointing independent directors is to ensure objectivity so that they can evaluate the performance and wellbeing of a company without having any conflict of interest or undue influence.

### **Chairman of the Board and Chief Executive officer:**

There are two key takes at the top of every public company conducting of the business of the Board, and facilitation executive resistibility for management of the company's business. The main purposes of splitting the position and roles of the Chairman from that of the CEO are to strengthen the overall integrity of the company by means of avoiding the conflict of interest and to improve the ability of the Board of Directors to oversee management. There should be a clear division of responsibility at the head of company. Which ensure a balance power and authority. Such that no one individual has unfettered powers of decision.

In linewidth best practice in Corporate Governance the Chairman and the CEO of the Company are two separate persons in their respective offices. This also complies with clause 1.4 of the BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code, dated 3 June 2018.

### **Position of Chairman and the Chief Executive Officer of the Company**

In compliance with Notification of Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC), the post of the Chairman and the CEO (Chief Executive Officer) will have to be held by different person. The Chairman is a Non-Executive Director and CEO is an Executive Director appointed by the Board. The responsibilities of the Chairman and CEO/Managing Director are clearly defined.

### **Roles & Responsibilities of the Chairman as defined by the board:**

The Chairman of the Board shall be responsible for overall management and effective as well as efficient performance of the Board of Directors. Under his leadership, the Chairman will:

- Provide leadership to the Board's;
- Ensure effective operations of the Board and its committees in accordance with corporate governance structure;
- Ensure that all Board Committees are functional and properly operated;
- Support the CEO & Managing Director in strategy formulation and give advice as and when required;
- Ensure harmony among the Directors to act for the company's overall strategy;
- Encourage and maintain active engagement by all members of the Board; and
- Ensure that Board Committees address all corporate governance issues;

### **Roles & Responsibilities of MD & Chief Executive Officer**

The CEO/MD is the highest-level leader of a company. They make key management and financial decisions, and serve as the public face of the company.

The CEO/MD is accountable to the board for the performance of his responsibilities with expectations of the CEO/MD keeping the board informed of all events and circumstances which have, or may be likely to have, a material impact on the organization.

- ▶ Develop and execute the company's business strategies in order to attain the goals of the board and shareholders Providing strategic advice to the board and chairperson;
- ▶ Preparing and implementing comprehensive business plans to facilitate achievement;
- ▶ Ensure company policies and legal guidelines are communicated all the way from the top down in

the company and that they are followed at all times;

- ▶ Communicate and maintain trust relationships with shareholders, business partners and authorities;
- ▶ Board Administration and Support;
- ▶ Oversee the company's financial performance, investments and other business ventures;
- ▶ Delegate responsibilities and supervise the work of executives providing guidance and motivation to drive maximum performance;
- ▶ Analyze problematic situations and occurrences and provide solutions to ensure company survival and growth;
- ▶ Create an environment that promotes great performance and positive morale.;
- ▶ Represent the company as required, including attendance of important functions, industry events and public meetings;
- ▶ Work closely with the CFO (Chief Financial Officer) to prepare annual budgets, complete risk analysis on potential investments, and advise the Board of Directors with regard to investment risk and return;
- ▶ Work closely with Human Resources (HR) regarding hiring practices, payroll and benefit disbursement;
- ▶ Oversee quality control throughout the company, establishing goals for each department in partnership with division managers;



### Annual evaluation of CEO by the board:

As CEO is in the board of GHAIL, he along with the board of directors does broad discussions on yearly business plans for the coming years at the end of previous year. The yearly budget are discussed, evaluated and finalized by the Board. The overall business goals are monitored semiannually with actual achievements, by the Board. The whole process is to attain overall business growth keeping deviations at the nominal level.

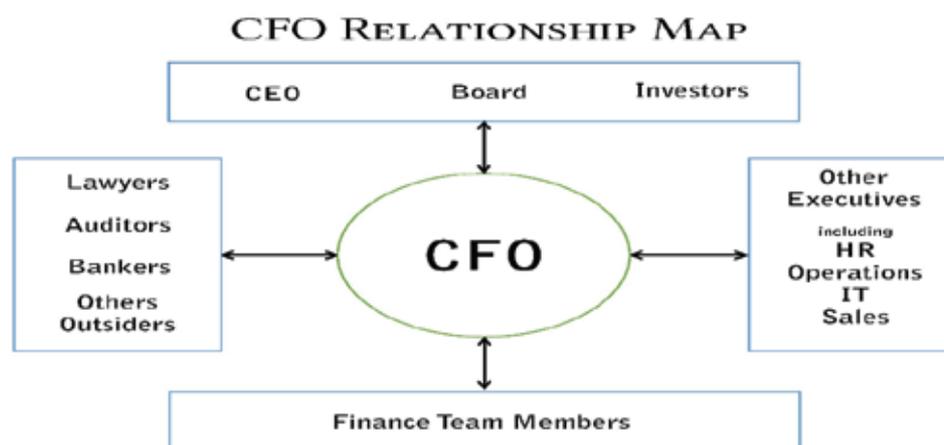
### Roles & Responsibilities of Chief financial officer (CFO)

The Chief Financial Officer (CFO) of a company has primary responsibility for the planning, implementation, managing and running of all the finance activities of a company, including business planning, budgeting, forecasting and negotiations.

- ▶ To participate in planning and policy making, and unshouldering responsibility for the overall financial management of the Company; To regulate, supervise and implement a full and accurate set of accounting books and records reflecting all its activities in a manner commensurate with the relevant legislation .

- ▶ Providing leadership, direction and management of the finance and accounting team
- ▶ Communicate, engage and interact with Board of Directors, CEO, COO and Executive Leadership Team to provide strategic recommendations.
- ▶ Establishing and developing relations with senior management and external partners and stakeholders
- ▶ Reviewing all formal finance, HR and IT related procedures
- ▶ To prepare annual budget, financial and business plans, feasibility studies for new diversification;
- ▶ Understand and mitigate key elements of the company's risk profile
- ▶ Ensure that the company complies with all legal and regulatory requirements
- ▶ Assess and evaluate financial performance of organization with regard to long-term operational goals, budgets and forecasts.
- ▶ Provide insight and recommendations to both short-term and long-term growth plan of organization.
- ▶ Ensure full transparency over the financial performance of the company.

- Organizer
- Operator
- Strategist
- Catalyst



### Roles & Responsibilities of Company Secretary

The Company Secretary guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance. His responsibilities include ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation, maintaining statutory registers, prompt communication to regulators and shareholders, filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary. He maintains the Minutes of Board Meetings, which are open for inspection by any Director at any time. Appointment and removal of the Company Secretary is a matter for the Board as a whole.

The main role & Responsibility as below:

- Ensuring the compliance of the Company and the Board of Directors with the relevant laws, rules & regulations, resolutions of both the Board and AGM's meetings including corporate governance practices.

- Preparing and keeping important documents of the Company.
- Holding, managing and administering board and committee meetings and general meetings of shareholders; Organizing, preparing agendas for, and taking minutes of board meetings, audit committee meetings, executive committee and other committees of the Board, annual general meetings (AGMs) and extra-ordinary general meeting of the shareholders;
- Certifying the company's annual financial statements whether the company has filed required returns and notice in terms of the Act, and whether all such returns and notices appear to be true, correct and up to date also Ensuring that copy of the report sent, in accordance with the Act to every person who are entitled to it
- Providing support for Directors and Executives to attend training courses in their relevant areas
- Providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers;
- Filing statutory returns to regulatory bodies such as RJSC, Bangladesh Bank, Securities & Exchange Commission (SEC), Stock Exchanges, Central Depository System etc;
- Assist management in corporate tax planning and ensure efficient and effective tax management and compliance with regard to tax withholding and statutory reporting to tax authority;
- To develop and oversee the systems that ensure the company complies with all applicable codes, as well as its legal and statutory requirements;
- Liaison with the outside parties for company affairs.

## Roles & Responsibilities of Head of Internal Audit and Compliance

The Head of Internal Audit and Compliance is responsible to bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes accordance with annual audit objectives, and holding opening and closing meetings with management, including providing all audit reports. HIAC assists in the establishment, development and evaluation of a company's internal controls over financial reporting, compliance and business operations.

- Ensure proper internal control system are in place;
- Lead Internal Audit's change initiative by implementing action plans related to risk assessment and annual planning, audit execution, audit reporting, staff recruiting and development, audit technology, and Audit Committee reporting;
- Coordinate analysis of risk in different areas of operations;
- Ensuring the reports are clear, concise, identify root causes with practical solutions, and ultimately provide value to management;
- Update/develop process documentation to support management's assessment and Model Audit Rule compliance;
- Proactively inform senior management of significant



risks or exposures related to internal controls, compliance, and/or governance requiring prompt attention;

- In order to monitor interventions from management, internal audit managers conduct follow-up audits to make sure that regulations and sector rules are still being met and best practices are being followed;
- Manage the process to track, follow-up, and ultimately close all open audit issues leveraging the Audit Committee, if necessary;
- Coordinate the activities of external auditors including how best to leverage the work performed and results produced from Internal Audit's work;
- To ensure the company meets its financial, operational and compliance objectives;
- Reporting on control deficiencies to management and making recommendations to mitigate risk and add value;
- Challenging current processes across the company and identify opportunities for refinement;
- Playing an active role in the maintenance and review of policies and procedures Communicating with a variety of stakeholders across the company;

### The Director's Report to Shareholders

The Director's Report to shareholders is prepared in compliance with the corporate governance code of BSEC. Detailed Directors' Report is articulated on page No. 44.

### Related party transactions

During the year the Company concluded business deals with the organizations in which the Directors had an interest. It was determined on the basis of common Directorship and the Company's subsidiaries. Details are given Note no 41.3 in the accounts.

### Disclosure of Board Meeting:

The meetings of the Board of Directors of GHAIL are normally held at the Registered Corporate Head Office of the Company. The meetings are held frequently, at least once in a quarter, to discharge its responsibilities and functions as mentioned above. Meeting is scheduled well in advance and the notice of each Board meeting is given, in writing and through e-mail to each director by the Company secretary. The Board meets physically and also through video conference as available for both scheduled meeting and on other occasions to deal with urgent and important matters that require attention.

The Board met ten times during the year 2018-2019 and took decisions on key matters. The details of Board Meeting and attendance are given on Director's report.

The number of meetings of the Board and individual attendance by members are as follows:

| SL No. | Name of Director       | Nature of Directorship | Attendance |
|--------|------------------------|------------------------|------------|
| 01     | Enamuzzaman Chowdhury  | Non-Executive          | 5/5        |
| 02     | Ahmed Rajeeb Samdani   | Executive              | 5/5        |
| 03     | Nadia Khalil Choudhury | Non-Executive          | 4/5        |
| 04     | Azizul Huque           | Non-Executive          | 4/5        |
| 05     | Mohius Samad Choudhury | Executive              | 5/5        |
| 06     | Moqsud Ahmed Khan      | Non-Executive          | 3/5        |
| 07     | Advocate Alena Akhter  | Independent Director   | 4/5        |
| 08     | Anita Ghazi Islam      | Independent Director   | 4/5        |

### Knowledge and expertise of Directors in Finance and Accounting:

GHAIL's Board of Directors consists of members who have a wide variety of knowledge and expertise in finance, economy, business administration, management and marketing. Their diversified knowledge will ensure effective and sustainable policy for the development of the business.

### GHAIL'S Vision, Mission and Strategies

#### Approved vision and mission statements of the company:

GHAIL has approved vision, mission and strategic objectives from the board which has been maintained by all the team members of the company. Mission and vision statements are placed on Page No. 4 & 5 and Strategic objectives are placed on Page No. 6. Of this Annual Report.

#### Identification of business objectives and business focus:

Management team is always very proactive to implement GHAIL's corporate objectives set by the board of directors. Moreover our focus is on how to attain those objectives. Directors and other reports will complement these objectives and growth strategies.

#### Strategies to achieve company's business objectives:

As mentioned our objectives are associated with our mission and vision which will increase shareholder's stake value.

### Audit Committees

#### Appointment and composition of Audit Committee:

The Audit Committee, as a Sub-Committee of the Board, has been formed on 12th October 2012 comprising of three Directors. The Company Secretary acts as Secretary to the Committee. Role of Audit Committee as per provision of the BSEC regulation have been duly adopted by the Board. The Independent director is the chairman of Audit Committee.

#### Composition of audit committee consisting of Non-Executive independent director:

As per BSEC notification, the Audit Committee consists of 3 (three) members including an independent director who is the Chairman of the committee. The company secretary acts as the secretary of the Committee. The quorum of the Audit Committee meeting shall not constitute without independent director.

#### Qualification of the Chairman and other members:

**Advocate Alena Akhter Khan** Alias Alena Khan is one of the Independent Directors of GHAIL, is also the Chairman of the Audit Committee. By profession, she is a very devoted human rights activist and also dedicated lawyer. She is also a regular contributor to print media on issues of public awareness on misinterpretation of laws, superstitions, and injustice and power abuses.

**Ms. Nadia Khalil Choudhury** (Non-Executive Director) is a Business Graduate. She is an energetic business person with innovative ideas and concepts, and other units of the group. Ms. Nadia Khalil Choudhury is actively involved in different Social activities, she is the Founder and Director of Dhaka Art Summit and the Co-Founder and Managing Director of Samdani Art Foundation. Ms. Choudhury has also contributed articles for various international art magazines and art columns, also she is a Director of Khalil Group, an advisor to Bangladesh Human Rights Foundation and also the Trustee of Taher Ahmed Choudhury Charitable Hospital (TACCH) & Alvina Samdani Trust.

**Mr. Azizul Huque** (Non-Executive Director) holds a University Higher diploma in Computer Science from Staffordshire University. Having vast experience extended over 18 years in Bulk Food Commodities Trading as well as Information Technology business, has enabled him to have a comprehensive knowledge in the business dynamics and current local and international business policies of different countries. His in-depth understanding of all aspects of business and expertise on process cost elimination and quality assurance in business processes which is required for international business has proved to be assets for the Company. Both have in-depth understanding in all aspects of business.

### **Roles & Responsibility of Audit Committee**

According to Terms of Reference approved by the board and in compliance with BSEC notification, the principal responsibilities and duties are as follows:

- ✓ Oversee the financial reporting process;
- ✓ Monitor choice of accounting policies and principles;
- ✓ Monitor Internal Control Risk management process;
- ✓ Oversee hiring and performance of external auditors;
- ✓ Review along with the management, the annual financial statements before submission to the board for approval;
- ✓ Ensure the company complies with Regulatory laws and codes;
- ✓ Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;
- ✓ Review Risk Management Improvement Plan and risk management system;
- ✓ Review the adequacy of internal audit function;
- ✓ Review statement of significant related party transactions submitted by the management;
- ✓ Review Management Letters/ Letter of Internal Control, weakness issued by statutory auditors;
- ✓ The Audit Committee also assesses the Group's ability to continue as a going concern in the foreseeable future;
- ✓ Assist in selecting the company's scope of the audit engagement;
- ✓ Review independent auditor's observations of financial and accounting personnel;
- ✓ Review all significant transactions, especially those that are non-routine and those that may be illegal, questionable, or unethical;

### **Accessibility of Head of Internal Audit to Audit Committee:**

The Head of Internal Control and Compliance has direct access to the Audit Committee. He reports to the Board for his overall work.

### **Holding of Audit Committee meetings:**

As per BSEC notification, Audit Committee is required to hold at least four (4) meetings in a year. During the year ended 30 June 2019, the Committee held four (4) meetings. The details of the meetings held and attendance of the members are disclosed in Audit Committee Report.

## Objectives and activities of Audit Committee:

### Objectives of Audit

The Audit Committee shall assist the Board of Directors to ensure that the financial statements reflect a true and fair view of the statement of affairs of the Company. The committee will also ensure good monitoring systems within the business.

The principal functions of the Audit Committee are to exercise oversight over GHAIL's risk management, financial reporting and regulatory compliance functions.

### Key activities during the year

Four (4) meetings were held by the Audit Committee and key issues discussed in the meetings include the followings:



## Internal Control & Risk Management

### Internal Control and Compliance

The Board has taken necessary steps to ensure the integrity of the Group's accounting and financial reporting systems and internal control systems via reviewing and monitoring of such systems on a periodic basis. A brief description of some of the key internal control systems are listed below:

A quarterly self-certification program requires the CEO, COO, Chief Financial Officer and Company Secretary to confirm compliance with financial standards and regulations. Further the CEO and the Heads of business unit are required to confirm operational compliance with statutory and other regulations and key control procedures, and also identify any significant deviations from the expected norms.



### System of Internal Control and Director's review on the adequacy

The internal audit function in the Company is not outsourced to the external auditor in a further attempt to ensure external auditor's independence. The Auditors' report on the Financial Statements of the Company for the year under review is found in the Annual Report.

The Risk Review Program covering the internal audit of the Company and the reports arising out of such audits are, in the first instance, considered and discussed at the business / functional unit levels and after review by the respective CEO of the Company and the Subsidiary, are forwarded to the Audit Committee on a regular basis. Further, the Audit Committee also assesses the activeness of the risk review process and systems of internal control on a regular basis. Follow-ups on internal audits are done on a structured basis.

The role of the internal auditor has been transformed into a value adding function instead of merely a 'policing' function, where audit findings form an integral input in modifying and improving our internal process. The board of directors review the overall system based on the Audit Committee report.

### Identification of Key risks GHAIL is exposed to and subsequent strategies adopted

Business of GHAIL is also exposed to various risks; proactive identification of which reduces as well as eliminate to the acceptable level. We have presented detail information in Enterprise Risk Management section of the Annual Report.



### Executive Committee Meeting and discussion thereof

GHAIL has separate a Executive Committee headed by the CEO and consist of five members including COO, CFO and CS. The meet in the first week of every month and discusses various business issues. Among others, some are as follows:

- Review of internal control structure within the company
- Identification of various business risks and subsequent strategies to counter those risks
- Extent of corporate governance

## Safeguard of Records and Assets

Board should maintain a sound system of Internal Control to safeguard shareholders' investment and company assets. At least annually review the system of Internal Control.

The Board is overall responsible in establishing a good system of internal control in the company and delegates much of it to the Audit Committee.

This committee in turn reviews all management accounts, directs the Internal Audit Team to carry out checks on areas of verification other than their normal checks. The Audit Committee reviews all Internal audit Reports which are circulated to them quarterly and discusses the salient features at the Audit Committee Meeting with the Internal Auditor and the CFO

The Directors of the Board keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that GHAIL Policies & Procedures and Codes of Conduct are implemented and maintained, and the Company adheres to generally accepted principles for good governance and effective control of Company activities.

## Ethics And Compliance

The company has written a Code of Conduct, to which all the employees including the Board of Directors are bound by, engraves the desired behavior of the staff at executive and above level, particularly the Senior Management. This is being constantly and rigorously monitored.

The company has a practice where it regularly draws attention of the Executive Directors and Senior Managers to the Company's Policy on Business Ethics by obtaining their signature on a copy of same. This document covers the following main areas:

- Conflict of Interest with the business of the company
- Relations with Customers, Government and Labor
- Confidentiality of documents, books and records
- Supplier relations
- Conduct

Where ever there are transactions with connected companies such transactions are disclosed under the related party transactions. The Company is compliant with the Code of Best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission. The Report contains this issue at the page no. 8.

## IT GOVERNANCE

Information technology is an integral part of our business and fundamental to ongoing operations. Given the strategic importance of IT, we have aligned our business requirements to available IT resources and technology to ensure appropriate IT strategy is formulated to improve our competitiveness for its future sustainability.

## Board's commitment to establishing high level of ethics and compliance in GHAIL:

Board maintains a sound system of Internal Control to safeguard shareholders' investment and company assets. They at least annually review the adopted system of Internal Control. The Board is overall responsible in establishing a good system of ethics and compliance the company and delegates much of it to the Audit Committee.

This committee in turn reviews all management accounts, directs the Internal Audit Team to carry out checks on areas of verification other than their normal checks. The Audit Committee reviews all Internal Audit Reports which are circulated to them quarterly and discusses the salient features at the Audit Committee Meeting with the Internal Auditor and the CFO.

The Directors of the Board keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that GHAIL Policies & Procedures and Codes of Conduct are implemented and maintained, and the Company adheres to generally accepted principles for good governance and elective control of Company activities.

### **Effective anti-fraud programs and controls:**

Effective control activities should be designed and implemented to mitigate identified fraud risks. Active oversight by Audit Committee will ensure operating effectiveness. GHAIL's anti-fraud programs include the incorporation of Whistle blowers mechanism which is directly taken care of the team of senior management.

### **Nomination & Remuneration Committee**

GHAIL views nomination of the suitable person paying competitive remuneration as well as proper evaluation through unbiased standard procedure as the factor for the company's long term success. The company follows a transparent selection process for recruitment of the potential candidates on the basis of role profile. The company gives great emphasis on four values throughout the recruitment and evaluation process: Respect, Integrity, Commitment and Excellence.

The Nomination and Remuneration Committee (NRC) was established on 11 November 2018 as a sub-committee of the Board in place of earlier Human Resources Committee. The NRC is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as per directive of BSEC vide their circular # SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June Corporate Governance Code. The Committee assists the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for directors and top level executives. Board having clear & specific Terms of Reference (ToR) for the working of NRC as enumerated in the directives of BSEC. Since the NRC was constituted as a sub-committee of the Board 01 (one) meeting of NRC was held during the reporting period. The detailed activities of the NRC during 2018 are given on page No. 144 of this Annual Report.

The Company Secretary acts as the Secretary to the Committee, drives corporate compliance and ensures effective functioning of the Board and Committee by organizing and attending all Board and Committee meetings.

### **Management Committee (MANCOM)**

The MANCOM operates under the leadership of the CEO and is dedicated and focused towards implementing strategies and policies determined by the Board, and designing, implementing and monitoring the best practices in their respective functions, even at departmental level where appropriate and material.

#### **Key Objective**

MANCOM has ultimate responsibility for directing the activity of the organization, ensuring it is well run and delivering the outcomes for which it has been set up. MANCOM of GHAIL is also providing this leadership by setting proper strategic decision, taking proactive steps and ensuring effectiveness in the management.

## Scope

The agenda of the MANCOM is carefully structured to avoid duplication of effort and ensure that discussions and debate are complementary both in terms of a bottom-up and top-down flow of accountabilities and information. Responsibility and accountability of the effective functioning of the MANCOM is vested upon the CEO, the Functional Heads and managers as applicable.

The Good Manufacturing Practice (GMC) focus is aligned to headline financial and non-financial indicators, strategic priorities, and risk management, implement strategies and policies determined by the Board, the use of IT as a tool of competitive advantage, new business development, continuous process improvements, management of human resources and managing through delegation and empowerment, the business affairs of the respective sectors. Responsibility for monitoring and achieving plans as well as ensuring compliance with Group policies and guidelines rests with the CEO and the Functional Heads where applicable.

## Human Capital

Human resource plays a pivotal role in the current corporate world and GHAIL management is always up for its continuous development. The Human Resources and Compensation Committee of GHAIL complement the requirements of the group as well.

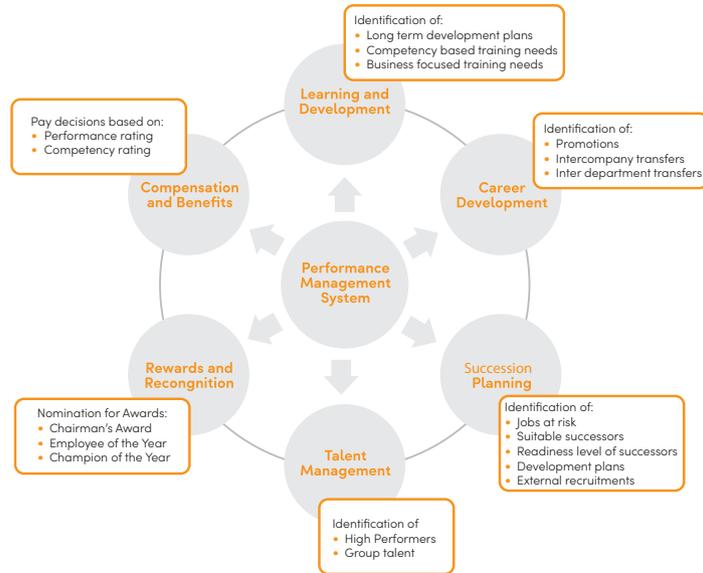
### **The key principles underlying the Remuneration Policy of the Group are as follows:**

- All Executive roles across the Golden Harvest Group have been banded by an independent third party on the basis of the relative worth of jobs.
- Compensation be set at levels that are competitive to enable the recruitment and the retention of high caliber executives in the identified job classes/bands – as guided by the best comparator set of Companies from Bangladesh.
- Compensation, comprising of fixed (base) payments, short term incentives and long term incentives be tied to performance, both individual and organizational.
- Performance be measured annually on well-defined objectives and matrices at each level individual, business and Group, thereby aligning shareholder interests through a well-established performance management system.
- The more senior the level of management, the higher the proportion of the incentive component, thereby lowering the proportion of the fixed (base) component of total compensation.
- As the seniority, and therefore the decision influencing capability of the position on organizational results, increases, the individual performance to hold lesser weight age than the organizational performance when determining total compensation and incentives.

## Performance Management:

The Performance Management System as illustrated below is at the heart of many supporting Human Resource Management processes such as Learning and Development, Career Development, Succession Planning, Talent Management, Rewards/ Recognition and Compensation/ Benefits. The GHAIL Performance Management System has been very instrumental in empowering staff in achieving organizational goals through relevant training, recognition and reward.

**GHAIL Performance management System:**



**Performance Based Compensation**

Manager and above - given the high level of decision making authority, the performance is measured annually on well-defined individual as well as organizational objectives and matrices which reflect, and are positively correlated to the Company's objectives, thereby aligning employee management and stakeholder interests.

**Performance Management**

"Pay for performance"  
Greater prominence is given to the incentive component of the total target compensation of the management.

**Satisfaction**

"More than just a workplace"  
Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

**Compensation Policy**

- Compensation comprises of fixed (base) payments, short term incentives and long term incentives
- Higher the authority level within the Group, higher the incentive component
- Greater the decision influencing capability of a role, higher the weight given organizational performance as opposed to the individual performance

**Internal Equity**

"Pay for performance"  
Greater prominence is given to the incentive component of the total target compensation of the management.

**Satisfaction**

"More than just a workplace"  
Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

## Organizational Chart:

GHAIL's organizational chart depicts the internal structure of the company. Here the departments and divisions are segregated depending on their nature and requirements. The chart is shown on page 24 of this Annual Report.

## Communication To Shareholders & Stakeholders

The company secretary office of the Parent Company is responsible for maintaining an active dialogue with shareholders, potential investors, investment banks, stock brokers and other interested parties, towards developing an effective investor communication channel.

### The Investor Relations unit of GHAIL is responsible for;

- Ensure relevant information is available in Website.
- Staying visible and building relationships.
- Being factual.
- Focusing on the long-term view and strength of the balance sheet.
- Responding to queries and clarifying on concerns of investors.
- Coordinating media relations and investor Communication.

### Communications through quarterly reports:

GHAIL reports four times a year to its shareholders through quarterly, half-yearly and annual report.

### Communications through AGM:

In AGM, shareholders are encouraged to communicate with the board of directors regarding their valuable views which is always taken into consideration.

### Communications through website:

The company's website [www.goldenharvestbd.com](http://www.goldenharvestbd.com) displays, inter-alia, the quarterly, half-yearly and Annual Report's. It also contains all the details about new products and corporate announcements.

## Environmental and Social Obligations

GHAIL defines CSR as a process that aims to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and other stakeholders. In this respect, GHAIL acknowledges that as a corporate entity, its social and environmental impacts are a legitimate concern for its sustainability. Keeping this in mind, GHAIL treats its CSR with paramount significance. This is done by creating standing committees that develops and implements policies. These are policies which are intended to ensure all aspects of GHAIL's CSR are addressed. These aspects are not only relevant to GHAIL but are also needed to fulfill GHAIL's commitment to the community and environment. Furthermore, GHAIL believes CSR is not something that can be imposed from the outside, but rather an ideology that is made to be an inherent part of its business's principles, which are derived from the mission, vision and values of the GHAIL group. In this regard, GHAIL is aware of the fact that CSR activities are not to be chosen arbitrarily, thus the resources deployed are efficiently used to address overall socio-economic well-being.

Detail of the CSR activity has been presented in the Sustainability Report of this Annual Report in Page No. 158.

## Board of Directors





**Report to the Shareholders of Golden Harvest Agro Industries Limited and its subsidiary on compliance on the Corporate Governance Code**

**[Certificate as per condition No. 1(5)(xxvii)]**

We have examined the compliance status to the Corporate Governance code by Golden Harvest Agro Industries Limited and its subsidiary for the year ended on 30 June 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Asmin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company and its subsidiary. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company and its subsidiary have complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued the by Commission;
- (b) The Company and its subsidiary have complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this;
- (c) Proper books and records have been kept by the company and its subsidiary as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company and its subsidiary is satisfactory subject to the remarks and observations as reported in the attached corporate governance compliance status.

Dhaka, 28 November 2019

  
MABS & J Partners  
Chartered Accountants

**STATEMENT OF COMPLIANCE OF CORPORATE GOVERNANCE CODE**

**ANNEXURE - C**

[AS PER CONDITION NO. 1 (5)(XXVII)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD /2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

| Condition No. | Title  | Compliance Status<br>(Put <input checked="" type="checkbox"/> in the appropriate column) |              | Remarks<br>(if any)   |
|---------------|--|--|--------------|---|
|               |  | Complied   | Not Complied |   |
| <b>1.0</b>    | <b>Board of Directors</b>  |  |              |   |
| 1(1)          | <b>Size of the Board of Directors:</b><br>The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).  | <input checked="" type="checkbox"/>  |              | GHAIL Board is Comprised of 08 Directors including 02 Independents Director |
| <b>1.2</b>    | <b>Independent Directors:</b>  |  |              |   |
| 1(2)(a)       | At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);   | <input checked="" type="checkbox"/>  |              | There are 02 Independent Director on GHAIL Board out of 08 Directors        |
| 1(2)(b)(i)    | <b>"Independent Director" means a director-</b><br>who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;  | <input checked="" type="checkbox"/>  |              | The IDs have submitted declarations about their compliances                 |
| 1(2)(b)(ii)   | who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members; | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(b)(iii)  | who has not been an executive of the company in immediately preceding 2 (two) financial years;   | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(b)(iv)   | who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;  | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(b)(v)    | who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;   | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(b)(vi)   | who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;  | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(b)(vii)  | who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;   | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(b)(viii) | who is not independent director in more than 5 (five) listed companies;  | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(b)(ix)   | who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and   | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(b)(x)    | who has not been convicted for a criminal offence involving moral turpitude;   | <input checked="" type="checkbox"/>  |              | DO  |
| 1(2)(c)       | The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);  | <input checked="" type="checkbox"/>  |              | The appointment are duly approved   |

| Condition No. | Title  | Compliance Status as on 30 June 2019 (Put ✓ in the appropriate column) |              | Remarks (if any)   |
|---------------|--|--|--------------|--|
|               |  | Complied   | Not Complied |  |
| 1(2)(d)       | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and   | ✓  |              | No post remained vacant for more than 90 days  |
| 1(2)(e)       | <b>The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:</b><br>Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:<br>Provided further that the independent director shall not be subject to retirement by rotation as per Companies Act, 1994. | ✓  |              | The IDs are in their regular term of office  |
| <b>1.3</b>    | <b>Qualification of Independent Director.</b>  |  |              |  |
| 1(3)(a)       | Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;   | ✓  |              | The qualification and background of the IDs are commensurate to the requirements of the position and are stated in the director profile. |
| 1(3)(b)(i)    | <b>Independent director shall have following qualifications:</b><br>Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or  |  |              | N/A  |
| 1(3)(b)(ii)   | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or   |  |              | N/A  |
| 1(3)(b)(iii)  | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or  |  |              | N/A  |
| 1(3)(b)(iv)   | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or  |  |              | N/A  |
| 1(3)(b)(v)    | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;   | ✓  |              | Qualification and background of the IDs are commensurate to the requirements of the position and are stated in the director profile.     |
| 1(3)(c)       | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);   | ✓  |              |  |
| 1(3)(d)       | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.  |  |              | N/A  |
| <b>1.4</b>    | <b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.</b>  |  |              |  |
| 1(4)(a)       | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;   | ✓  |              | The Chair and the CEO are different individuals with clearly defined roles and responsibilities  |
| 1(4)(b)       | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;  | ✓  |              |  |
| 1(4)(c)       | The Chairperson of the Board shall be elected from among the non-executive directors of the company;   | ✓  |              | In practice  |

| Condition No. | Title   | Compliance Status as on 30 June 2019<br>(Put √ in the appropriate column) |              | Remarks (if any)   |
|---------------|---|---|--------------|--|
|               |   | Complied  | Not Complied |  |
| 1(4)(d)       | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;   | √   |              | Role & Responsibility are clearly defined on Corporate Governance Report |
| 1(4)(e)       | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.         | √   |              | In practice  |
| <b>1.5</b>    | <b>The Directors' Report to Shareholders</b>  |   |              |  |
| 1(5)(i)       | <b>The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):</b><br>An industry outlook and possible future developments in the industry; | √   |              | In practice  |
| 1(5)(ii)      | The segment-wise or product-wise performance;   | √   |              | In practice  |
| 1(5)(iii)     | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;   | √   |              | In practice  |
| 1(5)(iv)      | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;  | √   |              | In practice  |
| 1(5)(v)       | A discussion on continuity of any extraordinary activities and their implications (gain or loss);   | √   |              | In practice  |
| 1(5)(vi)      | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;   | √   |              | In practice  |
| 1(5)(vii)     | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;  | √   |              | In practice  |
| 1(5)(viii)    | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;   | √   |              | In practice  |
| 1(5)(ix)      | An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;  | √   |              | In practice  |
| 1(5)(x)       | A statement of remuneration paid to the directors including independent directors;  | √   |              | In practice  |
| 1(5)(xi)      | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;   | √   |              | In practice  |
| 1(5)(xii)     | A statement that proper books of account of the issuer company have been maintained;  | √   |              | In practice  |
| 1(5)(xiii)    | A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;  | √   |              | In practice  |
| 1(5)(xiv)     | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;           | √   |              | In practice  |
| 1(5)(xv)      | A statement that the system of internal control is sound in design and has been effectively implemented and monitored;  | √   |              | In practice  |
| 1(5)(xvi)     | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;   | √   |              | In practice  |
| 1(5)(xvii)    | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;  | √   |              | In practice  |
| 1(5)(xviii)   | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;  | √   |              | In practice  |
| 1(5)(xix)     | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;  | √   |              | In practice  |

| Condition No.  | Title  | Compliance Status as on 30 June 2019<br>(Put ✓ in the appropriate column) |              | Remarks (if any)  |
|----------------|--|---|--------------|---|
|                |  | Complied  | Not Complied |   |
| 1(5)(xx)       | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;  |   |              | No such case in the reporting Year (The company declared cash dividend 7% and Stock 5%) |
| 1(5)(xxi)      | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;   | ✓   |              |   |
| 1(5)(xxii)     | The total number of Board meetings held during the year and attendance by each director;   | ✓   |              |   |
| 1.5(xxiii)(a)  | <b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</b><br>Parent or Subsidiary or Associated Companies and other related parties (name-wise details);   | ✓   |              |   |
| 1.5(xxiii)(b)  | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);  | ✓   |              |   |
| 1.5(xxiii)(c)  | Executives; and  | ✓   |              |   |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);   | ✓   |              |   |
| 1(5)(xxiv)(a)  | <b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</b><br>A brief resume of the director;  | ✓   |              | In practice   |
| 1(5)(xxiv)(b)  | Nature of his or her expertise in specific functional areas; and   | ✓   |              | In practice   |
| 1(5)(xxiv)(c)  | names of companies in which the person also holds the directorship and the membership of committees of the Board;  | ✓   |              | In practice   |
| 1(5)(xxv)(a)   | <b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b><br>Accounting policies and estimation for preparation of financial statements;  | ✓   |              |   |
| 1(5)(xxv)(b)   | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;   | ✓   |              |   |
| 1(5)(xxv)(c)   | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;  | ✓   |              |   |
| 1(5)(xxv)(d)   | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;  | ✓   |              |   |
| 1(5)(xxv)(e)   | Briefly explain the financial and economic scenario of the country and the globe;  | ✓   |              |   |
| 1(5)(xxv)(f)   | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and   | ✓   |              |   |
| 1(5)(xxv)(g)   | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;   | ✓   |              |   |
| 1(5)(xxvi)     | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and  | ✓   |              |   |
| 1(5)(xxvii)    | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9  | ✓   |              |   |
| 1(6)           | <b>Meetings of the Board of Directors:</b><br>The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | ✓   |              | Duly conducted the Board meetings and recorded the minutes                              |

| Condition No. | Title  | Compliance Status as on 30 June 2019<br>(Put ✓ in the appropriate column) |              | Remarks (if any)  |
|---------------|--|---|--------------|---|
|               |  | Complied  | Not Complied |   |
| <b>1.7</b>    | <b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>  |   |              |   |
| 1(7)(a)       | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;   | ✓   |              |   |
| 1(7)(b)       | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | ✓   |              | The existing Code of Conduct for the BOD under review of the NRC which will be published in the website after necessary review and approval |
| <b>2.0</b>    | <b>Governance of Board of Directors of Subsidiary Company</b>  |   |              |   |
| 2(a)          | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;   | ✓   |              | In practice   |
| 2(b)          | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;  | ✓   |              | DO  |
| 2(c)          | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;   | ✓   |              | DO  |
| 2(d)          | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;   | ✓   |              | DO  |
| 2(e)          | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.   | ✓   |              | DO  |
| <b>3.0</b>    | <b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b>  |   |              |   |
| 3(1)(a)       | <b>Appointment:</b><br>The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);  | ✓   |              | In practice   |
| 3(1)(b)       | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;   | ✓   |              | DO  |
| 3(1)(c)       | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;   | ✓   |              | DO  |
| 3(1)(d)       | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;  | ✓   |              | DO  |
| 3(1)(e)       | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).   | ✓   |              | DO  |
| 3(2)          | <b>Requirement to attend Board of Directors' Meetings:</b><br><b>The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:</b><br>Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.           | ✓   |              | DO  |
| <b>3.3</b>    | <b>Duties of Managing Director (MD) or Chief Executive Officer(CEO) and Chief Financial Officer (CFO)</b>  |   |              |   |
| 3(3)(a)(i)    | <b>The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:</b><br>These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and                                     | ✓   |              | The CEO and CFO have duly certified to the Board  |

| Condition No. | Title   | Compliance Status as on 30 June 2019<br>(Put ✓ in the appropriate column) |              | Remarks (if any)  |
|---------------|---|---|--------------|---|
|               |   | Complied  | Not Complied |   |
| 3(3)(a)(ii)   | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;   | ✓   |              | DO  |
| 3(3)(b)       | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;  | ✓   |              | DO  |
| 3(3)(c)       | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.   | ✓   |              | DO  |
| <b>4.0</b>    | <b>Board of Directors' Committee.</b>   |   |              |   |
| 4(i)          | <b>For ensuring good governance in the company, the Board shall have at least following sub-committees:</b><br>Audit Committee; and   | ✓   |              | In practice   |
| 4(ii)         | Nomination and Remuneration Committee.  | ✓   |              | In practice   |
| <b>5.0</b>    | <b>Audit Committee</b>  |   |              |   |
| 5(1)(a)       | <b>Responsibility to the Board of Directors:</b><br>The company shall have an Audit Committee as a subcommittee of the Board;   | ✓   |              | Audit Committee is established as per BSEC guidelines   |
| 5(1)(b)       | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;  | ✓   |              | DO  |
| 5(1)(c)       | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.   | ✓   |              | DO  |
| 5(2)(a)       | <b>Constitution of the Audit Committee:</b><br>The Audit Committee shall be composed of at least 3 (three) members;   | ✓   |              | Audit Committee comprises of 3 (three) members  |
| 5(2)(b)       | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;  | ✓   |              | All members of the Audit Committee are non-executive directors, out of Which one member is ID |
| 5(2)(c)       | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;   | ✓   |              | In practice   |
| 5(2)(d)       | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | ✓   |              | There were no such instance during FY 2018-19.  |
| 5(2)(e)       | The company secretary shall act as the secretary of the Committee;  | ✓   |              | In practice   |
| 5(2)(f)       | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.   | ✓   |              | In practice   |
| 5(3)(a)       | <b>Chairperson of the Audit Committee:</b><br>The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;  | ✓   |              | The Chair of the Audit Committee is an Independent Director                                   |
| 5(3)(b)       | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.   | ✓   |              | There were no such instance during FY 2018-19.  |

| Condition No. | Title   | Compliance Status as on 30 June 2019<br>(Put ✓ in the appropriate column) |              | Remarks (if any) |
|---------------|---|---|--------------|------------------|
|               |   | Complied  | Not Complied |                  |
| 5(3)(c)       | <b>Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):</b><br>Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.  | ✓   |              | In practice      |
| 5(4)(a)       | <b>Meeting of the Audit Committee:</b><br><b>The Audit Committee shall conduct at least its four meetings in a financial year:</b><br>Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;   | ✓   |              | In practice      |
| 5(4)(b)       | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.   | ✓   |              | In practice      |
| 5(5)(a)       | <b>Role of Audit Committee</b><br><b>The Audit Committee shall:</b><br>Oversee the financial reporting process;   | ✓   |              | In practice      |
| 5(5)(b)       | Monitor choice of accounting policies and principles;   | ✓   |              | In practice      |
| 5(5)(c)       | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;   | ✓   |              | In practice      |
| 5(5)(d)       | Oversee hiring and performance of external auditors;  | ✓   |              | In practice      |
| 5(5)(e)       | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;   | ✓   |              | In practice      |
| 5(5)(f)       | Review along with the management, the annual financial statements before submission to the Board for approval;  | ✓   |              | In practice      |
| 5(5)(g)       | review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;   | ✓   |              | In practice      |
| 5(5)(h)       | Review the adequacy of internal audit function;   | ✓   |              | In practice      |
| 5(5)(i)       | Review the Management's Discussion and Analysis before disclosing in the Annual Report;   | ✓   |              | In practice      |
| 5(5)(j)       | Review statement of all related party transactions submitted by the management;   | ✓   |              | In practice      |
| 5(5)(k)       | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;  | ✓   |              | In practice      |
| 5(5)(l)       | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and  | ✓   |              | In practice      |
| 5(5)(m)       | <b>Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:</b><br>Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:<br>Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee. | ✓   |              | In practice      |
| <b>5.6</b>    | <b>Reporting of the Audit Committee</b>   |   |              |                  |
| 5(6)(a)(i)    | <b>Reporting to the Board of Directors:</b><br>The Audit Committee shall report on its activities to the Board;   | ✓   |              |                  |

| Condition No.  | Title   | Compliance Status as on 30 June 2019<br>(Put ✓ in the appropriate column) |              | Remarks (if any)   |
|----------------|---|---|--------------|--|
|                |   | Complied  | Not Complied |  |
| 5(6)(a)(ii)(a) | <b>The Audit Committee shall immediately report to the Board on the following findings, if any:</b><br>Report on conflicts of interests;  | ✓   |              |  |
| 5(6)(a)(ii)(b) | suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;  | ✓   |              |  |
| 5(6)(a)(ii)(c) | Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and  | ✓   |              |  |
| 5(6)(a)(ii)(d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;   | ✓   |              |  |
| 5(6)(b)        | <b>Reporting to the Authorities:</b><br>If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier. | ✓   |              |  |
| 5(7)           | <b>Reporting to the Shareholders and General Investors:</b><br>Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.   | ✓   |              | Activities of the Audit Committee are reported on the Annual Report                                    |
| 6(1)(a)        | <b>Nomination and Remuneration Committee (NRC).<br/>Responsibility to the Board of Directors:</b><br>The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;  | ✓   |              | NRC is established as per BSEC guidelines  |
| 6(1)(b)        | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;   | ✓   |              | In practice  |
| 6(1)(c)        | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).  | ✓   |              | In practice  |
| 6(2)(a)        | <b>Constitution of the NRC:</b><br>The Committee shall comprise of at least three members including an independent director;  | ✓   |              | NRC comprises of three members in which one Independent Director and 01 advisory (Non-voting) Members. |
| 6(2)(b)        | All members of the Committee shall be non-executive directors;  | ✓   |              | All members of the NRC are Non-Executive Director  |
| 6(2)(c)        | Members of the Committee shall be nominated and appointed by the Board;   | ✓   |              | In practice  |
| 6(2)(d)        | The Board shall have authority to remove and appoint any member of the Committee;   | ✓   |              |  |
| 6(2)(e)        | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;  | ✓   |              | No such case in the reporting year   |
| 6(2)(f)        | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;  | ✓   |              |  |
| 6(2)(g)        | The company secretary shall act as the secretary of the Committee;  | ✓   |              | In Practice  |
| 6(2)(h)        | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;  | ✓   |              | No such case in the reporting year   |

| Condition No. | Title  | Compliance Status as on 30 June 2019<br>(Put ✓ in the appropriate column) |              | Remarks (if any)                                |
|---------------|--|---|--------------|---|
|               |  | Complied  | Not Complied |   |
| 6(2)(i)       | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.  | ✓   |              | In Practice                                     |
| 6(3)(a)       | <b>Chairperson of the NRC:</b><br>The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;   | ✓   |              | The Chair of the NRC is an Independent Director |
| 6(3)(b)       | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;  | ✓   |              | No such case in the reporting year              |
| 6(3)(c)       | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.  | ✓   |              |   |
| 6(4)(a)       | <b>Meeting of the NRC:</b><br>The NRC shall conduct at least one meeting in a financial year;  | ✓   |              | In Practice                                     |
| 6(4)(b)       | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;  | ✓   |              | No such case in the reporting year              |
| 6(4)(c)       | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);  | ✓   |              | In Practice                                     |
| 6(4)(d)       | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.   | ✓   |              | In Practice                                     |
| 6(5)(a)       | <b>Role of the NRC:</b><br>NRC shall be independent and responsible or accountable to the Board and to the Shareholders  | ✓   |              | In Practice                                     |
| 6(5)(b)(i)(a) | <b>Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:</b><br>The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | ✓   |              |   |
| 6(5)(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and   | ✓   |              |   |
| 6(5)(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;   | ✓   |              |   |
| 6(5)(b)(ii)   | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;   | ✓   |              |   |
| 6(5)(b)(iii)  | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;  | ✓   |              |   |
| 6(5)(b)(iv)   | Formulating the criteria for evaluation of performance of independent directors and the Board;   | ✓   |              |   |
| 6(5)(b)(v)    | Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and   | ✓   |              |   |
| 6(5)(b)(vi)   | Developing, recommending and reviewing annually the company's human resources and training policies;   | ✓   |              |   |
| 6(5)(c)       | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.  | ✓   |              | Given on Page 144 of the Annual Report          |

| Condition No. | Title   | Compliance Status as on 30 June 2019<br>(Put √ in the appropriate column) |              | Remarks (if any)  |
|---------------|---|---|--------------|---|
|               |   | Complied  | Not Complied |   |
| <b>7.0</b>    | <b>External or Statutory Auditors</b>   |   |              |   |
| 7(1)(i)       | <b>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-</b><br>Appraisal or valuation services or fairness opinions;   | √   |              | As declared by the Auditors   |
| 7(1)(ii)      | Financial information systems design and implementation;  | √   |              | DO  |
| 7(1)(iii)     | Book-keeping or other services related to the accounting records or financial statements;   | √   |              | DO  |
| 7(1)(iv)      | Broker-dealer services;   | √   |              | DO  |
| 7(1)(v)       | Actuarial services;   | √   |              | DO  |
| 7(1)(vi)      | Internal audit services or special audit services;  | √   |              | DO  |
| 7(1)(vii)     | Any service that the Audit Committee determines;  | √   |              | DO  |
| 7(1)(viii)    | Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and   | √   |              | DO  |
| 7(1)(ix)      | Any other service that creates conflict of interest.  | √   |              | DO  |
| 7(2)          | <b>No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:</b><br>Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members. | √   |              | DO  |
| 7(3)          | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.   | √   |              | The representative of external auditors attended in the last AGM  |
| <b>8.0</b>    | <b>Maintaining a website by the Company.</b>  |   |              |   |
| 8(1)          | The company shall have an official website linked with the website of the stock exchange.   | √   |              |   |
| 8(2)          | The company shall keep the website functional from the date of listing.   | √   |              |   |
| 8(3)          | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).  | √   |              |   |
| <b>9.0</b>    | <b>Reporting and Compliance of Corporate Governance.</b>  |   |              |   |
| 9(1)          | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.             | √   |              | Required Certification has been obtain from MABS & J Partner Chartered Accountants for the year 2018-2019 which is presented in the Annual Report |
| 9(2)          | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.   |   |              | The auditors has been appointed by the Board and the said appointment will be confirmed at the next AGM   |
| 9(3)          | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.   | √   |              | Required Annexure – C is presented in this report   |

## Golden Harvest Agro Industries Limited

### CERTIFICATE OF DUE DILIGENCE BY CEO & CFO

(As required under the BSEC Guidelines)

#### To the Board of Directors of

Golden Harvest Agro Industries Limited

Pursuant to the condition No.1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Golden Harvest Agro Industries Limited for the year ended on 30 June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

- (i) We have reviewed the financial statements for the year ended on 30 June 2019 and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.



**Ahmed Rajeeb Samdani**  
Managing Director  
Dhaka  
26 November 2019



**Rojina Akhter FCA**  
Chief Financial Officer

## Audit Committee Report

The powers and responsibilities of the Audit Committee are governed by the Audit Committee Charter which is approved and adopted by the Board. The terms of reference comply with the requirements of the Corporate Governance Rules as per Section 3 of the notification of the Bangladesh Securities and Exchange Commission (BSEC).

### Role Of The Audit Committee

The role of the Committee, which has specific terms of reference, is described in the Corporate Governance Report on Page No. 116.

### Composition Of The Audit Committee

The Audit Committee, appointed by and responsible to the Board of Directors, comprises three Directors one of whom is Independent Director. The Company Secretary acts as the Secretary to the Audit Committee. The Managing Director and Chief Financial Officer (CFO) attend to the meetings. The Chairman of the Audit Committee is an Independent Director.

The audit committee, as a subcommittee of the board of directors, consists following members:

| SL No | Name                   | Status in the Board  | Status in the Committee | Educational Qualification   |
|-------|------------------------|----------------------|-------------------------|-----------------------------|
| 01    | Alena Akhter Khan      | Independent Director | Chairman                | LLB                         |
| 02    | Nadia Khalid Choudhury | Director             | Member                  | Business Graduate           |
| 03    | Azizul Huque           | Director             | Member                  | Diploma in Computer Science |

### Meetings Of The Audit Committee

The Committee met 4 times during the year. The attendance of the members at these meetings is as follows:

Audit Committee meeting 4 (Four) :

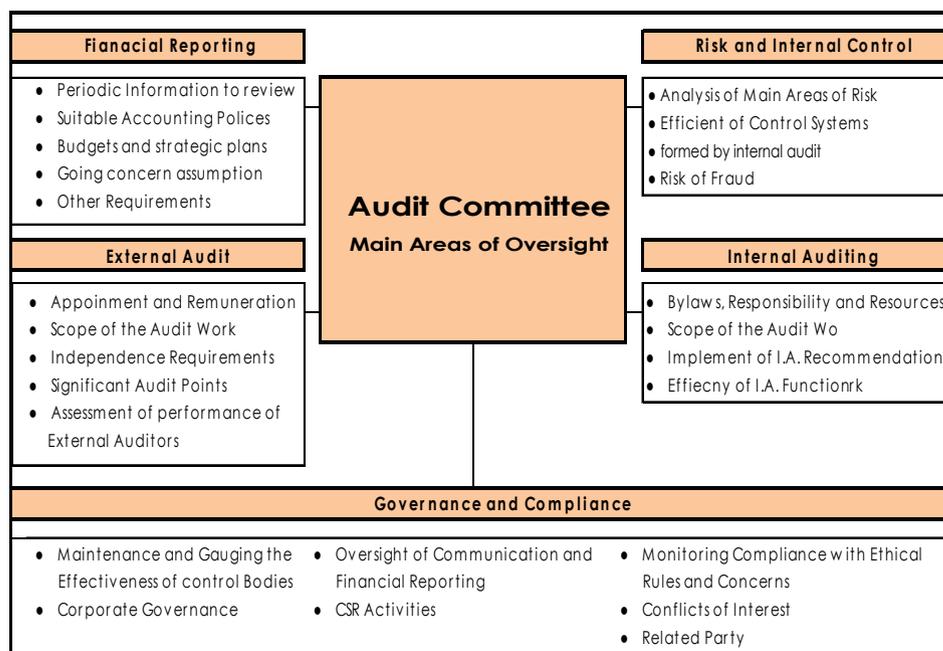
| Name                   | 12.11.2018 | 23.01.2019 | 25.04.2019 | 26.06.2019 |
|------------------------|------------|------------|------------|------------|
| Alena Akhter Khan      | √          | √          | √          | √          |
| Nadia Khalid Chowdhury | √          | √          | √          | √          |
| Azizul Huque           | √          | √          | √          | √          |

### Participation of non-members

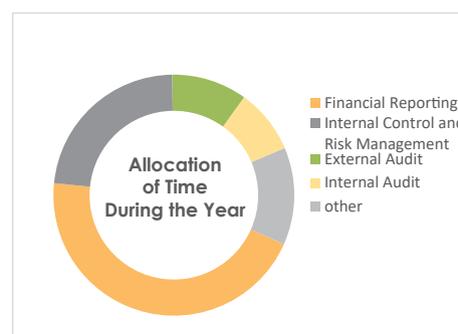
A representative of Internal Control & Compliance Division attends and participates in meetings of the Committee. The Managing Director and CFO also attend meetings of the Committee, together with pertinent other members of Management as the Committee determines.

### Task of the Audit Committee

The Committee is tasked with assisting the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders in relation to the integrity of the Financial Statements of the Group, ensuring that a good financial reporting system is in place and is well managed in order to give accurate, appropriate and timely information, that it is in accordance with the Company's Act and other legislative reporting requirements and that adequate disclosures are made in the Financial Statements in accordance with the Bangladesh Accounting Standards. Details as under:



- Monitor the integrity of the financial statements, any formal announcements relating to the financial performance, and review significant financial reporting judgements, estimates or other accounting matters concerning.
- The Audit Committee reviews the design and operational effectiveness of risk management internal controls and implement changes where required and ensures that the risk management processes are effective and adequate to identify and mitigate risks.
- The Audit Committee also ensures that the conduct of the business is in compliance with applicable laws and regulations and policies of the Group.
- Monitor and review the effectiveness of the Group's internal audit function.
- The Audit Committee reviews Enterprise Risk Management Improvement Plan and risk management system
- The Audit Committee also assesses the Group's ability to continue as a going concern in the foreseeable future.
- The Committee evaluates the performance and the independence of the Internal Auditors and the External Auditors. The Committee is also tasked with the responsibility of recommending to the Board the re-appointment and change of External Auditors and to recommend their remuneration and terms of engagement.
- In fulfilling its purpose, it is the responsibility of the Audit Committee to maintain a free and open communication with the Independent External Auditors, the outsourced Internal Auditors and the management of the Company and to ensure that all parties are aware of their responsibilities.
- The Audit Committee is empowered to carry out any investigations it deems necessary and review all internal control systems and procedures, compliance reports, risk management reports etc. to achieve the objectives as stated above. The Committee has reviewed and discussed with management and internal and external auditors, the audited Financial Statements, the quarterly unaudited Financial Statements as well as matters relating to the Company's internal control over financial reporting, key judgments and estimates in the preparation of Financial Statements and the processes that support certification of the Financial Statements by the Directors and the CFO.



| Audit Committee activities  | Nov | Jan | April | Jun |
|---|-----|-----|-------|-----|
| <b>Financial reporting</b>  |     |     |       |     |
| Review and approve preliminary & interim results                                | *   |     | *     |     |
| Consider key audit and accounting issues and judgments                          | *   |     | *     |     |
| Consider accounting policies and the impact of new accounting standards         | *   |     | *     |     |
| Review any related party matters and intended disclosures                       | *   |     |       |     |
| Review management letter from auditors  | *   |     |       |     |
| Approve going concern and viability statements                                  | *   |     |       |     |
| Review Annual Report, and confirm if fair balanced and understandable           | *   |     |       |     |
| <b>External auditors</b>  |     |     |       |     |
| Plan for year-end audit & half year review                                      |     | *   |       | *   |
| Confirm auditor independence, materiality of fees, and non-audit services       |     | *   |       | *   |
| Approval of audit engagement letter and audit fees                              |     |     |       | *   |
| <b>Internal audit and risk management controls</b>                              |     |     |       |     |
| Approve internal audit plan and resources                                       | *   | *   | *     | *   |
| Review of internal audit reports and monitor progress on open actions           | *   | *   | *     | *   |
| Review of financial, IT and general controls                                    | *   | *   | *     | *   |
| Monitor Group whistleblowing procedures   | *   | *   | *     | *   |
| Assessment of the principal risks and effectiveness of internal control systems |     |     |       | *   |
| <b>Governance</b>   |     |     |       |     |
| Assurances as to corporate governance and Corporate Governance Code compliance  | *   |     |       |     |
| Accounting standards update   |     | *   |       | *   |
| Corporate governance update   |     | *   |       | *   |
| Evaluation of external and internal audit function                              |     | *   |       |     |
| Directors' Compliance Statement policy and procedures                           |     |     |       | *   |
| Policy on the engagement of external auditors                                   |     |     |       | *   |

## Summary of Activities During the Financial Year

The Committee reviewed with the Independent External Auditors who are responsible for expressing an opinion on the truth and fairness of the audited Financial Statements and their conformity with the Bangladesh Financial Reporting Standards (IFRS).

The Committee also reviewed the Accounting Policies of the Company and such other matters as are required to be discussed with the Independent External Auditors in compliance with Bangladesh Auditing Standard. The quarterly Financial Statements were also reviewed by the Committee and recommended their adoption to the Board.

These reviews focused on, but were not limited to:

- The appropriateness and consistency of accounting policies and practices;
- The going concern assumption;
- Compliance with applicable financial reporting standards, corporate governance requirements and the clarity and completeness of disclosures; and
- Significant areas in which judgement had been applied in the preparation of the financial statements in accordance with the accounting policies

- Compared the results with management accounts and budgets, and reviewed reconciliations between these and the final results
- Discussed a report from the external auditors at that meeting identifying the significant accounting and judgmental issues that arose in the course of the audit;
- Discussed with management future accounting developments which are likely to affect the financial statements;
- Reviewed the budgets and strategic plans of the Group in order to ensure that all forward looking statements made within the Annual Report reflect the actual position of the Group

## Internal Audit

The Committee monitors the effectiveness of the internal audit function and is responsible for approving their appointment or removal and for ensuring they have adequate access to information required to conduct their audits.

During the year under review, the Audit Committee has met the Internal Auditors to consider their reports, management responses and matters requiring follow up on the effectiveness of the internal controls and audit recommendations.

- satisfying themselves as to the strategies, methodologies, plans, manning, resources and organization for internal auditing and its standing within the Company, and the extent of the co-ordination with the external auditors;
- considered the role and effectiveness of internal audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- Review the management's actions in computerization of the Company and its applications and Management Information System (MIS).
- received quarterly updates from the Head of Internal Audit on progress against the agreed plan including the results of internal audit reports and management's actions to remediate issues identified
- received updates on the nature and extent of non-audit activity performed by internal audit;
- ensured co-ordination between Group Internal Audit and the external auditor to maximize the benefits from clear communication and co-ordinated activities.

## Risk and Control Review

The Audit Committee has reviewed the Business Risk Management Process and procedures adopted to manage and mitigate the effects of such risks and observed that the risk analysis exercise has been conducted. The key risks that could impact operations have been identified and wherever necessary, appropriate action has been taken to mitigate their impact to the minimum extent.

- reviewed and approved the Group Internal Audit function's strategy and annual plan to ensure alignment with the Group's principal risks;
- considered and were satisfied that the competencies, experience and level of resources within the internal audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of internal audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;

- received quarterly updates from the Head of Internal Audit on progress against the agreed plan including the results of internal audit reports and management's actions to remediate issues identified;
- received updates on the nature and extent of non-audit activity performed by internal audit;
- monitoring compliance with the Company's Standards of Business Conduct;
- ensuring there is due process for compliance with relevant national laws and regulations;
- reviewing the reliability of management information procedures in the organisation including management reporting to the Main Board and the Management Board;
- Considering major areas of change prior to commencement and obtaining assurance that proper plans for control have been developed;

### External Audit

The External Auditors of the Company S.F.Ahmed & Co. member firm of HLB International submitted a detailed audit plan for the financial year 2018/19, which specified, inter alia, the areas of operations to be covered in respect of the Company. The audit plan specified 'areas of special emphasis' which had been identified from the last audit and from a review of current operations. The Audit committee had meetings with the External Auditor to review the scope, timelines of the audit plan and approach for the audits.

The areas of special emphasis have been selected due to the probability of error and the material impact it can have on the Financial Statements. At the conclusion of the audit, the External Auditors met with the Audit Committee to discuss and agree on the treatment of any matter of concern discovered in the course of the audit and also to discuss the Audit Management Letters. The Audit Committee also reviewed the audit fees of the External Auditors of the Company and recommended its adoption by the Board. It also reviewed the other services provided by the auditors in ensuring that their independence as auditors was not compromised.

- Recommend for appointment, reappointment or change Auditors
- Approval for remuneration, i.e. fees for audit or non-audit service
- Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements.
- Reevaluation Performance and audit plan
- Reviews the independence and objectivity of the external auditors
- Consider and discuss with the external auditors of the Company the scope of their audit prior to its commencement and, subsequently, the results, and review the effectiveness of the process
- review the external auditors' management letter and any major recommendations of the external auditors and consider management's response

### Related party transactions

Review all material related party transactions (including interested person transactions) and keep the board informed of such transactions, and the findings and conclusions from its review.

### Compliance with Financial Reporting and Statutory Requirements

The Audit Committee receives a quarterly declaration from the CEO, CFO and the VP Finance, listing any departures from financial reporting, statutory requirements and Group policies. Reported exceptions, if any, are followed up to ensure that appropriate corrective action has been taken.

With a view of ensuring uniformity of reporting, the Group has adopted the standardized format of Annual Financial Statements developed by the ultimate Parent Company.

### Conclusion

The Audit Committee is satisfied that the effectiveness of the organizational structure of the Group in the implementation of the accounting policies and operational controls, provide reasonable assurance that the affairs of the Group are managed in accordance with accepted policies and that assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Group's Internal and External Auditors have been effective and independent throughout the period under review.



**Alena Akhter Khan**

Chairman, Audit Committee

## Report Of The Nomination And Remuneration Committee

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRR D/2006-158/207/Admin/80, Date: June 03, 2018 on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC). This policy on nomination and remuneration of Directors and top level executives of the company has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors. This is a sub-committee of the Board.

The Nomination and Remuneration Committee (NRC) of Golden Harvest Agro Industries Limited is comprised of the following members:

| Names                                 | Representation in the committee | Number of Meetings of the Committee during FY 2018-19 |          |
|---------------------------------------|---------------------------------|---|----------|
|                                       |                                 | Held  | Attended |
| Anita Gazi Islam-Independent Director | Chairman                        | 1   | 1        |
| Nadia Khalil Chowdhury-Director       | Permanent Member                |   | 1        |
| Enamuzzaman Chowdhury-Director        | Permanent Member                |   | 1        |
| Ahmed Rajeeb Samdani                  | Advisory (Non-voting) Member    |   | 1        |

### Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

### Role of the NRC:

- NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board:
  - (i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
    - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - (c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background.
  - (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;

- (iv) formulating the criteria for evaluation of performance of independent director(s) and the Board;
- (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- (vi) developing, recommending and reviewing annually the company's human resources and training policies;

## **Objective and Policy of the NRC:**

### **Objective:**

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/top management team required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, top level executives reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

## **Appointment and Removal of Director, Top Level Executives and Senior Management**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, top level executives or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

## **Term / Tenure of Independent Director**

All companies shall have effective representation of independent directors on their Boards. At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors. Qualifications, experience and position of Independent Director shall be as per notification on Corporate Governance Code of Bangladesh Securities & Exchange Commission.

The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM). The post of independent director(s) cannot remain vacant for more than 90 (ninety) days and the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:

Provided further that the independent director shall not be subject to retirement by rotation as per the Companies Act, 1994.

### **Evaluation**

The Committee shall carry out evaluation of performance of Director and top level executives yearly or at such intervals as may be considered necessary.

### **Removal**

The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).

## Retirement

The Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director or any top level executive even after attaining the retirement age, for the benefit of the Company.

### Policy for Remuneration of Directors/ Top Level Executives:

- a) The Remuneration to be paid to Managing Director / Other directors as approved by the NRC committee.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.
- c) The Non-Executive / Independent Director may receive meeting fees and such other remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- d) The remuneration to top level executives shall be fixed considering their performances and in accordance with the Company's Policy.

### Major activities during the year:

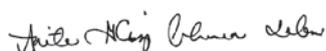
At its commencement meeting the Committee delved in detail into the values, code of conduct and talent value proposition of the Company. During the year under review, the Committee carried out the following activities:

- ▶ Reviewed and ratified the uniform Code of Conduct for the Company which would be also applicable to members of the Board and key management personnel or top-level executives.
- ▶ Oversee the core human resources policies, principles and philosophy of the Company including recruitment, performance evaluation across all levels of members and talent value proposition of the Company
- ▶ Recommendation for Long Term Performance Plan
- ▶ Review the structure, size and composition (including the skills, experience, independence, knowledge, and diversity, including gender) of the Board and make recommendations to the Board and nominate candidates to fill Board vacancies;
- ▶ Overseen other issues within the Code of Conduct of the NRC.

### Implementation

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

Nomination and Remuneration Committee (NRC) expressed their sincere thanks to the members of the Board of Directors, management of the Company for their outstanding support and Co-operation.



#### Anita Gazi Islam

Chairman

Nomination and Remuneration Committee & Independent Director



Awsummmmm  
**Shor malai**  
ice cream!  
Just the way you like it!







**JUBILANT**  
GOLDEN HARVEST



**Domino's**  
Pizza



# Sustainability Report

**Golden Harvest Agro Industries Ltd.**  
**For the year ended 30 June 2019**

## Global Reporting Initiative G4 Guidelines on Sustainability Reporting

We have assessed the material impacts of economical, environmental and social indicators on the business as well as our stakeholders based on GRI Standards. The Guidelines consist of Principles for defining report content and ensuring the quality of the information reported. The Guidelines also include Standard Disclosures consisting of Performance Indicators and other disclosure items. Also included are Indicator Protocols (which provide definitions and other information to ensure consistency), Technical Protocols (to provide guidance on issues in reporting) and Sector Supplements (instructing the user on how to use the Guidelines in a specific sector; they are to be used in addition to the standing Guidelines rather than replacing them).

The goal of sustainable development is to "meet the needs of the present without compromising the ability of future generations to meet their own needs." Climate change, sustainable development and ecological consciousness are global concern. GRI is in the process of updating its Sustainability Reporting Guidelines, and plans to incorporate the findings of the linkage document in order to align its new guidelines with those of CDP. As a responsible corporate, Golden Harvest is committed to the global agenda with a specific and focused framework for achieving them within the parameters of our business operations', inspiring significant policy decisions by world leaders. This content index accompanies our Golden Harvest has been prepared in accordance with the GRI Standards 2016.

As per new guidelines, the companies to be more transparent about the impacts of their activities and assets have on the environment, economy and society.

### Overview of the set of GRI Standards:

(A) Universal Standards:

The Universal Standards apply to all organizations preparing a report in accordance with the GRI Standards:

GRI 101 - Foundation: Starting point for using the GRI Standards.

GRI 102 - General Disclosures: The report contextual information about an origination.

GRI 103 - Management Approach: To report the management approach for each material topic.

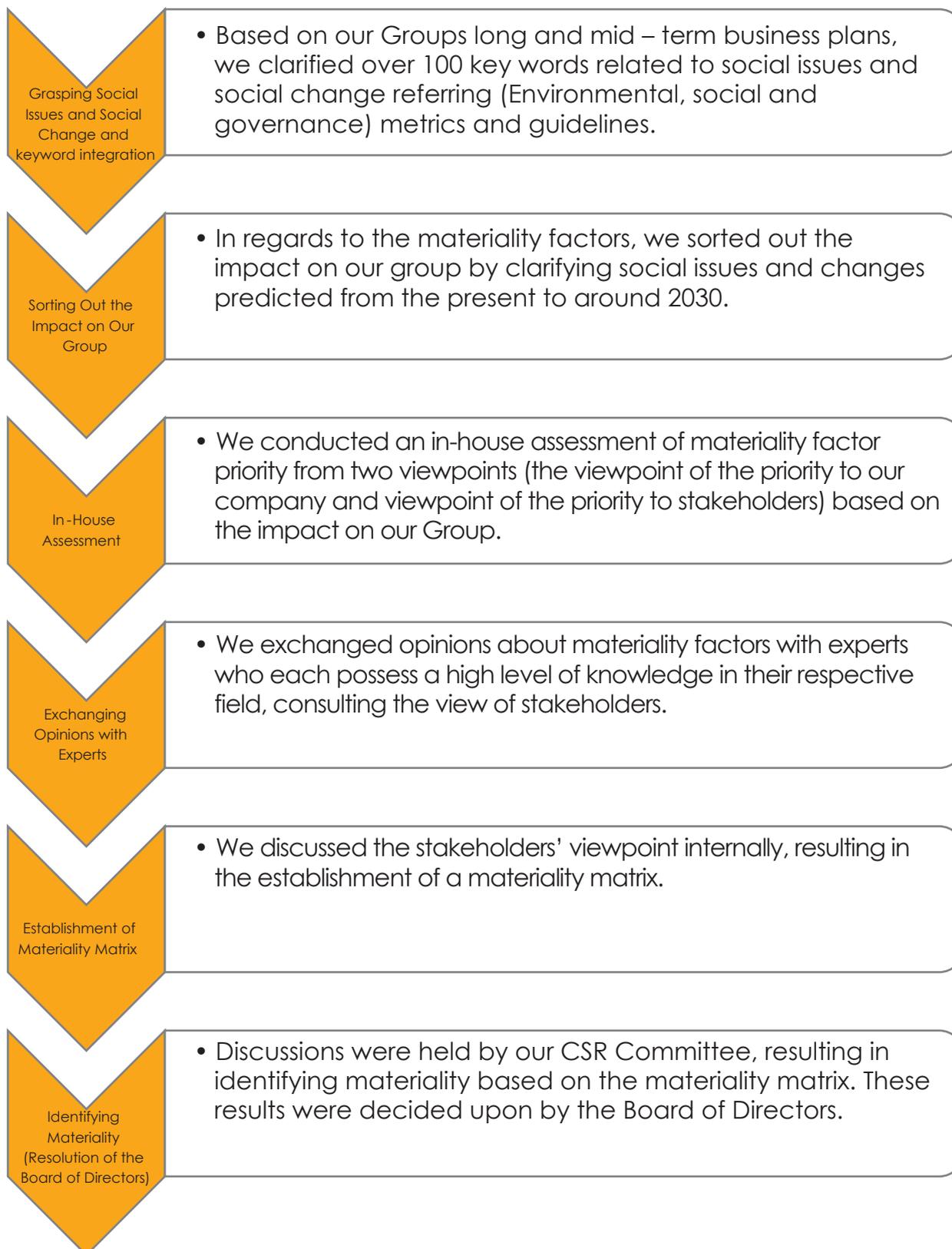
(B) Topic-specific Standards: There are various topic-specific Standards, organized in three series:

- Economic topics (200 Series)
- Environmental topics (300 series)
- Social topics (400 series)

### Materiality Selection

Our Group has identified the materiality needed to realize our corporate vision in 2030 to become "A corporate group which provides new values for helping to enrich people's lives by integrating internal and external knowledge with facing globally-changing society" and "A group of first-class pioneers who blaze a way to the future with enthusiasm by trusts they have built and skills they have cultivated".

## Process of Materiality Identification



## Materiality Matrix



|   |   |
|---|---|
| Provision of new value for helping to enrich people's lives | We aim to provide new value for helping to enrich people's lives through our businesses based on five core technologies.                                  |
| Strengthening of Golden Harvests Business base              | We aim to strengthen our business base to improve our ability to respond to increasingly diverse and sophisticated marketing needs.                       |
| Continuous improvement of responsible care activities       | We aim enhance the maintenance of environment, health, and safety through the operation of the Golden Harvest Product Responsible Care Management System. |

To prevent companies or independent organization to adopt the GHAIL Intangible Value Assessment in their own possible truncation, addition, and weights amendments should be approved by an methodology committee.

**Table: Golden Harvest Agro Industries Ltd. Matrix: Pillars, Themes And Key Issues**

| Pillar        | Theme                | Key Issue  |
|---------------|----------------------|--|
| Environmental | Climate Change       | Carbon emission<br>Product carbon footprint<br>Energy efficiency<br>Climate Change Vulnerability<br>Financing environmental impact                                       |
|               | Natural resource use | Biodiversity and land use<br>Raw material sourcing   |
|               | Waste Management     | Toxic emissions and waste<br>Packaging material and waste<br>Electronic waste  |
| Social        | Human Capital        | Opportunities in clean tech<br>Opportunities in green building<br>Labour management<br>Health and safety<br>Supply chain labour standards<br>Controversial sourcing      |
|               | Product safety       | Product safety and quality<br>Chemical safety<br>Financial product safety<br>Privacy and data security<br>Insuring health and demographic risk<br>Responsible investment |
|               | Social opportunities | Opportunities in nutrition and health<br>Access to communications<br>Access to healthcare  |

| Pillar     | Theme                        | Key Issue   |
|------------|------------------------------|---|
| Governance | Corporate Governance         | Corporate Governance<br>Corruption and instability<br>Business Ethics and fraud<br>Anti-competitive practices |
|            | Government and public policy | Finance system instability  |

## CSR Process

GHAIL defines CSR as a process that aims to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and other stakeholders. In this respect, GHAIL acknowledges that as a corporate entity, its social and environmental impacts are a legitimate concern for its sustainability. Keeping this in mind, GHAIL treats its CSR with paramount significance. This is done by creating standing committees that develops and implements policies. These are policies which are intended to ensure all aspects of GHAIL's CSR are addressed. These aspects are not only relevant to GHAIL but are also needed to fulfill GHAIL's commitment to the community and environment. Furthermore, GHAIL believes CSR is not something that can be imposed from the outside, but rather an ideology that is made to be an inherent part of its business's principles, which are derived from the mission, vision and values of the GHAIL group. In this regard, GHAIL is aware of the fact that CSR activities are not to be chosen arbitrarily, thus the resources deployed are efficiently used to address overall socio-economic well-being. This is done by aligning GHAIL's CSR activities that deliver the intended result while staying true to improving people's quality of lives all while utilizing GHAIL's core competencies. Accordingly, GHAIL makes its CSR initiatives cohesive and meaningful to create the perfect balance between business sustainability and social needs, keeping society and its stakeholders satisfied.

## Environmental and CSR Policy

As a corporate entity, GHAIL believes that its operations should be financially sustainable, socially responsible and environmentally friendly. In this regard, GHAIL does not engage in activities that cause difficulties in localities where it operates. GHAIL does not cause pollution nor does it degrade the environment, Since GHAIL's motto is to improve people's quality of life, GHAIL only undertakes projects that benefit society as a whole, as a part of its CSR. While choosing CSR worthy initiatives, GHAIL remains conscious of the fact that its core competencies are utilized through projects that build efficiency through the application of GHAIL's knowledge and resources. GHAIL wishes to reiterate that its CSR activities are not philanthropic or unsystematically chosen. GHAIL endeavors to fulfill its responsibility for social improvement and abolishing poverty.

In this respect, GHAIL's CSR programs are aimed at those who are impacted due to its operations, these may be consumers of GHAIL products, the locality in which GHAIL operates or the environment. This leads GHAIL to be socially and environmentally sustainable. Various projects under GHAIL's CSR pillars are designed by its management committee which falls under corporate strategy. GHAIL's projects therefore are always aligned with the interest of all of its stakeholders.

## Environmental Sustainability

**“We learned that economic growth and environmental Protection can and should go hand in hand.”**

### Our Green Philosophy

As a leader in the industry we see it as a duty for organisations to take on the reins of creating a sustainable planet which will be conducive to continuing the symbiotic relationship that exists between humans, animals and nature. Our business philosophy therefore is to create a long-term shareholder value with minimalistic impact to the environment. Our philosophy is to engage in business practices that subsidises Sustainable Development on a macro scale while alleviating the burden of environmental pollution.

Therefore in keeping with our green philosophy we have taken a collective effort to reduce our Carbon Footprint to the bare minimum and established Golden Harvest Echo Friendly Industrial Park situated in Fatehpur (Gowainghat Upazila, Sylhet District) adjacent to National Highway. Strategically located in Sylhet-Jaflong Highway, the site provides swift access to the National Highway N2 and hence to Dhaka and Chittagong, and is positioned conveniently for access into the Sylhet town. The park comprises industries, warehouse and office accommodation in a range of unit sizes. Types of businesses that would be there including Food Production, Cold-storage facility, Warehouses, and many others. The park is managed by a well-established management team and benefits from CCTV, backed up by 24 hour mobile and static security guarding. There is a comprehensive maintenance and gardening scheme in place..

A number of projects focusing primarily on waste and water management have been successfully implemented for this purpose. We strictly adhere to Occupational Health and Safety requirements to ensure a safe, hygienic and accident-free workplace for our employees. Numerous measures have been established to ensure minimum hazard emissions while, intensive training is given to our employees on relevant issues such as environmental awareness, protection and conservation.

The Group policy of minimising waste discharge was well communicated among all staff members of the Group. Their contributions in this exercise have helped the Company reap a substantial reduction in the quality of disposable waste during the year.

Moreover, the procedures of discharging these effluents stringently adhere to accepted guidelines and regulations ensuring that no harm comes to the ecosystems surrounding our factory locations. We have also minimised the challenges surrounding the imprudent use of land resources by ensuring that land used by GHAIL is utilised wisely and with a keen understanding of the environmental needs, yielding added returns for the future.

Our promise to the next generation is to aspire to be ideal corporate citizens that honor our civic duty, protecting the earth's natural resources through novel ideas that effectively maximise the overall utility of land, energy and water, while adhering to the ethical manufacture, supply and export of chemicals. The policies of GHAIL commitment to the green initiatives is made manifest in our efforts to becoming Carbon-Neutral while also tracking our Carbon Footprint in a comprehensible and conscious manner, through one of the leading Carbon Consulting Companies in the country.

The dedication of the Group in this regard is evident in that even the utilisation of fluorescent light bulbs and the energy efficiency practiced in the manufacturing process.

As per the guiding principles of Integrated Reporting structures, GHAIL has built its business model on that of a Green Policy, in which the Company is held accountable to its shareholders inclusive of its surrounding environs.

### Waste Management:

Under Section 12 of the Bangladesh Environment Conservation Act 1995 (ECA 1995) no industrial unit or project can be established or undertaken without obtaining an Environmental Clearance Certificate (ECC) from the DOE. The ECC ensures that the industry/project meets all the prescribed standards set by the Bangladesh Government in terms of the quality standards of air, water, noise, odor and other environmental components.

As per the Act, National Standards of Waste Discharge Quality Standards for Industrial Units and Projects are prescribed as below:

| Parameter                    | Unit    | Location of final disposal |              |                |
|------------------------------|---------|----------------------------|--------------|----------------|
|                              |         | Inland Surface Water       | Public Sewer | Irrigated Land |
| Ammonia (free ammonia)       | mg/L    | 5                          | 5            | 15             |
| Ammoniacal Nitrogen (as N)   | mg/L    | 50                         | 75           | 75             |
| Arsenic (As)                 | mg/L    | 0.2                        | 0.5          | 0.2            |
| BOD5 20oC                    | mg/L    | 50                         | 250          | 100            |
| Boron (B)                    | mg/L    | 2                          | 2            | 2              |
| Cadmium (Cd)                 | mg/L    | 0.05                       | 0.5          | 0.5            |
| Chloride (Cl <sup>-</sup> )  | mg/L    | 600                        | 600          | 600            |
| Chromium (hexavalent Cr)     | mg/L    | 0.1                        | 1.0          | 1.0            |
| Chromium (total Cr)          | mg/L    | 0.5                        | 1.0          | 1.0            |
| COD                          | mg/L    | 200                        | 400          | 400            |
| Copper (Cu)                  | mg/L    | 0.5                        | 3.0          | 3.0            |
| Cyanide (CN)                 | mg/L    | 0.1                        | 2.0          | 0.2            |
| Dissolved Oxygen (DO)        | mg/L    | 4.5 – 8                    | 4.5 – 8      | 4.5 – 8        |
| Dissolved Phosphorus (P)     | mg/L    | 8                          | 8            | 10             |
| Electrical Conductivity      | µMho/cm | 1200                       | 200          | 200            |
| Fluoride (F)                 | mg/L    | 7                          | 15           | 10             |
| Iron (Fe)                    | mg/L    | 2                          | 2            | 2              |
| Lead (Pb)                    | mg/L    | 0.1                        | 0.1          | 0.1            |
| Manganese (Mn)               | mg/L    | 5                          | 5            | 5              |
| Mercury (Hg)                 | mg/L    | 0.01                       | 0.01         | 0.10           |
| Nickel (Ni)                  | mg/L    | 1.0                        | 1.0          | 1.0            |
| Nitrate (N molecule)         | mg/L    | 10                         | -            | 10             |
| Oil and Grease               | mg/L    | 10                         | 20           | 10             |
| pH                           |         | 6 – 9                      | 6 – 9        | 6 – 9          |
| Phenol Compounds (C6H5OH)    | mg/L    | 1.0                        | 5.0          | 1.0            |
| Selenium (Se)                | mg/L    | 0.05                       | 0.05         | 0.05           |
| Sulfide (S)                  | mg/L    | 1                          | 2            | 2              |
| Total Dissolved Solids (TDS) | mg/L    | 2100                       | 2100         | 2100           |
| Total Kjeldahl Nitrogen (N)  | mg/L    | 100                        | 100          | 100            |
| Total Suspended Solids (TSS) | mg/L    | 150                        | 500          | 200            |
| Zinc (Zn)                    | mg/L    | 5                          | 10           | 10             |

Golden Harvest is concerned about the environmental impacts and very careful about the compliance of the relevant laws. To comply with the laws the company has established a Biological Effluent treatment plant. We have identified that the production process generates two types of waste. One is solid waste and another is waste water.

#### Solid Waste:

The solid waste that generates from the process is mainly from residue of raw material which is agricultural products. All are biological waste and are not hazardous. All solid waste can be decomposed and can be used as green fertilizer.

The production process generates around [xxxx] tons of waste per day. The waste are collected and deposited into a safe place for decomposition. After two to three weeks the waste are decomposed properly. Then they are taken to the field to the contact grower for use in their field. This manure in one side reduce utilization of chemical fertilizer and in another side increase the fertility of the land. It reduces soil erosion and help improving long term environmental impact.

#### **Waste Water:**

We are focused on complying the "Bangladesh Environment Conservation Act – 2000." In the Agro project waste water comes from washing and cleaning activities. It does not contain anything that is harmful or hazardous to the environment. Therefore, it does not require any treatment. The water is discharged directly to the natural sewerage system managed by the Local Government Engineering Department. The Company in its frozen food department uses around 2,000 liter of water per hour. The main source of water is from its own deep tube well.

Every week the waste water is tested in our lab. Sample is collected before the treatment and after the treatment. A report is given below:

| Parameter                          | Sample from Waste Tank | Sample from Clarifier outlet | Standard  |
|------------------------------------|------------------------|------------------------------|-----------|
| PH                                 | 4.0 – 5.0              | 7.0 – 8.0                    | 6.5 – 8.0 |
| Total Dissolved Solid (TDS)        | 3000 – 3500            | 520 – 550                    | <2000     |
| Chemical Oxygen Demand (COD)       | 350 – 450              | 100 – 120                    | <250      |
| Bio – Chemical Oxygen Demand (BOD) | 100 – 150              | 15 – 20                      | <50       |
| Dissolved Oxygen (DO)              | 15 – 20                | 5.0 – 6.0                    | 4.5- 8.0  |

#### **MaterialD**

We continue to monitor the use of all core materials used in our business. This gives us better control over the use of production inputs such as fertilizer, agrochemicals, packaging material etc. At the same time we promote reuse and recycling wherever possible and practical.

#### **Transportation**

We have made sure that transporting of products, other goods and materials or members of the workforce will not cause any unsatisfactory eco impacts. Accordingly, GHG emissions from fuel used for transportation remains the only environmental impact what we have at present.

#### **Having to deal with Supplier assessment for environmental Impact**

a wide range of suppliers and contract farmers has prompted to set out comprehensive guidelines for the assessment of each supplier category. All existing suppliers and contract farmers are evaluated regularly to assess their level of compliance with GHAIL rules and regulations. In dealing with new suppliers for vegetable, chicken and spices and other equipment required for the operations, we make sure to procure only from suppliers who comply with national environmental regulations and adhere to international environmental standards. Even then regular qualitative assessment are carried out to establish their alignment with our quality parameters and conformity with globally accepted food safety management criteria. Meanwhile, uprooting contractors are assigned the job only once they sign the contract agreement to prevent damage to the environment during uprooting process.

#### **Corporate Social Responsibility (CSR)**

Golden Harvest strongly believes in giving back to the society and runs a CSR programme that includes Bangladesh Human Rights Foundation, TAC Charitable Hospital, Alvina Samdani Trust and Samdani Art Foundation that organizes Dhaka Art Summit, the largest non-commercial South Asian art dedicated event.

#### **Samdani Art Foundation**

A not for profit Art infrastructure development organization, founded by the Group Managing Director Rajeeb Samdani and Nadia Samdani, Director GoldenHarvest Group to promote Bangladeshi contemporary art to the International Arena. The foundation hosts various art events throughout the year with its two major events: Dhaka Art Summit and Samdani Art Award.

## Dhaka Art Summit 2018

Dhaka Art Summit 2018 brought together 300 artists and 120 speakers and welcomed record attendance with 317,000 visitors over 9 days (2-10 February 2018). The President of Switzerland, Alain Berset was also among the visitors. Along with 7 curated exhibitions, the summit also hosted talk programmes and Education Pavilion to provide workshops and seminars for the local artists. This is the 1st time the summit also featured symposiums in closing scholar weekend. This year's Samdani Art Award winner is Mizanur Rahman Chowdhury and for the 1st time Samdani Architecture Award was announced and given to Maksudul Karim.



## Golden Harvest - Always with the Deprived, who aspires to become Successful in life - Joyontika Zobeda

Golden Harvest is Proud to be the companion in Zobeda's Success Story. It could be a different story for not being benevolent to provide dowry, life of numerous women in Bangladesh lose the pace of their life time and again. But Zobeda has brought this traditional story into a different height & we, Golden Harvest take the pride to be a part of her glorious story. Jobeda, a Super Hero – Jobeda was a dwarf girl, eldest child of a farm-laborer having 4 siblings from Majhipara, Gaibandha. She could not complete her education due to her dwarfness & poor financial condition of her father. Dwarfness is a social stigma in Bangladesh, more so in rural areas. She was married off at the early age but could not pursue her married life since her poor father could not pay off the dowry during marriage.

All these predicaments did not stop her to carry forward her dream. She started as a sewing apprentice in a local sewing shop, later she opened own sewing shop in her home to start a new beginning in life.

Golden Harvest, knowing her hardship & adversity and determination & fighting instinct to stand on her own foot, came forward to help her. Golden Harvest provided her initial capital to buy sewing machines for smooth initiation of business.

Zobeda, running the wheel of sewing machine has stimulated the immobilized luck of her own.



'Running a sewing machine' rather than the one (Holding the cheque received from Golden Harvest).

She has written the success poetry of her life despite her physical deformity. She is now running the shop successfully & helping her father to run family expenses, keeping her head high. Jobeda is no longer dependent & curse for the society, rather she is an independent woman contributing to the society keeping her ESTEEM HIGH.

Golden Harvest is very much proud of Super Her- Jobeda. Hats Off to her determination & success for an independent decent life. It is indeed a celebration on the occasion of International Women's Day 2018 for all the WOMENFOLK & the SOCIETY.

**Bangladesh Human Rights Foundation (BHRF)**

A not for profit organization set up to provide free of cost legal aid to the underprivileged who are fighting against violation of human rights in different ways.

**Others Corporate Social Responsibility (CSR) Activities During The year**



Better Performance Appreciation



Celebrate Golden Harvest Family Day



Golden Harvest Group distributed relief among 1,000+ flood affected people of Jamalganj, Sunamganj. All the members of golden harvest group has supported & contributed in this noble program. Relief Distribution to Flood Affected People.



Sales Conference



Arrange school workshops towards developing approach to human right education & integrating human right values.



Vaccine Programme at factory. To ensure staff health security Golden Harvest arrange blood testing program & give vaccine like Hepatitis B, typhoid etc.

## Human Capital

### 'The goal is the optimum potential of each person, We are the architects of the possibilities of human beings'

'The goal is the optimum potential of each person, We are the architects of the possibilities of human beings'

The work ethic that revolves around GHAIL is built on professionalism that is based on a carefully cultivated code of conduct with strong roots in the principles of good governance. This discipline prevails over all dealings within the GHAIL Group, while a constantly evolving Human Resource Policy marks the cornerstone of every operation. Our Human Resource Policy covers terms and conditions of employment, professional ethics and general conduct, employee responsibilities, remuneration/employee benefits and staff development, security, safety, health and environment, staff social activities, staff communication and grievance handling.

The workforce at GHAIL is what gave the Company the necessary edge to be the pioneers in the manufacture and export of ready to cook frozen products. The Company is earmarked by its team of lateral thinkers with a dynamic and committed work ethic. The policy of its human capital is the key to us maintaining our competitive market position at the top of the ranks. Our achievements in the face of a challenging external work environment is due solely to the human capital which remains the single most crucial cog in the wheel of our organisation's sustainability and growth.

Each member of the GHAIL team is bonded together in a strong sense of camaraderie. Along with their attitudes, skills and abilities this is the key contributor to the Group's performance and level of productivity. We believe in the potential of the individual and have made noteworthy investments that have translated into an empowering, knowledge-based culture. These policies have made a natural transition in to action and behavior that reflects the positives of a good work ethic, philosophy of life, equitable balance, rewards, remuneration, recognition and a personnel retention policy. Our key 'hire to retire' human capital management strategy has ensured that our employees remain with us for longer periods than the industry norm.

In developing our human capital we base our philosophy on intensive training and long-term development, creating opportunities for well-balanced professional and personal careers through recreation, entertainment, extracurricular activities and the instigation of welfare for both the Company's employees and their families.

During the current year, training and development program held by local resource personnel. The programme were enriched through tailor made training procedures executed by external resource personnel increasing overall knowledge and skill levels. We believe in staying on par with international standards through the competence and competitive drive of our team. GHAIL is a staunch believer in investing in the human capital of the Group. We have understood and thus practice the principle of investing in the intellectual, technical and emotional wellbeing and growth of our team members. The focus on the cultivation of Professional Development Skills is a proactive method encouraged amongst the Corporate Management to effectively keep abreast of relevant industry trends and to expand levels of specialized knowledge. We promote and aid the cultivation of professional and technical knowledge. This is put in practice by granting financial assistance and professional consultancy for team members wishing to pursue higher academic goals.

Training needs are identified in the annual performance review via the gap analysis for the senior management. The reviews then used as the base to prepare an all-inclusive training calendar catering to the identified problem areas. Challenging and inspiring goals are then dealt for team members annually, ensuring that they maintain their competitive edge. A dynamic HR Department develops procedures that would enable these targets to be converted to quantified results, integrating tools and processes. This procedure ensures that the Company as well as the team keeps a visible track on its growth trajectory. Our human capital management approach brings into line the goals of our employees with the aspirations of the Group and directs such an alignment to tally with specific, measured and realistic business objectives. Executives are assigned tasks at the beginning of the fiscal year; these are in concurrence with company objectives for that fiscal period.

These goals are directly linked to employee benefits and added remuneration. Our Human Resources have been focusing on creating the right work environment for our employees. This is because we understand the importance of a work conducive atmosphere that promotes healthy interaction between employees and their work space. Thus we undertook the development of facilities and amenities while endeavoring to protect and legitimize the rights and liberties of our work force. Our endeavors have resulted in the quality of our workers daily lives improving noticeably. Several initiatives have been conducted, these include comprehensive training sessions on safety and the use of safety equipment. These are accentuated by safety audits carried out by external safety experts, ensuring that our work environment is safe and hazard-free with all danger-inducing gaps/threats identified and resolved urgently.

Our 'open doors policy provides the Company staff the liberty to air their ideas and opinions. The transparent and open discussion environment this policy encourages has ensured that the Group has uplifted and improved its standards considerably. Job security has remained strong within our team. The successful management of the Company through the global economic and financial crisis is proof of this fact. The confidence the team places

in us has served to nurture and stabilise the strong bonds we have constructed within the GHAIL family.

GHAIL can boast a customer base that has stood by us through the test of time. They have been the guiding points in our development story. Our customers continually commend us on our consistent improvement in both productivity and service delivery. These results are a direct translation of the commitment and competency of our team members. Each employee plays a significant role in the growth and productivity of the Company.

The passion and flair displayed by the GHAIL group is a direct translation of the sense of ownership and oneness the workforce has with the Company. The welfare measures taken by the Group speaks volumes of its commitment towards sustaining and nurturing its human resources. These include workman's compensation, bonus payments, productivity incentives, meal allowances, staff loan facilities for various purposes, comprehensive medical insurance which covers a variety of areas, professional subscriptions and weekend allowances. The GHAIL Group is firmly rooted in their commitment towards protecting the ideal of holistic development of the employee. As a proud equal opportunity employer, merit remains the sole point of assessment and the sole criterion for qualification. Our policies are embedded in the idea that human rights are the corner stones of human dignity and civility. Within GHAIL there is cultural pluralism devoid of prejudice and injustice.

Regular comprehensive health checks are carried out for all factory staff. As per the health checks carried out during reporting period, it confirmed that none of our factory staff are affected with ill-health and we have taken adequate measures to ensure that all our employees receive the best medical attention under varying circumstances.

Criterion for qualification. Our policies are embedded in the idea that human rights are the corner stones of human dignity and civility. Within GHAIL there is cultural pluralism devoid of prejudice and injustice.

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Training isn't just important to us, it is vital. Golden Harvest arrange different type of internal & external training to improve current & future performance by helping employees acquire the skill, knowledge and attitudes required of a competitive work force.

We celebrated International Women's day on March 08, 2019; Wednesday in respect to our female colleagues. We would specially like to thank Nadia Madam for attending this program and making it even more special for Golden Harvest Family.



Monthly Birthday Celebration at Golden Harvest Corporate Head Office. Our honorable MD and Director Sir join in the program to share the happy moment with all.

Badminton tournament at Gazipur Factory. Participated by 8 teams of 2 members. Champion Team was Mohammad Ferdous Akhter; Security In-charge & Md. Rashedul Islam; Operator, Ice-cream.



## Human Resource Accounting

Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to the interested parties. It is an attempt to identify and report the investment made in human resources of the Company that are currently not accounted for in the conventional accounting practices.

### Practice in GHAIL

We are working towards establishing a Human Resource Accounting system to ensure clarity and focus on the investments made in the Human Resources. We are also finalizing an HR Dashboard in ERP system which regularly will provide important insights/intelligence about the total HR process/system.

We are working relentlessly to establish Golden Harvest as a platform to learn, grow and contribute for consistently delivering international standard innovative products and services for improved lifestyle

There is a Compensation

Committee which ensures regular compensation survey of the relevant industry and ensures that the salary & fringe benefits are determined by the reference to the external market, internal equity and affordability.

Last year Golden Harvest HR worked with a vision for creating a work-culture to foster creativity, innovation and productivity through dynamic and engaged people with an objective to become the most trusted and preferred brand to every household of Bangladesh.

We identified the training needs through a structured TNA (Training Need Assessment) process and provided trainings accordingly to develop the knowledge and skills of our human resources.

Training cost comprises of formal training cost, on job training cost, special training cost and development programs In the year-2018-19, GHAIL incurred for its employee training (home and abroad) as under:

| Types of Training | Description   | Expense During The year |
|-------------------|---|-------------------------|
| Foreign           | Different Conference, Official tour and meeting purpose       | 485,500                 |
| Local             | Training organized by the company and different organizations | 677,646                 |

We celebrated birthdays of 51 employees in head office and expenses on different welfare issues (Sickness/treatment, family problem etc.).

| Types of Expenses | Description                             | Expense During The year |
|-------------------|---|-------------------------|
| Welfare issues    | Sickness/treatment, family problem etc. | 1,649,500               |

GHAIL has a mix of enthusiastic youth and experienced seniors who synchronize the efforts to achieve the company's goals.

| Age Range (Years) | Male | Female | Total |
|-------------------|------|--------|-------|
| 18-25             | 262  | 133    | 395   |
| 26-35             | 467  | 161    | 628   |
| 36-45             | 85   | 4      | 89    |
| 46-55             | 30   | 0      | 30    |
| 56 and above      | 0    | 0      | 0     |
| Total             | 844  | 298    | 1,142 |

# Integrated Reporting Initiative Index

## Organizational Overview

Golden Harvest is one of Bangladesh's leading business group with diversified interests in Food, Dairy, Commodity, Information Technology, Logistics, Real Estate, Aviation, Infrastructure Development and Insurance.

Golden Harvest has been a pioneering force in the frozen food sector in Bangladesh and is the country's first company to develop its own Cold Chain network in collaboration with USAID.

Golden Harvest started its journey as a Commodity Brokerage company and later on expanded its business and is now a leading force behind various business sectors and employing over 5000 People.

Golden Harvest is also the Joint Venture partner of Nippon Express, Asia's largest logistics company with network in over 480 locations worldwide.

Golden Harvest strongly believes in giving back to the society and runs a CSR programme that includes Bangladesh Human Rights Foundation, TAC Charitable Hospital, Alvina Samdani Trust and Samdani Art Foundation that organizes Dhaka Art Summit, the largest non-commercial South Asian art dedicated event.

## REPORTING APPROACH

The aim of the integrated annual report is to provide stakeholders with a balanced and holistic view of the financial, social, environmental and economic impacts of Golden Harvest Agro Industries Limited ("GHAIL" or "Group") to enable them to obtain a better understanding of the Group's long term prospects. This report includes all the subsidiaries of GHAIL. It covers the performance for the year ended 30 June 2018 and provides a view of operations of the Group with relevant comparisons to the previous period.

There has been no change in the scope and boundary of this report, relative to the previous report, nor have there been significant changes in the size or ownership during the current reporting period, other than through organic growth of operations. Given the substantial corporate activity in the 2017-18 financial years, GHAIL has continued to provide financial results for the previous financial year, to give shareholders a better understanding of the underlying performance of the Group.

The Group operating its business dividing in four divisions, Frozen Food, Ice Cream, Dairy Products and Dairy Farming. There is also a Group Shared Services function that oversees issues pertaining to strategy, finance, information technology, human resources, governance and communication and a Group treasury function.

In compiling this report, GHAIL has considered the following requirements:

- International Financial Reporting Standards (IFRS) in respect of the annual financial statements;
- The BSEC Listings Requirements;
- The Companies Act, 1994, as amended;
- Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI); and
- The International Integrated Reporting Framework.

The information in this report has been selected to cater for the interests of stakeholders that require a broad overview of the present and future direction and prospects of the Golden Harvest Group – shareholders, funders, regulators, prospective employees, suppliers and community members, amongst others. Stakeholders with more in-depth needs, such as employees and customers are invited to contact GHAIL directly or visit our website, [www.goldenharvestbd.com](http://www.goldenharvestbd.com) for further information.

Matters that substantially affect the Group's ability to create and sustain value over the short, medium and long-term are considered material and are included in this report. Material issues are identified and selected for inclusion through an evaluation of GHAIL' risk register, as well as a process of dialogue amongst senior executives and the board.

The integrated report forms part of, and should be read in conjunction with a set of reports available online on our website. Other reports available are:

- Corporate governance report
- Risk report
- Remuneration report
- Sustainability report
- Annual financial statements.

## SWOT Analysis



### Strengths

- Strong financial position
- State of the art production facilities
- Established brand name / loyalty
- Well established distribution network
- Technical prowess
- Development of new and eco-friendly formulations
- Competent & committed human resources
- Well diversified investment portfolio
- High barriers to entry in the industry

### Weakness

- Mature industry with clogged overall demand
- Established competitors' dealer network hampering market share enhancement
- Reliance on depleting natural resource
- Narrow product line
- Relatively homogeneous product, limiting pricing strategies

### Opportunities Threats

- Horizontal as well as vertical diversification
- Increase / value addition in product line covering macro and micro nutrients
- Implementation of energy efficient technologies to conserve gas
- Exploration of alternative sources of raw material
- Depleting natural gas reserves
- Poor farm economics
- Continuous increase in raw material / fuel prices
- Provision of gas to competitors at concessionary rates
- Profits cuts due to continuous increase in operating cost



## PEST Analysis

### Political

| Influencing Factor  | Impact on GHAIL  | GHAIL's Approach   |
|---------------------|--|--|
| Political Stability | Stable political situation will have positive impact over business | GHAIL always try to do business considering minimum impact if any political instability prevails |
| Taxation Policy     | Unfavorable taxation policy will lower business profit             | GHAIL tries to take maximum benefit within the boundary of tax legislation                       |

### Economic

| Influencing Factor       | Impact on GHAIL   | GHAIL's Approach  |
|--------------------------|---|---|
| Lower interest rate      | Will lower cost of capital  | Review quarterly cost of capital so that GHAIL gets maximum benefit               |
| Inflation Control        | Controlled inflation will have positive impact on business growth | GHAIL overall business strategy tries to take advantage of the market             |
| Increase in Income Level | Purchasing power of the consumer will go up                       | GHAIL always try to penetrate on existing market considering yearly market growth |

### Social

| Influencing Factor  | Impact on GHAIL                                  | GHAIL's Approach  |
|---------------------|--|---|
| Change in lifestyle | People will shift towards ready to cook products | All marketing related communication is pursuing that messages |
| Income distribution | Number of customer in the market will go up      | New customer will have impact on increased sales              |

### Technological

| Influencing Factor            | Impact on GHAIL  | GHAIL's Approach  |
|-------------------------------|--|---|
| Impact of emerging technology | IT and MIS department needs to take their role to maintain competitive advantage | All the recommendations to incorporate technological advancement from IT and MIS have been done |
| Impact of technology transfer |  |   |

## Governance

GHAIL's governance structure complements its ability to create value in the short, medium and long strategy and objectives. The overall governance issues have been depicted in pages 84 of Annual Report.

## Business model

| Inputs  |  |  |
|---|--|--|
| Equity BDT. 2,438 Million                         | <b>Activities</b>                                      |  |
|   |  | <b>Value Outputs</b>                                   |
| Interest bearing borrowings of BDT. 3,853 Million | Total Property, Plant and Equipment BDT. 3,966 Million | Earnings per share BDT. 2.03                           |
| Market Capitalization BDT. 4,041 Million          | Total NonCurrent Assets BDT. 783 Million               | Earnings Attributable to Shareholders BDT. 243 Million |
|   | Total Current Assets BDT. 2,999 Million                | Dividends 2018/19 - BDT. 143.89 Million                |
|   | Total Assets BDT.7,748 Million                         | Interest Paid to Funding Providers- BDT. 433.5 Million |

| Inputs                |                                |   |
|-----------------------|--------------------------------|---|
| Distributors 522      | <b>Activities</b>              |   |
| Direct outlets 498    |                                | <b>Value Outputs</b>  |
| Retail Outlets 58,500 | Brand Building BDT. 42 Million | Sales Volume BDT2,240 Million                                     |
| Supplier 421          | Advertisement BDT. 2.2 Million | Commission Paid to Distributors BDT. 179 Million                  |
| Brands 05             |                                | Purchase BDT. 1,229 Million                                       |
|                       |                                | Dealer and Distributor cold storage investment in Freezers 39,662 |

## Risks and Opportunities

As like any other business, GHAIL is also exposed to various risks which are being explained as well as their mitigation process in page no. 88 of Annual Report.

## Performance

Quantitative Indicators:

GHAIL maintained steady growth over the financial period and all the key indicators are graphically presented in page no. 43 in Annual Report.

### Stakeholders Relationship

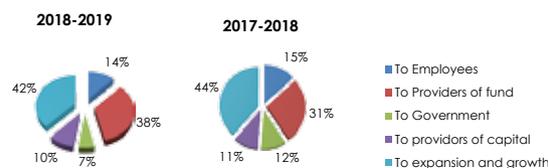
|   |  |
|---|--|
| <p><b>Investors</b></p> <ul style="list-style-type: none"> <li>• Relevant and timely reporting</li> <li>• Sustainability of the business</li> <li>• Strategic priorities, growth markets and plans</li> <li>• Key market conditions and forecasts</li> <li>• Key growth areas</li> <li>• Business risk management</li> <li>• Operational performances and opportunities</li> <li>• Trading outlook</li> </ul>   | <p><b>Business Partners /customers</b></p> <ul style="list-style-type: none"> <li>• Price</li> <li>• Service</li> <li>• Customer solutions/requirements</li> <li>• New product/service development</li> <li>• Organisational improvements</li> </ul>   |
| <p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Continuous learning</li> <li>• Accessibility of key information across the entire business</li> <li>• Ensuring that skills and competency profiles are in line with requirements, incorporating recruitment, assessment and selection, employment equity considerations, career pathing, succession planning, leadership development, staff development/ training, employee retention, performance management and leadership development</li> <li>• Promote workplace safety.</li> </ul> | <p><b>Government</b></p> <ul style="list-style-type: none"> <li>• Environmental issues</li> <li>• Use of scarce resources</li> <li>• Creation of employment</li> <li>• Compliance to relevant standards and legislation</li> <li>• Transparent disclosure of levels of compliance</li> <li>• Tackling industry issues</li> <li>• Interactions and support of key industry bodies</li> <li>• Commenting on policy proposals</li> <li>• Forming partnerships to grow the economy and for better futures for society</li> </ul> |
| <p><b>Local Communities /civil society</b></p> <ul style="list-style-type: none"> <li>• Community upliftment</li> <li>• Partnership opportunities</li> <li>• Local business investments</li> <li>• Employment opportunities</li> <li>• Sustainability impact</li> <li>• Training opportunities</li> <li>• Participation in the carbon disclosure project</li> </ul>   | <p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>• Collaboration on synergistic Group procurement policies</li> <li>• Joint customer and supplier meetings and workshops</li> <li>• Fair procurement principles</li> <li>• Sustainability impact</li> <li>• Reduction in value chain cost engineering</li> <li>• Price</li> <li>• Service</li> <li>• Product supply innovation</li> </ul>  |
| <p><b>Media</b></p> <ul style="list-style-type: none"> <li>• Brand communication</li> <li>• Promotions</li> <li>• Community updates</li> <li>• Financial results</li> </ul>   | <p><b>Consumers</b></p> <ul style="list-style-type: none"> <li>• Quality of Products</li> <li>• Positive brand experience</li> <li>• Ethical and non-collusive business practices</li> </ul>   |

## Value Added Statement

### Golden Harvest Agro Industries Limited For the year ended 30 June 2019

|  | Group                |        |                      |        | The Company        |        |                    |        |
|--|----------------------|--------|----------------------|--------|--------------------|--------|--------------------|--------|
|  | 2018-2019            |        | 2017-2018            |        | 2018-2019          |        | 2017-2018          |        |
|  | Amount in BDT        | %      | Amount in BDT        | %      | Amount in BDT      | %      | Amount in BDT      | %      |
| Revenue                                | 2,240,120,323        |        | 1,870,954,629        |        | 872,705,727        |        | 740,374,815        |        |
| Other operating income                 | 63,723,132           |        | 48,610,260           |        | 49,108,109         |        | 39,444,755         |        |
| Finance income                         | 6,483,206            |        | 1,819,962            |        | 1,905,691          |        | 302,920            |        |
|  | 2,310,326,661        |        | 1,921,384,851        |        | 923,719,527        |        | 780,122,490        |        |
| Cost of materials and service obtained | (1,164,937,586)      |        | (973,204,897)        |        | (424,446,458)      |        | (358,000,818)      |        |
| <b>Value Addition</b>                  | <b>1,145,389,075</b> |        | <b>948,179,954</b>   |        | <b>499,273,069</b> |        | <b>422,121,672</b> |        |
| <b>Value allocated to:</b>             |                      |        |                      |        |                    |        |                    |        |
| To Employees                           |                      |        |                      |        |                    |        |                    |        |
| Salaries, wages and other benefits     | 138,662,679          | 12.11% | 125,350,997          | 13.22% | 67,719,200         | 13.56% | 65,509,930         | 15.52% |
| Workers' profit participation fund     | 16,495,001           | 1.44%  | 16,642,721           | 1.76%  | 8,142,599          | 1.63%  | 79,096,353         | 18.74% |
| To Providers of fund                   |                      |        |                      |        |                    |        |                    |        |
| Finance cost                           | 433,525,364          | 37.85% | 298,081,582          | 31.44% | 181,442,453        | 36.34% | 130,621,086        | 30.94% |
| To Government                          |                      |        |                      |        |                    |        |                    |        |
| Income tax and other taxes and fees    | 77,012,923           | 6.72%  | 111,900,644          | 11.80% | 32,965,415         | 6.60%  | 50,567,904         | 11.98% |
|  | <b>665,695,967</b>   |        | <b>551,975,944</b>   |        | <b>290,269,667</b> |        | <b>325,795,273</b> |        |
| To providers of capital                |                      |        |                      |        |                    |        |                    |        |
| Dividend to shareholders               | 119,898,900          | 10.47% | 108,999,000          | 11.50% | 108,999,000        | 21.83% | 108,999,000        | 25.82% |
| To expansion and growth                |                      |        |                      |        |                    |        |                    |        |
| Profit retained                        | 242,839,111          | 21.20% | 222,872,646          | 23.51% | 132,803,640        | 26.60% | 115,097,153        | 27.27% |
| Depreciation & ammortization           | 208,790,052          | 18.23% | 161,695,089          | 17.05% | 68,824,749         | 13.78% | 45,012,228         | 10.66% |
| Deferred taxation                      | 32,348,742           | 2.82%  | 33,763,137           | 3.56%  | 7,242,971          | 1.45%  | 10,051,792         | 2.38%  |
|  | <b>603,876,805</b>   |        | <b>527,329,871</b>   |        | <b>317,870,360</b> |        | <b>279,160,174</b> |        |
|  | <b>1,269,572,771</b> |        | <b>1,079,305,815</b> |        | <b>608,140,027</b> |        | <b>604,955,447</b> |        |

|                         | Group<br>2018-2019   |     | Group<br>2017-2018   |     |
|-------------------------|----------------------|-----|----------------------|-----|
|                         | Amount               | %   | Amount               | %   |
| To Employees            | 155,157,680          | 14% | 141,993,718          | 15% |
| To Providers of fund    | 433,525,364          | 38% | 298,081,582          | 31% |
| To Government           | 77,012,923           | 7%  | 111,900,644          | 12% |
| To providers of capital | 119,898,900          | 10% | 108,999,000          | 11% |
| To expansion and growth | 483,977,905          | 42% | 418,330,871          | 44% |
|                         | <b>1,269,572,771</b> |     | <b>1,079,305,815</b> |     |



## Economic Value Added (EVA)

Economic Value Added (EVA) = Net operating profit after tax - (Capital Employed X Cost of capital)

|  | Group<br>Amount in BDT |                    |
|--|------------------------|--------------------|
|  | 2018-2019              | 2017-2018          |
| Net operating profit after tax (NOPAT) | 545,893,434            | 530,827,584        |
| Total Capital Employed                 | 5,468,493,075          | 4,731,271,993      |
| Weighted average cost of capital (%)   | 7.28%                  | 7.04%              |
| <b>EVA</b>                             | <b>147,621,998</b>     | <b>197,551,266</b> |

A black and white photograph of an industrial ice cream plant. The scene is filled with complex machinery, including large stainless steel tanks, pipes, and structural beams. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of scale and industrial complexity. A semi-transparent yellow rectangular box is overlaid on the left side of the image, containing text.

Bloop ice cream plant,  
facilitated with the  
state-of-the-art technology,  
with setup from Tetra Pak  
Hoyer, the best European ice  
cream machinery company



GOLDEN  
HARVEST



# Financial Statements

## Compliance Report on IAS and IFRS

| Sl. No. | IAS title  | Remarks |
|---------|--|---------|
| IAS-01  | Presentation of Financial Statements                                     | Applied |
| IAS-02  | Inventories  | Applied |
| IAS-07  | Statement of Cash Flows  | Applied |
| IAS-08  | Accounting Policies, Changes in Accounting Estimates and Errors          | Applied |
| IAS-10  | Events After the Reporting Period  | Applied |
| IAS-11  | Construction Contracts   | N/A     |
| IAS-12  | Income Taxes   | Applied |
| IAS-16  | Property, Plant and Equipment  | Applied |
| IAS-17  | Leases   | Applied |
| IAS-18  | Revenue  | Applied |
| IAS-19  | Employee Benefits  | Applied |
| IAS-20  | Accounting for Government Grants and Disclosure of Government Assistance | N/A     |
| IAS-21  | The Effects of Changes in Foreign Exchange Rates                         | Applied |
| IAS-23  | Borrowing Costs  | Applied |
| IAS-24  | Related Party Disclosures  | Applied |
| IAS-26  | Accounting and Reporting by Retirement Benefit Plans                     | N/A     |
| IAS-27  | Consolidated and Separate Financial Statements                           | Applied |
| IAS-28  | Investments in Associates  | Applied |
| IAS-29  | Financial Reporting in Hyperinflationary Economies                       | N/A     |
| IAS-31  | Interests In Joint Ventures  | Applied |
| IAS-32  | Financial Instruments: Presentation                                      | Applied |
| IAS-33  | Earnings Per Share   | Applied |
| IAS-34  | Interim Financial Reporting  | Applied |
| IAS-36  | Impairment of Assets   | Applied |
| IAS-37  | Provisions, Contingent Liabilities and Contingent Assets                 | Applied |
| IAS-38  | Intangible Assets  | Applied |
| IAS-39  | Financial Instruments: Recognition and Measurement                       | Applied |
| IAS-40  | Investment Property  | N/A     |
| IAS-41  | Agriculture  | Applied |

| Sl. No. | BFRS title   | Remarks |
|---------|--|---------|
| IFRS 1  | First-time Adoption of International Financial Reporting Standards | N/A     |
| IFRS 2  | Share-based Payment  | N/A     |
| IFRS 3  | Business Combinations  | Applied |
| IFRS 4  | Insurance Contracts  | N/A     |
| IFRS 5  | Non-current Assets Held for Sale and Discontinued Operations       | N/A     |
| IFRS 6  | Exploration for and Evaluation of Mineral Assets                   | N/A     |
| IFRS 7  | Financial Instruments: Disclosures                                 | Applied |
| IFRS 8  | Operating Segments   | Applied |
| IFRS 9  | Financial Instruments  | Applied |
| IFRS10  | Consolidated Financial Statements                                  | Applied |
| IFRS 11 | Joint Arrangements   | N/A     |
| IFRS 12 | Discloser of Interest in other Entities                            | Applied |
| IFRS 13 | Fair Value Measurement   | Applied |

# **Auditor's Report & Consolidated Financial Statements**

**Golden Harvest Agro Industries Ltd.**  
as at and for the year ended 30 June 2019

## **AUDITORS' REPORT TO THE SHAREHOLDERS**

*of*

*Golden Harvest Agro Industries Limited*

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Golden Harvest Agro Industries Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 30 June 2019 and of its consolidated financial performance and its consolidated 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 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 consolidated financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

| <b>Risk</b>  | <b>Our response to the risk</b>   |
|--|---|
| <b>Revenue recognition</b>   |   |
| <p>At year end the company reported total revenue of BDT 2,240,120,323.</p> <p>Revenue is measured net of discounts by customers on the company's sales. Estimation of discounts and rebates 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 and rebates.</p> | <p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Calculation of discounts, incentives and rebates;</li> <li>• Segregation of duties in invoice creation and modification; and</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for sales</li> </ul> |

| Risk  | Our response to the risk   |
|---|--|
| <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>  | <p>transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</p> <ul style="list-style-type: none"> <li>• Within a number of the company markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing.</li> <li>• Agreeing a sample of claims and rebate accruals to supporting documentation;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>  |
| <b>Valuation of Inventory</b>   |  |
| <p>The company had inventory of BDT 907,889,197 at reporting date, held in distribution centers, warehouses and numerous branches, and across multiple product lines.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p>   | <p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>• evaluating the design and implementation of key inventory controls operating across the group, including those at a sample of distribution centers and warehouses.</li> <li>• attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>• 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 whether inventory provisions are complete;</li> <li>• reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; and</li> <li>• challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete.</li> </ul> |
| <b>Property, plant and equipment and capital work in progress</b>   |  |
| <p>At the reporting date, the carrying value of the Group's property, plant and equipment and capital work in progress amounted to Taka 3,965,751,209 and 480,138,313 respectively. The valuation of property, plant, and equipment was identified as a key audit matter due to the significance of this balance to the financial statements, as well as the significance of management's judgements in determining its valuation.</p> <p>In considering the valuation of property, plant, and equipment, we focused on the</p> | <p>Audit procedures performed</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the client and its environment to consider inherent risk related to property, plant, and equipment. Our understanding includes:</li> <li>• Obtaining an understanding of the internal control over property, plant, and equipment.</li> <li>• Assessing the risks of material misstatement and designing tests of controls and substantive procedures that cover the following aspects:</li> <li>• Substantiate the existence of property, plant, and equipment.</li> </ul>   |

| Risk  | Our response to the risk   |
|---|--|
| <p>assessment of the followings:</p> <ul style="list-style-type: none"> <li>• Inherent risks associated with property, plant and equipment.</li> <li>• Potential misstatements in property, plant, and equipment on account of frauds and errors.</li> <li>• Assessment of useful lives of assets.</li> <li>• Assessment of impairment of assets.</li> </ul> <p>Inherent risks associated with property, plant and equipment</p> <ul style="list-style-type: none"> <li>• Property, plant and equipment may include assets that should have been derecognised following sale, other transfer of rights or abandonment.</li> <li>• Expenditure that should have been recognised as property, plant and equipment but has not been so recognised, including capitalised finance costs.</li> <li>• Depreciation may have been incorrectly calculated.</li> </ul> <p>Potential misstatements in property, plant, and equipment on account of frauds and errors</p> <ul style="list-style-type: none"> <li>• Purchase of an asset at an inflated price especially from a related party.</li> <li>• Wrong write-off of the asset as scrap, obsolescence, missing, donated, or destroyed.</li> <li>• Expenditures for repairs and maintenance recorded as property, plant and equipment or vice versa.</li> <li>• Capitalization of expenditure which are not normally attributable to the cost of the property, plant and equipment.</li> <li>• Recording of an asset purchased, which in effect has not actually been received by the entity at all.</li> </ul> <p>Valuation of capital work in progress to PPE</p> <p>Management needs to ensure that the assets under construction or pending installation and not yet ready for intended use are classified as work in progress. An appropriate system needs to put in place to capture all directly identifiable costs, which can be capitalised, to be so</p> | <ul style="list-style-type: none"> <li>• Establish the completeness of recorded property, plant, and equipment.</li> <li>• Verify the cut-off of transactions affecting property, plant, and equipment.</li> <li>• Establish the proper valuation or allocation of property, plant, and equipment and the accuracy of transactions affecting property, plant, and equipment.</li> <li>• Determine the correctness and appropriateness of classification of property, plant and equipment.</li> <li>• We obtained an understanding of the potential misstatements in property, plant, and equipment on account of frauds and errors.</li> <li>• We evaluated the assumptions made by management in the determination of useful lives to ensure that these are consistent with the principles of IAS 16. "Property, Plant and Equipment".</li> <li>• We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry.</li> <li>• We verified records e.g. contractor bills, work orders and certification of work performed by the specialized personnel to ensure that the assets under construction or pending installation and not yet ready for intended use are classified as work in progress.</li> <li>• We also verified the date on which the assets are moved from the capital work in progress account to the property, plant and equipment (the date on which the asset is ready for intended use), so that the depreciation on property, plant and equipment may be computed correctly.</li> <li>• We reconciled the movement of capital work in progress from opening to closing, specifically verifying additions during the year, capital assets completed during the year and impairment of any opening capital work in progress items.</li> <li>• We assessed whether there are circumstances that indicate a possible impairment of property, plant and equipment and if such circumstances exist, how the same have been dealt with by the entity.</li> </ul> <p>Key observations communicated to the Audit Committee</p> <p>We were satisfied that the property, plant and equipment recognition and measurement policies have been applied appropriately. Based on the work performed, we concluded that property, plant and equipment have been recorded appropriately.</p> |

| Risk   | Our response to the risk |
|--|--------------------------|
| <p>accumulated to capital work in progress whilst expenses which are not eligible for being capitalised are identified and charged to revenue in the normal course.</p> <p><u>Assessment of useful lives of assets</u></p> <p>Management applies estimates and judgements in its determination of useful lives of assets and reviews the useful lives of assets at each financial year end and adjusts for changes, where appropriate.</p> <p><u>Impairment of assessment</u></p> <p>At the end of each reporting period, management assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.</p> |                          |

#### Other Information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

If we identify such material inconsistencies or apparent material misstatement, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in respect of these matters.

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 in accordance with IFRSs as explained in note 2, 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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 conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on other Legal and Regulatory Requirements**

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

- a) 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;

- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and the statement of profit or loss and comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka  
30 October 2019

  
S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Financial Position**  
as at 30 June 2019

|  | Notes | Amount in BDT        |                      |
|--|-------|----------------------|----------------------|
|  |       | 30-Jun-19            | 30-Jun-18            |
| <b>ASSETS</b>                                |       |                      |                      |
| <b>Non-current assets</b>                    |       | <b>4,748,784,466</b> | <b>4,401,534,806</b> |
| Property, plant and equipment                | 5     | 3,965,751,209        | 3,747,437,696        |
| Leased assets                                | 6     | 103,129,286          | 85,121,706           |
| Intangible assets                            | 7     | 82,205,517           | 87,126,754           |
| Biological assets                            | 8     | 102,260,141          | 80,473,506           |
| Capital work in progress                     | 9     | 480,138,313          | 401,375,144          |
| Investment in associates                     | 11    | 15,300,000           | -                    |
| <b>Current assets</b>                        |       | <b>2,999,662,009</b> | <b>2,199,715,005</b> |
| Inventories                                  | 12    | 907,889,197          | 593,936,105          |
| Advances, deposits and prepayments           | 13    | 662,956,578          | 425,313,225          |
| Trade & other receivables                    | 14    | 1,058,693,308        | 1,165,937,448        |
| Cash and cash equivalents                    | 15    | 370,122,926          | 14,528,227           |
| <b>TOTAL ASSETS</b>                          |       | <b>7,748,446,475</b> | <b>6,601,249,811</b> |
| <b>EQUITY AND LIABILITIES</b>                |       |                      |                      |
| <b>Shareholders' equity</b>                  |       | <b>2,399,343,861</b> | <b>2,431,880,461</b> |
| Share capital                                | 16    | 1,199,097,900        | 1,090,089,000        |
| Share premium                                | 17    | 28,668,154           | 137,677,054          |
| Revaluation surplus                          | 18    | 219,946,668          | 283,316,706          |
| Retained earnings                            | 19    | 951,631,139          | 920,797,701          |
| Non controlling interest                     | 20    | 844,138,981          | 6,342,044            |
| <b>Total equity</b>                          |       | <b>3,243,482,842</b> | <b>2,438,222,505</b> |
| <b>Non-current liabilities</b>               |       | <b>2,225,010,232</b> | <b>2,293,049,488</b> |
| Long term loans                              | 21    | 1,942,464,852        | 2,038,263,200        |
| Deferred tax liability                       | 22    | 256,689,455          | 223,584,535          |
| Lease obligations                            | 23    | 25,855,925           | 31,201,753           |
| <b>Current liabilities</b>                   |       | <b>2,279,953,401</b> | <b>1,869,977,818</b> |
| Accounts and other payables                  | 24    | 85,317,316           | 120,132,335          |
| Accruals and provisions                      | 25    | 310,280,515          | 260,669,841          |
| Short term loans                             | 26    | 1,225,486,192        | 1,043,722,703        |
| Current portion of long term loans           | 21    | 633,191,796          | 420,462,647          |
| Current portion of lease obligations         | 23    | 25,677,582           | 24,990,293           |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |       | <b>7,748,446,475</b> | <b>6,601,249,811</b> |
| <b>Number of share used to calculate NAV</b> |       | <b>119,909,790</b>   | <b>119,909,790</b>   |
| <b>Net asset value per share</b>             | 37    | <b>20.01</b>         | <b>20.28</b>         |

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.

  
**Director**

  
**Director**

  
**Managing Director**

Signed in terms of our separate report of even date annexed.

  
**Chief Financial Officer**

  
**Company Secretary**

**Dated, Dhaka;**  
30 October 2019

  
**S. F. Ahmed & Co.**  
Chartered Accountants

Golden Harvest Agro Industries Limited  
Statement of Financial Position  
as at 30 June 2019

|  | Notes | Amount in BDT        |                      |
|--|-------|----------------------|----------------------|
|  |       | 30-Jun-19            | 30-Jun-18            |
| <b>ASSETS</b>                                |       |                      |                      |
| <b>Non-current assets</b>                    |       | <b>2,513,539,943</b> | <b>2,651,111,219</b> |
| Property, plant and equipment                | 5A    | 1,302,921,393        | 1,342,485,155        |
| Leased assets                                | 6A    | 31,038,988           | 34,487,764           |
| Intangible assets                            | 7A    | 49,852,919           | 52,459,103           |
| Biological assets                            | 8A    | 13,699,777           | -                    |
| Capital work in progress                     | 9A    | 397,015,154          | 350,804,247          |
| Investment in subsidiary companies           | 10    | 704,311,712          | 870,874,950          |
| Investment in associates                     | 11    | 14,700,000           | -                    |
| <b>Current assets</b>                        |       | <b>1,662,202,056</b> | <b>1,495,549,980</b> |
| Inventories                                  | 12A   | 399,026,142          | 230,713,418          |
| Advances, deposits and prepayments           | 13A   | 295,231,110          | 268,305,361          |
| Trade & other receivables                    | 14A   | 736,449,281          | 994,098,085          |
| Cash and cash equivalents                    | 15A   | 231,495,523          | 2,433,116            |
| <b>TOTAL ASSETS</b>                          |       | <b>4,175,741,999</b> | <b>4,146,661,199</b> |
| <b>EQUITY AND LIABILITIES</b>                |       |                      |                      |
| <b>Shareholders' equity</b>                  |       | <b>2,399,343,861</b> | <b>2,431,880,461</b> |
| Share capital                                | 16    | 1,199,097,900        | 1,090,089,000        |
| Share premium                                | 17    | 28,668,154           | 137,677,054          |
| Revaluation surplus                          | 18A   | 219,946,668          | 283,316,706          |
| Retained earnings                            | 19A   | 951,631,139          | 920,797,701          |
| <b>Total equity</b>                          |       | <b>2,399,343,861</b> | <b>2,431,880,461</b> |
| <b>Total equity liabilities</b>              |       | <b>790,747,561</b>   | <b>907,976,180</b>   |
| Long term loans                              | 21A   | 680,779,960          | 800,697,754          |
| Deferred tax liability                       | 22A   | 107,852,338          | 100,609,367          |
| Lease obligations                            | 23A   | 2,115,263            | 6,669,059            |
| <b>Current liabilities</b>                   |       | <b>985,650,577</b>   | <b>806,804,558</b>   |
| Account and other payables                   | 24A   | 43,632,211           | 43,772,824           |
| Accruals and provisions                      | 25A   | 146,614,435          | 123,067,303          |
| Short term loans                             | 26A   | 555,045,051          | 455,602,445          |
| Current portion of long term loans           | 21A   | 234,607,436          | 174,573,685          |
| Current portion of lease obligations         | 23A   | 5,751,444            | 9,788,301            |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |       | <b>4,175,741,999</b> | <b>4,146,661,199</b> |
| <b>Number of share used to calculate NAV</b> |       | <b>119,909,790</b>   | <b>119,909,790</b>   |
| <b>Net asset value per share</b>             | 37A   | <b>20.01</b>         | <b>20.28</b>         |



Director



Director



Managing Director

Signed in terms of our separate report of even date annexed.



Chief Financial Officer



Company Secretary

Dated, Dhaka;  
30 October 2019



S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30 June 2019**

|   | Notes | Amount in BDT        |                      |
|---|-------|----------------------|----------------------|
|   |       | 30-Jun-19            | 30-Jun-18            |
| Revenue   | 27    | 2,240,120,323        | 1,870,954,629        |
| Cost of goods sold  | 28    | (1,229,082,581)      | (1,034,189,476)      |
| <b>Gross profit</b>   |       | <b>1,011,037,742</b> | <b>836,765,153</b>   |
| <b>Operating expenses</b>   |       | <b>(319,463,440)</b> | <b>(258,058,135)</b> |
| Administrative expenses   | 29    | (67,143,635)         | (65,816,691)         |
| Selling and distribution expenses                                       | 30    | (252,319,805)        | (192,241,444)        |
| Fair value adjustments of biological assets                             | 8     | 18,072,083           | 13,657,758           |
| Other operating income  | 31    | 63,723,132           | 48,610,260           |
| <b>Profit from operations</b>   |       | <b>773,369,517</b>   | <b>640,975,036</b>   |
| Finance income  | 32    | 6,483,206            | 1,819,962            |
| Finance expenses  | 33    | (433,525,364)        | (298,081,582)        |
| <b>Net profit from operation</b>  |       | <b>346,327,359</b>   | <b>344,713,416</b>   |
| Contribution to WPPF  |       | (16,495,001)         | (16,642,721)         |
| <b>Income before share of non-consolidated companies and income tax</b> |       | <b>329,832,358</b>   | <b>328,070,695</b>   |
| Share of profit / (loss) from associates                                |       | -                    | -                    |
| <b>Net profit before tax</b>  |       | <b>329,832,358</b>   | <b>328,070,695</b>   |
| Income tax expenses   | 34    | (73,580,877)         | (106,362,765)        |
| <b>Net profit after tax</b>   |       | <b>256,251,481</b>   | <b>221,707,930</b>   |
| Non controlling interest  | 20    | (13,412,370)         | 1,164,716            |
| <b>Net profit after tax attributable to ordinary shareholders</b>       |       | <b>242,839,111</b>   | <b>222,872,646</b>   |
| <b>Other comprehensive income</b>                                       |       | <b>-</b>             | <b>-</b>             |
| <b>Total comprehensive income</b>                                       |       | <b>242,839,111</b>   | <b>222,872,646</b>   |
| <b>Number of share used to calculate EPS</b>                            |       | <b>119,909,790</b>   | <b>119,909,790</b>   |
| <b>Earnings per share(EPS)</b>  | 36    | <b>2.03</b>          | <b>1.86</b>          |

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Director



Director



Managing Director



Chief Financial Officer

Signed in terms of our separate report of even date annexed.



Company Secretary

Dated, Dhaka;  
30 October 2019



S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Agro Industries Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
For the year ended 30 June 2019

|   | Notes | Amount in BDT        |                     |
|---|-------|----------------------|---------------------|
|   |       | 2018-2019            | 2017-2018           |
| Revenue   | 27A   | 872,705,727          | 740,374,815         |
| Cost of goods sold  | 28A   | (453,911,495)        | (386,560,457)       |
| <b>Gross profit</b>   |       | <b>418,794,232</b>   | <b>353,814,358</b>  |
| Operating expenses  |       | <b>(119,993,686)</b> | <b>(96,771,761)</b> |
| Administrative expenses   | 29A   | (40,180,635)         | (41,029,870)        |
| Selling and distribution expenses                                       | 30A   | (79,813,051)         | (55,741,891)        |
| Other operating income  | 31A   | 49,108,109           | 39,444,755          |
| Fair value gain from biological assets                                  |       | 2,622,681            | -                   |
| <b>Profit from operations</b>   |       | <b>350,531,335</b>   | <b>296,487,352</b>  |
| Finance income  | 32A   | 1,905,691            | 302,920             |
| Finance expenses  | 33A   | (181,442,453)        | (130,621,086)       |
| <b>Net profit from operations</b>                                       |       | <b>170,994,574</b>   | <b>166,169,186</b>  |
| Contribution to WPPF  |       | (8,142,599)          | (7,909,653)         |
| <b>Income before share of non-consolidated companies and income tax</b> |       | <b>162,851,975</b>   | <b>158,259,533</b>  |
| Share of profit from subsidiary   | 35    | 110,035,470          | 107,775,492         |
| Share of profit / (loss) from associates                                |       | -                    | -                   |
| <b>Net profit before tax</b>  |       | <b>272,887,445</b>   | <b>266,035,025</b>  |
| Income tax expenses   | 34A   | (30,048,335)         | (43,162,380)        |
| <b>Net profit after tax</b>   |       | <b>242,839,111</b>   | <b>222,872,645</b>  |
| <b>Other comprehensive income</b>                                       |       | -                    | -                   |
| <b>Total comprehensive income</b>                                       |       | <b>242,839,111</b>   | <b>222,872,645</b>  |
| <b>Earnings per share (EPS)</b>   | 36A   | <b>2.03</b>          | <b>1.86</b>         |

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Director



Director



Managing Director



Chief Financial Officer

Signed in terms of our separate report of even date annexed.



Company Secretary

Dated, Dhaka;  
30 October 2019



S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Agro Industries Limited**  
Consolidated Statement of Changes in Equity  
For the year ended 30 June, 2019

| Particulars   | Amount in BDT        |                    |                     |                    |                    |                      |
|---|----------------------|--------------------|---------------------|--------------------|--------------------|----------------------|
|   | Share capital        | Share premium      | Revaluation surplus | Retained earnings  | NCI                | Total                |
| Balance as at 01.07.2017                                | 990,990,000          | 236,776,054        | 278,351,144         | 693,397,688        | 7,506,750          | 2,207,021,636        |
| Prior year adjustment of deferred tax                   | -                    | -                  | 9,765,503           | -                  | -                  | 9,765,503            |
| Prior year adjustment of revaluation surplus            | -                    | -                  | -                   | (2,079,368)        | 9                  | (2,079,359)          |
| Deferred tax adjustment on revaluation surplus          | -                    | -                  | -                   | 1,806,795          | -                  | 1,806,795            |
| Depreciation adjustment on revaluation surplus          | -                    | -                  | (4,799,941)         | 4,799,941          | -                  | -                    |
| Issuance of Stock dividend                              | 99,099,000           | (99,099,000)       | -                   | -                  | -                  | -                    |
| Net profit after tax                                    | -                    | -                  | -                   | 222,872,645        | -                  | 222,872,645          |
| Share of profit from subsidiary                         | -                    | -                  | -                   | -                  | (1,164,716)        | (1,164,716)          |
| Share of deferred tax adjustment on revaluation Surplus | -                    | -                  | -                   | -                  | 1.00               | 1.00                 |
| <b>Balance as at 30.06.2018</b>                         | <b>1,090,089,000</b> | <b>137,677,054</b> | <b>283,316,706</b>  | <b>920,797,701</b> | <b>6,342,044</b>   | <b>2,438,222,505</b> |
| Balance as at 01.07.2018                                | 1,090,089,000        | 137,677,054        | 283,316,706         | 920,797,701        | 6,342,044          | 2,438,222,505        |
| Deferred tax adjustment on revaluation surplus          | -                    | -                  | -                   | 1,455,084          | -                  | 1,455,084            |
| Depreciation adjustment on revaluation surplus          | -                    | -                  | (4,626,810)         | 4,626,810          | -                  | (0)                  |
| Adjustment for changes of tax rates                     | -                    | -                  | (1,122,716)         | -                  | (1,372,210)        | (2,494,926)          |
| Issuance of Stock dividend                              | 109,008,900          | (109,008,900)      | -                   | -                  | -                  | -                    |
| Net profit after tax                                    | -                    | -                  | -                   | 242,839,110        | -                  | 242,839,110          |
| Adjustment for changes of shareholding position         | -                    | -                  | (57,620,512)        | (217,981,833)      | 275,602,345        | -                    |
| Issue cost of new share                                 | -                    | -                  | -                   | (105,732)          | (129,228)          | (234,960)            |
| Share of profit from subsidiary                         | -                    | -                  | -                   | -                  | 13,412,370         | 13,412,370           |
| Issuance of Ordinary Share-Subsidiary                   | -                    | -                  | -                   | -                  | 550,000,000        | 550,000,000          |
| Share of deferred tax adjustment on revaluation Surplus | -                    | -                  | -                   | -                  | 283,660            | 283,660              |
| <b>Balance as at 30.06.2019</b>                         | <b>1,199,097,900</b> | <b>28,668,154</b>  | <b>219,946,668</b>  | <b>951,631,139</b> | <b>844,138,981</b> | <b>3,243,482,842</b> |

  
Director

Director

Managing Director

  
Chief Financial Officer

  
Company Secretary

**Golden Harvest Agro Industries Limited**  
Statement of Changes in Equity  
For the year ended 30 June, 2019

| Particulars                                     | Amount in BDT        |                    |                     |                    |          |                      |
|---|----------------------|--------------------|---------------------|--------------------|----------|----------------------|
|   | Share capital        | Share premium      | Revaluation surplus | Retained earnings  | NCI      | Total                |
| Balance as at 01.07.2017                        | 990,990,000          | 236,776,054        | 278,351,144         | 693,397,688        | -        | 2,199,514,886        |
| Prior year adjustment of deferred tax           | -                    | -                  | 9,765,503           | -                  | -        | 9,765,503            |
| Prior year adjustment of revaluation surplus    | -                    | -                  | -                   | (2,079,368)        | -        | (2,079,368)          |
| Adjustment of deferred tax                      | -                    | -                  | -                   | 1,806,795          | -        | 1,806,795            |
| Depreciation adjustment on revaluation surplus  | -                    | -                  | (4,799,941)         | 4,799,941          | -        | -                    |
| Issuance of Stock dividend                      | 99,099,000           | (99,099,000)       | -                   | -                  | -        | -                    |
| Net profit after tax                            | -                    | -                  | -                   | 222,872,645        | -        | 222,872,645          |
| <b>Balance as at 30.06.2018</b>                 | <b>1,090,089,000</b> | <b>137,677,054</b> | <b>283,316,706</b>  | <b>920,797,701</b> | <b>-</b> | <b>2,431,880,461</b> |
| Balance as at 01.07.2018                        | 1,090,089,000        | 137,677,054        | 283,316,706         | 920,797,701        | -        | 2,431,880,461        |
| Deferred tax adjustment on revaluation surplus  | -                    | -                  | (1,122,716)         | -                  | -        | (1,122,716)          |
| Adjustment of deferred tax                      | -                    | -                  | -                   | 1,455,084          | -        | 1,455,084            |
| Depreciation adjustment on revaluation surplus  | -                    | -                  | (4,626,810)         | 4,626,810          | -        | -                    |
| Adjustment for changes of shareholding position | -                    | -                  | (57,620,512)        | (217,981,834)      | -        | (275,602,346)        |
| Issue cost of new share                         | -                    | -                  | -                   | (105,732)          | -        | (105,732)            |
| Issuance of Stock dividend                      | 109,008,900          | (109,008,900)      | -                   | -                  | -        | -                    |
| Net profit after tax                            | -                    | -                  | -                   | 242,839,111        | -        | 242,839,111          |
| Share of profit from subsidiary                 | -                    | -                  | -                   | -                  | -        | -                    |
| <b>Balance as at 30.06.2019</b>                 | <b>1,199,097,900</b> | <b>28,668,154</b>  | <b>219,946,668</b>  | <b>951,631,139</b> | <b>-</b> | <b>2,399,343,861</b> |

  
E. Z. Wahid

Director



Chief Financial Officer



Director



Company Secretary



Managing Director

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Cash Flows**  
**For the year ended 30 June, 2019**

|  | Note | Amount in BDT        |                      |
|--|------|----------------------|----------------------|
|  |      | 30-Jun-19            | 30-Jun-18            |
| <b>Cash flows from operating activities</b>                  |      |                      |                      |
| Collections from customers and others                        |      | 2,155,143,442        | 1,764,988,539        |
| Payments for operating costs & other expenses                |      | (1,686,905,789)      | (1,255,119,939)      |
| Tax paid   |      | (49,689,424)         | (40,305,872)         |
| <b>Net cash generated from operating activities</b>          | 39   | <b>418,548,229</b>   | <b>469,562,728</b>   |
| <b>Cash flows from investing activities</b>                  |      |                      |                      |
| Acquisitions of property, plant and equipment                |      | (411,519,908)        | (522,624,471)        |
| Acquisitions of intangible assets                            |      | -                    | (303,000)            |
| Acquisitions / proceed from Biological assets                |      | (3,714,552)          | 11,477,320           |
| Capital work in progress                                     |      | (78,763,169)         | (211,166,930)        |
| Proceed from disposal of PPE                                 |      | -                    | 3,337,388            |
| Proceed from disposal of CWIP                                |      | -                    | 165,556,569          |
| Proceed from disposal of lease assets                        |      | -                    | 850,000              |
| Advance against flat purchase                                |      | (32,631,853)         | (103,780,225)        |
| Advance against land purchase                                |      | (121,500,000)        | -                    |
| Investment in associates                                     |      | (15,300,000)         | -                    |
| Advance finance to contract farmers, sister concern & others |      | 217,475,960          | 149,837,008          |
| <b>Net cash used in investing activities</b>                 |      | <b>(445,953,522)</b> | <b>(506,816,341)</b> |
| <b>Cash flows from financing activities</b>                  |      |                      |                      |
| Payment against finance lease                                |      | (33,328,539)         | (20,162,076)         |
| Borrowings from banks/financial institutions                 |      | 298,694,290          | 296,554,034          |
| Finance cost paid  |      | (432,008,901)        | (298,674,822)        |
| Right share issue cost                                       |      | (121,898)            | -                    |
| Issue of ordinary shares                                     |      | 550,000,000          | -                    |
| Issue Cost of ordinary shares                                |      | (234,960)            | -                    |
| <b>Net cash provided by financing activities</b>             |      | <b>382,999,993</b>   | <b>(22,282,864)</b>  |
| Net changes in cash and cash equivalents                     |      | 355,594,699          | (59,536,477)         |
| Cash and cash equivalents at the beginning of the year       |      | 14,528,227           | 74,064,704           |
| <b>Cash and cash equivalents at the end of the year</b>      |      | <b>370,122,926</b>   | <b>14,528,227</b>    |
| <b>Number of share used to calculate NOCFPS</b>              |      | <b>119,909,790</b>   | <b>119,909,790</b>   |
| <b>Net operating cash flow per share</b>                     | 38   | <b>3.49</b>          | <b>3.92</b>          |



Director



Chief Financial Officer



Director



Managing Director



Company Secretary

Golden Harvest Agro Industries Limited  
Statement of Cash Flows  
For the year ended 30 June, 2019

|   | Note | Amount in BDT        |                      |
|---|------|----------------------|----------------------|
|   |      | 30-Jun-19            | 30-Jun-18            |
| <b>Cash flows from operating activities</b>                 |      |                      |                      |
| Collections from customers and others                       |      | 861,389,407          | 728,597,045          |
| Payments for operating costs & other expenses               |      | (674,639,970)        | (486,705,933)        |
| Tax paid  |      | (26,420,806)         | (21,565,808)         |
| <b>Net cash generated from operating activities</b>         | 39A  | <b>160,328,631</b>   | <b>220,325,304</b>   |
| <b>Cash flows from investing activities</b>                 |      |                      |                      |
| Acquisitions of property, plant and equipment               |      | (23,206,027)         | (217,264,992)        |
| Proceed from disposal of PPE                                |      | -                    | 3,337,388            |
| Proceed from disposal of CWIP                               |      | -                    | 79,482,713           |
| Acquisitions of intangible assets                           |      | -                    | (203,000)            |
| Acquisitions / proceed from Biological assets               |      | (11,077,096)         | -                    |
| Proceed from disposal of leased assets                      |      | -                    | 850,000              |
| Capital work in progress                                    |      | (46,210,907)         | (50,987,780)         |
| Investment in associates                                    |      | (14,700,000)         | -                    |
| Advance finance to contract farmers & others                |      | (6,239,049)          | 160,042,691          |
| <b>Net cash used in investing activities</b>                |      | <b>(101,433,079)</b> | <b>(24,742,980)</b>  |
| <b>Cash flows from financing activities</b>                 |      |                      |                      |
| Payment against finance lease                               |      | (8,590,653)          | (6,641,370)          |
| Borrowings from banks/financial institutions/Sister concern |      | 359,537,481          | (69,475,190)         |
| Right share issue cost                                      |      | (121,898)            | -                    |
| Finance cost paid   |      | (180,658,080)        | (130,460,998)        |
| <b>Net cash provided by financing activities</b>            |      | <b>170,166,850</b>   | <b>(206,577,558)</b> |
| Net changes in cash and cash equivalents                    |      | 229,062,407          | (10,995,234)         |
| Cash and cash equivalents at the beginning of the year      |      | 2,433,116            | 13,428,350           |
| <b>Cash and cash equivalents at the end of the year</b>     |      | <b>231,495,523</b>   | <b>2,433,116</b>     |
| <b>Number of share used to calculate NOCFPS</b>             |      | <b>119,909,790</b>   | <b>119,909,790</b>   |
| <b>Operating cash flow per share</b>                        | 38A  | <b>1.34</b>          | <b>1.84</b>          |



Director



Director



Managing Director



Chief Financial Officer



Company Secretary

# **Golden Harvest Agro Industries Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2019**

#### **1. Reporting entity**

##### **Group profile**

Golden Harvest Agro Industries Limited was incorporated on August 10, 2004 as a private limited company; vide Reg. No.-C-53850(515)/2004 under the Companies Act, 1994 and converted to public limited company on 30 June 2010. The Group has been listed to both the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. on 04 March 2013. The principal place of business and the head office of the Group are at Shanta Western Tower, Level # 5, Space Code # 501 & 502, 186, Gulshan, Tejgaon Link Road, Tejgaon Industrial Area, Dhaka-1208. The registered office and factory is located at Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur.

##### **Nature of Business Activities**

The Company owns and operates the business of growing, procuring, purchasing, processing, packaging, warehousing, transporting, exporting, importing, distributing and selling agriculture based food, food products, vegetable processing. As per the object clause of the Memorandum the Company could also establish any industrial processing unit based on agro based raw materials products within the country and export the same or meet local demand.

#### **1.1 Subsidiaries**

Subsidiaries are entities controlled by the Golden Harvest Agro Industries Ltd. An investor controls an investee when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Golden Harvest Ice Cream Limited and Golden Harvest Dairy Limited are the subsidiaries of the Group.

##### **Golden Harvest Ice Cream Limited (Previous name was Golden Harvest Sea Food and Fish Processing Limited)**

Golden Harvest Ice Cream Limited formerly known as Golden Harvest Sea Food and Fish Processing Limited was incorporated on January 05, 2005, vide Reg. No.-C-55601(2285)/05 under the Companies Act, 1994. The objectives of the Group are to carry out the business, promote & establish factories and chain shop or shops; manufacture and manage food and food items, Dairy, Ice Cream, baby food, soft drink, mineral water, salt & iodized salt and allied products in Bangladesh and setting ventures and business is in connection therewith. Golden Harvest Agro Industries Limited acquired 45% of shares of Golden Harvest Ice Cream Limited (Previous name was Golden Harvest Sea Food and Fish Processing Limited) by exchanging its own shares and acquired its 4,99,999 ordinary shares.

Golden Harvest Sea Food and Fish Processing Limited (GHSFFPL), has been converted into Golden Harvest Ice Cream Limited (GHICL) on 16 May 2013 through the office of Registrar of Joint Stock Companies and Firms.

##### **Golden Harvest Dairy Limited**

Golden Harvest Dairy Limited has incorporated on 18 February 2015, vide Reg. No.-C-121268/15 under the Companies Act, 1994 as a private limited company. Golden Harvest Agro Industries Limited acquired 75.00% of shares of Golden Harvest Dairy Limited.

The objectives of the company will process Liquid Milk and milk based product like butter, cream, cheese, yogurt, etc. The project will not be for milk collection only it will support in meat processing and calf selling.

## 1.2 Associates

An associate is an entity in which Golden Harvest Agro Industries Ltd.(GHAIL) has significant influence whereby the parties that have control of the arrangement have rights to the net assets of the arrangement. GHAIL uses the equity method to account for its investment in associates and in its financial Statement in accordance with IAS-28 "Investment in Associates and Joint Ventures".

### Golden Harvest QSR Limited

Golden Harvest QSR Limited has incorporated 04 February 2015; vide Reg. No.-C-128718/2016 under the Companies Act, 1994 as a Private Limited Company. Golden Harvest Agro Industries Limited acquired 30.00% of shares of Golden Harvest QSR Limited. Investment is initially recognized at cost and subsequently measured at equity method.

Golden Harvest QSR Limited Lunches its business with the brand name 2GO. It is a quick service compact fast food joint. It will provide delicious hot food at an affordable price in very short service time. People can pick the order on the go for their home or have a quick bite inside the shop. The offerings will give a good value for the consumer's money.

## 1.3 Date of Authorization for issue

The financial statements of Golden Harvest Agro industries Ltd. for the year ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 23 October 2019.

## 1.4 Reporting Period

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

## 2. Basis of Preparation of Financial Statements

### 2.1 Statement on Compliance with Local Laws

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant local laws as applicable.

### 2.2 Statement on Compliance of Financial Reporting Standards

The financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

### 2.3 Basis of Measurement of Elements of Financial Statements

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the statement of financial position and profit or loss and other comprehensive income. The measurement basis adopted by Golden Harvest Agro Industries Limited is historical cost except for land, building and plant and machinery which are stated at revalued amount, inventories are at the lower of cost and net realizable value and marketable securities are at market value. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

### 2.4 Basis of Consolidation

Group accounts are prepared on the basis that the parent and subsidiaries are a single entity as per IFRS-10 "Financial Statements". This reflects the economic substances of the group arrangement.

The group financial statements include the financial statements of GHAIL and subsidiaries that it controls. GHAIL prepares financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee.

GHAIL presents non-controlling interests in the statement of financial position within equity, separately from the equity of the owners of GHAIL. Changes in GHAIL ownership interest in a subsidiary that do not result in losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners).

### **Consolidation procedures**

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- eliminate in full intergroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intergroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intergroup losses may indicate an impairment that requires recognition in the financial statements.

### **Loss of control of Subsidiaries**

#### **If GHAIL loses control over its subsidiaries, GHAIL:**

- derecognizes the assets and liabilities of the former subsidiary from the statement of financial position.
- recognizes any investment retained in the former subsidiary and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs.
- recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

### **Equity method**

Under the equity method, on initial recognition the investment in an associate is recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the investor's profit or loss. If the carrying amount of the investment in the associate has been reduced to zero, no further losses are recognized by the group. The parent is only required to make a provision for any additional losses incurred by the associate to the extent that the parent has a legal or constructive obligation to make good these amounts. Adjustments to the carrying amount may also be necessary for a change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognized in the investor's other comprehensive income.

## **Investment in subsidiaries and associates in GHAIL separate financial statements**

When GHAIL prepares separate financial statements, the GHAIL using the equity method for investment in subsidiaries and associates:

### **2.5 Going Concern**

At each year end management of the group makes assessment of going concern as required by IAS-1. The Company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the directors continue to adopt going concern assumption while preparing the financial statements.

### **2.6 Accrual Basis of Accounting**

GHAIL prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, GHAIL recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the framework.

### **2.7 Functional and presentation currency**

The financial statements are prepared and presented in Bangladesh Taka/BDT, which is the Group's functional currency. The Group earns its major revenues in BDT and all other incomes/expenses and transactions are in BDT and the competitive forces and regulations of Bangladesh determine the sale prices of its goods and services. Further, the entire funds from financing activities are generated in BDT.

#### **Foreign currency translation**

Foreign currency transactions are booked in the functional currency of the Group at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange at the balance sheet date. Exchange differences are included in the income statement.

### **2.8 Materiality and Aggregation**

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial

### **2.9 Offsetting**

GHAIL does not offset assets and liabilities or income and expenses, unless required or permitted by a IFRS.

### **2.10 Comparative Information and Rearrangement thereof**

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year financial statements. Previous year figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS-8: "Accounting Policies, Changes in Accounting Estimates and Errors"

### **2.11 Use of Estimates and Judgments**

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors"

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, amortization, impairment, net realizable value of inventories, accruals, taxation and provision.

## **2.12 Changes in Accounting Policies, Estimate and Errors**

The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognized by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

Changes in accounting policies and material prior period errors shall be retrospectively corrected in the first financial statements authorized for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

## **2.13 Structure, Content and Presentation of Financial Statements**

The Financial Statements of Golden Harvest Agro Industries Ltd., as at and for the year ended 30 June 2019 comprise the group and its subsidiaries namely Golden Harvest Ice Cream Ltd., Golden Harvest Dairy Ltd. and also Golden Harvest QSR (together referred to as the 'Group' as per IFRS-10 Financial Statements) as per IAS 28 Investment in Associate. Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by IAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of financial position as at 30 June 2019;
- ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2019;
- iii) Statement of changes in equity for the year ended 30 June 2019;
- iv) Statement of cash flows for the year ended 30 June 2019; and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2019.

## **3. Summary of Significant Accounting Policies**

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Golden Harvest Agro Industries Limited.

### **Changes in accounting policies**

The Group changes its accounting policy only if the change is required by an IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Group's financial position, financial performance or cash flows. Changes in accounting policies is to be made through retrospective application by adjusting opening balance of each affected components of equity i.e. as if new policy has always been applied.

### **Implementation of IFRS 9 'Financial Instruments'**

The Group has applied IFRS 9 'Financial Instruments' with effect from 1 July 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities and impairments for financial assets. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below. The Group has adopted IFRS 9 retrospectively but with certain permitted exceptions as detailed below:

#### **Classification and measurement of financial assets**

The date of initial application was 1 July 2018. The Group has not applied the requirements of IFRS 9 to instruments that were derecognised prior to 1 July 2018 and has not restated prior years. Any difference between the previous carrying amount and the revised carrying amount at 1 July 2018 has been recognised as an adjustment to opening retained earnings at 1 July 2018.

All financial assets that are within the scope of IFRS 9 are required to be measured at amortised cost or fair value, with movements through other comprehensive income or the income statement on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

IFRS 9 had the following impact on the Group's assets:

- The Group's trade receivables were all classified as financial assets measured at amortised cost under IAS 39. Under IFRS 9, the business model under which each portfolio of trade receivables held has been assessed. The Group has a portfolio of trade receivables that is being managed within a business model whose objective is to collect contractual cash flows, and are measured at amortised cost. There were no material changes in carrying value of financial assets as a result of these changes in measurement basis.
- IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The expected credit loss model requires the Group to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognize changes in those expected credit losses at each reporting date. The Group recognises a loss allowance on trade receivables based on lifetime expected credit losses.

### **Implementation of IFRS 15 'Revenue from Contracts with Customers'**

The Group has applied IFRS 15 'Revenue from Contracts with Customers' with effect from 1 July 2018. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations are satisfied.

The Group has adopted IFRS 15 applying the modified retrospective approach. IFRS 15 did not have a material impact on the amount or timing of recognition of reported revenue. In accordance with the requirements of IFRS 15 where the modified retrospective approach is adopted, prior year results have not been restated.

#### **Changes in accounting estimates**

Estimates arise because of uncertainties inherent within them, judgment is required but this does not undermine reliability. Effect of changes of accounting estimates is included in profit or loss account.

#### **Correction of error in prior period financial statements**

The Group corrects material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

### 3.1 Property, Plant and Equipment

#### Initial Recognition and Measurement

An item shall be recognized as property, plant and equipment 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 IAS 16.

Property, plant and equipment are initially recognized at cost and subsequently land, buildings & civil constructions and plant & machineries are stated at fair value. The property, plant and equipment are presented at cost/fair value, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term debt availed for the construction/implementation of the PPE, if the recognition criteria are met.

#### Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as 'Repair & Maintenance' when it is incurred.

#### Subsequent Measurement

Property, Plant and equipment are disclosed at cost less accumulated depreciation consistently over years. On 30 June 2009, 30 June 2011 and 30 June 2013. Land and land developments, building and other constructions and Plant and Machinery have been revalued to reflect fair value (prevailing market price) thereof following "Current Cost Method".

#### Depreciation on Property, Plant and Equipment

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property Plant and Equipment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged on all property, plant and equipment except land and land developments on reducing balance method at the following rates:

| Particular of Assets              | Rate of Depreciation |
|-----------------------------------|----------------------|
| Buildings and other constructions | 2.5%                 |
| Plant & Machinery                 | 5%                   |
| Office Equipment                  | 10%                  |
| Furniture and Fixtures            | 10%                  |
| Vehicle                           | 10%                  |
| Freezer                           | 10%                  |

#### Revaluation of Property, Plant and Equipment of Golden Harvest Agro Industries Limited

The group made revaluation of the Group's Land and Land developments, Buildings and Plant and Machinery as of 30 June 2009, 30 June 2011 and 30 June 2013 to reflect fair value thereof in terms of Depreciated current cost thereof. The revaluation has conducted by Ata Khan & Co, Chartered

Accountants.

The increase in the carrying amount of revalued assets is recognized in other comprehensive income under the head revaluation surplus. Other Fixed Assets were kept outside the scope of revaluation works. These are expected to be realizable at written down value (WDV) thereof mentioned in the statement of financial position of the Group.

### 3.2 Capital work-in-progress

Capital work in progress represents the cost incurred for acquisition and construction of items of property, plant and equipment that were not ready for use at the end of 30 June 2019 and these were stated at cost. In case of import components, capital work in progress is recognized when risks and rewards associated with such assets are transferred to the Group, i.e. at the time of shipment is confirmed by the supplier.

### 3.3 Intangible Assets

#### Recognition

The recognition of an item as an intangible asset requires GHAIL to demonstrate that the item meets the definition of an intangible asset and the recognition criteria. An intangible asset is recognized as an asset if, and only if:

- it is probable that expected future economic benefits that are attributable to the asset will flow to GHAIL; and
- the cost of the item can be measured reliably.

#### Measurement

An intangible asset is measured at cost less any accumulated amortizations and any accumulated impairment losses. Subsequent expenditures are likely to maintain the expected future economic benefits embodied in an existing intangible asset rather than meet the definition of an intangible asset and the recognition criteria. In addition, it is often difficult to attribute subsequent expenditure directly to a particular intangible asset rather than to the business as a whole. Therefore, expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset is usually recognized in profit or loss as incurred. This is because such expenditure cannot be distinguished from expenditure to develop the business as a whole.

#### Separately acquired intangibles

The cost of a separately acquired intangible asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- and any directly attributable cost of preparing the asset for its intended use.

#### Internally generated intangible assets

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

#### Research Phase

No intangible asset arising from research (or from the research phase of an internal project) is recognized. Expenditure on research (or on the research phase of an internal project) is recognized as an expense when it is incurred.

### **Development Phase**

An intangible asset arising from development (or from the development phase of an internal project) is recognized in IAS-38, "Intangible assets".

The Group's intangible assets include computer software development (ERP), Design, construction and development of products, Augmented Reality.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognized as intangible assets.

### **Recognition of an expense**

In some cases, expenditure are incurred to provide future economic benefits to an entity, but no intangible asset or other asset is acquired or created that can be recognized. For example, expenditure on research is recognized as an expense when it is incurred, except when it is acquired as part of a business combination. Other examples of expenditure that is recognized as an expense when it is incurred include:

- expenditure on start-up activities ie start-up costs/ pre-operating cost.
- expenditure on training activities.
- expenditure on advertising and promotional activities.
- expenditure on relocating or reorganizing part or all of an entity.

### **Past expenses**

Expenditure on an intangible item that was initially recognized as an expense is not recognized as part of the cost of an intangible asset at a later date.

### **Revaluation of intangibles**

The revaluation model requires an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses. However, fair value shall be measured by reference to an active market. The revaluation model does not allow the revaluation of intangible assets that have not previously been recognized as assets; or the initial recognition of intangible assets at amounts other than cost.

### **Amortization**

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization begin when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. An intangible asset with an indefinite useful life is not amortized.

Amortization of the intangible asset with a finite useful life is calculated using the reducing balance method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

| <b>Particulars</b>                               | <b>Rate</b> |
|--|-------------|
| Software (at development stage)                  | 0%          |
| Design, construction and development of products | 10%         |
| Augmented Reality                                | 10%         |

### **Derecognition of intangible assets**

The carrying amount of an item of intangible assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of intangible assets is included as other income in profit or loss when the item is derecognized. When the revalued assets are disposed off, the respective revaluation surplus is transferred to retained earnings.

### 3.4 Biological Asset

#### Recognition and measurement

Biological asset is a living plant or animal. Biological asset are measured at fair value less costs to sell, both on initial recognition and each reporting date. Cost to sell includes sale commission and regulatory levies but exclude transport to market. Transport costs are in fact deducted from market value in order to reach fair value. The gain on initial recognition and from a change in this value is recognized in profit or loss. The interest on the loan taken out to finance the acquisition is not a cost to sell. The milk is agriculture product and is recognized initially under IAS-41 at fair value less cost to sell. (at this point it is taken into inventories and dealt with under IAS-2). The gain on initial recognition should be recognized in profit or loss.

### 3.5 Impairment of Assets

#### Recognising and measuring impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss on a non-revalued asset is recognized in profit or loss. However, an impairment loss on a revalued asset is recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

GHAIL assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, GHAIL estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, GHAIL tests:

- an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually

### 3.6 Accounting for lease

#### Finance lease

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

#### Initial recognition

At the commencement of the lease term, GHAIL recognizes finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognized as an asset.

#### Subsequent measurement

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, and the depreciation recognized is calculated in accordance with IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets". If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### Operating leases

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Applying the requirement of International Financial Reporting Interpretation (IFRI) 4: Determining whether an Arrangement contains a Lease, the Power Purchase Agreement (PPA) between the Company / Group units and BPDB/BREB can be said to contain a lease arrangement. This could be interpreted as resulting in the transfer of substantially all of the risks and rewards incidental to the ownership to the underlying assets (power plant) to the off taker (BPDB/BREB) who would effectively be the lessee. However, management concluded that the PPA does not transfer substantially all risks incidental to ownership as per the requirement of para 17 of IAS 17. As such, all these lease arrangements are considered as an operating lease.

### **3.7 Capitalization of Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur in accordance with IAS 23: "Borrowing cost". Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Recognition**

GHAIL capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. GHAIL recognizes other borrowing costs as an expense in the period in which it incurs them.

#### **Borrowing costs eligible for capitalization**

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made.

To the extent that GHAIL borrows funds specifically for the purpose of obtaining a qualifying asset, GHAIL determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings

#### **Commencement of capitalization**

GHAIL begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the GHAIL first meets all of the following conditions:

- it incurs expenditures for the asset;
- it incurs borrowing costs; and
- it undertakes activities that are necessary to prepare the asset for its intended use or sale.

#### **Cessation of capitalization**

GHAIL ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### **3.8 Financial instruments**

#### **3.8.1 Financial assets**

##### **Investment in shares**

The Group has elected to designate equity investments as measured at Fair Value through Other Comprehensive Income (FVTOCI). They are initially recorded at fair value plus transaction costs and then remeasured at subsequent reporting dates to fair value. Unrealised gains and losses are recognised in other comprehensive income. On disposal of the equity investment, gains and losses that have been deferred in other comprehensive income are transferred directly to retained earnings.

Dividends on equity investments and distributions from funds are recognised in the income statement when the Group's right to receive payment is established.

#### **Investment in fixed deposit receipt**

Fixed deposit, comprising funds held with banks and other financial institutions, are initially measured at fair value, plus direct transaction costs, and are subsequently measured at amortized cost using the effective interest method at each reporting date. Changes in carrying value are recognized in profit.

#### **Trade receivables**

Trade receivables are measured in accordance with the business model under which each portfolio of trade receivable is held. The Group has a portfolio of trade receivables that is being managed within a business model whose objective is to collect contractual cash flows, and are measured at amortised cost. Trade receivables measured at amortised cost are carried at the original invoice amount less allowance for expected credit losses.

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key drivers of the loss rate are the nature of the business unit and the location and type of customer.

When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any expected credit loss allowance available and then to the income statement. Subsequent recoveries of amounts previously provided for or written off are credited to the income statement.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balances with banks and financial institutions, and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held at amortised cost under the hold to collect classification, where they meet the hold to collect "solely payments of principals and interests" test criteria under IFRS 9. Those not meeting these criteria are held at fair value through profit and loss.

### **3.8.2 Financial liabilities**

#### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

#### **Trade payables**

Trade payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

### **3.8.3 Impairment of financial assets**

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The expected credit loss model requires the Group to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognize changes in those expected credit losses at each reporting date. The Group recognises a loss allowance on trade receivables based on lifetime expected credit losses.

### **3.9 Inventories**

#### **Measurement**

Inventories are measured at the lower of cost and net realizable value.

#### **Cost of inventories**

The cost of inventories are comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### **Cost formulas**

The cost of inventories is assigned by using the first-in, first-out (FIFO) cost formula. GHAIL shall use the same cost formula for all inventories having a similar nature and use to the entity.

The FIFO formula assumes that the items of inventory that were purchased or produced first are sold first, and consequently the items remaining in inventory at the end of the period are those most recently purchased or produced.

#### **Recognition as an expense**

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

### **3.10 Trade and Other Receivables**

Trade and other receivables are stated at their estimated realizable amounts inclusive of provisions for bad and doubtful debts

### **3.11 Cash and Cash Equivalents**

Cash and cash equivalents consists of cash in hand and with banks on current deposit accounts and short term investments (FDR for the period of 1 to 3 months) which are held and available for use by the Group without any restriction. There is insignificant risk of change in value of the same.

### **3.12 Calculation of Recoverable Amount**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

### **3.13 Provisions, accruals and contingencies**

#### **Recognition**

#### **Provisions**

#### **A provision is recognized when:**

- GHAIL has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognized.

#### **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

### **Contingent Liabilities**

GHAIL does not recognize a contingent liability. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

### **Contingent Asset**

GHAIL does not recognize a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to GHAIL.

### **Measurement**

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

### **Changes in provisions**

Provisions is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### **Use of provisions**

A provision is used only for expenditures for which the provision was originally recognized. Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognized for another purpose would conceal the impact of two different events.

### **Future operating losses**

Provisions are not recognized for future operating losses. Future operating losses do not meet the definition of a liability and the general recognition criteria set out for provisions.

## **3.14 Events Occurring after the Reporting Period**

All material events after the statement of financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the note no. 41.09 of financial statements.

## **3.15 Earnings Per Share (EPS)**

### **Measurement**

#### **Basic EPS**

GHAIL calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity.

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

The Group's diluted earnings per share is same as basic earnings per share.

## **3.16 Dividend distribution on ordinary share**

Dividend distribution to the Group's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the Group's shareholders

## **3.17 Income Statements**

For the purpose of presentation of the Income Statement, the function of expenses method is adopted, as it represents fairly the elements of the Group's performance

## **3.18 Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into

account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognized.

#### **Income from sales**

Revenue from the local sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### **Interest and other income**

Interest and other income are recognized on accrual basis.

### **3.19 Expenses**

All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

### **3.20 Finance Income and Expenses**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **3.21 Employee Benefits:**

The Company maintains provident fund for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds.

The Company has accounted for and disclosed employee benefits in compliance with the provision of IAS 19: Employee Benefits

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

### **3.22 Workers' Profit Participation Fund (WPPF)**

The Group provides applicable rate of its profit before tax after charging contribution to WPPF in accordance with the Bangladesh Labor Act, 2006 (Amended upto 2015).

### **3.23 Taxation**

The tax expense for the period comprises current tax and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

#### **Current tax**

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Deferred tax

### Principle of recognition

Deferred tax is recognized as income or an expense amount within the tax charge, and included in the net profit or loss for the period.

### Exceptions to recognition in profit or loss

Deferred tax relating to items dealt with as other comprehensive income (such as a revaluation) is recognized as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income.

Deferred tax relating to items dealt with directly in equity (such as the correction of an error or retrospective application of a change in accounting policy) is recognized directly in equity.

Deferred tax resulting from a business combination is included in the initial cost of goodwill.

### Taxable temporary difference

A deferred tax liability is recognized for all taxable differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

### Revaluations to fair value – property, plant and equipment

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore give rise to a deferred tax liability.

### Non-depreciated revalued assets

If a deferred tax liability or deferred tax asset arises from a non-depreciable asset measured using the revaluation model in IAS 16, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale, regardless of the basis of measuring the carrying amount of that asset. Accordingly, if the tax law specifies a tax rate applicable to the taxable amount derived from the sale of an asset that differs from the tax rate applicable to the taxable amount derived from using an asset, the former rate is applied in measuring the deferred tax liability or asset related to a non-depreciable asset.

### Revaluations to fair value – other assets

IFRS permit or require certain other assets to be revalued to fair value, such as certain financial instruments and investment properties. If the revaluation is recognized in profit or loss (eg fair value through profit or loss instruments, investment properties) and the amount is taxable / allowable for tax, then no deferred tax arises as both the carrying value and the tax base are adjusted. However, if the revaluation is recognized as other comprehensive income (eg available-for-sale instruments) and does not therefore impact taxable profits, then the tax base of the asset is not adjusted and deferred tax arises. This deferred tax is also recognized as other comprehensive income.

### Deductible temporary difference

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

### **Unused tax losses and unused tax credits**

A deferred tax asset is recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

### **3.24 Statement of Cash Flows**

The statement of cash flows has been prepared in accordance with the requirements of IAS 7: Statement of Cash Flows. The cash generating from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

### **3.24 Related Party Disclosures**

The Group carried out a number of transactions with related parties. The information as required by IAS 24: "Related party Disclosure" has been disclosed in a separate notes to the accounts (Note-41.3).

### **3.25 Segment Reporting**

Segmental information is provided for the different business segments of the Group. Business segmentation has been determined based on the nature of goods provided by the Group after considering the risk and rewards of each type of product.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described on notes 40 in the Notes to the Financial Statements. The group transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilization, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

## **4. Risk Exposure**

### **4.1 Financial risk management**

GHAIL's activities are exposed to a variety of financial risks. The Company's financial risk management centered upon using various tools and to manage exposure to risk, particularly credit risk, liquidity risk, market risk, currency risk and interest rate risk. Similar to general risk management, financial risk management requires identifying its sources, measuring it, and plans to address them. Taking risk is in the core of the financial business, and operational risk is an inevitable consequence of being in business. GHAIL's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on GHAIL's financial performance.

GHAIL's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of

prudent risk management policies and application of reliable and up-to-date information systems. GHAIL regularly reviews its risk management policies and systems to reflect changes in products, markets, and emerging best practices.

#### **4.2 Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The senior management of GHAIL carefully manages its exposure to credit risk. Credit exposures arise principally in receivables from customers' existing in GHAIL's asset portfolio. The credit risk management and control are controlled through the credit policies of GHAIL's which are updated regularly. The company is also exposed to other credit risks arising from balances with banks which are controlled through board approved counterparty limits.

#### **4.3 Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash balances or liquid and marketable assets to meet its liabilities when fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

#### **4.4 Industry Risks**

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation. Frozen foods industry in Bangladesh is an emerging sector with vast local demand for its different product lines. Locally produced frozen products now play a significant role in this sector, which has been dominated by imports in the past.

However, the infrastructure required for this industry is inadequate in Bangladesh, as can be noted below:

- No organized collection centers for agricultural produce exist in Bangladesh; as a result, there is a high fluctuation in prices both for the growers and for processors.
- Absence of Cold Storage or Cold Chains although the whole process of collection, processing and distribution depends on cold temperature maintenance due to the nature of the finished product.

Golden Harvest Agro Industries Ltd has established its brand name in Frozen Food market with its quality products, range of products and customer services. However, to develop an infrastructure, both public and private sector participation is required. This is the focal point of Golden Harvest's future expansion plans. To eliminate fluctuation in prices both for the growers and for the processors, Golden Harvest will organize collection centers to eliminate intermediary cost for both the parties. Deploying 15,000 refrigerators with 24 cold storages at -30 degree Celsius nationwide, Golden Harvest will have infrastructure backbone of Cold Chain which will ensure proper supply of Frozen Foods all over the country through its 50 temperature controlled transport.

#### **4.5 Market risk**

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates 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 optimizing the return.

**(i) Currency risk**

The company is not exposed to currency risk on revenues because goods are sold in local market with local currency and there is insignificant purchase of machineries, parts and equipment.

**(ii) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GHAIL again has limited exposure to interest rate since it borrows primarily in fixed interest rate, and further, interest rate are fully hedged at project levels too.

**4.6 Reporting foreign currency transactions**

**Initial recognition**

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

**Subsequent measurement**

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities is translated into GHAIL's functional currency at each reporting date. However, translation depends on whether the assets or liabilities are monetary or non-monetary items:

**Monetary items**

Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

**Non-monetary items**

Non-monetary items carried at historic cost are translated using the exchange rate at the date of the transaction when the asset arose (historical rate). They are not subsequently retranslated in the individual financial statements of GHAIL. Non-monetary items carried at fair value are translated using the exchange rate at the date when the fair value was determined. The foreign currency fair value of a non-monetary asset is determined.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

**Measurement of financial assets**

Financial assets can be monetary or non-monetary and may be carried at fair value or amortized cost. Where a financial instrument is denominated in a foreign currency, it is initially recognized at fair value in the foreign currency and translated into the functional currency at spot rate. The fair value of the financial instrument is usually the same fair value of the consideration given in the case of an asset or received in the case of a liability.

At each year end, the foreign currency amount of financial instruments carried at amortized cost is translated into the functional currency using either the closing rate (if it is a monetary item) or the historical rate (if it is a non-monetary item). Financial instruments carried at fair value are translated to the functional currency using the closing spot rate.

**Exchange differences**

The entire change in the carrying amount of a non-monetary fair value through other comprehensive income financial asset, including the effect of changes in foreign currency rates, is reported as other comprehensive income at the reporting date.

A change in the carrying amount of monetary fair value through other comprehensive income financial assets on subsequent measurements is analyzed between the foreign exchange component and the fair value movement. The foreign exchange component is recognized in profit or loss and the fair value movement is recognized as other comprehensive income.

The entire change in the carrying amount of financial instruments measured at fair value through profit or loss, including the effect of changes in foreign currency rates, is recognized in profit or loss.

**5. Property, plant and equipment**  
Consolidated

| Particulars                       | Cost/Valuation       |                      |                    |                  | Depreciation       | Amount in BDT    |                      |               |              |
|-----------------------------------|----------------------|----------------------|--------------------|------------------|--------------------|------------------|----------------------|---------------|--------------|
|                                   | Balance as on        |                      | Disposal for       |                  |                    |                  | Charged for          | Balance as on | Written Down |
|                                   | 01.07.18             | 30.06.19             | the year           | 30.06.19         |                    |                  |                      |               |              |
|                                   |                      |                      |                    |                  |                    |                  | 30.06.19             |               |              |
| <b>At historical cost:</b>        |                      |                      |                    |                  |                    |                  |                      |               |              |
| Land and land development         | 773,277,206          | 856,441,343          | -                  | -                | -                  | -                | 856,441,343          |               |              |
| Buildings and other constructions | 722,275,342          | 722,275,342          | -                  | -                | 16,879,257         | -                | 658,292,209          |               |              |
| Plant and machinery               | 600,520,828          | 605,990,324          | 5,469,496          | -                | 24,076,540         | -                | 460,203,809          |               |              |
| Office Equipment                  | 32,931,929           | 35,055,053           | 2,123,124          | -                | 2,297,845          | -                | 21,761,974           |               |              |
| Furniture and Fixtures            | 48,577,934           | 48,670,894           | 92,960             | -                | 2,670,611          | -                | 24,097,592           |               |              |
| Vehicle                           | 206,715,290          | 214,428,690          | 7,713,400          | -                | 15,184,318         | -                | 142,823,688          |               |              |
| Freezer                           | 1,514,851,832        | 1,827,808,622        | 312,956,790        | -                | 125,732,269        | -                | 1,397,823,659        |               |              |
| <b>A. Sub total of 30.06.2019</b> | <b>3,899,150,361</b> | <b>4,310,670,268</b> | <b>411,519,708</b> | <b>-</b>         | <b>186,840,840</b> | <b>-</b>         | <b>3,561,444,273</b> |               |              |
| <b>At revaluation:</b>            |                      |                      |                    |                  |                    |                  |                      |               |              |
| Land and land development         | 213,821,556          | 213,821,556          | -                  | -                | -                  | -                | 213,821,556          |               |              |
| Buildings and other constructions | 165,683,091          | 165,683,091          | -                  | -                | 3,476,993          | -                | 135,602,713          |               |              |
| Plant and machinery               | 85,028,928           | 85,028,928           | -                  | -                | 2,888,562          | -                | 54,882,667           |               |              |
| <b>B. Sub total of 30.06.2019</b> | <b>464,533,575</b>   | <b>464,533,575</b>   | <b>-</b>           | <b>-</b>         | <b>6,365,555</b>   | <b>-</b>         | <b>404,306,936</b>   |               |              |
| <b>Total (A+B) of 30.06.2019</b>  | <b>4,363,683,936</b> | <b>4,775,203,843</b> | <b>411,519,708</b> | <b>-</b>         | <b>193,206,395</b> | <b>-</b>         | <b>3,965,751,209</b> |               |              |
| <b>Total of 30.06.2018</b>        | <b>3,581,336,189</b> | <b>4,310,670,268</b> | <b>787,758,614</b> | <b>5,410,867</b> | <b>146,733,737</b> | <b>2,308,622</b> | <b>3,747,437,676</b> |               |              |

**5.1 Depreciation has been charged on different cost centers as under :**

| Particulars                       | Factory           | Rate of Dep. (%) | General and Admin. | Rate of Dep. (%) | Selling and Distribution | Rate of Dep. (%) | Total              |
|-----------------------------------|-------------------|------------------|--------------------|------------------|--------------------------|------------------|--------------------|
|                                   |                   |                  |                    |                  |                          |                  |                    |
| <b>At historical cost</b>         |                   |                  |                    |                  |                          |                  |                    |
| Factory & office building         | 7,452,277         | 99%              | -                  | 0%               | 9,426,980                | 1%               | 16,879,257         |
| Plant & machinery                 | 24,076,540        | 100%             | -                  | 0%               | -                        | 0%               | 24,076,540         |
| Furniture & fixture               | 1,148,923         | 50%              | 919,137            | 40%              | 229,784                  | 10%              | 2,297,845          |
| Office equipments                 | 934,714           | 35%              | 1,335,305          | 50%              | 400,592                  | 15%              | 2,670,611          |
| Vehicles                          | 7,302,163         | 10%              | 1,663,429          | 30%              | 6,218,725                | 60%              | 15,184,318         |
| Freezer                           | 16,661,078        |                  | -                  | 0%               | 109,071,191              | 100%             | 125,732,269        |
| <b>Sub total</b>                  | <b>57,575,694</b> |                  | <b>3,917,871</b>   |                  | <b>125,347,272</b>       |                  | <b>186,840,840</b> |
| <b>At revaluation</b>             |                   |                  |                    |                  |                          |                  |                    |
| Buildings and other constructions | 3,476,993         | 100%             | -                  | 0%               | -                        | 0%               | 3,476,993          |
| Plant & machinery                 | 2,888,562         | 100%             | -                  | 0%               | -                        | 0%               | 2,888,562          |
| <b>Sub total</b>                  | <b>6,365,555</b>  |                  | <b>-</b>           |                  | <b>-</b>                 |                  | <b>6,365,555</b>   |
| <b>Grand total</b>                | <b>63,941,249</b> |                  | <b>3,917,871</b>   |                  | <b>125,347,272</b>       |                  | <b>193,206,395</b> |

Note (i). Land & Building are mortgaged and Plant & Machinery and equipments are hypothecated with Mercantile Bank Ltd., Gulshan Branch against term loan and working capital (CC hypo) facilities according to their sanction terms.

Note (ii). The Company (GHAL) and its subsidiary company Golden Harvest Ice Cream Ltd. (GHIL) revalued the Lands, Buildings, and Plant & Machinery as of 30 June 2009, 2011 and 2013 by the Valuer, Ata Khan & Co. Chartered Accountants following "Current Cost Method", resulting the following surplus:

5A. Property, plant and equipment  
The Company

| Particulars                        | Cost/Valuation         |                       |                       | Rate of Dep. (%) | Depreciation           |                      |                       | Written Down Value as of 30.06.19 |
|------------------------------------|------------------------|-----------------------|-----------------------|------------------|------------------------|----------------------|-----------------------|-----------------------------------|
|                                    | Balance as on 01.07.18 | Addition for the year | Disposal for the year |                  | Balance as on 30.06.19 | Charged for the year | Disposal for the year |                                   |
| <b>At historical cost:</b>         |                        |                       |                       |                  |                        |                      |                       |                                   |
| Land and land development          | 236,336,936            | -                     | -                     | 0.0%             | -                      | -                    | -                     | 236,336,936                       |
| Buildings and other constructions  | 311,812,859            | -                     | -                     | 2.5%             | 6,852,993              | -                    | 44,546,120            | 267,266,739                       |
| Plant and machinery                | 137,138,042            | 339,000               | -                     | 5.0%             | 5,172,534              | -                    | 39,022,756            | 98,454,286                        |
| Office equipment                   | 9,227,504              | 763,727               | -                     | 10%              | 614,148                | -                    | 3,971,806             | 6,019,425                         |
| Furniture and fixtures             | 39,029,376             | 84,000                | -                     | 10%              | 2,115,467              | -                    | 20,016,944            | 19,096,432                        |
| Vehicle                            | 12,267,605             | -                     | -                     | 10%              | 695,771                | -                    | 6,005,666             | 6,261,939                         |
| Freezer                            | 544,372,318            | 22,019,300            | -                     | 10%              | 42,426,880             | -                    | 171,426,917           | 394,864,701                       |
| <b>5A. Sub total of 30.06.2019</b> | <b>1,290,184,640</b>   | <b>23,206,027</b>     | <b>-</b>              |                  | <b>57,877,794</b>      | <b>-</b>             | <b>284,990,209</b>    | <b>1,028,400,458</b>              |
| <b>At revaluation:</b>             |                        |                       |                       |                  |                        |                      |                       |                                   |
| Land and land development          | 112,033,188            | -                     | -                     | 0.0%             | -                      | -                    | -                     | 112,033,188                       |
| Buildings and other constructions  | 165,683,091            | -                     | -                     | 2.5%             | 3,476,993              | -                    | 30,080,378            | 135,602,713                       |
| Plant and machinery                | 41,576,975             | -                     | -                     | 5.0%             | 1,415,002              | -                    | 14,691,941            | 26,885,034                        |
| <b>B. Sub total of 30.06.2019</b>  | <b>319,293,254</b>     | <b>-</b>              | <b>-</b>              |                  | <b>4,891,995</b>       | <b>-</b>             | <b>44,772,319</b>     | <b>274,520,935</b>                |
| <b>Total (A+B) of 30.06.2019</b>   | <b>1,609,477,894</b>   | <b>23,206,027</b>     | <b>-</b>              |                  | <b>62,769,789</b>      | <b>-</b>             | <b>329,762,528</b>    | <b>1,302,921,393</b>              |
| <b>Total of 30.06.2018</b>         | <b>1,280,318,968</b>   | <b>334,569,793</b>    | <b>5,410,867</b>      |                  | <b>40,249,149</b>      | <b>2,308,622</b>     | <b>266,992,739</b>    | <b>1,342,485,155</b>              |

5A.1 Depreciation has been charged on different cost centers as under :

| Particulars                       | Factory           | Rate of Dep. (%) | General and Admin. | Rate of Dep. (%) | Selling & Distribution | Rate of Dep. (%) | Total             |
|-----------------------------------|-------------------|------------------|--------------------|------------------|------------------------|------------------|-------------------|
| <b>At historical cost</b>         |                   |                  |                    |                  |                        |                  |                   |
| Factory and office building       | 6,852,993         | 100%             | -                  | 0%               | -                      | 0%               | 6,852,993         |
| Plant and machinery               | 5,172,534         | 100%             | -                  | 0%               | -                      | 0%               | 5,172,534         |
| Office equipments                 | 307,074           | 50%              | 245,659            | 40%              | 61,415                 | 10%              | 614,148           |
| Furniture and fixture             | 740,413           | 35%              | 1,057,733          | 50%              | 317,320                | 15%              | 2,115,467         |
| Vehicles                          | 69,577            | 10%              | 208,731            | 30%              | 417,463                | 60%              | 695,771           |
| Freezer                           | -                 |                  | -                  | 0%               | 42,426,880             | 100%             | 42,426,880        |
| <b>Sub total</b>                  | <b>13,142,591</b> |                  | <b>1,512,123</b>   |                  | <b>43,223,078</b>      |                  | <b>57,877,794</b> |
| <b>At revaluation</b>             |                   |                  |                    |                  |                        |                  |                   |
| Buildings and other constructions | 3,476,993         | 100%             | -                  | 0%               | -                      | 0%               | 3,476,993         |
| Plant and machinery               | 1,415,002         | 100%             | -                  | 0%               | -                      | 0%               | 1,415,002         |
| <b>Sub total</b>                  | <b>4,891,995</b>  |                  | <b>-</b>           |                  | <b>-</b>               |                  | <b>4,891,995</b>  |
| <b>Grand total</b>                | <b>18,034,586</b> |                  | <b>1,512,123</b>   |                  | <b>43,223,078</b>      |                  | <b>62,769,789</b> |

**6. Leased assets (Finance lease)**  
Consolidated

| Particulars                | Cost/Valuation         |                       |                       | Balance as on 30.06.19 | Rate of Dep. (%) | Depreciation           |                      |                       | Written Down Value as of 30.06.19 |                        |
|----------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------|------------------------|----------------------|-----------------------|-----------------------------------|------------------------|
|                            | Balance as on 01.07.18 | Addition for the year | Disposal for the year |                        |                  | Balance as on 01.07.18 | Charged for the year | Disposal for the year |                                   | Balance as on 30.06.19 |
| Vehicle                    | 93,463,458             | -                     | -                     | 93,463,458             | 10%              | 28,228,672             | 6,523,478            | -                     | 34,752,150                        | 58,711,308             |
| Freezer                    | 20,002,000             | 28,670,000            | -                     | 48,672,000             | 10%              | 115,080                | 4,138,942            | -                     | 4,254,022                         | 44,417,978             |
| <b>Total of 30.06.2019</b> | <b>113,465,458</b>     | <b>28,670,000</b>     | <b>-</b>              | <b>142,135,458</b>     |                  | <b>28,343,752</b>      | <b>10,662,420</b>    | <b>-</b>              | <b>34,752,150</b>                 | <b>103,129,286</b>     |
| <b>Total of 30.06.2018</b> | <b>95,958,458</b>      | <b>20,002,000</b>     | <b>2,495,000</b>      | <b>113,445,458</b>     |                  | <b>22,176,123</b>      | <b>7,493,313</b>     | <b>1,325,684</b>      | <b>28,343,752</b>                 | <b>85,121,706</b>      |

6.1 Depreciation has been charged on different cost centers as under :

| Particulars  | Factory  | Rate of Dep. (%) | General and Admin. | Rate of Dep. (%) | Selling & Distribution | Rate of Dep. (%) | Total             |
|--------------|----------|------------------|--------------------|------------------|------------------------|------------------|-------------------|
| Vehicles     | -        | 0%               | 1,811,035          | 20%              | 3,699,764              | 80%              | 6,523,478         |
| Freezer      | -        | -                | -                  | -                | 4,138,942              | 100%             | 4,138,942         |
| <b>Total</b> | <b>-</b> | <b>-</b>         | <b>1,811,035</b>   | <b>-</b>         | <b>7,838,706</b>       | <b>-</b>         | <b>10,662,420</b> |

**6A. Leased assets (Finance lease)**  
The Company

| Particulars                | Cost/Valuation         |                       |                       | Balance as on 30.06.19 | Rate of Dep. (%) | Depreciation           |                      |                       | Written Down Value as of 30.06.19 |                        |
|----------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------|------------------------|----------------------|-----------------------|-----------------------------------|------------------------|
|                            | Balance as on 01.07.18 | Addition for the year | Disposal for the year |                        |                  | Balance as on 01.07.18 | Charged for the year | Disposal for the year |                                   | Balance as on 30.06.19 |
| Vehicle                    | 30,373,571             | -                     | -                     | 30,373,571             | 10%              | 15,772,727             | 1,460,084            | -                     | 17,232,811                        | 13,140,760             |
| Freezer                    | 20,002,000             | -                     | -                     | 20,002,000             | 10%              | 115,080                | 1,988,692            | -                     | 2,103,772                         | 17,898,228             |
| <b>Total of 30.06.2019</b> | <b>50,375,571</b>      | <b>-</b>              | <b>-</b>              | <b>50,375,571</b>      |                  | <b>15,887,807</b>      | <b>3,448,776</b>     | <b>-</b>              | <b>19,336,583</b>                 | <b>31,038,988</b>      |
| <b>Total of 30.06.2018</b> | <b>32,868,571</b>      | <b>20,002,000</b>     | <b>2,495,000</b>      | <b>50,375,571</b>      |                  | <b>15,346,171</b>      | <b>1,867,320</b>     | <b>1,325,684</b>      | <b>15,887,807</b>                 | <b>34,487,764</b>      |

6A.1 Depreciation has been charged on different cost centers as under :

| Particulars  | Factory  | Rate of Dep. (%) | General and Admin. | Rate of Dep. (%) | Selling and Distribution | Rate of Dep. (%) | Total            |
|--------------|----------|------------------|--------------------|------------------|--------------------------|------------------|------------------|
| Vehicles     | -        | -                | 292,017            | 20%              | 1,168,067                | 80%              | 1,460,084        |
| Freezer      | -        | -                | -                  | 0%               | 1,988,692                | 100%             | 1,988,692        |
| <b>Total</b> | <b>-</b> | <b>-</b>         | <b>292,017</b>     | <b>-</b>         | <b>3,156,759</b>         | <b>-</b>         | <b>3,448,776</b> |

7. Intangible Assets Consolidated

| Particulars                                      | Cost/Valuation         |                       |                       | Rate of Dep. (%) | Depreciation           |                      |                       | Written Down Value as of 30.06.19 |
|--|------------------------|-----------------------|-----------------------|------------------|------------------------|----------------------|-----------------------|-----------------------------------|
|  | Balance as on 01.07.18 | Addition for the year | Disposal for the year |                  | Balance as on 01.07.18 | Charged for the year | Disposal for the year |                                   |
| Software (at development stage)                  | 37,914,397             | -                     | -                     | 0%               | -                      | -                    | -                     | 37,914,397                        |
| Design, construction and development of products | 58,515,350             | -                     | -                     | 10%              | 9,578,828              | 4,893,653            | 14,472,481            | 44,042,869                        |
| Augmented Reality                                | 378,375                | -                     | -                     | 10%              | 102,540                | 27,584               | 130,124               | 248,251                           |
| <b>Total of 30.06.2019</b>                       | <b>96,808,122</b>      | <b>-</b>              | <b>-</b>              |                  | <b>9,681,368</b>       | <b>4,921,237</b>     | <b>14,602,605</b>     | <b>82,205,517</b>                 |
| <b>Total of 30.06.2018</b>                       | <b>96,505,122</b>      | <b>303,000</b>        | <b>-</b>              |                  | <b>4,213,329</b>       | <b>5,468,039</b>     | <b>9,681,368</b>      | <b>87,126,754</b>                 |

7.1 Amortization has been charged on different cost centers as under :

| Particulars                                      | Factory  | Rate of Dep. (%) | General and Admin. | Rate of Dep. (%) | Selling & Distribution | Rate of Dep. (%) | Total            |
|--|----------|------------------|--------------------|------------------|------------------------|------------------|------------------|
| Software   | -        | 0%               | -                  | 0%               | -                      | 0%               | -                |
| Design, construction and development of products | -        | 0%               | -                  | 0%               | 4,893,653              | 100%             | 4,893,653        |
| Augmented Reality                                | -        | 0%               | -                  | 0%               | 27,584                 | 100%             | 27,584           |
| <b>Total</b>                                     | <b>-</b> |                  | <b>-</b>           |                  | <b>4,921,237</b>       |                  | <b>4,921,237</b> |

7 A . Intangible Assets The Company

| Particulars                                      | Cost/Valuation         |                       |                       | Rate of Dep. (%) | Depreciation           |                      |                       | Written Down Value as of 30.06.19 |
|--|------------------------|-----------------------|-----------------------|------------------|------------------------|----------------------|-----------------------|-----------------------------------|
|  | Balance as on 01.07.18 | Addition for the year | Disposal for the year |                  | Balance as on 01.07.18 | Charged for the year | Disposal for the year |                                   |
| Software (at development stage)                  | 26,397,268             | -                     | -                     | 0%               | -                      | -                    | -                     | 26,397,268                        |
| Design, construction and development of products | 30,481,678             | -                     | -                     | 10%              | 4,419,843              | 2,606,184            | 7,026,027             | 23,455,651                        |
| <b>Total of 30.06.2019</b>                       | <b>56,878,946</b>      | <b>-</b>              | <b>-</b>              |                  | <b>4,419,843</b>       | <b>2,606,184</b>     | <b>7,026,027</b>      | <b>49,852,919</b>                 |
| <b>Total of 30.06.2018</b>                       | <b>56,675,946</b>      | <b>203,000</b>        | <b>-</b>              |                  | <b>1,524,084</b>       | <b>2,895,759</b>     | <b>4,419,843</b>      | <b>52,459,103</b>                 |

7A.1 Amortization has been charged on different cost centers as under :

| Particulars                                      | Factory  | Rate of Dep. (%) | General and Admin. | Rate of Dep. (%) | Selling and Distribution | Rate of Dep. (%) | Total            |
|--|----------|------------------|--------------------|------------------|--------------------------|------------------|------------------|
| Software   | -        | 0%               | -                  | 0%               | -                        | 0%               | -                |
| Design, construction and development of products | -        | 0%               | -                  | 100%             | 2,606,184                | 100%             | 2,606,184        |
| <b>Total</b>                                     | <b>-</b> |                  | <b>-</b>           |                  | <b>2,606,184</b>         |                  | <b>2,606,184</b> |

|   |                  | Amount in BDT      |                      |                    |                   |                    |
|---|------------------|--------------------|----------------------|--------------------|-------------------|--------------------|
|   |                  | 30-Jun-19          | 30-Jun-18            |                    |                   |                    |
| <b>8. Biological assets</b>                   |                  |                    |                      |                    |                   |                    |
| Dryer   |                  | 1,787,350          | 279,549              |                    |                   |                    |
| Milkable Cows                                 |                  | 59,973,286         | 49,662,792           |                    |                   |                    |
| Heifers                                       |                  | 22,539,571         | 18,538,632           |                    |                   |                    |
| Calves  |                  | 4,867,238          | 3,074,385            |                    |                   |                    |
| Bull  |                  | 13,092,696         | 8,918,148            |                    |                   |                    |
|   |                  | <b>102,260,141</b> | <b>80,473,506</b>    |                    |                   |                    |
| <b>8.1 Details are as follows:</b>            |                  |                    |                      |                    |                   |                    |
|   | <b>Calves</b>    | <b>Heifers</b>     | <b>Milkable Cows</b> | <b>Dryer</b>       | <b>Bull</b>       | <b>Total</b>       |
| Carrying amount                               | 3,074,385        | 18,538,632         | 49,662,792           | 279,549            | 8,918,148         | 80,473,506         |
| Add: Purchase Costs                           | -                | 13,510,200         | -                    | -                  | 17,525,450        | 31,035,650         |
| Less: Transfer/ Sales                         | (2,865,240)      | (12,387,965)       | 3,765,872            | 498,575            | (16,332,340)      | (27,321,098)       |
| Add / (Less): Fair value adjustments          | 4,658,093        | 2,878,704          | 6,544,622            | 1,009,226          | 2,981,438         | 18,072,083         |
|   | <b>4,867,238</b> | <b>22,539,571</b>  | <b>59,973,286</b>    | <b>1,787,350</b>   | <b>13,092,696</b> | <b>102,260,141</b> |
| <b>8.1.1 Fair value adjustments</b>           |                  |                    |                      |                    |                   |                    |
|   | <b>Calves</b>    | <b>Heifers</b>     | <b>Milkable Cows</b> | <b>Dryer</b>       | <b>Bull</b>       | <b>Total</b>       |
| Changes in Fair Value                         | 4,963,515        | 4,135,136          | 9,985,452            | 1,198,752          | 6,011,162         | 26,294,017         |
| Less: Cost to sell                            | (305,422)        | (1,256,432)        | (3,440,830)          | (189,526)          | (3,029,724)       | (8,221,934)        |
|   | <b>4,658,093</b> | <b>2,878,704</b>   | <b>6,544,622</b>     | <b>1,009,226</b>   | <b>2,981,438</b>  | <b>18,072,083</b>  |
| <b>8.A Biological assets</b>                  |                  |                    |                      |                    |                   |                    |
| Heifers                                       |                  |                    |                      |                    | 6,610,664         | -                  |
| Bull  |                  |                    |                      |                    | 7,089,113         | -                  |
|   |                  |                    |                      |                    | <b>13,699,777</b> | <b>-</b>           |
| <b>8.A1 Details are as follows:</b>           |                  |                    |                      |                    |                   |                    |
|   |                  | <b>Heifers</b>     | <b>Bull</b>          | <b>Total</b>       |                   |                    |
| Carrying amount                               |                  | -                  | -                    | -                  |                   | -                  |
| Add: Purchase Costs                           |                  | 13,510,200         | 17,525,450           | 31,035,650         |                   | 31,035,650         |
| Less: Transfer/ Sales                         |                  | (8,362,545)        | (11,596,009)         | (19,958,554)       |                   | (19,958,554)       |
| Add / (Less): Fair value adjustments          |                  | 1,463,009          | 1,159,672            | 2,622,681          |                   | 2,622,681          |
|   |                  | <b>6,610,664</b>   | <b>7,089,113</b>     | <b>13,699,777</b>  |                   | <b>13,699,777</b>  |
| <b>8.A1.1 Fair value adjustments</b>          |                  |                    |                      |                    |                   |                    |
| Changes in Fair Value                         |                  | 2,149,584          | 2,105,642            | 4,255,226          |                   | 4,255,226          |
| Less: Cost to sell                            |                  | (686,575)          | (945,970)            | (1,632,545)        |                   | (1,632,545)        |
|   |                  | <b>1,463,009</b>   | <b>1,159,672</b>     | <b>2,622,681</b>   |                   | <b>2,622,681</b>   |
| <b>9 Capital work in progress</b>             |                  |                    |                      |                    |                   |                    |
| Opening balance                               |                  |                    | 401,375,144          | 613,618,985        |                   | 613,618,985        |
| Addition during the period                    |                  |                    | 78,763,169           | 211,166,930        |                   | 211,166,930        |
| Disposal of CWIP regarding Machinery          |                  |                    | -                    | (158,276,628)      |                   | (158,276,628)      |
| Transferred to property, plant and equipment  |                  |                    | -                    | (265,134,143)      |                   | (265,134,143)      |
|   |                  |                    | <b>480,138,313</b>   | <b>401,375,144</b> |                   | <b>401,375,144</b> |
| <b>9A. Capital work in progress</b>           |                  |                    |                      |                    |                   |                    |
| Opening Balance                               |                  |                    | 350,804,247          | 488,911,940        |                   | 488,911,940        |
| Addition during the period                    |                  |                    | 46,210,907           | 50,987,780         |                   | 50,987,780         |
| Disposal of CWIP regarding Machinery          |                  |                    | -                    | (71,790,672)       |                   | (71,790,672)       |
| Transferred to property, plant and equipment  |                  |                    | -                    | (117,304,801)      |                   | (117,304,801)      |
|   |                  |                    | <b>397,015,154</b>   | <b>350,804,247</b> |                   | <b>350,804,247</b> |
| <b>10. Investment in subsidiary companies</b> |                  |                    |                      |                    |                   |                    |
| Golden Harvest Ice Cream Ltd.                 | (Note - 10.01)   |                    | 685,539,459          | 851,853,929        |                   | 851,853,929        |
| Golden Harvest Dairy Ltd.                     | (Note - 10.02)   |                    | 18,772,253           | 19,021,021         |                   | 19,021,021         |
|   |                  |                    | <b>704,311,712</b>   | <b>870,874,950</b> |                   | <b>870,874,950</b> |
| <b>10.01 Golden Harvest Ice Cream Ltd.</b>    |                  |                    |                      |                    |                   |                    |
| Opening balance                               |                  |                    | 851,853,929          | 735,838,295        |                   | 735,838,295        |
| Adjustment for changes of tax rates           |                  |                    | (1,122,716)          | 4,202,437          |                   | 4,202,437          |

|              |  | Amount in BDT      |                    |
|--------------|--|--------------------|--------------------|
|              |  | 30-Jun-19          | 30-Jun-18          |
|              | Restated opening balance   | 850,731,213        | 740,040,732        |
|              | Issue Cost of Ordinary Share   | (105,732)          | -                  |
|              | Adjustment for changes of shareholding position on retained earning    | (217,981,833)      | -                  |
|              | Adjustment for changes of shareholding position on revaluation surplus | (57,620,512)       | -                  |
|              | Share of net profit after tax of subsidiary                            | 110,284,238        | 111,270,307        |
|              | Share of change of revalued amount of PPE                              | 232,086            | 542,889            |
|              |  | <b>685,539,459</b> | <b>851,853,929</b> |
| <b>10.02</b> | <b>Golden Harvest Dairy Ltd.</b>                                       |                    |                    |
|              | Opening balance  | 19,021,021         | 22,515,836         |
|              | Share money deposit  | -                  | -                  |
|              | Share of net loss after tax of subsidiary                              | (248,768)          | (3,494,815)        |
|              |  | <b>18,772,253</b>  | <b>19,021,021</b>  |
| <b>11.</b>   | <b>Investment in associates</b>  |                    |                    |
|              | Golden Harvest QSR Ltd.  | 14,700,000         | -                  |
|              | Cold Chain Bangladesh Ltd.   | 600,000            | -                  |
|              |  | <b>15,300,000</b>  | <b>-</b>           |
| <b>11.01</b> | <b>Golden Harvest QSR Ltd.</b>   |                    |                    |
|              | Investment   | 300,000            | 300,000            |
|              | Add: Share money deposit   | 14,700,000         | -                  |
|              | Less: Attributable Share of Loss of Associate                          | 300,000            | 300,000            |
|              |  | <b>14,700,000</b>  | <b>-</b>           |

Share of accumulated loss of associates during the year is Tk. 12,867,383 (Tk. 42,892,277 x 30%) including business loss of Jubilant Golden Harvest Ltd

Golden Harvest QSR Limited (GHQSR), an associate company (30% share) of Golden Harvest Agro Industries Limited, owns 49% share of Jubilant Golden Harvest Limited (JGHL), and rest 51% share is owned by Jubilant Foodworks Limited (JFL), a listed company in India. JGHL is a joint venture company between Jubilant Foodworks and Golden Harvest is operating Domino's Pizza restaurant in Bangladesh. Golden Harvest QSR further invested BDT 11 Crore out of which 30% will come from Golden Harvest Agro Industries Ltd. equivalent to Tk. 3.30 crore for the expansion of Domino's business in Bangladesh. The amount shown as Share Money Deposit will be converted to Paid-up-capital of GHQSR after issuance of the shares.

|              |   |                |          |
|--------------|---|----------------|----------|
| <b>11.02</b> | <b>Cold Chain Bangladesh Ltd.</b>             |                |          |
|              | Opening Balance                               | -              | -        |
|              | Add: Issuance of Share                        | 600,000        | -        |
|              | Less: Attributable Share of Loss of Associate | -              | -        |
|              |   | <b>600,000</b> | <b>-</b> |

Cold Chain Bangladesh Limited (CCBL), is a joint venture company between Golden Harvest Ice Cream Limited (GHIL), Golden Harvest Foods Limited (GHFL) and IFC Infraventure a member of the World Bank Group. GHIL holds 38% shares of CCBL, GHFL holds 42% and IFC Infraventure holds 30% of shares of the Company. CCBL will build a network of temperature-controlled warehouses and transportation system to provide cold chain logistics services in Bangladesh. Net shareholding of Golden Harvest Agro Industries Limited (GHAIL) in CCBL is 12.6% (GHAIL holds 45% of GHIL). The initial cost of the project is USD 21.71 million.

|             |                    |                    |                    |
|-------------|--------------------|--------------------|--------------------|
| <b>12.</b>  | <b>Inventories</b> |                    |                    |
|             | Finished goods     | 395,451,920        | 252,335,745        |
|             | Raw materials      | 345,850,253        | 218,468,498        |
|             | Packing materials  | 153,897,600        | 111,272,020        |
|             | Medicine           | 89,554             | 120,651            |
|             | Work in process    | 425,667            | 532,552            |
|             | Stores in transit  | 12,174,204         | 11,206,639         |
|             |                    | <b>907,889,197</b> | <b>593,936,105</b> |
| <b>12A.</b> | <b>Inventories</b> |                    |                    |
|             | Finished goods     | 173,917,791        | 95,685,520         |
|             | Raw materials      | 159,326,728        | 85,325,466         |
|             | Packing materials  | 60,244,938         | 48,755,268         |
|             | Stores in transit  | 5,536,685          | 947,164            |
|             |                    | <b>399,026,142</b> | <b>230,713,418</b> |

|            |   | Amount in BDT      |                    |
|------------|---|--------------------|--------------------|
|            |   | 30-Jun-19          | 30-Jun-18          |
| <b>13.</b> | <b>Advances, deposits and prepayments</b>                 |                    |                    |
|            | Advance to contract farmer, suppliers & service providers | 299,612,968        | 254,539,671        |
|            | Advance against Flat purchased                            | 136,412,078        | 103,780,225        |
|            | Advance for land purchases                                | -                  | -                  |
|            | Advance for assets purchases                              | 121,500,000        |                    |
|            | Advance taxes   | 79,658,744         | 50,959,895         |
|            | Advance VAT   | 17,086,845         | 7,901,385          |
|            | Advance office rent                                       | 3,752,000          | 5,064,000          |
|            | Right Share Issue Cost                                    | 121,898            | -                  |
|            | Other deposit   | 2,294,904          | 550,908            |
|            | Lease deposits  | 2,517,141          | 2,517,141          |
|            |   | <b>662,956,578</b> | <b>425,313,225</b> |

This is unsecured and considered good.

(a) The maximum amount due from the suppliers & service providers.

(b) No amount was due by the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

|              |   |                      |                      |
|--------------|---|----------------------|----------------------|
| <b>13A.</b>  | <b>Advances, deposits and prepayments</b>                 |                      |                      |
|              | Advance to contract farmer, suppliers & service providers | 253,066,256          | 246,827,207          |
|              | Advance taxes   | 28,392,632           | 13,971,826           |
|              | Advance VAT   | 11,873,598           | 6,173,601            |
|              | Right Share Issue Cost                                    | 121,898              | -                    |
|              | Other Deposit   | 598,930              | 154,931              |
|              | Lease deposits  | 1,177,796            | 1,177,796            |
|              |   | <b>295,231,110</b>   | <b>268,305,361</b>   |
| <b>14.</b>   | <b>Trade and other receivables</b>                        |                      |                      |
|              | Trade receivables (Note - 14.01)                          | 766,017,905          | 610,846,197          |
|              | Other receivables (Note - 14.02)                          | 292,675,403          | 555,091,251          |
|              |   | <b>1,058,693,308</b> | <b>1,165,937,448</b> |
| <b>14.01</b> | <b>Trade receivables</b>                                  |                      |                      |
|              | Sales receivables   | 766,017,905          | 610,846,197          |
|              |   | <b>766,017,905</b>   | <b>610,846,197</b>   |

**Aging Schedule of Trade Receivable**

| Account Name                       | Upto 90 days | Upto 180 days | Over 180 days | 2019        | 2018        |
|------------------------------------|--------------|---------------|---------------|-------------|-------------|
| Golden Harvest Agro Industries Ltd | 123,522,452  | 160,920,296   | 20,245,223    | 304,687,971 | 242,325,938 |
| Golden Harvest Ice Cream Ltd.      | 222,533,252  | 209,544,996   | 26,355,321    | 458,433,569 | 368,146,942 |
| Golden Harvest Dairy Ltd.          | 2,896,365    | -             | -             | 2,896,365   | 373,317     |

This is unsecured, considered good except for the portion of doubtful debtors and is falling due within one period. Classification schedule as required by schedule XI of Companies Act 1994 are as follows:

| SL  | Particulars   | Consolidate amount in BDT 2019 | Consolidate amount in BDT 2018 |
|-----|---|--------------------------------|--------------------------------|
| I   | Accounts receivable considered good in respect of which the company is fully secured  | -                              | -                              |
| II  | Accounts receivable considered good in respect of which the company holds no security other than the debtor personal security | 766,017,905                    | 610,846,197                    |
| III | Accounts receivable considered doubtful or bad  | -                              | -                              |
| IV  | Accounts receivable due by any director or other officer of the company   | -                              | -                              |
| V   | Accounts receivable due by Common management  | -                              | -                              |
| VI  | The maximum amount of receivable due by any director or other officer of the company  | -                              | -                              |
|     | <b>TOTAL</b>  | <b>766,017,905</b>             | <b>610,846,197</b>             |

|               |  | Amount in BDT        |                      |
|---------------|--|----------------------|----------------------|
|               |  | 30-Jun-19            | 30-Jun-18            |
| <b>14.02</b>  | <b>Other receivables</b>   |                      |                      |
|               | Interest receivable  | 113,517              | 102,006              |
|               | Inter company transaction (Note - 14.03)   | 292,561,886          | 554,989,245          |
|               |  | <b>292,675,403</b>   | <b>555,091,251</b>   |
|               | This is unsecured, considered good and is falling due within one period.   |                      |                      |
| <b>14.03</b>  | <b>Inter company transaction</b>   |                      |                      |
|               | Samdani Art Foundation   | 27,019,829           | 25,487,067           |
|               | Golden Harvest Foods Ltd.  | 25,802,809           | 297,161,147          |
|               | Golden Harvest InfoTech Ltd.   | 84,953,001           | 84,953,001           |
|               | Golden Harvest Developers Ltd.   | 60,176,708           | 53,681,577           |
|               | Golden Harvest QSR Ltd.  | 88,820,539           | 93,706,453           |
|               | Cold Chain Bangladesh Ltd  | 5,789,000            | -                    |
|               |  | <b>292,561,886</b>   | <b>554,989,245</b>   |
| <b>14A.</b>   | <b>Trade and other receivables</b>   |                      |                      |
|               | Trade receivable (Note - 14A.01)   | 304,687,971          | 242,325,938          |
|               | Other receivable (Note - 14A.02)   | 431,761,310          | 751,772,147          |
|               |  | <b>736,449,281</b>   | <b>994,098,085</b>   |
| <b>14A.01</b> | <b>Trade receivables</b>   |                      |                      |
|               | Sales receivables  | 304,687,971          | 242,325,938          |
|               |  | <b>304,687,971</b>   | <b>242,325,938</b>   |
| <b>14A.02</b> | <b>Other receivables</b>   |                      |                      |
|               | Interest receivable  | -                    | 31,913               |
|               | Inter company transaction (Note - 14A.03)  | 431,761,310          | 751,740,234          |
|               |  | <b>431,761,310</b>   | <b>751,772,147</b>   |
| <b>14A.03</b> | <b>Inter company transaction</b>   |                      |                      |
|               | Golden Harvest Dairy Ltd.  | 144,988,424          | 22,623,486           |
|               | Golden Harvest Ice Cream Ltd.  | -                    | 424,833,236          |
|               | Golden Harvest InfoTech Ltd.   | 84,953,001           | 84,953,001           |
|               | Golden Harvest Developers Ltd.   | 60,176,708           | 53,681,577           |
|               | Samdani Art Foundation   | 27,019,829           | 25,487,067           |
|               | Golden Harvest Foods Ltd.  | 25,802,809           | 46,455,414           |
|               | Golden Harvest QSR Ltd.  | 88,820,539           | 93,706,453           |
|               |  | <b>431,761,310</b>   | <b>751,740,234</b>   |
|               | This is unsecured and considered good.   |                      |                      |
| <b>15.</b>    | <b>Cash and cash equivalents</b>   |                      |                      |
|               | <b>Cash in hand:</b>   | <b>23,317,026</b>    | <b>1,547,256</b>     |
|               | Cash in hand at head office  | 984,753              | 97,017               |
|               | Cash in hand at factory & depot office   | 22,332,273           | 1,450,239            |
|               | Cash at bank   | 309,147,953          | 5,100,847            |
|               | Fixed Deposits with Banks (Maturity within 1 to 3 months)  | 37,657,945           | 7,880,124            |
|               |  | <b>370,122,926</b>   | <b>14,528,227</b>    |
|               | Fixed Deposits are lien against LC margin  |                      |                      |
| <b>15A.</b>   | <b>Cash and cash equivalents</b>   |                      |                      |
|               | <b>Cash in hand:</b>   | <b>8,777,206</b>     | <b>238,358</b>       |
|               | Cash in hand at head office  | 522,654              | 4,243                |
|               | Cash in hand at factory & Depot office   | 8,254,552            | 234,115              |
|               | Cash at bank   | 222,718,317          | 1,173,528            |
|               | Fixed Deposits with Banks (Maturity within 1 to 3 months)  | -                    | 1,021,230            |
|               |  | <b>231,495,523</b>   | <b>2,433,116</b>     |
|               | Details of cash at bank is given at annex-A  |                      |                      |
| <b>16.</b>    | <b>Share capital</b>   |                      |                      |
|               | <b>Authorized share capital</b>  |                      |                      |
|               | <b>250,000,000 ordinary shares of BDT 10 each</b>  | <b>2,500,000,000</b> | <b>2,000,000,000</b> |
|               | <b>Issued, subscribed and paid up capital</b>  |                      |                      |
|               | 58,750,000 ordinary share @ Tk. 10 each fully paid-up against cash   | 587,500,000          | 587,500,000          |
|               | 56,159,790 bonus share @ Tk. 10 each   | 561,597,900          | 452,589,000          |
|               | 5,000,000 ordinary share @ Tk. 10 each fully paid-up against acquisition of shares of Golden Harvest Ice Cream Limited | 50,000,000           | 50,000,000           |
|               |  | <b>1,199,097,900</b> | <b>1,090,089,000</b> |

| Amount in BDT |           |
|---------------|-----------|
| 30-Jun-19     | 30-Jun-18 |

The above balance has been received from the following :

| Name                       | Designation       | % of Shares   |               | No. of Shares      |                    |
|----------------------------|-------------------|---------------|---------------|--------------------|--------------------|
|                            |                   | 30-06-2019    | 30-06-2018    | 30-06-2019         | 30-06-2018         |
| <b>Directors</b>           |                   |               |               |                    |                    |
| Enamuzzaman Chowdhury      | Chairman          | 2.00          | 2.00          | 2,398,195          | 2,180,178          |
| Mr. Matthew Graham Stock   | Director          | -             | -             | -                  | -                  |
| Mr. Ahmed Rajeeb Samdani   | Managing Director | 21.94         | 21.94         | 26,304,147         | 23,912,861         |
| Mr. Ahmed Mehdi Samdani    | Sponsor           | 0.38          | 0.38          | 449,878            | 408,980            |
| Ms. Nadia Khalil Choudhury | Director          | 2.00          | 2.00          | 2,398,195          | 2,180,178          |
| Mr. Azizul Huque           | Director          | 2.26          | 2.26          | 2,709,590          | 2,463,264          |
| Mr. Moqsud Ahmed Khan      | Director          | 2.46          | 2.46          | 2,951,625          | 2,683,296          |
| Mr. Mohius Samad Choudhury | Director          | 2.00          | 2.00          | 2,398,195          | 2,180,178          |
|                            |                   | <b>33.03</b>  | <b>33.03</b>  | <b>39,609,825</b>  | <b>36,008,935</b>  |
| <b>Others</b>              |                   |               |               |                    |                    |
| Foreign investors          |                   | -             | 1.60          | -                  | 1,747,239          |
| Institutions               |                   | 45.89         | 39.08         | 43,513,057         | 42,602,948         |
| General shareholders       |                   | 21.08         | 26.28         | 29,486,908         | 28,649,778         |
|                            |                   | <b>66.97</b>  | <b>66.97</b>  | <b>72,999,965</b>  | <b>72,999,965</b>  |
|                            |                   | <b>100.00</b> | <b>100.00</b> | <b>112,609,790</b> | <b>109,008,900</b> |

**Range with shareholding position:**

| Range of holdings<br>In number of shares | No. of shareholders |               | % of shareholders |             | Number of shares   |                    |
|--|---------------------|---------------|-------------------|-------------|--------------------|--------------------|
|  | 30-Jun-19           | 2018          | 30-Jun-19         | 2018        | 30-Jun-19          | 2018               |
| 1 to 499                                 | 4,481               | 5,431         | 0.470             | 0.469       | 503,479            | 630,730            |
| 500 to 5,000                             | 4,201               | 5,133         | 0.441             | 0.444       | 4,443,882          | 5,660,298          |
| 5,001 to 10,000                          | 318                 | 406           | 0.033             | 0.035       | 2,215,612          | 3,059,875          |
| 10,001 to 20,000                         | 217                 | 260           | 0.023             | 0.022       | 3,083,852          | 3,772,292          |
| 20,001 to 30,000                         | 91                  | 102           | 0.010             | 0.009       | 2,237,697          | 2,555,380          |
| 30,001 to 40,000                         | 38                  | 46            | 0.004             | 0.004       | 1,328,017          | 1,617,861          |
| 40,001 to 50,000                         | 31                  | 36            | 0.003             | 0.003       | 1,465,631          | 1,667,627          |
| 50,001 to 100,000                        | 62                  | 75            | 0.007             | 0.006       | 4,222,929          | 5,533,285          |
| 100,001 to 1,000,000                     | 75                  | 64            | 0.008             | 0.006       | 20,844,599         | 14,766,690         |
| Over 1,000,000                           | 19                  | 17            | 0.002             | 0.001       | 79,564,092         | 69,744,862         |
| <b>Total</b>                             | <b>9,533</b>        | <b>11,570</b> | <b>1.00</b>       | <b>1.00</b> | <b>119,909,790</b> | <b>109,008,900</b> |

**Shareholding position of Golden Harvest Ice Cream Ltd:**

| Name                                | Designation    | % of Shares |             | Value of shares @ BDT 10 |                    |
|-------------------------------------|----------------|-------------|-------------|--------------------------|--------------------|
|                                     |                | 30-Jun-19   | 2018        | 30-Jun-19                | 2018               |
| Mr. Ahmed Rajeeb Samdani            | Chairman       | 3.00%       | 0.0002%     | 30,000,900               | 600                |
| Golden Harvest Agro Industries Ltd. | Parent company | 45.00%      | 99.9998%    | 449,999,100              | 299,999,400        |
| Others                              | Shareholders   | 52.00%      | -           | 520,000,000              | -                  |
|                                     |                | <b>100%</b> | <b>100%</b> | <b>1,000,000,000</b>     | <b>300,000,000</b> |

**Shareholding position of Golden Harvest Dairy Ltd:**

| Name                                | Designation    | % of Shares |             | Value of shares @ BDT 10 |                   |
|-------------------------------------|----------------|-------------|-------------|--------------------------|-------------------|
|                                     |                | 30-Jun-19   | 2018        | 30-Jun-19                | 2018              |
| Mr. Ahmed Rajeeb Samdani            | Chairman       | 25.00%      | 25.00%      | 12,500,000               | 12,500,000        |
| Golden Harvest Agro Industries Ltd. | Parent company | 75.00%      | 75.00%      | 37,500,000               | 37,500,000        |
|                                     |                | <b>100%</b> | <b>100%</b> | <b>50,000,000</b>        | <b>50,000,000</b> |

**17. Share premium**

|                            |                   |                    |
|----------------------------|-------------------|--------------------|
| Share premium received     | 450,000,000       | 450,000,000        |
| Bonus Share                | (380,097,900)     | (271,089,000)      |
| <b>IPO expenses:</b>       | (41,233,946)      | (41,233,946)       |
| Income tax (3% on premium) | (13,500,000)      | (13,500,000)       |
| IPO cost                   | (25,927,742)      | (25,927,742)       |
| Exchange gain / (loss)     | (1,806,204)       | (1,806,204)        |
|                            | <b>28,668,154</b> | <b>137,677,054</b> |

|  | Amount in BDT      |                    |
|--|--------------------|--------------------|
|  | 30-Jun-19          | 30-Jun-18          |
| <b>18. Revaluation surplus</b>   |                    |                    |
| Opening balance  | 283,316,706        | 278,351,144        |
| Adjustment for changes of tax rates                                    | -                  | 9,765,503          |
| Adjustment for deferred tax  | (1,122,716)        | -                  |
| Adjustment for changes of shareholding position on revaluation surplus | (57,620,512)       | -                  |
| Depreciation on revaluation surplus transferred to retained earnings   | (4,626,810)        | (4,799,941)        |
| Depreciation of the company  | (3,668,996)        | (3,791,716)        |
| Depreciation of Golden Harvest Ice Cream Ltd.                          | (957,814)          | (1,008,225)        |
|  | <b>219,946,668</b> | <b>283,316,706</b> |

The Company revalued its lands, buildings, and plant & machinery as of 30 June 2013 by its Valuer, Ata Khan & Co. Chartered Accountants following "Current cost method", resulting in a revaluation surplus at BDT 128,671,642 for Golden Harvest Agro Industries Ltd. and BDT 51,419,359 for Golden Harvest Ice Cream Ltd. which include non controlling interest part BDT 103.

|  |                    |                    |
|--|--------------------|--------------------|
| <b>18A. Revaluation surplus</b>  |                    |                    |
| Opening balance  | 283,316,706        | 278,351,144        |
| Adjustment for changes of tax rates                                    | -                  | 9,765,503          |
| Adjustment for deferred tax  | (1,122,716)        | -                  |
| Adjustment for changes of shareholding position on revaluation surplus | (57,620,512)       | -                  |
| Depreciation on revaluation surplus transferred to retained earnings   | (4,626,810)        | (4,799,941)        |
| Depreciation of the company  | (3,668,996)        | (3,791,716)        |
| Depreciation of Golden Harvest Ice Cream Ltd.                          | (957,814)          | (1,008,225)        |
| Depreciation of Golden Harvest Dairy Ltd.                              |                    |                    |
|  | <b>219,946,668</b> | <b>283,316,706</b> |

|   |                    |                    |
|---|--------------------|--------------------|
| <b>19. Retained earnings</b>                              |                    |                    |
| Opening balance   | 920,797,701        | 693,397,688        |
| Adjustment for changes of tax rates                       | -                  | (2,079,368)        |
| Deferred tax adjustment on Dep. of revalued amount of PPE | 1,455,084          | 1,806,795          |
| Depreciation on revaluation surplus transferred           | 4,626,810          | 4,799,941          |
| Issue Cost of Share Issue                                 | (105,732)          | -                  |
| Adjustment for changes of shareholding position           | (217,981,833)      | -                  |
| Net profit after tax                                      | 256,251,481        | 221,707,930        |
| Share of non-controlling interest                         | (13,412,370)       | 1,164,715          |
|   | <b>951,631,139</b> | <b>920,797,701</b> |

|  |                    |                    |
|--|--------------------|--------------------|
| <b>19A. Retained earnings</b>  |                    |                    |
| Opening balance  | 920,797,701        | 693,397,688        |
| Adjustment for changes of tax rates                                  | -                  | (2,079,368)        |
| Deferred tax adjustment on dep. of revalued amount of PPE            | 1,455,084          | 1,806,795          |
| Adjustment for changes of shareholding position on retained earnings | (217,981,833)      | -                  |
| Issue Cos of Share Issue   | (105,732)          | -                  |
| Depreciation on revaluation surplus transferred                      | 4,626,810          | 4,799,941          |
| Net profit after tax   | 242,839,110        | 222,872,645        |
|  | <b>951,631,139</b> | <b>920,797,701</b> |

|  |                    |                  |
|--|--------------------|------------------|
| <b>20. Non controlling interest</b>                                    |                    |                  |
| Opening balance  | 6,342,044          | 7,506,750        |
| Adjustment for changes of tax rates                                    | (1,372,210)        | 9                |
| Share of Net profit after tax for the period (GHICL)                   | 13,495,293         | 223              |
| Share of Net profit after tax for the period (GHDL)                    | (82,923)           | (1,164,939)      |
| Adjustment for changes of shareholding position on retained earnings   | 217,981,833        | -                |
| Adjustment for changes of shareholding position on revaluation surplus | 57,620,512         | -                |
| Share of deferred tax adjustment on revaluation Surplus                | 283,660            | 1.00             |
| Issue Cos of new Share Issue   | (129,228)          | -                |
| Issuance of new share (GHICL)  | 550,000,000        | -                |
|  | <b>844,138,981</b> | <b>6,342,044</b> |

21. Long term loans

**Golden Harvest Agro Industries Limited**

Corporate Bond

Mercantile Bank Ltd., HP-2

Mercantile Bank Ltd., HBL

IPDC Finance Ltd

Mercantile Bank Ltd., Term Loan-Agri

Mercantile Bank Limited

Mercantile Bank Limited

IPDC Finance Ltd

**Golden Harvest Ice Cream Limited**

Syndicated Loan ( UCBL and Standard Bank Limited)

United Commercial Bank Ltd., Term Loan-2

Standard Bank Ltd.

Agrani Bank Limited

CAPM Venture Capital & Finance Ltd

**Golden Harvest Dairy Limited**

Standard Bank Ltd., Term Loan -1

Standard Bank Ltd., Term Loan -2

Current maturity of long term loan

| Amount in BDT        |                      |
|----------------------|----------------------|
| 30-Jun-19            | 30-Jun-18            |
| <b>915,387,396</b>   | <b>975,271,439</b>   |
| 371,801,250          | 351,883,463          |
| -                    | 3,233,556            |
| -                    | 13,700,415           |
| 211,442,824          | 218,501,845          |
| 107,304,728          | 165,367,504          |
| 167,166,304          | 161,504,116          |
| 10,214,635           | 11,424,700           |
| 47,457,655           | 49,655,841           |
| <b>1,508,023,087</b> | <b>1,327,835,967</b> |
| 470,722,140          | 478,847,610          |
| 588,775,436          | 544,288,357          |
| 344,375,993          | 304,700,000          |
| 95,211,538           | -                    |
| 8,937,980            | -                    |
| <b>152,246,166</b>   | <b>155,618,441</b>   |
| 53,964,582           | 55,282,963           |
| 98,281,584           | 100,335,478          |
| <b>2,575,656,649</b> | <b>2,458,725,847</b> |
| (633,191,796)        | (420,462,647)        |
| <b>1,942,464,852</b> | <b>2,038,263,200</b> |

The above term loan is for the dairy project for which two drawdown has been made against one term loan.  
So two loan has been created.

**Terms & conditions of Long Term Loan:**

a) **Golden Harvest Agro Ind. Ltd. In Note 21A**

b) **Golden Harvest Ice Cream Ltd.**

**Syndicated loan,**

United Commercial Bank Ltd. Term loan-1

Standard Bank Ltd

Current maturity of long term loan

|                    |                    |
|--------------------|--------------------|
| <b>470,722,140</b> | <b>478,847,610</b> |
| 119,805,600        | 138,640,192        |
| 350,916,541        | 340,207,418        |
| (164,310,681)      | (212,225,455)      |
| <b>306,411,459</b> | <b>266,622,155</b> |

| Amount in BDT |           |
|---------------|-----------|
| 30-Jun-19     | 30-Jun-18 |

Golden Harvest Ice Cream Ltd. has taken syndicated term loan facility amounting Tk.70 crore for establishment of Ice Cream project and will utilise the loan amount to imported machineries and meet other expenditure for implementation of the project.

| Particulars  | Rate of Interest | Tenure  | Repayment Term  | Security   |
|--|------------------|---------|---|--|
| United Commercial Bank Ltd.,<br>A/C # 095CTLN141710501 | 12.00%           | 5 Years | 20 Quarterly installment starting from 17 September 2015. | The loans from banks are secured first ranking pari-passu charge by way of hypothecation duly registered with RJSC for all machineries of the Project and distribution HUBs in favour of the term loan lenders duly insured covering the all risk as per insurance policy, 115 Decim Land at Gazipur, 10,190,000 nos shares of GHAIL, a first ranking floating charge over the stocks, receivables, all current and future fixed & floating assets in favour of the term loan lenders on pari passu and pro rata basis. The loans are also secured by personal guarantee of all directors except independent director of the Company and One post dated cheque covering the full limit & 20 post dated cheques covering the value of each installment. |
| Standard Bank Ltd., A/C No.A/C # 01781100001           | 12.00%           | 5 Years | 20 Quarterly installment starting from 31 May 2016.       |  |
| United Commercial Bank Ltd.,<br>A/C # 095CTLN153570001 | 12.50%           | 5 Years | Quarterly (Starting from March 2017)                      |  |
| United Commercial Bank Ltd.,<br>A/C # 095CTLN180840001 | 12.50%           | 5 Years | Quarterly (Starting from Jul 2019)                        |  |
| Standard Bank Ltd., A/C No.A/C # 01780300001           | 14.00%           | 5 Years | 20 Quarterly installment starting from 15 May 2019.       |  |
| CAPM Venture Capital & Finance Limited                 | 15.25%           | 5 Years | 60 (Sixty) months from 30 Sep 2018                        |  |

c) **Golden Harvest Dairy Ltd.**

Standard Bank Ltd., Term Loan -1  
Standard Bank Ltd., Term Loan -2

|                                  | 152,246,166 | 155,618,441 |
|----------------------------------|-------------|-------------|
| Standard Bank Ltd., Term Loan -1 | 53,964,582  | 55,282,963  |
| Standard Bank Ltd., Term Loan -2 | 98,281,584  | 100,335,478 |

| Particulars                            | Rate of Interest | Tenure  | Repayment Term         | Security   |
|--|------------------|---------|------------------------|--|
| Standard Bank Ltd., A/C No-01786200002 | 14.00%           | 5 Years | 60 Monthly installment | The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company . |
| Standard Bank Ltd., A/C No-01786200007 | 14.00%           | 5 Years | 60 Monthly installment |  |

**21A. Long term loan**

|                                       | Amount in BDT      |                    |
|---------------------------------------|--------------------|--------------------|
|                                       | 30-Jun-19          | 30-Jun-18          |
| Corporate Bond                        | 371,801,250        | 351,883,463        |
| IPDC Finance Ltd                      | 211,442,824        | 218,501,845        |
| Mercantile Bank Ltd., HP-2            | -                  | 3,233,556          |
| Mercantile Bank Ltd., HBL             | -                  | 13,700,415         |
| Mercantile Bank Ltd., Term Loan- Agri | 107,304,728        | 165,367,504        |
| Mercantile Bank Limited               | 167,166,304        | 161,504,116        |
| Mercantile Bank Limited               | 10,214,635         | 11,424,700         |
| IPDC Finance Ltd                      | 47,457,655         | 49,655,841         |
|                                       | <b>915,387,396</b> | <b>975,271,439</b> |
| Current maturity of long term loan    | (234,607,436)      | (174,573,685)      |
|                                       | <b>680,779,960</b> | <b>800,697,754</b> |

**Terms & conditions of term loan:**

The Company is enjoying term loan facility against imported machineries and House building loan has taken for expansion of Factory Building from Mercantile bank, Gulshan Branch. Terms & Conditions of the loan is as below:

| Particulars  | Rate of Interest                        | Tenor   | Repayment Term   | Security  |
|--|---|---------|--|---|
| Mercantile Bank Ltd, HP-2                                  | 13.00%                                  | 5 Years | Monthly (Starting from 22 May 2015)  | a. Hypothecation of the capital machineries and stock in trade, b. Personal guarantee of all the directors c. Post dated cheques d. Registered mortgage supported by registered IGPA favouring the bank against all bank facilities on 99.00 decimal land with factory building |
| Mercantile Bank Ltd, HBL                                   | 13.00%                                  | 5 Years | Monthly (Starting from 24 October 2014)  |   |
| Mercantile Bank Ltd., Term Loan- Agri                      | 13.00%                                  | 5 Years | LTR is for 90 Days (RM and PM)   |   |
| Mercantile Bank Ltd., Term Loan                            | 13.00%                                  | 7 Years | Monthly (Starting from 26 December 2018)   |   |
| Mercantile Bank Ltd., Term Loan                            | 13.00%                                  | 5 Years | Monthly (Starting from 31 July 2018)   |   |
| IPDC Finance Ltd.  | 14.50%                                  | 5 Years | Quarterly  | 1. Ranking charge on allfloating assets of GHAIL duly registered with RJSC. 2. Personal Guarantee (PG) of the all directors of GHAIL. 3. Post Dated Cheques. 4. Other Usual Charge documents.   |
| IPDC Finance Ltd.  | 14.50%                                  | 5 Years | Monthly (Starting from 22 April 2018)  |   |
| Fully redeemable Non-convertible, Unsecured Corporate Bond | Floor-10%<br>Ceiling-11.5%<br>Margin-3% | 7 Years | At the end of Years 2, 3, 4, 5, 6 & 7 at the rate of 15% for the first 4 years and 20% for the last two years of issue size respectively |   |

**22. Deferred tax liability**

|  |                    |                    |
|--|--------------------|--------------------|
| Opening balance                                      | 223,584,535        | 199,314,341        |
| Adjustment for changes of tax rates                  | 2,494,924          | (7,686,147)        |
| Adjustment during the period on fixed assets at cost | 32,369,041         | 34,039,596         |
| Less : During the period on revaluation              | (1,738,745)        | (1,806,796)        |
| During the period on business loss                   | (20,299)           | (276,459)          |
|  | <b>256,689,455</b> | <b>223,584,535</b> |

|              |  | Amount in BDT      |                    |
|--------------|--|--------------------|--------------------|
|              |  | 30-Jun-19          | 30-Jun-18          |
| <b>22A.</b>  | <b>Deferred tax liability</b>                            |                    |                    |
|              | Opening balance  | 100,609,367        | 94,041,276         |
|              | Adjustment for changes of tax rates                      |                    | (3,483,701)        |
|              | Adjustment during the period on fixed assets at cost     | 8,465,970          | 11,315,698         |
|              | Less : During the period on revaluation                  | (1,222,999)        | (1,263,906)        |
|              |  | <b>107,852,338</b> | <b>100,609,367</b> |
| <b>23.</b>   | <b>Lease obligations</b>                                 |                    |                    |
|              | United Finance Ltd.                                      | -                  | 105,334            |
|              | National Finance Limited                                 | 6,149,545          | 8,621,764          |
|              | IDLC Finance Ltd.  | -                  | 1,069,155          |
|              | Union Capital Limited                                    | 3,686,737          | 6,167,538          |
|              | Industrial Promotion and Development Company Ltd. (IPDC) | 8,729,433          | 11,074,430         |
|              | Hajj Finance Ltd   | 17,082,568         | -                  |
|              | BD Finance Investment Ltd.                               | 9,065,358          | 14,550,855         |
|              | United Finance Ltd.                                      | 6,819,866          | 14,602,970         |
|              |  | <b>51,533,507</b>  | <b>56,192,045</b>  |
|              | Current maturity of lease obligation                     | (25,677,582)       | (24,990,293)       |
|              |  | <b>25,855,925</b>  | <b>31,201,753</b>  |
| <b>23A.</b>  | <b>Lease obligations</b>                                 |                    |                    |
|              | BD Finance Investment Ltd.                               | 1,046,841          | 1,749,057          |
|              | United Finance Ltd.                                      | 6,819,866          | 14,602,970         |
|              | United Finance Ltd.                                      | -                  | 105,334            |
|              |  | 7,866,707          | 16,457,360         |
|              | Current maturity of lease obligation                     | (5,751,444)        | (9,788,301)        |
|              |  | <b>2,115,263</b>   | <b>6,669,059</b>   |
| <b>24.</b>   | <b>Accounts &amp; other payables</b>                     |                    |                    |
|              | Sundry creditors for goods & service                     | 52,152,220         | 78,545,813         |
|              | Undistributed refund warrant                             | 5,278,743          | 5,278,743          |
|              | Security deposits for freezer                            | 16,645,082         | 22,580,347         |
|              | Withholding tax and VAT                                  | 7,794,054          | 10,300,064         |
|              | Undistributed dividend                                   | 3,229,607          | 3,277,015          |
|              | Bank interest payable                                    | 217,610            | 150,353            |
|              |  | <b>85,317,316</b>  | <b>120,132,335</b> |
| <b>24A.</b>  | <b>Accounts &amp; other payables</b>                     |                    |                    |
|              | Sundry creditors for goods and service                   | 30,593,200         | 30,088,895         |
|              | Undistributed refund warrant                             | 5,278,743          | 5,278,743          |
|              | Security deposits for freezer                            | 3,832,240          | 3,604,240          |
|              | Withholding tax and VAT                                  | 679,367            | 1,523,931          |
|              | Bank interest payable                                    | 19,054             | -                  |
|              | Undistributed dividend                                   | 3,229,607          | 3,277,015          |
|              |  | <b>43,632,211</b>  | <b>43,772,824</b>  |
| <b>25.</b>   | <b>Accruals and provisions</b>                           |                    |                    |
|              | Salaries and wages                                       | 11,824,618         | 4,508,226          |
|              | Utility bills  | 2,900,239          | 3,710,230          |
|              | Audit fees   | 632,500            | 632,500            |
|              | Mobile phone bill  | 271,557            | 360,784            |
|              | TA/DA and incentive                                      | 1,626,884          | 1,272,458          |
|              | Provision for tax (Note - 25.01)                         | 244,075,630        | 223,834,067        |
|              | Provision for WPPF (Note - 25.02)                        | 37,266,961         | 19,322,754         |
|              | Provision for others                                     | 11,682,126         | 7,028,822          |
|              |  | <b>310,280,515</b> | <b>260,669,841</b> |
| <b>25.01</b> | <b>Provision for tax</b>                                 |                    |                    |
|              | Opening balance  | 223,834,067        | 192,857,480        |
|              | (Over) /Under provision for previous periods             | 448,523            | 41,859,004         |
|              | Tax during the period                                    | 40,783,614         | 30,740,623         |
|              |  | (20,990,575)       | (41,623,040)       |
|              | AIT adjustment   | -                  | (5,823,412)        |
|              | Tax paid during the period                               | (20,990,575)       | (35,799,628)       |
|              |  | <b>244,075,630</b> | <b>223,834,067</b> |

|   |                 | Amount in BDT      |                    |
|---|-----------------|--------------------|--------------------|
|   |                 | 30-Jun-19          | 30-Jun-18          |
| <b>25.02 Provision for workers profit participation fund</b>  |                 |                    |                    |
| Employees welfare fund  | Note: 25.02.01  | 4,618,556          | 2,761,913          |
| Bangladesh workers welfare fund                               | Note: 25.02.02  | 5,384,026          | 3,473,977          |
| Workers profit participation fund                             | Note: 25.02.03  | 27,264,379         | 13,086,864         |
|   |                 | <b>37,266,961</b>  | <b>19,322,754</b>  |
| <b>25.02.01 Employees welfare fund</b>                        |                 |                    |                    |
| Opening balance   |                 | <b>2,761,913</b>   | 1,699,305          |
| Addition during the year                                      |                 | 1,649,500          | 1,664,272          |
| Interest charged for the year                                 |                 | 207,143            | 76,580             |
| Paid During the year  |                 | -                  | (678,244)          |
| Closing balance   |                 | <b>4,618,556</b>   | <b>2,761,913</b>   |
| <b>25.02.02 Bangladesh workers welfare fund</b>               |                 |                    |                    |
| Opening balance   |                 | 3,473,977          | 1,699,305          |
| Addition during the year                                      |                 | 1,649,500          | 1,664,272          |
| Interest charged for the year                                 |                 | 260,548            | 110,400            |
| Paid During the year  |                 | -                  | -                  |
| Closing balance   |                 | <b>5,384,026</b>   | <b>3,473,977</b>   |
| <b>25.02.03 Workers profit participation fund</b>             |                 |                    |                    |
| Opening balance   |                 | 13,086,864         | 13,594,443         |
| Addition during the year                                      |                 | 13,196,001         | 13,314,177         |
| Interest charged for the year                                 |                 | 981,515            | (0)                |
| Paid During the year  |                 | -                  | (13,821,756)       |
| Closing balance   |                 | <b>27,264,379</b>  | <b>13,086,864</b>  |
| <b>25A. Accruals and provisions</b>                           |                 |                    |                    |
| Salaries and wages  |                 | 5,985,562          | 2,158,297          |
| Utility bills   |                 | 984,485            | 1,385,011          |
| Audit fees  |                 | 460,000            | 460,000            |
| TA/DA and incentive   |                 | 602,365            | 390,242            |
| Provision for income tax                                      | (Note - 25A.01) | 114,873,382        | 105,291,017        |
| Provision for WPPF  | (Note - 25A.02) | 19,112,172         | 10,204,254         |
| Provision for others  |                 | 4,596,469          | 3,178,482          |
|   |                 | <b>146,614,435</b> | <b>123,067,303</b> |
| <b>25A.01 Provision for tax</b>                               |                 |                    |                    |
| Opening balance   |                 | 105,291,017        | 94,222,474         |
| (Over) /Under provision for previous periods                  |                 | 428,398            | 15,799,124         |
| Provision for the period                                      |                 | 21,153,967         | 16,047,558         |
|   |                 | (12,000,000)       | (20,778,138)       |
| AIT adjustment  |                 | -                  | -                  |
| Tax paid during the period                                    |                 | (12,000,000)       | (20,778,138)       |
|   |                 | <b>114,873,382</b> | <b>105,291,017</b> |
| <b>25A.02 Provision for workers profit participation fund</b> |                 |                    |                    |
| Employees welfare fund  | Note: 25A.02.01 | 2,844,511          | 1,888,606          |
| Bangladesh workers welfare fund                               | Note: 25A.02.02 | 2,951,280          | 1,987,925          |
| Workers profit participation fund                             | Note: 25A.02.03 | 13,316,381         | 6,327,723          |
|   |                 | <b>19,112,172</b>  | <b>10,204,254</b>  |
| <b>25A.02.01 Employees welfare fund</b>                       |                 |                    |                    |
| Opening balance   |                 | 1,888,606          | 1,113,451          |
| Addition during the year                                      |                 | 814,260            | 790,965            |
| Interest charged for the year                                 |                 | 141,645            | 76,580             |
| Paid During the year  |                 | -                  | (92,390)           |
| Closing balance   |                 | <b>2,844,511</b>   | <b>1,888,606</b>   |
| <b>25A.02.02 Bangladesh workers welfare fund</b>              |                 |                    |                    |
| Opening balance   |                 | 1,987,925          | 1,113,451          |
| Addition during the year                                      |                 | 814,260            | 790,965            |
| Interest charged for the year                                 |                 | 149,094            | 83,509             |
| Paid During the year  |                 | -                  | -                  |
| Closing balance   |                 | <b>2,951,280</b>   | <b>1,987,925</b>   |

|   |   | Amount in BDT        |                      |
|---|---|----------------------|----------------------|
|   |   | 30-Jun-19            | 30-Jun-18            |
| <b>25A.02.03 Workers profit participation fund</b>  |   |                      |                      |
|   | Opening balance                                       | 6,327,723            | 8,907,610            |
|   | Addition during the year                              | 6,514,079            | 6,327,722            |
|   | Interest charged for the year                         | 474,579              | 0.03                 |
|   | Paid During the year                                  | -                    | (8,907,610)          |
|   | Closing balance                                       | <b>13,316,381</b>    | <b>6,327,723</b>     |
| <b>26. Short term loan</b>                          |   |                      |                      |
|   | Golden Harvest Agro Industries Limited (Note - 26.01) | 555,045,051          | 455,602,445          |
|   | Golden Harvest Ice Cream Limited (Note - 26.02)       | 618,839,582          | 534,951,613          |
|   | Golden Harvest Dairy Limited (Note - 26.03)           | 51,601,560           | 53,168,645           |
|   |   | <b>1,225,486,192</b> | <b>1,043,722,703</b> |
| <b>26.01 Golden Harvest Agro Industries Limited</b> |   |                      |                      |
|   | Mercantile Bank Limited-CC Hypo                       | 343,734,495          | 309,869,567          |
|   | Mercantile Bank Limited                               | -                    | -                    |
|   | Mercantile Bank Limited-STL                           | 85,299,529           | -                    |
|   | National Finance Ltd.                                 | -                    | 17,122,462           |
|   | Union Capital Limited                                 | 110,985,586          | 128,610,416          |
|   | Mercantile Bank Limited-LATR                          | 15,025,441           | -                    |
|   |   | <b>555,045,051</b>   | <b>455,602,445</b>   |
| <b>26.02 Golden Harvest Ice Cream Limited</b>       |   |                      |                      |
|   | United Commercial Bank Ltd.-SOD                       | 434,288,082          | 404,476,401          |
|   | Standard Bank Ltd CC                                  | 40,088,575           | -                    |
|   | Fareast Finance & Investment Ltd.                     | 31,469,843           | 48,858,987           |
|   | United Commercial Bank Ltd.-UPAS LC                   | 16,138,824           | 51,616,224           |
|   | Hajj Finance Limited                                  | 32,500,000           | 30,000,000           |
|   | Standard Bank Ltd LC                                  | 64,354,258           | -                    |
|   |   | <b>618,839,582</b>   | <b>534,951,613</b>   |
| <b>26.03 Golden Harvest Dairy Limited</b>           |   |                      |                      |
|   | Standard Bank Limited                                 | 51,601,560           | 53,168,645           |
|   |   | <b>51,601,560</b>    | <b>53,168,645</b>    |

**Terms & conditions of Short Term Loan:**

- a) Golden Harvest Agro Ind. Ltd. In Note 26A  
b) Golden Harvest Ice Cream Ltd.

| Particulars                         | Rate of Interest | Tenor                       | Security  |
|-------------------------------------|------------------|-----------------------------|---|
| United Commercial Bank Ltd.-SOD     | 12.50%           | Working Capital             | a. Hypothecation of raw materials, work in process & finished products duly insured covering Fire & RSD under Bank's Mortgage clause,<br>b. Up to date receivable statement to be provided on quarterly basis |
| Fareast Finance & Investment Ltd.   | 16.00%           | Short Term loan (3 Months)  | Personal Security of directors  |
| United Commercial Bank Ltd.-UPAS LC | 12.50%           | LC                          | a. Lien of Shipping documents & title of the goods,<br>b. Your acceptance against UPASS LC  |
| Standard Bank Ltd.-UPAS LC          | 14.00%           | LC                          | a. Lien of Shipping documents & title of the goods,<br>b. Your acceptance against UPASS LC  |
| Hajj Finance Ltd.                   | 14.00%           | Short Term loan (12 Months) | 1. Existing stock of raw materials of ice cream, 2. Personal Security of directors, 3. 12 (Twelve) post-dated cheques for realizing the monthly profit and 01 (One) cheque covering entire financing amount.  |

| Amount in BDT |           |
|---------------|-----------|
| 30-Jun-19     | 30-Jun-18 |

**C) Golden Harvest Dairy Limited**

| Particulars                                  | Rate of Interest | Tenor     | Security   |
|--|------------------|-----------|--|
| Standard Bank Ltd., A/C No- Hypo-01770300175 | 14.00%           | Revolving | The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company . |

**26A. Short term loan**

|  |                 |                    |                    |
|--|-----------------|--------------------|--------------------|
| Golden Harvest Agro Industries Limited | (Note - 26A.01) | 555,045,051        | 455,602,445        |
|  |                 | <b>555,045,051</b> | <b>455,602,445</b> |

**26A.01 Golden Harvest Agro Industries Limited**

|                                 |  |                    |                    |
|---------------------------------|--|--------------------|--------------------|
| Mercantile Bank Limited-CC Hypo |  | 343,734,495        | 309,869,567        |
| Mercantile Bank Limited-STL     |  | 85,299,529         | -                  |
| National Finance Ltd.           |  | -                  | 17,122,462         |
| Union Capital Limited           |  | 110,985,586        | 128,610,416        |
| Mercantile Bank Limited-LATR    |  | 15,025,441         | -                  |
|                                 |  | <b>555,045,051</b> | <b>455,602,445</b> |

| Particulars                     | Rate of Interest | Tenor           | Repayment Term   |
|---------------------------------|------------------|-----------------|--|
| Mercantile Bank Limited-CC Hypo | 13.00%           | Working Capital | a. Hypothecation of the capital machineries and stock in trade,<br>b. Personal guarantee of all the directors<br>c. Post dated cheques<br>d. Registered mortgage supported by registered IGPA favouring the bank against all bank facilities on 99.00 decimal land with factory building |
| Union Capital Limited           | 16.00%           | 1 Year          | 1. Personal Security of directors, 2. corporate Guarantee of Golden Harvest Foods Limited supported by its Board resolution.   |

**27. Sales revenue**

|               |                      |                      |
|---------------|----------------------|----------------------|
| Sales (Local) | 2,240,120,323        | 1,870,954,629        |
|               | <b>2,240,120,323</b> | <b>1,870,954,629</b> |

**27A. Sales revenue**

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Sales (Local-Frozen Unit) | 526,721,103        | 424,150,762        |
| Sales (Local-Dairy Unit)  | 345,984,624        | 316,224,053        |
|                           | <b>872,705,727</b> | <b>740,374,815</b> |

**28. Cost of goods sold**

|  |                |                      |
|--|----------------|----------------------|
| Raw and packing materials:               |                |                      |
| Opening stock                            | (Note - 12)    | 329,861,169          |
| Purchase                                 | (Note - 28.01) | 1,371,063,131        |
|  |                | <b>1,700,924,300</b> |
| Closing stock                            | (Note -12)     | (499,837,407)        |
|  |                | <b>1,201,086,893</b> |
| Manufacturing expenses                   | (Note -28.02)  | 171,004,979          |
| Total manufacturing cost                 |                | <b>1,372,091,872</b> |
| Add: Beginning work in process inventory | (Note - 12)    | 532,552              |
|  |                | <b>1,372,624,424</b> |
| Less: Ending work in process inventory   | (Note - 12)    | (425,667)            |
|  |                | <b>1,372,198,757</b> |
| Opening stock of finished goods          | (Note - 12)    | 252,335,745          |
|  |                | <b>1,624,534,502</b> |
| Closing stock of finished goods          | (Note - 12)    | (395,451,921)        |
|  |                | <b>1,229,082,581</b> |
|  |                | <b>1,034,189,476</b> |

|               |   | Amount in BDT                       |                      |
|---------------|---|-------------------------------------|----------------------|
|               |   | 30-Jun-19                           | 30-Jun-18            |
| <b>28.01</b>  | <b>Purchase</b>                             |                                     |                      |
|               | Raw materials                               | 1,170,023,848                       | 860,993,175          |
|               | Packing materials                           | 200,337,504                         | 153,900,408          |
|               | Foreign currency exchange loss/(gain)       | 701,779                             | 1,236,517            |
|               |   | <b>1,371,063,131</b>                | <b>1,016,130,100</b> |
| <b>28.02</b>  | <b>Manufacturing expenses</b>               |                                     |                      |
|               | Salary and allowance                        | 64,144,995                          | 60,984,579           |
|               | Factory maintenance                         | 4,381,258                           | 4,934,684            |
|               | Traveling, conveyance, tour                 | 1,023,328                           | 683,225              |
|               | Utilities and generator fuel                | 30,438,042                          | 27,061,425           |
|               | Office communication                        | 733,320                             | 584,316              |
|               | Carriage inward                             | 221,457                             | 495,282              |
|               | Insurance premium                           | 2,044,895                           | 3,021,009            |
|               | Entertainment                               | 369,004                             | 264,545              |
|               | Office stationery                           | 1,277,704                           | 460,777              |
|               | Cleaning & security services                | 746,595                             | 804,984              |
|               | Vehicle fuel                                | 63,615                              | 23,850               |
|               | Miscellaneous expenses                      | 606,837                             | 342,248              |
|               | Depreciation of lease assets                | 1,012,679                           | 1,125,199            |
|               | Depreciation of fixed assets (Note - 5.1)   | 63,941,249                          | 58,724,375           |
|               |   | <b>171,004,979</b>                  | <b>159,510,498</b>   |
| <b>28A.</b>   | <b>Cost of goods sold</b>                   |                                     |                      |
|               | Raw and packing materials                   |                                     |                      |
|               | Opening stock (Note- 12A)                   | 134,080,734                         | 95,167,369           |
|               | Purchase (Note - 28A.01)                    | 554,588,351                         | 372,381,009          |
|               |   | <b>688,669,085</b>                  | <b>467,548,378</b>   |
|               | Closing stock (Note- 12A)                   | (219,571,666)                       | (134,080,734)        |
|               |   | <b>469,097,419</b>                  | <b>333,467,644</b>   |
|               | Manufacturing expenses (Note - 28A.02)      | 63,046,346                          | 61,749,704           |
|               | Cost of goods manufactured                  | <b>532,143,766</b>                  | <b>395,217,349</b>   |
|               | Opening stock of finished goods (Note- 12A) | 95,685,520                          | 87,028,628           |
|               |   | <b>627,829,286</b>                  | <b>482,245,977</b>   |
|               | Closing stock of finished goods (Note- 12A) | (173,917,791)                       | (95,685,520)         |
|               |   | <b>453,911,495</b>                  | <b>386,560,457</b>   |
|               |   | <b>01 July 2018 to 30 June 2019</b> |                      |
|               |   | <b>Frozen unit</b>                  | <b>Dairy unit</b>    |
|               | Opening stock                               | 134,080,734                         | -                    |
|               | Purchase                                    | 347,030,707                         | 207,557,644          |
|               |   | <b>481,111,441</b>                  | <b>207,557,644</b>   |
|               | Closing stock                               | (219,571,666)                       | -                    |
|               |   | <b>261,539,775</b>                  | <b>207,557,644</b>   |
|               | Manufacturing expenses                      | 56,005,873                          | 7,040,473            |
|               | Cost of goods manufactured                  | <b>317,545,648</b>                  | <b>214,598,118</b>   |
|               | Opening stock of finished goods             | 95,685,520                          |                      |
|               |   | <b>413,231,168</b>                  | <b>214,598,118</b>   |
|               | Closing stock of finished goods             | (170,692,379)                       | (3,225,412)          |
|               |   | <b>242,538,789</b>                  | <b>211,372,706</b>   |
| <b>28A.01</b> | <b>Purchase</b>                             |                                     |                      |
|               | Raw materials                               | 502,568,267                         | 334,641,375          |
|               | Packing materials                           | 52,020,084                          | 37,739,634           |
|               |   | <b>554,588,351</b>                  | <b>372,381,009</b>   |
|               |   | <b>Frozen unit</b>                  | <b>Dairy unit</b>    |
|               | Raw materials                               | 301,058,803                         | 201,509,464          |
|               | Packing materials                           | 45,971,904                          | 6,048,180            |
|               |   | <b>347,030,707</b>                  | <b>207,557,644</b>   |

|               |  | Amount in BDT      |                   |
|---------------|--|--------------------|-------------------|
|               |  | 30-Jun-19          | 30-Jun-18         |
| <b>28A.02</b> | <b>Manufacturing expenses</b>              |                    |                   |
|               | Salary and allowance                       | 29,465,037         | 28,563,200        |
|               | Factory maintenance                        | 1,330,176          | 2,518,983         |
|               | Traveling, conveyance, tour                | 257,082            | 110,325           |
|               | Utilities and generator fuel               | 11,807,126         | 11,711,055        |
|               | Office communication                       | 174,190            | 172,474           |
|               | Carriage Inward                            | 117,250            | 164,653           |
|               | Insurance premium                          | 961,504            | 1,414,789         |
|               | Entertainment                              | 106,114            | 104,772           |
|               | Office stationery                          | 220,756            | 208,171           |
|               | Cleaning & security services               | 370,426            | 258,512           |
|               | Vehicle fuel                               | -                  | 2,800             |
|               | Miscellaneous expenses                     | 202,101            | 180,244           |
|               | Depreciation of fixed assets (Note - 5A.1) | 18,034,586         | 16,339,726        |
|               |  | <b>63,046,346</b>  | <b>61,749,704</b> |
|               |  |                    |                   |
|               |  | <b>Frozen unit</b> | <b>Dairy unit</b> |
|               | Salary and allowance                       | 27,124,050         | 2,340,987         |
|               | Factory maintenance                        | 1,192,052          | 138,124           |
|               | Traveling, conveyance, tour                | 209,949            | 47,133            |
|               | Utilities and generator fuel               | 11,067,107         | 740,019           |
|               | Office communication                       | 146,954            | 27,235            |
|               | Carriage Inward                            | 117,250            | -                 |
|               | Insurance premium                          | 533,044            | 428,459           |
|               | Entertainment                              | 91,476             | 14,638            |
|               | Office stationery                          | 205,847            | 14,909            |
|               | Cleaning & security services               | 220,206            | 150,219           |
|               | Miscellaneous expenses                     | 188,121            | 13,979            |
|               | Depreciation of fixed assets               | 14,909,815         | 3,124,771         |
|               |  | <b>56,005,873</b>  | <b>7,040,473</b>  |
|               |  |                    |                   |
| <b>29.</b>    | <b>Administrative expenses</b>             |                    |                   |
|               | Director remuneration                      | 14,407,250         | 15,515,500        |
|               | Salary and allowance                       | 30,251,764         | 27,722,596        |
|               | Office maintenance                         | 274,525            | 216,935           |
|               | Traveling, conveyance, tour                | 1,256,587          | 914,542           |
|               | Utilities and generator fuel               | 1,088,576          | 974,790           |
|               | Office communication                       | 1,928,673          | 1,863,082         |
|               | Insurance premium                          | 830,764            | 1,134,651         |
|               | Entertainment                              | 583,309            | 531,468           |
|               | Fees, taxes & renewal                      | 3,432,046          | 5,537,879         |
|               | Professional & legal fees                  | 2,285,671          | 1,290,413         |
|               | Audit fees                                 | 828,000            | 632,500           |
|               | Advertisement & publicity                  | 34,279             | 15,552            |
|               | Office stationery                          | 1,114,562          | 1,004,626         |
|               | Postage & courier charges                  | 6,730              | 2,480             |
|               | Cleanig, Security, sanitation              | -                  | 22,412            |
|               | Training & conference                      | 187,640            | 134,254           |
|               | AGM expenses                               | 732,097            | 652,499           |
|               | Bank charges                               | 1,132,324          | 770,400           |
|               | Vehicle fuel                               | 513,488            | 422,107           |
|               | Miscellaneous expenses                     | 526,445            | 239,063           |
|               | Depreciation of fixed assets (Note - 5.1)  | 3,917,871          | 4,135,248         |
|               | Depreciation of lease assets (Note - 6.1)  | 1,811,035          | 2,083,693         |
|               |  | <b>67,143,635</b>  | <b>65,816,691</b> |

(a) Auditors' fees represents audit fee for auditing the accounts for the period ended 30 June 2019. Auditors were not paid any other fees.

(b) The Company did not pay any remuneration to any Director who was not an officer of the Company.

(c) No board meeting attendance fee was paid to the directors of the Company.

|  |               | Amount in BDT      |                    |
|--|---------------|--------------------|--------------------|
|  |               | 30-Jun-19          | 30-Jun-18          |
| <b>29A. Administrative expenses</b>          |               |                    |                    |
| Director remuneration                        |               | 8,450,000          | 9,100,000          |
| Salary and allowance                         |               | 20,852,517         | 20,522,510         |
| Office maintenance                           |               | 152,385            | 100,275            |
| Traveling, conveyance, tour                  |               | 354,095            | 294,196            |
| Utilities and generator fuel                 |               | 508,533            | 415,264            |
| Office communication                         |               | 684,955            | 661,100            |
| Insurance premium                            |               | 189,594            | 366,240            |
| Entertainment                                |               | 271,845            | 255,244            |
| Fees, taxes & renewal                        |               | 2,917,080          | 4,402,989          |
| Professional & legal fees                    |               | 1,393,315          | 503,656            |
| Audit fees                                   |               | 575,000            | 460,000            |
| Office stationery                            |               | 644,328            | 571,866            |
| AGM expenses                                 |               | 732,097            | 652,499            |
| Bank charges                                 |               | 333,685            | 395,411            |
| Vehicle fuel                                 |               | 70,951             | 136,635            |
| Miscellaneous expenses                       |               | 246,116            | 150,429            |
| Depreciation of fixed assets                 | (Note - 5A.1) | 1,512,123          | 1,668,091          |
| Depreciation of lease assets                 | (Note - 6A.1) | 292,017            | 373,464            |
|  |               | <b>40,180,635</b>  | <b>41,029,870</b>  |
|  |               |                    |                    |
|  |               | <b>Frozen unit</b> | <b>Dairy unit</b>  |
| Director remuneration                        |               | 8,450,000          | -                  |
| Salary and allowance                         |               | 19,615,034         | 1,237,483          |
| Office maintenance                           |               | 152,385            | -                  |
| Traveling, conveyance, tour                  |               | 303,636            | 50,459             |
| Utilities and generator fuel                 |               | 508,533            | -                  |
| Office communication                         |               | 684,955            | -                  |
| Insurance premium                            |               | 189,594            | -                  |
| Entertainment                                |               | 271,845            | -                  |
| Fees, taxes & renewal                        |               | 2,917,080          | -                  |
| Professional & legal fees                    |               | 1,393,315          | -                  |
| Audit fees                                   |               | 575,000            | -                  |
| Office stationery                            |               | 644,328            | -                  |
| AGM expenses                                 |               | 732,097            | -                  |
| Bank charges                                 |               | 333,685            | -                  |
| Vehicle fuel                                 |               | 70,951             | -                  |
| Miscellaneous expenses                       |               | 246,116            | -                  |
| Depreciation of fixed assets                 | (Note - 5A.1) | 1,512,123          | -                  |
| Depreciation of lease assets                 | (Note - 6A.1) | 292,017            | -                  |
|  |               | <b>38,892,694</b>  | <b>1,287,941</b>   |
|  |               |                    |                    |
| <b>30. Selling and distribution expenses</b> |               |                    |                    |
| Salary and allowance                         |               | 44,265,920         | 36,643,822         |
| Office maintenance                           |               | 3,850,764          | 1,478,713          |
| Traveling, conveyance, tour                  |               | 1,688,011          | 1,540,006          |
| Utilities and generator fuel                 |               | 8,796,032          | 7,633,749          |
| Office communication                         |               | 3,372,339          | 3,414,329          |
| Carriage outward                             |               | 280,895            | 258,960            |
| Insurance premium                            |               | 2,507,034          | 1,278,249          |
| Entertainment                                |               | 883,943            | 541,128            |
| Office rent                                  |               | 9,338,612          | 9,442,671          |
| Advertisement & publicity                    |               | 2,167,906          | 2,851,253          |
| Office stationery                            |               | 1,303,822          | 1,416,852          |
| Postage & courier charges                    |               | 3,490              | 22,710             |
| Cleaning & security services                 |               | 335,673            | 105,374            |
| Training & conference                        |               | 677,646            | 246,910            |
| Trade promotion expenses                     |               | 10,990,648         | 9,716,686          |
| Trade fair expenses                          |               | 2,083,406          | 2,482,828          |
| Vehicle fuel                                 |               | 13,223,191         | 9,609,722          |
| Distribution promotion expenses              |               | 7,832,291          | 7,390,776          |
| Research & development expenses              |               | 220,767            | 189,207            |
| Miscellaneous expenses                       |               | 390,199            | 350,923            |
| Depreciation of lease assets                 | (Note - 6.1)  | 7,838,706          | 4,306,853          |
| Depreciation of fixed assets                 | (Note - 5.1)  | 125,347,272        | 85,851,683         |
| Intangible Assets Amortizations              | (Note - 7.1)  | 4,921,237          | 5,468,039          |
|  |               | <b>252,319,805</b> | <b>192,241,444</b> |

|             |   | Amount in BDT      |                   |
|-------------|---|--------------------|-------------------|
|             |   | 30-Jun-19          | 30-Jun-18         |
| <b>30A.</b> | <b>Selling and distribution expenses</b>                    |                    |                   |
|             | Salary and allowance  | 17,401,646         | 16,424,220        |
|             | Office maintenance  | 72,701             | 8,665             |
|             | Traveling, conveyance, tour                                 | 191,311            | 122,580           |
|             | Utilities and generator fuel                                | -                  | 13,445            |
|             | Office communication  | 878,472            | 838,091           |
|             | Insurance premium   | 190,717            | 197,722           |
|             | Entertainment   | 81,009             | 49,515            |
|             | Office rent   | 140,280            | 333,168           |
|             | Advertisement & publicity                                   | 815,762            | 644,499           |
|             | Office stationery   | 315,831            | 333,100           |
|             | Postage & courier charges                                   | 3,490              | 22,710            |
|             | Cleaning, Security, Sanitation                              | 72,211             | 11,250            |
|             | Training & conference                                       | 324,711            | 7,562             |
|             | Trade promotion expenses                                    | 1,329,280          | 1,052,815         |
|             | Trade fair expenses   | 2,083,406          | 1,630,936         |
|             | Vehicle fuel  | 3,786,992          | 2,796,229         |
|             | Distribution promotion expenses                             | 2,871,475          | 4,484,424         |
|             | Research & development expenses                             | 115,736            | 9,676             |
|             | Miscellaneous expenses                                      | 152,000            | 130,335           |
|             | Depreciation of lease assets (Note - 6A.1)                  | 3,156,759          | 1,493,856         |
|             | Depreciation of fixed assets (Note - 5A.1)                  | 43,223,078         | 22,241,333        |
|             | Intangible Assets Amortization (Note - 7A.1)                | 2,606,184          | 2,895,759         |
|             |   | <b>79,813,051</b>  | <b>55,741,891</b> |
|             |   |                    |                   |
|             |   | <b>Frozen unit</b> | <b>Dairy unit</b> |
|             | Salary and allowance  | 16,015,041         | 1,386,605         |
|             | Office maintenance  | 69,744             | 2,957             |
|             | Traveling, conveyance, tour                                 | 166,561            | 24,750            |
|             | Office communication  | 871,170            | 7,302             |
|             | Insurance premium   | 190,717            | -                 |
|             | Entertainment   | 74,820             | 6,189             |
|             |   |                    |                   |
|             | Office rent   | 140,280            | -                 |
|             | Advertisement & publicity                                   | 772,297            | 43,465            |
|             | Office stationery   | 307,372            | 8,459             |
|             | Postage & courier charges                                   | 3,490              | -                 |
|             | Cleaning, Security, Sanitation                              | 72,211             | -                 |
|             | Training & conference                                       | 324,711            | -                 |
|             | Trade promotion expenses                                    | 1,329,280          | -                 |
|             | Trade fair expenses   | 2,083,406          | -                 |
|             | Vehicle fuel  | 3,080,127          | 706,865           |
|             | Distribution promotion expenses                             | 2,624,817          | 246,658           |
|             | Research & development expenses                             | 115,736            | -                 |
|             | Miscellaneous expenses                                      | 152,000            | -                 |
|             | Depreciation of fixed assets (Note - 5A.1)                  | 43,223,078         | -                 |
|             | Depreciation of lease assets (Note - 6A.1)                  | 3,156,759          | -                 |
|             | Intangible Assets Amortization (Note - 7A.1)                | 2,606,184          | -                 |
|             |   | <b>77,379,801</b>  | <b>2,433,250</b>  |
|             |   |                    |                   |
| <b>31.</b>  | <b>Other operating income</b>                               |                    |                   |
|             | Scrap sale  | 37,932,584         | 26,210,159        |
|             | Freeze rent   | 17,578,000         | 15,060,000        |
|             | Insurance received  | 4,211,906          | 144,333           |
|             | Gain on cow sales   | 4,000,642          | -                 |
|             | Gain/(Loss) on disposal of non current assets (Note - 31.1) | -                  | 7,195,768         |
|             |   | <b>63,723,132</b>  | <b>48,610,260</b> |
|             |   |                    |                   |
| <b>31.1</b> | <b>Gain/(Loss) on disposal of non current assets</b>        |                    |                   |
|             | Gain on disposal of PPE                                     | -                  | 235,143           |
|             | Gain on disposal of CWIP regarding machinery                | -                  | 7,692,041         |
|             | Loss disposal of Lease Assets                               | -                  | (319,316)         |
|             |   | <b>-</b>           | <b>7,607,868</b>  |

|              |   | Amount in BDT      |                    |
|--------------|---|--------------------|--------------------|
|              |   | 30-Jun-19          | 30-Jun-18          |
| <b>31A.</b>  | <b>Other operating income</b>   |                    |                    |
|              | Scrap sale  | 24,779,715         | 16,632,554         |
|              | Freeze rent   | 17,578,000         | 15,060,000         |
|              | Factory rent  | 1,440,000          | -                  |
|              | Gain on cow sales   | 4,000,642          | -                  |
|              | Insurance received  | 1,309,752          | 144,333            |
|              | Gain/(Loss) on disposal of non current assets (Note - 31.1A)  | -                  | 7,607,868          |
|              |   | <b>49,108,109</b>  | <b>39,444,755</b>  |
|              | Scrap sale represents sale of various Scrap and Wastage including Chicken wings, skin, head and leg etc., and factory construction Scrap. Here most of Other operating Income is from sale Chicken wastage. |                    |                    |
| <b>31.1A</b> | <b>Gain/(Loss) on disposal of non current assets</b>  |                    |                    |
|              | Gain on disposal of PPE   | -                  | 235,143            |
|              | Gain on disposal of CWIP regarding machinery  | -                  | 7,692,041          |
|              | Loss disposal of Lease Assets   | -                  | (319,316)          |
|              |   | <b>-</b>           | <b>7,607,868</b>   |
| <b>32.</b>   | <b>Finance income</b>   |                    |                    |
|              | Interest income from STD  | 5,920,030          | 31,543             |
|              | Interest income from FDR  | 563,176            | 1,788,418          |
|              |   | <b>6,483,206</b>   | <b>1,819,962</b>   |
| <b>32A.</b>  | <b>Finance income</b>   |                    |                    |
|              | Interest income from STD  | 1,865,261          | 31,543             |
|              | Interest income from FDR  | 40,430             | 271,377            |
|              |   | <b>1,905,691</b>   | <b>302,920</b>     |
| <b>33.</b>   | <b>Finance expenses</b>   |                    |                    |
|              | Interest on Short Term Loan   | 124,134,061        | 111,381,336        |
|              | Interest on Agri Loan   | 18,789,272         | 20,089,364         |
|              | Interest on Term Loan   | 246,749,116        | 150,920,214        |
|              | Interest on Finance Lease   | 8,188,710          | 7,231,079          |
|              | Interest on Corporate Bonds   | 34,215,000         | 8,272,610          |
|              | Interest against Workers Profit Participation Fund  | 1,449,206          | 186,979            |
|              |   | <b>433,525,364</b> | <b>298,081,582</b> |
| <b>33A.</b>  | <b>Finance expenses</b>   |                    |                    |
|              | Interest on Short Term Loan   | 66,612,388         | 56,333,696         |
|              | Interest on Agri Loan   | 18,789,272         | 20,089,364         |
|              | Interest on Term Loan   | 59,513,341         | 44,462,430         |
|              | Interest on Finance Lease   | 1,547,133          | 1,302,898          |
|              | Interest on Corporate Bonds   | 34,215,000         | 8,272,610          |
|              | Interest against Workers Profit Participation Fund  | 765,319            | 160,088            |
|              |   | <b>181,442,453</b> | <b>130,621,086</b> |
| <b>34</b>    | <b>Income tax expenses</b>  |                    |                    |
|              | Current tax expense (Note - 34.1)   | 41,232,135         | 72,599,627         |
|              | Deferred tax  | 32,348,742         | 33,763,138         |
|              |   | <b>73,580,877</b>  | <b>106,362,765</b> |
| <b>34.1</b>  | <b>Reconciliation of accounting profit to income tax expense</b>  |                    |                    |
|              | Profit before tax   | 329,832,358        | 328,070,695        |
|              | Effective tax rate  | 0%                 | 0%                 |
|              | Tax effect on profit before tax   | 64,809,559         | 67,067,894         |
|              | Tax effect on deductible expense for tax purposes   | 56,630,760         | 43,703,432         |
|              | Tax effect on non deductible expense for tax purposes   | (82,345,229)       | (81,532,778)       |
|              | Tax effect on capital gain  | 3,482,146          | -                  |
|              | <b>Tax effect on total statutory income</b>   | <b>42,577,236</b>  | <b>29,238,548</b>  |
|              | Tax effect on utilisation of tax losses   | -                  | -                  |
|              | <b>Income tax on current period profit</b>  | <b>42,577,236</b>  | <b>29,238,548</b>  |
|              | Tax on Ice Cream Unit on Business income  | (7,221,388)        | (3,738,891)        |
|              | (Over) /Under provision for previous periods  | 448,523            | 41,859,004         |
|              | Minimum tax be paid for Ice Cream Unit  | 5,427,767          | 4,087,159          |
|              | <b>Income tax charge for the period</b>   | <b>41,232,137</b>  | <b>71,445,820</b>  |

Tax is calculated using tax rates enacted for the period of assessment. The profit from Agro Industries are taxed at 25%.The profit from Ice Cream Industries are taxed at 35% and The profit from Dairy Industries are taxed at 15%.

|              |  | Amount in BDT        |                      |
|--------------|--|----------------------|----------------------|
|              |  | 30-Jun-19            | 30-Jun-18            |
| <b>34.A</b>  | <b>Income tax expenses</b>   |                      |                      |
|              | Current tax expenses (Note - 34A.1)  | 21,582,365           | 31,846,682           |
|              | Deferred tax   | 8,465,970            | 11,315,698           |
|              |  | <b>30,048,335</b>    | <b>43,162,380</b>    |
|              | Under provision for previous periods   |                      |                      |
|              | Under provision for previous period Deffered Tax on Building                 |                      |                      |
|              | <b>Restated income tax expenses</b>  | <b>30,048,335</b>    | <b>43,162,380</b>    |
| <b>34A.1</b> | <b>Reconciliation of accounting profit to income tax expense</b>             |                      |                      |
|              | Profit before tax (Frozen Unit)  | (12,819,660)         | 7,576,829            |
|              | Effective tax rate   | 25%                  | 25%                  |
|              | Profit before tax (Dairy Unit)   | 124,657,835          | 110,935,029          |
|              | Effective tax rate   | 14.18%               | 13.43%               |
|              | Tax effect on profit before tax (Frozen Unit)                                | (3,204,915)          | 1,894,207            |
|              | Tax effect on others income (Frozen Unit)                                    | 12,753,450           | 8,013,908            |
|              | Tax effect on profit before tax (Dairy Unit)                                 | 17,671,821           | 14,893,752           |
|              | Tax effect on deductible expense for tax purposes                            | (24,548,482)         | (19,970,403)         |
|              | Tax effect on non deductible expense for tax purposes                        | 14,999,947           | 10,062,287           |
|              | Tax effect on capital gain   | -                    | 1,153,806            |
|              | Minimum tax effect on (Frozen Unit)  | 3,482,146            | -                    |
|              | <b>Tax effect on total statutory income</b>                                  | <b>21,153,967</b>    | <b>16,047,558</b>    |
|              | (Over) /Under provision for previous periods                                 | 428,398              | 15,799,124           |
|              | <b>Income tax charge for the period</b>                                      | <b>21,582,365</b>    | <b>31,846,682</b>    |
|              | <b>Under / (Over) tax provision in respect of previous period comprises:</b> |                      |                      |
|              | Income period 2015-2016  | -                    | 7,043,140            |
|              | Income period 2016-2017  | -                    | 8,755,984            |
|              |  | <b>-</b>             | <b>15,799,124</b>    |
| <b>35.</b>   | <b>Share of profit from subsidiary</b>                                       |                      |                      |
|              | Net profit/Loss after tax during the period (GHICL)                          | 123,779,531          | 111,270,530          |
|              | Net profit/Loss after tax during the period (GHDL)                           | (331,691)            | (4,659,754)          |
|              | Non Controlling Interest (GHICL)   | (13,495,293)         | (223)                |
|              | Non Controlling Interest (GHDL)  | 82,923               | 1,164,939            |
|              |  | <b>110,035,470</b>   | <b>107,775,492</b>   |
| <b>36.</b>   | <b>Earning Per Share</b>   |                      |                      |
|              | <b>Basic and diluted earning per share</b>                                   |                      |                      |
|              | Profit attributable to the ordinary shareholders                             | 242,839,111          | 222,872,646          |
|              | Number of ordinary shareholders in the period end                            | 119,909,790          | 119,909,790          |
|              | Basic and diluted earning per share  | <b>2.03</b>          | <b>1.86</b>          |
| <b>36A</b>   | <b>Earning per share</b>   |                      |                      |
|              | <b>Basic and diluted earning per share</b>                                   |                      |                      |
|              | Profit attributable to the ordinary shareholders                             | 242,839,110          | 222,872,645          |
|              | Number of ordinary shareholders in the period end                            | 119,909,790          | 119,909,790          |
|              | Basic and diluted earning per share  | <b>2.03</b>          | <b>1.86</b>          |
| <b>37.</b>   | <b>Net Assets Value Per Share (NAV)</b>                                      |                      |                      |
|              | Total Assets   | 7,748,446,475        | 6,601,249,811        |
|              | Less: Total Liabilities  | 4,504,963,633        | 4,163,027,306        |
|              | Less: Non controlable interest   | 844,138,981          | 6,342,044            |
|              | Net Assets Value   | <b>2,399,343,861</b> | <b>2,431,880,461</b> |
|              | Number of ordinary shares outstanding during the period                      | 119,909,790          | 119,909,790          |
|              | Net Assets Value Per Share(NAV)  | <b>20.01</b>         | <b>20.28</b>         |
| <b>37A</b>   | <b>Net Assets Value Per Share (NAV)</b>                                      |                      |                      |
|              | Total Assets   | 4,175,741,999        | 4,146,661,199        |
|              | Less: Total Liabilities  | 1,776,398,138        | 1,714,780,738        |
|              | Net Assets Value   | <b>2,399,343,861</b> | <b>2,431,880,461</b> |
|              | Number of ordinary shares outstanding during the period                      | 119,909,790          | 119,909,790          |
|              | Net Assets Value Per Share(NAV)  | <b>20.01</b>         | <b>20.28</b>         |

|            |   | Amount in BDT      |                    |
|------------|---|--------------------|--------------------|
|            |   | 30-Jun-19          | 30-Jun-18          |
| <b>38.</b> | <b>Net operation cash flow per share</b>                      |                    |                    |
|            | Net operation cash flow from statement of cash flow           | 418,548,229        | 469,562,728        |
|            | Number of ordinary shares outstanding during the period       | 119,909,790        | 119,909,790        |
|            | <b>Net operation cash flow per share</b>                      | <b>3.49</b>        | <b>3.92</b>        |
| <b>38A</b> | <b>Net operation cash flow per share</b>                      |                    |                    |
|            | Net operation cash flow from statement of cash flow           | 160,328,631        | 220,325,304        |
|            | Number of ordinary shares outstanding during the period       | 119,909,790        | 119,909,790        |
|            | <b>Net operation cash flow per share</b>                      | <b>1.34</b>        | <b>1.84</b>        |
| <b>39.</b> | <b>Reconciliation of operating cash flows with net profit</b> |                    |                    |
|            | Profit before tax   | 329,832,358        | 328,070,695        |
|            | <b>Adjustment for non cash items</b>                          |                    |                    |
|            | Depreciation  | 203,868,815        | 156,227,050        |
|            | Amortization  | 4,921,237          | 5,468,039          |
|            | Contribution to WPPF  | 16,495,001         | 16,642,721         |
|            | <b>Adjustment for saperate consideration</b>                  |                    |                    |
|            | Finance cost  | 433,525,364        | 298,081,582        |
|            | Gain/(Loss) on disposal of non current assets                 | -                  | (7,195,768)        |
|            | Fair value adjustments of biological assets                   | (18,072,083)       | (13,657,758)       |
|            | <b>Changes in current assets and liabilities</b>              |                    |                    |
|            | Inventories   | (313,953,092)      | (144,324,081)      |
|            | Advances, deposits and prepayments                            | (9,739,354)        | (1,373,312)        |
|            | Trade & other receivables                                     | (155,183,221)      | (149,200,546)      |
|            | Accounts and other payables                                   | (34,882,276)       | 31,672,689         |
|            | Accruals and provisions                                       | 11,424,904         | 3,957,289          |
|            | Payment against WPPF fund                                     | -                  | (14,500,000)       |
|            | Tax paid  | (49,689,424)       | (40,305,872)       |
|            | <b>Net cash flows from operating activities</b>               | <b>418,548,229</b> | <b>469,562,728</b> |
| <b>39A</b> | <b>Reconciliation of operating cash flows with net profit</b> |                    |                    |
|            | Profit before tax   | 272,887,445        | 266,035,025        |
|            | <b>Adjustment for non cash items</b>                          |                    |                    |
|            | Depreciation  | 66,218,565         | 42,116,469         |
|            | Amortization  | 2,606,184          | 2,895,759          |
|            | Contribution to WPPF  | 8,142,599          | 7,909,653          |
|            | Share of profit from subsidiary                               | (110,035,470)      | (107,775,492)      |
|            | <b>Adjustment for separate consideration</b>                  |                    |                    |
|            | Finance cost  | 181,423,399        | 130,621,086        |
|            | Gain/(Loss) on disposal of non current assets:                | -                  | (7,607,868)        |
|            | Fair value gain from biological assets                        | (2,622,681)        | -                  |
|            | <b>Changes in current assets and liabilities</b>              |                    |                    |
|            | Inventories   | (168,190,826)      | (47,170,832)       |
|            | Advances, deposits and prepayments                            | (6,265,894)        | (4,965,737)        |
|            | Trade & other receivables                                     | (62,330,121)       | (43,917,579)       |
|            | Accounts and other payables                                   | (140,613)          | 12,910,080         |
|            | Accruals and provisions                                       | 5,056,850          | (159,453)          |
|            | Payment against WPPF fund                                     | -                  | (9,000,000)        |
|            | Tax paid  | (26,420,806)       | (21,565,808)       |
|            | <b>Net cash flows from operating activities</b>               | <b>160,328,631</b> | <b>220,325,304</b> |

#### 40 Segmental information:

The Groups operational segments are frozen snacks, dairy and ice cream. The operational segments results are as follows:

| Particulars                                 | Frozen snacks and dairy Product | Dairy              | Ice Cream & Milk Product | Total                |
|---|---------------------------------|--------------------|--------------------------|----------------------|
| Revenue from sales                          | 872,705,727                     | 44,034,280         | 1,323,380,316            | 2,240,120,323        |
| Expenses                                    | 573,905,181                     | 31,935,218         | 944,145,623              | 1,549,986,022        |
| <b>Segment result</b>                       | <b>298,800,546</b>              | <b>12,099,062</b>  | <b>379,234,693</b>       | <b>690,134,301</b>   |
| <b>Capital expenditure</b>                  |                                 |                    |                          |                      |
| Additions to property, plant and equipment  | 23,206,027                      | 413,840            | 387,900,041              | 411,519,908          |
| Additions to Leased asset                   | -                               | -                  | -                        | -                    |
| Additions to intangible asset               | -                               | -                  | -                        | -                    |
| <b>Other segment information</b>            |                                 |                    |                          |                      |
| Other operating income                      | 49,108,109                      | -                  | 9,165,504                | 58,273,613           |
| Fair value adjustments of biological assets | 2,622,681                       | 15,449,402         | -                        | 18,072,083           |
| Finance income                              | 1,905,691                       | -                  | 4,577,515                | 6,483,206            |
| Finance expenses                            | 181,442,453                     | 27,616,122         | 224,466,789              | 433,525,364          |
| Provision for income tax                    | 30,048,335                      | 264,033            | 43,268,509               | 73,580,877           |
| Share of profit from subsidiaries           | 110,035,470                     | -                  | -                        | 110,035,470          |
| Depreciation expenses                       | 62,769,789                      | 763,219            | 129,673,387              | 193,206,395          |
| <b>Segment assets</b>                       | <b>4,175,741,999</b>            | <b>376,252,695</b> | <b>4,048,110,918</b>     | <b>8,600,105,613</b> |
| Non-current assets                          | 2,513,539,943                   | 368,768,831        | 2,573,146,403            | 5,455,455,177        |
| Current assets                              | 1,662,202,056                   | 7,483,864          | 1,474,964,515            | 3,144,650,435        |
| <b>Segment liabilities</b>                  | <b>1,776,398,138</b>            | <b>351,223,027</b> | <b>2,524,689,892</b>     | <b>4,652,311,057</b> |
| Non-current liabilities                     | 790,747,561                     | 113,936,001        | 1,322,685,668            | 2,227,369,230        |
| Current liabilities                         | 985,650,577                     | 237,287,026        | 1,202,004,224            | 2,424,941,827        |



Transaction with key management personals

| No. | Particulars   | 30-Jun-19 | 30-Jun-18 |
|-----|---|-----------|-----------|
| (a) | Managerial remuneration paid or payable during the year to the directors, including managing directors. |           |           |
|     | Golden Harvest Agro Industries Limited  | 8,450,000 | 9,100,000 |
|     | Golden Harvest Ice Cream Limited  | 5,957,250 | 6,415,500 |
| (b) | Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.  | -         | -         |
| (c) | Other allowances and commission including guarantee commission  | -         | -         |
| (d) | Pensions etc.   | -         | -         |
|     | (i) Pensions  | -         | -         |
|     | (ii) Gratuities   | -         | -         |
|     | (iii) Payments from a provident funds, in excess of own subscription and interest thereon               | -         | -         |
| (e) | Share Based payments  | -         | -         |

41.4 Quantitative details of opening stock, purchases/ production, consumption/sales and closing stock of raw materials and finished goods:

Golden Harvest Agro Industries Ltd.

| Item                       | Opening stock |         | Purchases/<br>Production | Consumption /<br>Sales | Closing<br>Stock |
|----------------------------|---------------|---------|--------------------------|------------------------|------------------|
|                            | Unit          | Kg      | Kg                       | Kg                     | Kg               |
| <b>Raw materials:</b>      |               |         |                          |                        |                  |
| For the year 30 June, 2019 | Kg            | 875,544 | 8,997,304                | 8,190,704              | 1,682,145        |
| For the year 30 June, 2018 |               | 596,113 | 5,832,248                | 5,552,817              | 875,544          |
| <b>Finished goods:</b>     |               |         |                          |                        |                  |
| Snacks                     |               |         |                          |                        |                  |
| For the year 30 June, 2019 | Kg            | 588,806 | 3,012,251                | 2,553,336              | 1,047,721        |
| For the year 30 June, 2018 |               | 412,107 | 2,262,986                | 2,086,287              | 588,806          |

Golden Harvest Ice Cream Ltd.

| Item                       | Opening stock |           | Purchases/<br>Production | Consumption/<br>Sales | Closing Stock |
|----------------------------|---------------|-----------|--------------------------|-----------------------|---------------|
|                            | Unit          | Kg        | Kg                       | Kg                    | Kg            |
| <b>Raw Materials:</b>      |               |           |                          |                       |               |
| For the year 30 June, 2019 | Kg            | 313,131   | 9,324,320                | 9,089,076             | 548,375       |
| For the year 30 June, 2018 |               | 282,115   | 8,860,723                | 8,829,707             | 313,131       |
| <b>Finished Goods:</b>     |               |           |                          |                       |               |
| For the year 30 June, 2019 | Kg            | 665,398   | 11,652,019               | 11,350,045            | 967,372       |
| For the year 30 June, 2018 |               | 1,068,030 | 10,252,383               | 10,655,015            | 665,398       |

Golden Harvest Dairy Ltd.

| Item                       | Opening stock |        | Purchases/<br>Production | Consumption/<br>Sales | Closing Stock |
|----------------------------|---------------|--------|--------------------------|-----------------------|---------------|
|                            | Unit          | Kg     | Kg                       | Kg                    | Kg            |
| <b>Raw Materials:</b>      |               |        |                          |                       |               |
| For the year 30 June, 2019 | Kg            | 22,240 | 864,516                  | 818,693               | 68,063        |
| For the year 30 June, 2018 |               | 18,670 | 569,501                  | 565,931               | 22,240        |
| <b>Finished Goods:</b>     |               |        |                          |                       |               |
| For the year 30 June, 2019 | Kg            | -      | 746,344                  | 746,344               | -             |
| For the year 30 June, 2018 |               | -      | 306,658                  | 306,658               | -             |

41.5 Capacity utilization

Golden Harvest Agro Industries Ltd.

| Item              | Capacity in KG<br>Per Year | Utilization in KG<br>Average Per year | %      |
|-------------------|----------------------------|---------------------------------------|--------|
| Frozen Production | 2,489,000                  | 2,460,577                             | 98.86% |
| Dairy production  | 668,000                    | 551,674                               | 82.59% |

Golden Harvest Ice Cream Ltd.

| Item                 | Capacity in KG<br>Per Year | Utilization in KG<br>Average Per year | %      |
|----------------------|----------------------------|---------------------------------------|--------|
| Ice Cream production | 10,605,000                 | 3,948,948                             | 37.24% |
| Milk Collection      | 9,000,000                  | 7,703,071                             | 85.59% |

**Golden Harvest Dairy Ltd.**

| Item                       | Capacity in KG<br>Per Year | Utilization in KG<br>Average Per year | %      |
|----------------------------|----------------------------|---------------------------------------|--------|
| Milk Production(Quarterly) | 1,512,000                  | 746,344                               | 49.36% |

**41.6 Un-availed credit facilities**

Un-availed credit facilities to the company as on 30 June 2019 are as under:

**Golden Harvest Agro Industries Ltd.**

| Bank & Branch Name                           | Nature of loan  | Credit limit | Outstanding | Unavailed limit    |
|--|-----------------|--------------|-------------|--------------------|
| Mercantile Bank Ltd. (Gulshan Branch, Dhaka) | Term Loan Agri  | 300,000,000  | 107,304,728 | 192,695,272        |
|  | Hire Purchase   | 90,000,000   | -           | 90,000,000         |
|  | House Building  | 50,000,000   | -           | 50,000,000         |
|  | LTR             | 40,000,000   | 15,025,441  | 24,974,559         |
| National Finance Ltd.                        | Short Term Loan | 50,000,000   | -           | 50,000,000         |
| Union Capital Limited                        | Short Term Loan | 128,610,416  | 110,985,586 | 17,624,830         |
|  |                 |              |             | <b>425,294,660</b> |

**Golden Harvest Ice Cream Ltd.**

| Bank & Branch Name                 | Nature of loan | Credit Limit | Outstanding | Unavailed limit    |
|------------------------------------|----------------|--------------|-------------|--------------------|
| United Commercial Bank Ltd.        | OD (General)   | 400,000,000  | 434,288,082 | (34,288,082)       |
|                                    | Term Loan      | 650,000,000  | 588,775,436 | 61,224,564         |
|                                    | LC/UPAS        | 178,000,000  | 16,138,824  | 161,861,176        |
|                                    | LTR            | 90,000,000   | -           | 90,000,000         |
| Standard Bank Ltd.                 | Term Loan      | 300,000,000  | 344,375,993 | (44,375,993)       |
|                                    | CC             | 40,000,000   | 40,088,575  | (88,575)           |
|                                    | LC/UPAS        | 50,000,000   | 64,354,258  | (14,354,258)       |
| Agrani Bank Ltd                    | Term Loan      | 94,600,000   | 95,211,538  | (611,538)          |
| Hajj Finance Limited               | Term Loan      | 60,000,000   | 32,500,000  | 27,500,000         |
| CAPM Venture Capital & Finance Ltd | STL            | 200,000,000  | 8,937,980   | 191,062,020        |
|                                    |                |              |             | <b>437,929,314</b> |

**Golden Harvest Dairy Ltd.**

| Bank & Branch Name                            | Nature of loan | Credit Limit | Outstanding | Unavailed limit   |
|---|----------------|--------------|-------------|-------------------|
| Standard Bank Ltd. (Panthopath Branch, Dhaka) | CC(Hypo)       | 50,000,000   | 53,168,645  | (3,168,645)       |
|   | Term Loan      | 240,000,000  | 152,246,166 | 87,753,834        |
|   |                |              |             | <b>84,585,189</b> |

**41.7 Employee details:**

At the end of the period there were 1,142. employees in the group and 547 employees in the Company at a remuneration of BDT 3,000 per month and above.

**41.8 Rounding off**

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

**41.9 Event after reporting period**

Except the fact stated above, there is no material events after the reporting date that are not adjusting events came to management attention which may be needful for the stakeholders.



Director



Director



Managing Director



Chief Financial Officer



Company Secretary

## Golden Harvest Agro Industries Limited

### Statement of Cash at Bank

As on 30 June 2019

Annex-A

| Sl. No.          | Name of Bank                    | Account Name          | 30-Jun-19          | 30-Jun-18        |
|------------------|---------------------------------|-----------------------|--------------------|------------------|
| 1                | First Security Islami Bank Ltd. | CD-11100000880        | -                  | -                |
| 2                | First Security Islami Bank Ltd. | SND-11213100000610    | 1,894,766          | 460.82           |
| 2                | First Security Islami Bank Ltd. | SND-11213100000562    | 7,613              | 9,000.85         |
| 3                | First Security Islami Bank Ltd  | SND-010113100009403   | 217,344,323        | -                |
| 3                | First Security Islami Bank Ltd. | STD                   | -                  | -                |
| 4                | Mercantile Bank Limited         | 112913125970557       | 1,334,601          |                  |
| 4                | Pubali Bank Limited             | SND-4335102002124     | -                  | 947,192          |
| 5                | Dutch Bangla Bank Ltd.          | CD-116110013813       | -                  | 2,000.00         |
| 5                | Mercantile Bank Ltd.            | CD-112911121127984    | -                  | -                |
| 6                | Meghna Bank                     | CD-110111100000138    | -                  | -                |
| 6                | The City Bank Ltd.              | CA-1101004687001      | -                  | -                |
| 7                | The City Bank Ltd.              | HVT-2921004687001     | -                  | -                |
| 7                | Mercantile Bank Ltd.            | CD-112911107033338    | 16,632             | -                |
| 8                | Bank Asia Ltd.                  | CD-05633000010        | 4,110              | 1,532.08         |
| 8                | NRB Global Bank Limited         | 0113000290658         | 1,243,585          | -                |
| 9                | Standard Bank Limited           | 01736000297           | 325,827            | -                |
| 9                | United Commercial Bank Ltd.     | CD-0543101000001146   | -                  | 575.00           |
| 10               | United Commercial Bank Ltd.     | CD-0951101000003351   | 660                | 1,810.16         |
| 10               | United Commercial Bank Ltd.     | SND-0951301000000356  | 137,052            | 27.81            |
| 11               | United Commercial Bank Ltd      | 0951301000001348      | 378,855            | -                |
| 11               | Habib Bank Ltd.                 | CA-2627070000228      | 975                | 1,550            |
| 12               | Islami Bank Bangladesh Limited  | SND-20502760900007200 | -                  | 207,380          |
| 12               | Dutch Bangla Bank Limited       | SND-1161200004435     | -                  | 2,000            |
| 13               | Mutual Trust Bank Ltd.          | CA-0057-0210001605    | -                  | -                |
| 13               | Mutual Trust Bank Ltd.          | SND-0057-0320000756   | -                  | -                |
| 14               | The Premier Bank Ltd            | 0178 13100000063      | 29,318             |                  |
| <b>Sub-Total</b> |                                 |                       | <b>222,718,317</b> | <b>1,173,528</b> |
| 1                | Social Islami Bank Ltd.         | FDR                   | -                  | 1,021,230        |
| <b>Sub-Total</b> |                                 |                       | <b>-</b>           | <b>1,021,230</b> |
| <b>Total</b>     |                                 |                       | <b>222,718,317</b> | <b>2,194,758</b> |

## Golden Harvest Ice Cream Ltd.

### Statement of Cash at Bank

As on 30 June 2019

| Sl. No.          | Name of Bank                    | Account Name         | 30-Jun-19          | 30-Jun-18        |
|------------------|---------------------------------|----------------------|--------------------|------------------|
| 1                | Agrani Bank Limited             | CD-0200011753532     | 292,662            | 281,753          |
| 2                | Agrani Bank Limited             | A/C #0200012734697   | 941,816            | -                |
| 2                | First Security Islami Bank Ltd. | CD-011211100000897   | 31                 | 1,181            |
| 3                | United Commercial Bank Ltd.     | CA-0543101000001135  | 10,464             | 10,464           |
| 3                | First Security Islami Bank Ltd  | 011213100000617      | 111,462            | -                |
| 4                | First Security Islami Bank Ltd  | 0101 13100009398     | 24,786,506         | -                |
| 4                | Standard Bank Limited           | 01736000296          | 34,833,409         | -                |
| 5                | Standard Bank Limited           | 01736000299          | 260,545            | -                |
| 5                | Mercantile Bank Ltd.            | CD-112911107033349   | -                  | -                |
| 6                | Mercantile Bank Limited         | 112913125762277      | 1,388,183          | -                |
| 6                | Islami Bank Bangladesh Ltd.     | SND-                 | -                  | 255,185          |
| 7                | Dutch Bangla Bank Ltd.          | SND-1161200004414    | -                  | 84,368           |
| 7                | Mercantile Bank Ltd.            | CD-130611116267927   | -                  | -                |
| 8                | Mercantile Bank Ltd.            | CD-112911122068302   | -                  | -                |
| 8                | First Security Islami Bank Ltd. | SND-13100000611      | 1,659,735          | 41,113           |
| 9                | Pubali Bank Limited             | SND-4335102000139    | -                  | 85,639           |
| 9                | Bank Asia Ltd.                  | CD-01033006243       | -                  | 80,473           |
| 10               | Bank Asia Ltd.                  | SND-05636000099      | 22,921             | -                |
| 10               | NRB Global Bank Ltd             | 0111100269376        | 19,006             | -                |
| 11               | NRB Global Bank Ltd             | 0113000277340        | 20,205,560         | -                |
| 11               | NRB Global Bank Ltd             | 0113000290578        | 3,505              | -                |
| 12               | Islami Bank Bangladesh Ltd.     | CA-20502760100125111 | -                  | -                |
| 12               | The City Bank Ltd               | Current Account      | -                  | -                |
| 13               | United Commercial Bank Ltd.     | CD-0951101000005878  | 58,900             | 1,794,951        |
| 13               | United Commercial Bank Ltd      | 0951301000001326     | 629,899            | -                |
| 14               | Mutual Trust Bank Ltd.          | CA-0057-0210001598   | -                  | -                |
| 14               | United Commercial Bank Ltd.     | CD-0951101000008388  | -                  | -                |
| 15               | Habib Bank Ltd.                 | CA-2627070000217     | 975                | 1,550            |
| 15               | Prime Bank Ltd.                 | CD-20711020003600    | -                  | -                |
| 16               | Dutch Bangla Bank Ltd.          | CA-1161100022362     | 7,069              | 23,339           |
| 16               | Standard Bank Ltd.              | CD-01733100454       | 10,628             | 12,746           |
| 17               | Mutual Trust Bank Ltd.          | CA-0061-0210002859   | 24,004             | 153,236          |
| 17               | Mutual Trust Bank Ltd.          | CA-0053-0210004437   | 1,770              | 2,016            |
| 18               | Mutual Trust Bank Ltd.          | CA-0059-0210003352   | -                  | -                |
| 18               | Mutual Trust Bank Ltd.          | CA-0028-0210011448   | 925                | 1,000            |
| 19               | Mutual Trust Bank Ltd.          | CA-0041-0210005163   | 1,023              | 448              |
| 19               | United Commercial Bank Ltd.     | CD-0191101000000124  | 23,207             | 24,357           |
| 20               | United Commercial Bank Ltd.     | CD-0611101000000210  | 433                | 68,682           |
| 20               | United Commercial Bank Ltd.     | CD-1661101000000026  | 5,038              | 11,107           |
| 21               | United Commercial Bank Ltd.     | CD-1382101000004852  | 809                | 487              |
| 21               | United Commercial Bank Ltd.     | CD-1361101000000095  | 39                 | 533              |
| 22               | Mutual Trust Bank Ltd.          | SND-0057-0320000765  | -                  | -                |
| 22               | The Premier Bank Ltd            | 0178 13100000062     | 51,119             | -                |
| <b>Sub-Total</b> |                                 |                      | <b>85,351,640</b>  | <b>2,934,625</b> |
| 1                | United Commercial Bank Ltd.     | FDR                  | 7,399,945          | 6,858,894        |
| 2                | Standard Bank Limited           | FDR                  | 30,258,000         | -                |
| <b>Sub-Total</b> |                                 |                      | <b>37,657,945</b>  | <b>6,858,894</b> |
| <b>Total</b>     |                                 |                      | <b>123,009,585</b> | <b>9,793,519</b> |

## Golden Harvest Dairy Ltd.

Statement of Cash at Bank  
As on 30 June 2019

| Sl. No.      | Name of Bank              | Account Name    | 30-Jun-19        | 30-Jun-18      |
|--------------|---------------------------|-----------------|------------------|----------------|
| 1            | Mutual Trust Bank Limited | Current Account | 59,784           | 128,407        |
| 2            | Standard Bank Limited     | Current Account | 954,846          | 864,287        |
| 3            | The Premier Bank Ltd      | Current Account | 63,367           | -              |
| <b>Total</b> |                           |                 | <b>1,077,996</b> | <b>992,694</b> |

# **Auditor's Report & Financial Statements**

**Golden Harvest Ice Cream Ltd.**  
as at and for the year ended 30 June 2019

**AUDITORS' REPORT TO THE SHAREHOLDERS**  
*of*  
**Golden Harvest Ice Cream Limited**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019 and 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 Bangladesh, and we have fulfilled our other ethical responsibilities in accordance 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 judgement, 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.

| <b>Risk</b>   | <b>Our response to the risk</b>  |
|---|--|
| <b>Revenue recognition</b>  |  |
| At year end the company reported total revenue of BDT 1,323,380,316.<br>Revenue is measured net of discounts by | We have tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"> <li>• Calculation of discounts, incentives and rebates;</li> </ul> |

| Risk  | Our response to the risk   |
|---|--|
| <p>customers on the company's sales. Estimation of discounts and rebates 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 and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p> | <ul style="list-style-type: none"> <li>• Segregation of duties in invoice creation and modification; and</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</li> <li>• Within a number of the company markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing.</li> <li>• Agreeing a sample of claims and rebate accruals to supporting documentation;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p>Key observations communicated to the Audit Committee</p> <p>We were satisfied that the revenue recognition policies have been applied appropriately. Based on the work performed, we concluded that revenue has been recorded appropriately.</p> |
| <p><b>Valuation of Inventory</b></p>  |  |
| <p>The company had inventory of BDT 506,998,052 at reporting date, held in distribution centers, warehouses and numerous branches, and across multiple product lines.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p>   | <p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>• evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of distribution centers and warehouses.</li> <li>• attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>• 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 whether inventory provisions are complete;</li> <li>• reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; and</li> <li>• challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete.</li> </ul> <p><u>Key observations communicated to the Audit Committee</u></p>  |

| Risk  | Our response to the risk   |
|---|--|
|   | <p>We were satisfied that the inventory recognition and measurement policies have been applied appropriately. Based on the work performed, we concluded that inventories have been recorded appropriately.</p>   |
| <p><b>Property, plant and equipment and capital work in progress</b></p>  |  |
| <p>At the reporting date, the carrying value of the company's property, plant and equipment and capital work in progress amounted to Taka 2,422,276,285 and 45,827,222 respectively. The valuation of property, plant, and equipment was identified as a key audit matter due to the significance of this balance to the financial statements, as well as the significance of management's judgements in determining its valuation.</p> <p>In considering the valuation of property, plant, and equipment, we focused on the assessment of the followings:</p> <ul style="list-style-type: none"> <li>• Inherent risks associated with property, plant and equipment.</li> <li>• Potential misstatements in property, plant, and equipment on account of frauds and errors.</li> <li>• Assessment of useful lives of assets.</li> <li>• Assessment of impairment of assets.</li> </ul> <p><u>Inherent risks associated with property, plant and equipment</u></p> <ul style="list-style-type: none"> <li>• Property, plant and equipment may include assets that should have been derecognised following sale, other transfer of rights or abandonment.</li> <li>• Expenditure that should have been recognised as property, plant and equipment but has not been so recognised, including capitalised finance costs.</li> <li>• Depreciation may have been incorrectly calculated.</li> </ul> <p><u>Potential misstatements in property, plant, and equipment on account of frauds and errors</u></p> <ul style="list-style-type: none"> <li>• Purchase of an asset at an inflated price especially from a related party.</li> <li>• Wrong write-off of the asset as scrap, obsolescence, missing, donated, or destroyed.</li> </ul> | <p><u>Audit procedures performed</u></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the client and its environment to consider inherent risk related to property, plant, and equipment. Our understanding includes: <ul style="list-style-type: none"> <li>➤ Obtaining an understanding of the internal control over property, plant, and equipment.</li> <li>➤ Assessing the risks of material misstatement and designing tests of controls and substantive procedures that cover the following aspects: <ul style="list-style-type: none"> <li>➤ Substantiate the existence of property, plant, and equipment.</li> <li>➤ Establish the completeness of recorded property, plant, and equipment.</li> <li>➤ Verify the cut-off of transactions affecting property, plant, and equipment.</li> <li>➤ Establish the proper valuation or allocation of property, plant, and equipment and the accuracy of transactions affecting property, plant, and equipment.</li> <li>➤ Determine the correctness and appropriateness of classification of property, plant and equipment.</li> </ul> </li> </ul> </li> <li>• We obtained an understanding of the potential misstatements in property, plant, and equipment on account of frauds and errors.</li> <li>• We evaluated the assumptions made by management in the determination of useful lives to ensure that these are consistent with the principles of IAS 16. "Property, Plant and Equipment".</li> <li>• We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry.</li> <li>• We verified records e.g. contractor bills, work orders and certification of work performed by the specialized personnel to ensure that the assets under construction or pending installation and not yet ready for intended use are classified as work in progress.</li> <li>• We also verified the date on which the assets are moved from the capital work in progress account to the property, plant and equipment (the date on which the asset is ready for intended use), so that the depreciation on property, plant and equipment may be computed correctly.</li> </ul> |

| Risk  | Our response to the risk   |
|---|--|
| <ul style="list-style-type: none"> <li>• Expenditures for repairs and maintenance recorded as property, plant and equipment or vice versa.</li> <li>• Capitalization of expenditure which are not normally attributable to the cost of the property, plant and equipment.</li> <li>• Recording of an asset purchased, which in effect has not actually been received by the entity at all.</li> </ul> <p><u>Valuation of capital work in progress to PPE</u></p> <p>Management needs to ensure that the assets under construction or pending installation and not yet ready for intended use are classified as work in progress. An appropriate system needs to put in place to capture all directly identifiable costs, which can be capitalised, to be so accumulated to capital work in progress whilst expenses which are not eligible for being capitalised are identified and charged to revenue in the normal course.</p> <p><u>Assessment of useful lives of assets</u></p> <p>Management applies estimates and judgements in its determination of useful lives of assets and reviews the useful lives of assets at each financial year end and adjusts for changes, where appropriate.</p> <p><u>Impairment of assessment</u></p> <p>At the end of each reporting period, management assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.</p> | <ul style="list-style-type: none"> <li>• We reconciled the movement of capital work in progress from opening to closing, specifically verifying additions during the year, capital assets completed during the year and impairment of any opening capital work in progress items.</li> <li>• We assessed whether there are circumstances that indicate a possible impairment of property, plant and equipment and if such circumstances exist, how the same have been dealt with by the entity.</li> </ul> <p><u>Key observations communicated to the Audit Committee</u></p> <p>We were satisfied that the property, plant and equipment recognition and measurement policies have been applied appropriately. Based on the work performed, we concluded that property, plant and equipment have been recorded appropriately.</p> |

#### Other Information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

If we identify such material inconsistencies or apparent material misstatement, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material

misstatement of this other information; we are required to report that fact. **We have nothing to report in respect of these matters.**

### **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 in accordance with IFRSs as explained in note 2, 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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 conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on other Legal and Regulatory Requirements**

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

- a) 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;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and the statement of profit or loss and comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka  
30 October 2019



S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Ice Cream Ltd.**  
**Statement of Financial Position**  
**as at 30 June 2019**

|  | Notes | Amount in BDT        |                      |
|--|-------|----------------------|----------------------|
|  |       | 30-Jun-19            | 30-Jun-18            |
| <b>ASSETS</b>                                |       |                      |                      |
| <b>Non-Current Assets</b>                    |       | <b>2,573,146,403</b> | <b>2,262,626,184</b> |
| Property, plant and equipment                | 5.00  | 2,422,276,285        | 2,164,049,631        |
| Leasehold assets                             | 6.00  | 72,090,298           | 50,633,942           |
| Intangible assets                            | 7.00  | 32,352,598           | 34,667,651           |
| Capital work in progress                     | 8.00  | 45,827,222           | 13,274,960           |
| Investment in associate companies            | 9.00  | 600,000              | -                    |
| <b>Current Assets</b>                        |       | <b>1,474,964,516</b> | <b>1,253,742,260</b> |
| Inventories                                  | 10.00 | 506,998,052          | 362,484,004          |
| Advances, deposits and prepayments           | 11.00 | 366,927,389          | 156,328,364          |
| Trade and other receivables                  | 12.00 | 464,336,086          | 723,956,127          |
| Cash and cash equivalents                    | 13.00 | 136,702,989          | 10,973,764           |
| <b>TOTAL ASSETS</b>                          |       | <b>4,048,110,919</b> | <b>3,516,368,444</b> |
| <b>EQUITY AND LIABILITIES</b>                |       |                      |                      |
| <b>Shareholders' equity</b>                  |       | <b>1,523,421,026</b> | <b>851,855,633</b>   |
| Issued, subscribed and paid up capital       | 14.00 | 1,000,000,000        | 300,000,000          |
| Revaluation surplus                          | 15.00 | 104,764,568          | 108,217,306          |
| Retained earnings                            | 16.00 | 418,656,458          | 443,638,327          |
| <b>Non-current liabilities</b>               |       | <b>1,322,685,668</b> | <b>1,265,457,075</b> |
| Long term loans                              | 17.00 | 1,147,748,891        | 1,115,610,512        |
| Deferred tax liability                       | 18.00 | 151,196,115          | 125,313,869          |
| Lease obligations                            | 19.00 | 23,740,662           | 24,532,693           |
| <b>Current liabilities</b>                   |       | <b>1,202,004,224</b> | <b>1,399,055,736</b> |
| Accounts and other payables                  | 20.00 | 40,205,549           | 499,411,273          |
| Accruals and provisions                      | 21.00 | 162,758,759          | 137,265,405          |
| Short term loans                             | 22.00 | 618,839,582          | 534,951,613          |
| Current maturity of long term loans          | 17.00 | 360,274,196          | 212,225,455          |
| Current maturity of lease obligations        | 19.00 | 19,926,138           | 15,201,992           |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |       | <b>4,048,110,919</b> | <b>3,516,368,444</b> |
| <b>Number of share used to calculate NAV</b> | 34.00 | <b>61,575,343</b>    | <b>45,000,000</b>    |
| <b>Net asset value per share</b>             | 32.00 | <b>15.23</b>         | <b>18.93</b>         |

*The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.*



**Director**



**Managing Director**



**Chairman**

**Dated, Dhaka;**  
30 October 2019



**S. F. Ahmed & Co.**  
Chartered Accountants

**Golden Harvest Ice Cream Ltd.**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended June 30, 2019**

|  | Notes | Amount in BDT        |                      |
|--|-------|----------------------|----------------------|
|  |       | 2018-2019            | 2017-2018            |
| Revenue  | 23.00 | 1,323,380,316        | 1,106,047,178        |
| Cost of goods sold   | 24.00 | (747,574,227)        | (628,076,061)        |
| <b>Gross profit</b>  |       | <b>575,806,089</b>   | <b>477,971,117</b>   |
| <b>Operating expenses</b>  |       | <b>(196,571,396)</b> | <b>(159,856,731)</b> |
| Administrative expenses  | 25.00 | (25,607,241)         | (24,255,573)         |
| Selling and distribution expenses  | 26.00 | (170,964,155)        | (135,601,158)        |
| Other operating income   | 27.00 | 16,055,023           | 9,165,504            |
| <b>Profit from operations</b>  |       | <b>395,289,716</b>   | <b>327,279,890</b>   |
| Financial income   | 28.00 | 4,577,515            | 1,517,042            |
| Finance expenses   | 29.00 | (224,466,789)        | (145,329,108)        |
| <b>Net profit from operations</b>  |       | <b>175,400,442</b>   | <b>183,467,824</b>   |
| Contribution to workers profit participation fund                                |       | (8,352,402)          | (8,733,068)          |
| <b>Net profit before tax</b>   |       | <b>167,048,040</b>   | <b>174,734,756</b>   |
| Income tax expenses  | 30.00 | (43,268,509)         | (63,464,226)         |
| <b>Net profit after tax attributable to ordinary shareholders of the company</b> |       | <b>123,779,531</b>   | <b>111,270,530</b>   |
| <b>Other comprehensive income</b>  |       |                      |                      |
| Revaluation surplus of the company   |       | -                    | -                    |
| <b>Total comprehensive income</b>  |       | <b>123,779,531</b>   | <b>111,270,530</b>   |
| <b>Number of shares used to calculate EPS</b>                                    | 34.00 | <b>61,575,343</b>    | <b>45,000,000</b>    |
| <b>Earnings per share (EPS)</b>  | 31.00 | <b>2.01</b>          | <b>2.47</b>          |



Director



Managing Director



Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
30 October 2019



S.F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Ice Cream Ltd.**  
**Statement of Changes in Equity**  
**For the year ended June 30, 2019**

Amount in BDT

| Particulars  | Share capital        | Revaluation surplus | Retained earnings  | Total                |
|--|----------------------|---------------------|--------------------|----------------------|
| Balance as on 01.07.17   | 300,000,000          | 102,943,716         | 332,896,050        | 735,839,766          |
| Deferred tax adjustment on WDV of revalued assets                    | -                    | -                   | 542,890            | 542,890              |
| Prior year adjustment of deferred tax                                | -                    | 6,281,815           | (2,079,368)        | 4,202,447            |
| Depreciation on revaluation surplus transferred to retained earnings | -                    | (1,008,225)         | 1,008,225          | -                    |
| Net profit after tax   | -                    | -                   | 111,270,530        | 111,270,530          |
| <b>Balance as on 30.06.2018</b>                                      | <b>300,000,000</b>   | <b>108,217,306</b>  | <b>443,638,327</b> | <b>851,855,633</b>   |
| Balance as on 01.07.18   | 300,000,000          | 108,217,306         | 443,638,327        | 851,855,633          |
| Deferred tax adjustment on WDV of revalued assets                    | -                    | -                   | 515,746            | 515,746              |
| Adjustment of deferred tax on revaluation surplus                    | -                    | (2,494,924)         | -                  | (2,494,924)          |
| Prior year adjustment  | -                    | -                   | -                  | -                    |
| Issuance of new share  | 550,000,000          | -                   | (234,960)          | 549,765,040          |
| Issuance of bonus share  | 150,000,000          | -                   | (150,000,000)      | -                    |
| Adjustment of deferred tax   | -                    | -                   | -                  | -                    |
| Depreciation on revaluation surplus transferred to retained earnings | -                    | (957,814)           | 957,814            | -                    |
| Net profit after tax   | -                    | -                   | 123,779,531        | 123,779,531          |
| <b>Balance as on 30.06.2019</b>                                      | <b>1,000,000,000</b> | <b>104,764,568</b>  | <b>418,656,458</b> | <b>1,523,421,027</b> |



Director



Managing Director



Chairman

**Golden Harvest Ice Cream Ltd.**  
**Statement of Cash Flows**  
**For the year ended June 30, 2019**

|  | Note         | Amount in BDT        |                      |
|--|--------------|----------------------|----------------------|
|  |              | 30-Jun-19            | 31-Mar-18            |
| <b>Cash flows from operating activities</b>                  |              |                      |                      |
| Received from Customers & Others                             | 36.00        | 1,253,682,803        | 1,011,612,933        |
| Payment to Creditors, Suppliers, Employees and Others        | 37.00        | (981,269,542)        | (747,695,813)        |
| Income Tax Paid  | 38.00        | (23,268,618)         | (18,740,064)         |
| <b>Net cash generated from operating activities</b>          | <b>35.00</b> | <b>249,144,643</b>   | <b>245,177,055</b>   |
| <b>Cash flows from investing activities</b>                  |              |                      |                      |
| Acquisitions of property plant and equipment                 |              | (387,900,041)        | (305,154,263)        |
| Capital work in progress                                     |              | (32,552,262)         | (160,179,150)        |
| Proceed from disposal of CWIP                                |              | -                    | 86,073,856           |
| Acquisitions of Intangible assets                            |              | -                    | (100,000)            |
| Advance against flat purchase                                |              | (32,631,853)         | (103,780,225)        |
| Advance against Land Purchases                               |              | (121,500,000)        | -                    |
| Advance to suppliers, service providers & others             |              | (38,715,665)         | (56,857,928)         |
| Investment in associate                                      |              | (600,000)            | -                    |
| <b>Net Cash used in investing activities</b>                 |              | <b>(613,899,821)</b> | <b>(539,997,710)</b> |
| <b>Cash flows from financing activities</b>                  |              |                      |                      |
| Working capital borrowings from banks / Sister concern       |              | 83,887,970           | (63,256,077)         |
| Intercompany Transaction                                     |              | (74,883,144)         | -                    |
| Long term borrowings from / (repayments to) banks            |              | 180,187,121          | 469,367,912          |
| Financial expenses   |              | (223,734,699)        | (146,082,436)        |
| Issue of ordinary shares                                     |              | 550,000,000          | -                    |
| Issue Cost of ordinary shares                                |              | (234,960)            | -                    |
| Received /(payment) against finance lease                    |              | (24,737,884)         | (13,520,706)         |
| <b>Net cash (used in) / provided by financing activities</b> |              | <b>490,484,403</b>   | <b>246,508,692</b>   |
| Net changes in cash and cash equivalents                     |              | 125,729,225          | (48,311,963)         |
| Cash and cash equivalents at the beginning of the year       |              | 10,973,764           | 59,285,727           |
| <b>Cash and cash equivalents at the end of the year</b>      |              | <b>136,702,989</b>   | <b>10,973,764</b>    |
| <b>Operating cash flow per share</b>                         | <b>33.00</b> | <b>4.05</b>          | <b>5.45</b>          |



Director



Managing Director



Chairman

# Golden Harvest Ice Cream Limited

## Notes to the Financial Statements

### For the year ended 30 June 2019

#### 1. Reporting entity

##### 1.1 Company profile

###### Legal status of the company

Golden Harvest Ice Cream Limited formerly known as Golden Harvest Sea Food and Fish Processing Limited was incorporated on January 05, 2005, vide Reg. No.-C-55601(2285)/05 under the Companies Act, 1994 as a Private Limited Company.

Golden Harvest Sea Food and Fish Processing Limited' (GHSFFPL), has been converted into Golden Harvest Ice Cream Limited (GHICL) on 16th May 2013 through the office of Registrar of Joint Stock Companies and Firms.

###### Address of registered office and principal place of business:

The principal place of business and the registered office of the Company is at SPL Western Tower, Level # 5, Space Code # 501 & 502, 186, Gulshan-Tejgaon Link Road, Tejgaon Industrial Area, Dhaka-1208. The factory is located at Bokran, Monipur, Babanipur, Gazipur Sadar, Gazipur.

###### Nature of business activities

The company is engaged in manufacturing and marketing Ice cream and Dairy based products. The company also maintaining cold chain network to distribute frozen product. It has started commercial production of Ice cream.

##### 1.2 Associates

An associate is an entity in which Golden Harvest Ice Cream Ltd.(GHICL) has significant influence whereby the parties that have control of the arrangement have rights to the net assets of the arrangement. GHICL uses the equity method to account for its investment in associates and in its financial Statement in accordance with IAS-28 "Investment in Associates and Joint Ventures".

###### Cold Chain Bangladesh Limited

Cold Chain Bangladesh Limited has incorporated 24 April 2019; vide Reg. No.-C-151517/2019 under the Companies Act, 1994 as a Private Limited Company. Golden Harvest Ice Cream Limited acquired 40.00% of shares of Cold Chain Bangladesh Limited. Investment is initially recognized at cost and subsequently measured at equity method.

**Cold Chain Bangladesh Limited Lanches its business with the brand name CCBL. It is a take on lease, rent, hire, and maintain keep and run cold storage, storages chambers, freezers, deep freezers, go- down ware houses, refrigerators and room coolers for storing all types of chilled frozen, processed and unprocessed foods.**

##### 1.3 Date of Authorization for issue

The financial statements of Golden Harvest Ice Cream Limited for the year ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 23 October 2019.

##### 1.4 Reporting Period

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

## 2.0 Basis of Preparation of Financial Statements

### 2.1 Statement on Compliance with Local Laws

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant local laws as applicable.

### 2.2 Statement on Compliance of Financial Reporting Standards

The financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

### 2.3 Basis of Measurement of Elements of Financial Statements

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the statement of financial position and profit or loss and other comprehensive income. The measurement basis adopted by Golden Harvest Ice Cream Limited is historical cost except for land, building and plant and machinery which are stated at revalued amount, inventories are at the lower of cost and net realizable value and marketable securities are at market value. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

### 2.4 Going Concern

**At each year end management of the Company makes assessment of going concern as required by IAS-1. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the directors continue to adopt going concern assumption while preparing the financial statements.**

### 2.5 Accrual Basis of Accounting

GHICL prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, GHICL recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

### 2.6 Functional and presentation currency

The financial statements are prepared and presented in Bangladesh Taka/BDT, which is the Company's functional currency. The Company earns its major revenues in BDT and all other incomes/expenses and transactions are in BDT and the competitive forces and regulations of Bangladesh determine the sale prices of its goods and services. Further, the entire funds from financing activities are generated in BDT.

#### Foreign currency translation

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange at the balance sheet date. Exchange differences are included in the income statement.

### 2.7 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

### 2.8 Offsetting

GHICL does not offset assets and liabilities or income and expenses, unless required or permitted by IFRS.

## 2.9 Comparative Information and Rearrangement thereof

Comparative information has where necessary been reclassified to conform to the current year's presentation. Comparative figures are restated as per requirement of IAS-8

## 2.10 Use of Estimates and Judgments

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors"

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, amortization, impairment, net realizable value of inventories, accruals, taxation and provision.

## 2.11 Changes in Accounting Policies, Estimate and Errors

**The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in:**

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

**Changes in accounting policies and material prior period errors shall be retrospectively corrected in the first financial statements authorised for issue after their discovery by:**

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

## 2.12 Structure, Content and Presentation of Financial Statements

**Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by IAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:**

- i) Statement of financial position as at 30 June 2019;
- ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2019;
- iii) Statement of changes in equity for the year ended 30 June 2019;
- iv) Statement of cash flows for the year ended 30 June 2019; and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2019.

## 2.13 New accounting standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Company.

**a) IFRS 15: Revenue from Contracts with Customers**

This standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, this notion of control replaces the existing notion of risks and rewards. The standard is mandatory for reporting periods commencing on or after 1 January 2018. The Company is currently assessing the implications and consequences of this standard.

**b) IFRS 9: Financial Instruments**

This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The standard is mandatory for reporting periods commencing on or after 1 January 2018. The Company is currently assessing the implications and consequences of this standard.

**3. Summary of Significant Accounting Policies**

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Golden Harvest Ice Cream Limited.

**3.1 Property, plant and equipment**

**Initial recognition and measurement**

An item shall be recognized as property, plant and equipment 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.

Property, plant and equipment are initially recognized at cost and subsequently land & land development, buildings & other constructions and plant & machineries are stated at fair value. The property, plant and equipment are presented at cost/fair value, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term debt availed for the construction/implementation of the PPE, if the recognition criteria are met.

**Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the GHICL and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss account as 'repair and maintenance' when it is incurred.

**Subsequent measurement**

Property, Plant and equipment are disclosed at cost less accumulated depreciation consistently over years. On 30 June 2009, 30 June 2011 and 30 June 2013. Land and Land Developments, Building and other constructions and Plant and Machinery have been revalued to reflect fair value (prevailing market price) thereof following "Current Cost Method".

**Depreciation on property, plant and equipment**

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property, Plant and Equipment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged on all Property, Plant and Equipment except land and land developments on reducing balance method at the following rates:

| Particular of Assets              | Rate of Depreciation |
|-----------------------------------|----------------------|
| Buildings and other constructions | 2.5%                 |
| Plant & Machinery                 | 5%                   |
| Office Equipment                  | 10%                  |
| Furniture and Fixtures            | 10%                  |
| Vehicle                           | 10%                  |
| Freezer                           | 10%                  |

### **Revaluation of property, plant and equipment of Golden Harvest Ice Cream Limited**

The GHICL made revaluation of the GHICL's Land and Land developments and Plant and Machinery as of 30 June 2009, 30 June 2011 and 30 June 2013 to reflect fair value thereof in terms of Depreciated current cost thereof.

The increase in the carrying amount of revalued assets is recognized in other comprehensive income under the head Revaluation Surplus. Other Fixed Assets were kept outside the scope of revaluation works. These are expected to be realizable at written down value (WDV) thereof mentioned in the statement of financial position of the GHICL.

### **3.2 Capital work-in-progress:**

Capital work in progress represents the cost incurred for acquisition and construction of items of property, plant and equipment that were not ready for use at the end of 30 June 2019 and these were stated at cost. In case of import components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the GHICL, i.e. at the time of shipment is confirmed by the supplier.

### **3.3 Intangible Assets**

#### **Recognition**

The recognition of an item as an intangible asset requires GHICL to demonstrate that the item meets the definition of an intangible asset and the recognition criteria. An intangible asset is recognized as an asset if, and only if it is probable that expected future economic benefits that are attributable to the asset will flow to GHICL and the cost of the item can be measured reliably.

#### **Measurement**

An intangible asset is measured at cost less any accumulated amortisations and any accumulated impairment losses. Expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset is usually recognised in profit or loss as incurred. This is because such expenditure cannot be distinguished from expenditure to develop the business as a whole.

#### **Separately acquired intangibles**

The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

#### **Internally generated intangible assets**

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

### Research Phase

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

### Development Phase

An intangible asset arising from development (or from the development phase of an internal project) is recognised in accordance with IAS-38, "Intangible assets". The GHICL's intangible assets include computer software development (ERP), Design, construction and development of products, Augmented Reality. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

### Recognition of an expense

In some cases, expenditure are incurred to provide future economic benefits to an entity, but no intangible asset or other asset is acquired or created that can be recognised. For example, expenditure on research is recognised as an expense when it is incurred, except when it is acquired as part of a business combination. Other examples of expenditure that is recognised as an expense when it is incurred include:

- expenditure on start-up activities i.e. start-up costs/ pre-operating cost.
- expenditure on training activities.
- expenditure on advertising and promotional activities.
- expenditure on relocating or reorganizing part or all of an entity.

### Past expenses

Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

### Revaluation of intangibles

The revaluation model requires an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses. However, fair value shall be measured by reference to an active market. The revaluation model does not allow the revaluation of intangible assets that have not previously been recognised as assets; or the initial recognition of intangible assets at amounts other than cost.

### Amortization

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortisation begin when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. An intangible asset with an indefinite useful life is not amortised. Amortisation of the intangible asset with a finite useful life is calculated using the reducing balance method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

| Particulars                                      | Rate |
|--|------|
| Software (at development stage)                  | 0%   |
| Design, construction and development of products | 10%  |
| Augmented Reality                                | 10%  |

### Derecognition of intangible assets

The carrying amount of an item of intangible assets is de-recognised on disposal or when no future

economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of intangible assets is included as other income in profit or loss when the item is de-recognized. When the revalued assets are disposed off, the respective revaluation surplus is transferred to retained earnings.

### **3.4 Impairment of Assets**

#### **Recognising and measuring impairment loss**

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

GHICL assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, GHICL estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, GHICL tests:

- an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually

### **3.5 Accounting for lease**

#### **Finance lease**

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

#### **Initial recognition**

At the commencement of the lease term, GHICL recognises finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset.

#### **Subsequent measurement**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, and the depreciation recognised is calculated in accordance with IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### **Operating leases**

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Applying the requirement of International Financial Reporting Interpretation Committee (IFRIC) 4: Determining whether an Arrangement contains a Lease, the Power Purchase Agreement (PPA) between the Company /GHICL units and BPDB/BREB can be said to contain a lease arrangement. This could be interpreted as resulting in the transfer of substantially all of the risks and rewards incidental to the ownership to the underlying assets (power plant) to the off taker (BPDB/BREB) who would effectively be the lessee. However, management concluded that the PPA does not transfer substantially all risks incidental to ownership as per the requirement of para 17 of IAS 17. As such, all these lease arrangements are considered as an operating lease.

### 3.6 Capitalization of borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are recognised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur in accordance with IAS 23: "Borrowing cost". Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Recognition

GHICL capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. GHICL recognises other borrowing costs as an expense in the period in which it incurs them.

#### Borrowing costs eligible for capitalisation

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. To the extent that GHICL borrows funds specifically for the purpose of obtaining a qualifying asset, GHICL determines the amount of borrowing costs eligible for capitalizations as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings

### 3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for sale financial assets.

#### Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or upon initial recognition it is designated by the entity as at fair value through profit or loss.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in the active market other than held to maturity investments, available for sale financial assets and loans and receivables.

#### Financial liabilities

Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss

A financial liability is classified as fair value through profit or loss if it is classified as held-for-trading or upon initial recognition it is designated by the entity as at fair value through profit or loss.

#### Other financial liabilities

Other financial liabilities include bank overdrafts, short-term and long-term loans.

#### Recognition of financial asset and liability

A financial asset or a financial liability is recognised by GHICL in its statement of financial position when GHICL becomes a party to the contractual provisions of the financial asset or financial liability.

### **Derecognition of financial asset and liability**

A financial asset or financial liability is derecognised; that is, removed, from GHICL's statement of financial position, when GHICL ceases to be a party to the financial instruments contractual provisions.

### **Impairment**

At each year end, an entity should assess whether there is any objective evidence that a financial asset or GHICL of assets is impaired. Where there is objective evidence of impairment, the entity should determine the amount of any impairment loss.

### **Financial assets carried at amortized cost**

The impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses which have not been incurred) discounted at the financial instrument's original effective interest rate. Note that it is the original rate of interest which is used. Using market rates current at the time of the impairment would result in a fair value approach being adopted for the measurement of financial assets carried at amortised cost. The amount of the loss should be recognised in profit or loss.

### **Financial assets carried at cost**

The impairment loss on unquoted equity instruments carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial instrument. Such impairment losses should not be reversed.

## **3.8 Inventories**

### **Measurement**

Inventories are measured at the lower of cost and net realizable value.

### **Cost of inventories**

The cost of inventories are comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned by using the first-in, first-out (FIFO) cost formula. GHICL shall use the same cost formula for all inventories having a similar nature and use to the entity.

### **Recognition as an expense**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## **3.9 Trade and other receivables**

Trade and other receivables are stated at their estimated realisable amounts inclusive of provisions for bad and doubtful debts

## **3.10 Cash and cash equivalents**

Cash and cash equivalents consists of cash in hand and with banks on current deposit accounts and short term investments (FDR for the period of 1 to 3 months) which are held and available for use by the GHICL without any restriction. There is insignificant risk of change in value of the same.

## **3.11 Calculation of recoverable amount**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset GHICL that generates cash flows that are largely independent from other assets and GHICLs.

### 3.12 Provisions, accruals and contingencies

#### Provisions

A provision is recognised when GHICL has a present obligation (legal or constructive) as a result of a past event; and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision is recognized.

#### Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

#### Contingent liabilities

GHICL does not recognise a contingent liability. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

#### Contingent asset

GHICL does not recognise a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to GHICL.

#### Measurement

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

#### Changes and uses of provisions

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. A provision is used only for expenditures for which the provision was originally recognised. Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognised for another purpose would conceal the impact of two different events.

### 3.13 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. All material events after the statement of financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the note no. 37.12 of Financial Statements.

### 3.14 Earnings Per Share (EPS)

#### Basic EPS

GHICL calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity. Basic earnings per share has been calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

GHICL presents basic earnings per share in the statement of profit or loss and other comprehensive income. The company presents basic earnings per share with equal prominence for all periods presented. GHICL presents basic earnings per share, even if the amounts are negative (i.e. a loss per share). The GHICL's Diluted earnings per share is same as Basic earnings per share.

### 3.15 Income statement

For the purpose of presentation of income statement, the function of expenses method is adopted, as it represents fairly the elements of the GHICL's performance.

### **3.16 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the GHICL and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized:

#### **Income from sales**

Revenue from the local sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### **Interest and other income**

Interest and other income are recognised on accrual basis.

### **3.17 Expenses**

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

### **3.18 Employee benefits**

The company maintains provident fund for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds. The company has accounted for and disclosed employee benefits in compliance with the provision of IAS 19: "Employee Benefits". The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

### **3.19 Workers' profit participation fund (WPPF)**

The GHICL provides applicable rate of its profit before Tax after charging contribution to WPPF in accordance with the Bangladesh Labour Act, 2006.

### **3.20 Taxation**

The tax expense for the period comprises current tax and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

#### **Current tax**

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **Deferred tax**

##### **Principle of recognition**

Deferred tax is recognised as income or an expense amount within the tax charge, and included in the net profit or loss for the period. Deferred tax relating to items dealt with as other comprehensive income (such as a revaluation) is recognised as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income. Deferred tax relating to items dealt with directly in equity (such as the correction of an error or retrospective application of a change in accounting policy) is recognised directly in equity.

##### **Taxable temporary difference**

A deferred tax liability is recognised for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

### **Revaluations to fair value – property, plant and equipment**

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore give rise to a deferred tax liability.

### **Non-depreciated revalued assets**

Deferred tax is recognized even where non-current assets are not depreciated e.g. land. This is because the carrying value will ultimately be recovered on disposal. Deferred tax assets and liabilities and assets are measured considering the tax consequence of recovering the carrying amount of the non-depreciable assets i.e. the tax rate applicable to the taxable amount derived from the sale of an asset

### **Deductible temporary difference**

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

### **3.21 Statement of cash flows**

The Statement of cash flows has been prepared in accordance with the requirements of IAS 7: Statement of Cash Flows. The cash generating from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

### **3.22 Related party disclosures**

Relationships between a parent and its subsidiaries is disclosed irrespective of whether there have been transactions between them. GHICL discloses key management personnel compensation. The company discloses the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. The GHICL carried out a number of transactions with related parties. The information as required by IAS 24: "Related party Disclosure" has been disclosed in a separate notes to the accounts (Note-37.03).

### **3.23 Operating segment**

An operating segment is a component of GHICL that engages in business activities from which it earns revenues and incur expenses and whose operating results are regularly reviewed by the GHICL's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

### **Reportable segments**

GHICL reports separately information about each operating segment that has been identified as an operating segment and exceeds the quantitative thresholds.

Segmental information is provided for the different business segments of the GHICL. Business segmentation has been determined based on the nature of goods provided by the GHICL after considering the risk and rewards of each type of product.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described on notes 37.09 in the Notes to the Financial Statements. The GHICL transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilization, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

### **3.24 Reporting foreign currency transactions**

#### **Initial recognition**

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### **Subsequent measurement**

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities is translated into GHICL's functional currency at each reporting date.

#### **Monetary items**

Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in profit or loss in the period in which they arise.

#### **Non-monetary items**

Non-monetary items carried at historic cost are translated using the exchange rate at the date of the transaction when the asset arose (historical rate). They are not subsequently retranslated in the individual financial statements of GHICL. Non-monetary items carried at fair value are translated using the exchange rate at the date when the fair value was determined. The foreign currency fair value of a non-monetary asset is determined. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

#### **Financial assets**

Financial assets can be monetary or non-monetary and may be carried at fair value or amortized cost. At each year end, the foreign currency amount of financial instruments carried at amortized cost is translated into the functional currency using either the closing rate (if it is a monetary item) or the historical rate (if it is a non-monetary item). Financial instruments carried at fair value are translated to the functional currency using the closing spot rate.

The entire change in the carrying amount of a non-monetary available-for-sale financial asset, including the effect of changes in foreign currency rates, is reported as other comprehensive income at the reporting date. A change in the carrying amount of monetary available-for-sale financial assets on subsequent measurements is analyzed between the foreign exchange component and the fair value movement. The foreign exchange component is recognised in profit or loss and the fair value movement is recognised as other comprehensive income. The entire

change in the carrying amount of financial instruments measured at fair value through profit or loss, including the effect of changes in foreign currency rates, is recognised in profit or loss.

#### **4. Risk exposure**

##### **4.1 Financial risk management**

GHICL's activities are exposed to a variety of financial risks. The Company's financial risk management centered upon using various tools and to manage exposure to risk, particularly credit risk, liquidity risk, market risk, currency risk and interest rate risk. Similar to general risk management, financial risk management requires identifying its sources, measuring it, and plans to address them. Taking risk is in the core of the financial business, and operational risk is an inevitable consequence of being in business. GHICL's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on GHICL's financial performance.

GHICL's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of prudent risk management policies and application of reliable and up-to-date information systems. GHICL regularly reviews its risk management policies and systems to reflect changes in products, markets, and emerging best practices.

##### **4.2 Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The senior management of GHICL carefully manages its exposure to credit risk. Credit exposures arise principally in receivables from customers' existing in GHICL's asset portfolio. The credit risk management and control are controlled through the credit policies of GHICL's which are updated regularly. The company is also exposed to other credit risks arising from balances with banks which are controlled through board approved counterparty limits.

##### **4.3 Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash balances or liquid and marketable assets to meet its liabilities when fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

##### **4.4 Industry risks**

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation. Frozen foods industry in Bangladesh is an emerging sector with vast local demand for its different product lines. Locally produced frozen products now play a significant role in this sector, which has been dominated by imports in the past.

However, the infrastructure required for this industry is inadequate in Bangladesh, as can be noted below:

- No organized collection centers for agricultural produce exist in Bangladesh; as a result, there is a high fluctuation in prices both for the growers and for processors.
- Absence of Cold Storage or Cold Chains although the whole process of collection, processing and distribution depends on cold temperature maintenance due to the nature of the finished product.

#### **4.5 Market risk**

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates 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.

(i) Currency risk

The company is not exposed to currency risk on revenues because goods are sold in local market with local currency and there is insignificant purchase of machineries, parts and equipment.

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GHICL again has limited exposure to interest rate since it borrows primarily in fixed interest rate, and further, interest rate are fully hedged at project levels too.

5. Property, plant and equipment

| Item of property, plant and equipment | Cost/Valuation           |                       |                       | Depreciation         | Amount in BDT |                          |                      |                       |                          |
|---------------------------------------|--------------------------|-----------------------|-----------------------|----------------------|---------------|--------------------------|----------------------|-----------------------|--------------------------|
|                                       | Balance as on 01.07.2018 | Addition for the year | Disposal for the year |                      |               | Balance as on 30.06.2019 | Charged for the year | Disposal for the year | Balance as on 30.06.2019 |
| <b>At historical cost:</b>            |                          |                       |                       |                      |               |                          |                      |                       |                          |
| Land and land development             | 322,456,209              | 83,164,138            | -                     | 405,620,347          | 0%            | -                        | -                    | 405,620,347           |                          |
| Building & other structure            | 385,215,132              | -                     | -                     | 385,215,132          | 2.5%          | 8,135,941                | 9,426,980            | 17,562,921            | 367,652,211              |
| Plant and machinery                   | 461,379,706              | 4,920,831             | -                     | 466,300,537          | 5%            | 87,703,290               | 18,809,312           | 106,512,602           | 359,787,935              |
| Office equipment                      | 23,233,325               | 1,315,222             | -                     | 24,548,547           | 10%           | 7,549,019                | 1,643,673            | 9,192,693             | 15,355,854               |
| Furniture and fixture                 | 9,548,558                | 8,960                 | -                     | 9,557,518            | 10%           | 4,001,214                | 555,144              | 4,556,358             | 5,001,160                |
| Vehicle                               | 194,173,155              | 7,553,400             | -                     | 201,726,555          | 10%           | 51,053,406               | 14,459,329           | 65,512,735            | 136,213,820              |
| Freezer                               | 970,479,514              | 290,937,490           | -                     | 1,261,417,004        | 10%           | 175,252,658              | 83,305,389           | 258,558,047           | 1,002,858,957            |
| <b>A. Sub total as on 30.06.2019</b>  | <b>2,366,485,599</b>     | <b>387,900,041</b>    | <b>-</b>              | <b>2,754,385,640</b> |               | <b>333,695,529</b>       | <b>128,199,827</b>   | <b>461,895,356</b>    | <b>2,292,490,284</b>     |
| <b>At revaluation:</b>                |                          |                       |                       |                      |               |                          |                      |                       |                          |
| Land and land development             | 101,788,368              | -                     | -                     | 101,788,368          | 0%            | -                        | -                    | -                     | 101,788,368              |
| Plant and machinery                   | 43,451,953               | -                     | -                     | 43,451,953           | 5%            | 13,980,760               | 1,473,560            | 15,454,320            | 27,997,633               |
| <b>B. Sub total as on 30.06.2019</b>  | <b>145,240,321</b>       | <b>-</b>              | <b>-</b>              | <b>145,240,321</b>   |               | <b>13,980,760</b>        | <b>1,473,560</b>     | <b>15,454,320</b>     | <b>129,786,001</b>       |
| <b>Total (A+B) as on 30.06.2019</b>   | <b>2,511,725,920</b>     | <b>387,900,041</b>    | <b>-</b>              | <b>2,899,625,961</b> |               | <b>347,676,289</b>       | <b>129,673,387</b>   | <b>477,349,676</b>    | <b>2,422,276,285</b>     |
| <b>Total as on 30.06.2018</b>         | <b>2,059,667,467</b>     | <b>452,058,453</b>    | <b>-</b>              | <b>2,511,725,920</b> |               | <b>239,936,320</b>       | <b>107,739,968</b>   | <b>347,676,289</b>    | <b>2,164,049,631</b>     |

5.1 Depreciation has been charged on different cost centers as under :

| Particulars                       | Factory           | Rate of dep. (%) | General and admin. | Rate of dep. (%) | Selling & distribution | Rate of dep. (%) | Total              |
|-----------------------------------|-------------------|------------------|--------------------|------------------|------------------------|------------------|--------------------|
| <b>At historical cost</b>         |                   |                  |                    |                  |                        |                  |                    |
| Factory & office building         | -                 | 0%               | -                  | 0%               | 9,426,980              | 100%             | 9,426,980          |
| Plant & machinery                 | 18,809,312        | 100%             | -                  | 0%               | -                      | 0%               | 18,809,312         |
| Furniture & fixture               | 821,837           | 50%              | 657,469            | 40%              | 1,64,367               | 10%              | 1,643,673          |
| Office equipment                  | 194,301           | 35%              | 277,572            | 50%              | 83,272                 | 15%              | 555,144            |
| Vehicles                          | 7,229,664         | 50%              | 1,445,933          | 10%              | 5,783,731              | 40%              | 14,459,329         |
| Freezer                           | 16,661,078        | 20%              | -                  | 0%               | 66,644,311             | 80%              | 83,305,389         |
| <b>Sub Total</b>                  | <b>43,716,192</b> |                  | <b>2,380,974</b>   |                  | <b>82,102,661</b>      |                  | <b>128,199,827</b> |
| <b>At revaluation</b>             |                   |                  |                    |                  |                        |                  |                    |
| Buildings and other constructions | -                 | 0%               | -                  | 0%               | -                      | 0%               | -                  |
| Plant & machinery                 | 1,473,560         | 100%             | -                  | 0%               | -                      | 0%               | 1,473,560          |
| <b>Sub total</b>                  | <b>1,473,560</b>  |                  | <b>-</b>           |                  | <b>-</b>               |                  | <b>1,473,560</b>   |
| <b>Grand total</b>                | <b>45,189,752</b> |                  | <b>2,380,974</b>   |                  | <b>82,102,661</b>      |                  | <b>129,673,387</b> |

Note (i). Land, building, plant & machinery and equipment are mortgaged to Farmers Bank Ltd. and United Commercial Bank Ltd., Gulshan branch against syndicate loan and SOD facilities according to their sanction terms.

Note (ii). The Company revalued their lands, buildings, and plant & machinery as of 30 June 2009, 2011 and 2013 by the valuer, Ata Khan & Co, chartered accountants following "Current cost method", resulting the following surplus:

Note : The Company (GHCL) revalued their lands and machinery as of 30 June 2009, 30 June 2011 and 30 June 2013 by their Valuer, Ata Khan & Co, Chartered Accountants following "Current Cost Method", resulting the following surplus:

| Particulars                       | Land & land development | Plant and machinery | Total              |
|-----------------------------------|-------------------------|---------------------|--------------------|
| <b>Depreciated original cost:</b> |                         |                     |                    |
| 2008-09                           | 12,263,392              | 43,900,668          | 56,164,060         |
| 2010-11                           | 46,000,000              | 73,284,835          | 119,284,835        |
| 2012-13                           | 84,948,240              | 81,670,022          | 166,618,262        |
| <b>Depreciated current cost:</b>  |                         |                     |                    |
| 2008-09                           | 46,000,000              | 63,776,758          | 109,776,758        |
| 2010-11                           | 69,000,000              | 90,493,099          | 159,493,099        |
| 2012-13                           | 130,000,000             | 88,037,621          | 218,037,621        |
| <b>Revaluation surplus:</b>       |                         |                     |                    |
| 2008-09                           | 33,736,608              | 19,876,090          | 53,612,698         |
| 2010-11                           | 23,000,000              | 17,208,264          | 40,208,264         |
| 2012-13                           | 45,051,760              | 6,367,599           | 51,419,359         |
|                                   | <b>101,788,368</b>      | <b>43,451,953</b>   | <b>145,240,321</b> |

6. Leased assets (finance lease)

| Item of property, plant and equipment | Cost/Valuation           |                       |                       | Depreciation      | Written Down Value as of 30.06.2019 |                          |                      |                       |
|---------------------------------------|--------------------------|-----------------------|-----------------------|-------------------|-------------------------------------|--------------------------|----------------------|-----------------------|
|                                       | Balance as on 01.07.2018 | Addition for the year | Disposal for the year |                   |                                     | Balance as on 30.06.2019 | Charged for the year | Disposal for the year |
| Vehicle                               | 63,089,887               | -                     | -                     | 63,089,887        | 5,063,394                           | -                        | 17,519,339           | 45,570,548            |
| Freezer                               | 28,670,000               | 28,670,000            | -                     | 28,670,000        | 2,150,250                           | -                        | 2,150,250            | 26,519,750            |
| <b>Total as on 30.06.2019</b>         | <b>63,089,887</b>        | <b>28,670,000</b>     | <b>-</b>              | <b>91,759,887</b> | <b>7,213,644</b>                    | <b>-</b>                 | <b>19,669,589</b>    | <b>72,090,298</b>     |
| <b>Total as on 30.06.2018</b>         | <b>63,089,887</b>        | <b>-</b>              | <b>-</b>              | <b>63,089,887</b> | <b>6,829,952</b>                    | <b>-</b>                 | <b>12,455,945</b>    | <b>50,633,942</b>     |

6.1 Depreciation has been charged on different cost centers as under :

| Particulars  | Factory          | Rate of Dep. (%) | General and Admn. (%) | Rate of Dep. (%) | Selling & Distribution | Rate of Dep. (%) | Total            |
|--------------|------------------|------------------|-----------------------|------------------|------------------------|------------------|------------------|
| Vehicles     | 1,012,679        | 20%              | 1,519,018             | 30%              | 2,531,697              | 50%              | 5,063,394        |
| Freezer      | -                | -                | -                     | -                | 2,150,250              | 100%             | 2,150,250        |
| <b>Total</b> | <b>1,012,679</b> | <b>-</b>         | <b>1,519,018</b>      | <b>-</b>         | <b>4,681,947</b>       | <b>-</b>         | <b>7,213,644</b> |

7. Intangible Assets

| Item of property, plant and equipment            | Cost/Valuation           |                       |                       | Rate of Dep. (%) | Depreciation             |                      |                       | Written Down Value as of 30.06.2019 |
|--|--------------------------|-----------------------|-----------------------|------------------|--------------------------|----------------------|-----------------------|-------------------------------------|
|  | Balance as on 01.07.2018 | Addition for the year | Disposal for the year |                  | Balance as on 30.06.2019 | Charged for the year | Disposal for the year |                                     |
| Software (at development stage)                  | 11,517,129               | -                     | -                     | 0%               | 11,517,129               | -                    | -                     | 11,517,129                          |
| Design, construction and development of products | 28,033,672               | -                     | -                     | 10%              | 28,033,672               | 2,287,469            | 7,446,454             | 20,587,218                          |
| Augmented Reality                                | 378,375                  | -                     | -                     | 10%              | 378,375                  | 27,584               | 130,124               | 248,251                             |
| <b>Total as on 30.06.2019</b>                    | <b>39,929,176</b>        | <b>-</b>              | <b>-</b>              |                  | <b>39,929,176</b>        | <b>2,315,053</b>     | <b>7,576,578</b>      | <b>32,352,598</b>                   |
| <b>Total as on 30.06.2018</b>                    | <b>39,829,176</b>        | <b>100,000</b>        | <b>-</b>              |                  | <b>39,929,176</b>        | <b>2,572,280</b>     | <b>5,261,525</b>      | <b>34,667,651</b>                   |

7.1 Amortization has been charged on different cost centers as under :

| Particulars              | Factory  | Rate of Dep. (%) | General and Admn. (%) | Rate of Dep. (%) | Selling & Distribution | Rate of Dep. (%) | Total            |
|--------------------------|----------|------------------|-----------------------|------------------|------------------------|------------------|------------------|
|                          |          |                  |                       |                  |                        |                  |                  |
| Design, construction and | -        | 0%               | -                     | 0%               | 2,287,469              | 100%             | 2,287,469        |
| Augmented Reality        | -        | 0%               | -                     | 0%               | 27,584                 | 100%             | 27,584           |
| <b>Total</b>             | <b>-</b> |                  | <b>-</b>              |                  | <b>2,315,053</b>       |                  | <b>2,315,053</b> |

|   |   | <b>Amount in BDT</b> |                    |
|---|---|----------------------|--------------------|
|   |   | <b>30-Jun-19</b>     | <b>30-Jun-18</b>   |
| <b>8.00 Capital work in progress</b>            |   |                      |                    |
|   | Opening balance                             | 13,274,960           | 86,485,956         |
|   | Addition during the year                    | 32,552,262           | 160,179,150        |
|   | Disposal of Capital Machinery               | -                    | (86,485,956)       |
|   | Transferred to property plant and equipment | -                    | (146,904,190)      |
|   | Closing balance                             | <b>45,827,222</b>    | <b>13,274,960</b>  |
| <b>9.00 Investment in associate company</b>     |   |                      |                    |
|   | Cold Chain Bangladesh Limited (Note - 9.01) | 600,000              | -                  |
|   |   | <b>600,000</b>       | <b>-</b>           |
| <b>9.01 Cold Chain Bangladesh Limited</b>       |   |                      |                    |
|   | Opening balance                             | -                    | -                  |
|   | Investment for share issuance               | 600,000              | -                  |
|   | Closing Balance                             | <b>600,000</b>       | <b>-</b>           |
| <b>10.00 Inventories</b>                        |   |                      |                    |
|   | Finished goods                              | 221,534,130          | 156,650,225        |
|   | Raw materials                               | 184,758,328          | 132,566,254        |
|   | Packing materials                           | 93,652,662           | 62,516,752         |
|   | Work in progress                            | 425,667              | 532,552            |
|   | Store in transit                            | 6,627,265            | 10,218,221         |
|   |   | <b>506,998,052</b>   | <b>362,484,004</b> |
| <b>11.00 Advances, deposits and prepayments</b> |   |                      |                    |
|   | Advances to suppliers & service providers   | 45,748,629           | 7,032,964          |
|   | Advance against flat purchases              | 136,412,078          | 103,780,225        |
|   | Advance against Land Purchases              | 121,500,000          | -                  |
|   | Advance taxes                               | 51,266,113           | 36,988,069         |
|   | Advance VAT                                 | 5,213,247            | 1,727,784          |
|   | Advance office rent                         | 3,752,000            | 5,064,000          |
|   | Other deposits                              | 1,695,977            | 395,977            |
|   | Lease deposits                              | 1,339,345            | 1,339,345          |
|   |   | <b>366,927,389</b>   | <b>156,328,364</b> |

**This is unsecured and considered good.**

(a) The maximum amount due from the suppliers & service providers.

(b) No amount was due by the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

|  |                               |                    |                    |
|--|-------------------------------|--------------------|--------------------|
| <b>12.00 Trade and other receivables</b> |                               |                    |                    |
|  | Trade receivable (Note 12.01) | 458,433,569        | 368,146,942        |
|  | Other receivable (Note 12.02) | 5,902,517          | 355,809,185        |
|  |                               | <b>464,336,086</b> | <b>723,956,127</b> |
| <b>12.01 Trade receivable</b>            |                               |                    |                    |
|  | Local sales receivables       | 458,433,569        | 368,146,942        |
|  |                               | <b>458,433,569</b> | <b>368,146,942</b> |

**Aging Schedule of Trade Receivable**

| Account Name            | Upto 90 days | Upto 180 days | Over 180 days | 2019        | 2018        |
|-------------------------|--------------|---------------|---------------|-------------|-------------|
| Local sales receivables | 222,533,252  | 209,544,996   | 26,355,321    | 458,433,569 | 368,146,942 |

| Amount in BDT |           |
|---------------|-----------|
| 30-Jun-19     | 30-Jun-18 |

This is unsecured, considered good except for the portion of doubtful debtors and is falling due within one year. Classification schedule as required by schedule XI of Companies Act 1994 are as follows:

| SL  | Particulars   | Amount in BDT<br>June, 2019 | Amount in BDT<br>2018 |
|-----|---|-----------------------------|-----------------------|
| I   | Accounts receivable considered good in respect of which the company is fully secured  |                             | -                     |
| II  | Accounts receivable considered good in respect of which the company holds no security other than the debtor's personal security | 458,433,569                 | 368,146,942           |
| III | Accounts receivable considered doubtful or bad  |                             | -                     |
| IV  | Accounts receivable due by any director or other officer of the company   |                             | -                     |
| V   | Accounts receivable due by Common management  |                             | -                     |
| VI  | The maximum amount of receivable due by any director or other officer of the company  |                             | -                     |
|     | <b>TOTAL</b>  | <b>458,433,569</b>          | <b>368,146,942</b>    |

No provision against accounts receivable has been made by the company as accounts receivable are good.

#### 12.02 Other receivable:

|   |                  |                    |
|---|------------------|--------------------|
| Interest receivable                       | 113,517          | 70,093             |
| Inter Company Transaction (Note- 12.02.1) | 5,789,000        | 355,739,092        |
|   | <b>5,902,517</b> | <b>355,809,185</b> |

This is unsecured, considered good and is falling due within one year.

#### 12.02.1 Inter Company Transaction

|                           |                  |                    |
|---------------------------|------------------|--------------------|
| Golden Harvest Foods Ltd. | -                | 250,705,733        |
| Golden Harvest Dairy Ltd. | -                | 105,033,359        |
| Cold Chain Bangladesh Ltd | 5,789,000        | -                  |
|                           | <b>5,789,000</b> | <b>355,739,092</b> |

#### 13.00 Cash at bank balance

|                           |                    |                   |
|---------------------------|--------------------|-------------------|
| Cash in hand:             | 13,693,404         | 1,180,245         |
| Head office               | 365,245            | 88,223            |
| Factory & depot           | 13,328,159         | 1,092,022         |
| Cash at bank              | 85,351,640         | 2,934,625         |
| Fixed Deposits with Banks | 37,657,945         | 6,858,894         |
|                           | <b>136,702,989</b> | <b>10,973,764</b> |

#### 14.00 Share capital

|   |                      |                      |
|---|----------------------|----------------------|
| <b>Authorized share capital</b>                   |                      |                      |
| <b>100,000,000 ordinary Shares of BDT 10 each</b> | <b>1,000,000,000</b> | <b>1,000,000,000</b> |

#### Issued, subscribed and paid up capital

| Name                                | Designation    | 2019        | 2019                 | 2018               |
|-------------------------------------|----------------|-------------|----------------------|--------------------|
| Mr. Ahmed Rajeeb Samdani            | Chairman       | 3.0001%     | 30,000,900           | 600                |
| Golden Harvest Agro Industries Ltd. | Parent company | 44.9999%    | 449,999,100          | 299,999,400        |
| Others                              | Shareholders   | 52.0000%    | 520,000,000          | -                  |
|                                     |                | <b>100%</b> | <b>1,000,000,000</b> | <b>300,000,000</b> |

|  | <b>Amount in BDT</b> |                      |
|--|----------------------|----------------------|
|  | <b>30-Jun-19</b>     | <b>30-Jun-18</b>     |
| <b>15.00 Revaluation surplus</b>   |                      |                      |
| Opening balance  | 108,217,306          | 102,943,716          |
| Adjustment of deferred tax & retained earnings   | (2,494,924)          | 6,281,815            |
| Transferred to retained earnings   | (957,814)            | (1,008,225)          |
| Closing balance  | <b>104,764,568</b>   | <b>108,217,306</b>   |
| <p>The Company revalued its lands and plant &amp; machinery as of 30 June 2013 by its valuer Ata Khan &amp; Co, Chartered Accountants following "Current cost method" resulting in a revaluation surplus at BDT 51,419,359</p> |                      |                      |
| <b>16.00 Retained earnings</b>   |                      |                      |
| Opening balance  | 443,638,327          | 332,896,050          |
| Transfer to revaluation surplus  | -                    | (2,079,368)          |
| Deferred tax adjustment on revalued amount of PPE  | 515,746              | 542,890              |
| Issuance of Bonus Share  | (150,000,000)        | -                    |
| Depreciation on revaluation surplus transferred  | 957,814              | 1,008,225            |
| Issue cost of new Share  | (234,960)            | -                    |
| Net profit after tax   | 123,779,531          | 111,270,530          |
| Closing balance  | <b>418,656,458</b>   | <b>443,638,327</b>   |
| <b>17.00 Long term loans</b>   |                      |                      |
| Syndicated loan  | 470,722,140          | 478,847,610          |
| United Commercial bank   | 588,775,436          | 544,288,357          |
| Standard Bank Ltd.   | 344,375,993          | 304,700,000          |
| Agrani Bank Limited  | 95,211,538           | -                    |
| CAPM Venture Capital & Finance Ltd   | 8,937,980            | -                    |
| Less: Current maturity of long term loan   | (360,274,196)        | (212,225,455)        |
|  | <b>1,147,748,891</b> | <b>1,115,610,512</b> |
| <b>Syndicated loan:</b>  | <b>470,722,140</b>   | <b>478,847,610</b>   |
| United Commercial Bank Ltd.  | 119,805,600          | 138,640,192          |
| Standard Bank Ltd.   | 350,916,541          | 340,207,418          |
| Less: Current maturity of long term loan   | (164,310,681)        | (212,225,455)        |
|  | <b>306,411,459</b>   | <b>266,622,155</b>   |

Golden Harvest Ice Cream Ltd. has taken syndicated term loan facility amounting Tk.70 crore for establishment of Ice Cream project and will utilise the loan amount to imported machineries and meet other expenditure for implementation of the project.

**Terms & conditions of term loan:**

| Particulars   | Rate of Interest | Tenure  | Repayment Term  | Security  |
|---|------------------|---------|---|---|
| United Commercial Bank Ltd., A/C # 095CTLN141710501 | 12.00%           | 5 Years | 20 Quarterly installment starting from 17 September 2015. | The loans from banks are secured first ranking pari-passu charge by way of hypothecation duly registered with RJSC for all machineries of the Project and distribution HUBs in favour of the term loan lenders duly insured covering the all risk as per insurance policy, 115 Decim Land at Gazipur, 10,190,000 nos shares of GHAIL, a first ranking floating charge over the stocks, receivables, all current and future fixed & floating assets in favour of the term loan lenders on pari passu and pro rata basis. The loans are also secured by personal guarantee of all directors except independent director of the Company and One post dated cheque covering the full limit & 20 post dated cheques covering the |
| Standard Bank Ltd., A/C No.A/C # 01781100001        | 12.00%           | 5 Years | 20 Quarterly installment starting from 31 May 2016.       |   |
| United Commercial Bank Ltd., A/C # 095CTLN153570001 | 12.50%           | 5 Years | Quarterly (Starting from March 2017)                      |   |
| United Commercial Bank Ltd., A/C # 095CTLN180840001 | 12.50%           | 5 Years | Quarterly (Starting from Jul 2019)                        |   |
| Standard Bank Ltd., A/C No.A/C # 01780300001        | 14.00%           | 5 Years | 20 Quarterly installment starting from 15 May 2019.       |   |
| Agrani Bank Limited                                 | 9.00%            | 7 Years | 26 (Quarterly installments (Starting from 28 May 2020)    |   |
| CAPM Venture Capital & Finance Limited              | 15.25%           | 5 Years | 60 (Sixty) months from 30 Sep 2018                        |   |
|   |                  |         |   |   |
|   |                  |         |   | 1. Registered deed of mortgage of 9.20 decimal land at Plot no-10, Road - 401D, Sector-23, Purbachal New Town, Narayangon.  |
|   |                  |         |   | Cash Security 30 Lac & Registered Mortgage & IGPA on 378.91 decimal and 192.60 decimal land totaling 571.51 decimal land at Sylhet.   |

|              |  | <b>Amount in BDT</b> |                    |
|--------------|--|----------------------|--------------------|
|              |  | <b>30-Jun-19</b>     | <b>30-Jun-18</b>   |
| <b>18.00</b> | <b>Deferred tax liability</b>  |                      |                    |
|              | Opening balance  | 125,313,869          | 107,335,308        |
|              | Transfer to revaluation surplus  | 2,494,924            | (4,202,446)        |
|              | Add : During the year on cost of fixed Assets  | 23,903,068           | 22,723,898         |
|              | Less : During the year on revaluation  | (515,746)            | (542,890)          |
|              | Closing balance  | <b>151,196,115</b>   | <b>125,313,869</b> |
|              | The Company has used tax rates in assessing the deferred tax/liability for the current financial year @ 35% except land property the company which is @ 15%. |                      |                    |
| <b>19.00</b> | <b>Lease obligations</b>   |                      |                    |
|              | IDLC Finance Limited   | -                    | 1,069,155          |
|              | Union Capital Limited  | 3,686,737            | 6,167,538          |
|              | Industrial Promotion and Development Company Ltd. (IPDC)   | 8,729,433            | 11,074,430         |
|              | BD Finance Investment Ltd.   | 8,018,517            | 12,801,798         |
|              | National Finance Ltd   | 6,149,545            | 8,621,764          |
|              | Hajj Finance Ltd   | 17,082,568           | -                  |
|              |  | <b>43,666,800</b>    | <b>39,734,685</b>  |
|              | Current maturity of lease obligation   | (19,926,138)         | (15,201,992)       |
|              |  | <b>23,740,662</b>    | <b>24,532,693</b>  |
| <b>20.00</b> | <b>Accounts and other payables</b>   |                      |                    |
|              | Sundry creditors for goods, service & machineries  | 20,136,509           | 46,724,032         |
|              | Security deposits for freezer  | 12,812,842           | 18,976,107         |
|              | Withholding tax and VAT  | 7,057,642            | 8,727,545          |
|              | Bank interest payable  | 198,556              | 150,353            |
|              | Inter company transaction (Note - 20.01)   | -                    | 424,833,236        |
|              |  | <b>40,205,549</b>    | <b>499,411,273</b> |
| <b>20.01</b> | <b>Inter company transaction</b>   |                      |                    |
|              | Golden Harvest Agro Ind. Ltd.  | -                    | 424,833,236        |
|              |  | <b>-</b>             | <b>424,833,236</b> |
| <b>21.00</b> | <b>Accruals &amp; provisions</b>   |                      |                    |
|              | Salary & allowances  | 5,409,422            | 2,111,205          |
|              | Utility bills  | 1,915,754            | 2,325,218          |
|              | Audit fees   | 115,000              | 115,000            |
|              | Mobile phone Bill  | 269,542              | 354,718            |
|              | TA/DA & Incentive  | 1,024,520            | 882,216            |
|              | Provision for tax (Note- 21.01)  | 128,893,375          | 118,518,508        |
|              | Provision for WPPF (Note- 21.02)   | 18,154,789           | 9,118,500          |
|              | Provision for others   | 6,976,357            | 3,840,040          |
|              |  | <b>162,758,759</b>   | <b>137,265,405</b> |
| <b>21.01</b> | <b>Provision for tax</b>   |                      |                    |
|              | Opening balance  | 118,518,508          | 98,623,082         |
|              | AIT Adjustment   | -                    | (5,823,412)        |
|              | Tax for the year   | 19,365,441           | 14,680,448         |
|              | Under provision for previous years   | -                    | 26,059,880         |
|              | Paid during the year   | (8,990,575)          | (15,021,490)       |
|              | Closing balance  | <b>128,893,375</b>   | <b>118,518,508</b> |

|  | Amount in BDT      |                    |
|--|--------------------|--------------------|
|  | 30-Jun-19          | 30-Jun-18          |
| <b>21.02 Provision for workers profit participation fund</b> |                    |                    |
| Employees welfare fund                                       | 1,774,045          | 873,307            |
| Bangladesh workers welfare fund                              | 2,432,746          | 1,486,052          |
| Workers profit participation fund                            | 13,947,998         | 6,759,141          |
|  | <b>18,154,789</b>  | <b>9,118,500</b>   |
| <b>21.02.01 Employees welfare fund</b>                       |                    |                    |
| Opening balance  | 873,307            | 585,854            |
| Addition during the year                                     | 835,240            | 873,307            |
| Interest charged for the year                                | 65,498             | -                  |
| Paid During the year   | -                  | (585,854)          |
| Closing balance  | <b>1,774,045</b>   | <b>873,307</b>     |
| <b>21.02.02 Bangladesh workers welfare fund</b>              |                    |                    |
| Opening balance  | 1,486,052          | 585,854            |
| Addition during the year                                     | 835,240            | 873,307            |
| Interest charged for the year                                | 111,454            | 26,891             |
| Paid During the year   | -                  | -                  |
| Closing balance  | <b>2,432,746</b>   | <b>1,486,052</b>   |
| <b>21.02.03 Workers profit participation fund</b>            |                    |                    |
| Opening balance  | 6,759,141          | 4,686,833          |
| Addition during the year                                     | 6,681,922          | 6,986,454          |
| Interest charged for the year                                | 506,936            | (0)                |
| Paid During the year   | -                  | (4,914,146)        |
| Closing balance  | <b>13,947,998</b>  | <b>6,759,141</b>   |
| <b>22.00 Short term loans</b>                                |                    |                    |
| United Commercial Bank Ltd.-SOD                              | 434,288,082        | 404,476,401        |
| Standard Bank Ltd SOD  | 40,088,575         |                    |
| Farest Finance Investment Ltd.                               | 31,469,843         | 48,858,987         |
| Hajj Finance Ltd   | 32,500,000         | 30,000,000         |
| United Commercial Bank; UPAS LC                              | 16,138,824         | 51,616,224         |
| Standard Bank Ltd LC   | 64,354,258         | -                  |
|  | <b>618,839,582</b> | <b>534,951,613</b> |

Terms & conditions of Short Term Loan:

| Particulars                     | Rate of Interest | Tenor           | Security  |
|---------------------------------|------------------|-----------------|---|
| United Commercial Bank Ltd.-SOD | 12.50%           | Working Capital | a. Hypothecation of raw materials, work in process & finished products duly insured covering Fire & RSD under Bank's Mortgage clause,<br>b. Up to date receivable statement to be provided on quarterly basis |

| Particulars                         | Rate of Interest | Tenor                       | Security  | Amount in BDT |           |
|-------------------------------------|------------------|-----------------------------|---|---------------|-----------|
|                                     |                  |                             |   | 30-Jun-19     | 30-Jun-18 |
| Standard Bank Ltd.-CC               | 14.00%           | Working Capital             | a. Hypothecation of raw materials, work in process & finished products duly insured covering Fire & RSD under Bank's Mortgage clause,<br>b. Up to date receivable statement to be provided on quarterly basis       |               |           |
| Fareast Finance & Investment Ltd.   | 16.00%           | Short Term Loan (3 months)  | Personal Security of directors  |               |           |
| United Commercial Bank Ltd.-UPAS LC | 12.50%           | LC                          | a. Lien of Shipping documents & title of the goods,<br>b. Your acceptance against UPASS LC  |               |           |
| Standard Bank Ltd.-UPAS LC          | 14.00%           | LC                          | a. Lien of Shipping documents & title of the goods,<br>b. Your acceptance against UPASS LC  |               |           |
| Hajj Finance Ltd.                   | 14.00%           | Short Term Loan (12 months) | a. Existing stock of raw materials of ice cream,<br>b. Personal Security of directors,<br>c. 12 (Twelve) post-dated cheques for realizing the monthly profit and 01 (One) cheque covering entire financing amount." |               |           |

### 23.00 Revenue

|                        |                      |                      |
|------------------------|----------------------|----------------------|
| Sales (Ice cream unit) | 883,995,236          | 670,510,640          |
| Sales (Dairy unit)     | 439,385,080          | 435,536,538          |
|                        | <b>1,323,380,316</b> | <b>1,106,047,178</b> |

### 24.00 Cost of goods sold

|                                   |                |                    |                    |  |
|-----------------------------------|----------------|--------------------|--------------------|--|
| <b>Raw materials:</b>             |                |                    |                    |  |
| Opening stock                     | (Note - 10)    | 195,083,006        | 132,053,178        |  |
| Purchases                         | (Note - 24.01) | 792,307,352        | 628,521,121        |  |
|                                   |                | <b>987,390,358</b> | <b>760,574,299</b> |  |
| Closing stock                     | (Note - 10)    | (278,410,990)      | (195,083,006)      |  |
| Consumption                       |                | <b>708,979,368</b> | <b>565,491,293</b> |  |
| Add: Manufacturing expenses       | (Note - 24.02) | 103,371,879        | 93,258,620         |  |
| <b>Total manufacturing cost</b>   |                | <b>812,351,247</b> | <b>658,749,913</b> |  |
| Add: Beginning stock WIP          | (Note - 10)    | 532,552            | 481,397            |  |
|                                   |                | <b>812,883,799</b> | <b>659,231,310</b> |  |
| Less: Ending stock WIP            | (Note - 10)    | (425,667)          | (532,552)          |  |
| <b>Cost of Goods Manufactured</b> |                | <b>812,458,132</b> | <b>658,698,758</b> |  |
| Opening finished stock            | (Note - 10)    | 156,650,225        | 126,027,528        |  |
|                                   |                | <b>969,108,357</b> | <b>784,726,286</b> |  |
| Closing finished stock            | (Note - 10)    | (221,534,130)      | (156,650,225)      |  |
| <b>Cost of goods sold</b>         |                | <b>747,574,227</b> | <b>628,076,061</b> |  |

|                                       | Amount in BDT      |                    |
|---------------------------------------|--------------------|--------------------|
|                                       | 30-Jun-19          | 30-Jun-18          |
| <b>Ice Cream unit</b>                 |                    |                    |
| Opening stock                         | 195,022,106        | 132,053,178        |
| Purchases                             | 534,662,798        | 361,522,061        |
|                                       | <b>729,684,904</b> | <b>493,575,239</b> |
| Closing stock                         | (278,216,552)      | (195,022,106)      |
| Consumption                           | <b>451,468,352</b> | <b>298,553,133</b> |
| Add: Manufacturing expenses           | 91,108,967         | 80,831,839         |
| <b>Total manufacturing cost</b>       | <b>542,577,319</b> | <b>379,384,972</b> |
| <b>Work In Process Inventory:</b>     |                    |                    |
| Add: Beginning stock                  | 532,552            | 481,397            |
|                                       | <b>543,109,871</b> | <b>379,866,369</b> |
| Less: Ending stock                    | (425,667)          | (532,552)          |
| <b>Cost of Goods Manufactured</b>     | <b>542,684,204</b> | <b>379,333,817</b> |
| <b>Finished Goods:</b>                |                    |                    |
| Opening stock                         | 154,620,225        | 126,027,528        |
|                                       | <b>697,304,429</b> | <b>505,361,345</b> |
| Closing stock                         | (217,645,380)      | (154,620,225)      |
| <b>Cost of goods sold</b>             | <b>479,659,049</b> | <b>350,741,120</b> |
| <b>Dairy unit</b>                     |                    |                    |
| Opening stock                         | 60,900             | -                  |
| Purchases                             | 257,644,554        | 266,999,060        |
|                                       | <b>257,705,454</b> | <b>266,999,060</b> |
| Closing stock                         | (194,438)          | (60,900)           |
| Consumption                           | <b>257,511,016</b> | <b>266,938,160</b> |
| Add: Manufacturing expenses           | 12,262,911         | 12,426,781         |
| <b>Total manufacturing cost</b>       | <b>269,773,928</b> | <b>279,364,941</b> |
| <b>Work In Process Inventory:</b>     |                    |                    |
| Add: Beginning stock                  | -                  | -                  |
|                                       | <b>269,773,928</b> | <b>279,364,941</b> |
| Less: Ending stock                    | -                  | -                  |
| <b>Cost of Goods Manufactured</b>     | <b>269,773,928</b> | <b>279,364,941</b> |
| <b>Finished Goods:</b>                |                    |                    |
| Opening stock                         | 2,030,000          | -                  |
|                                       | <b>271,803,928</b> | <b>279,364,941</b> |
| Closing stock                         | (3,888,750)        | (2,030,000)        |
| <b>Cost of goods sold</b>             | <b>267,915,178</b> | <b>277,334,941</b> |
| <b>24.01 Purchases</b>                |                    |                    |
| Raw materials                         | 645,032,074        | 511,123,831        |
| Packing materials                     | 146,573,498        | 116,160,773        |
| Foreign currency exchange loss/(gain) | 701,779            | 1,236,517          |
|                                       | <b>792,307,352</b> | <b>628,521,121</b> |
| <b>Ice Cream unit</b>                 |                    |                    |
| Raw materials                         | 394,724,692        | 257,191,091        |
| Packing materials                     | 139,236,327        | 103,094,453        |
| Foreign currency exchange loss/(gain) | 701,779            | 1,236,517          |
|                                       | <b>534,662,798</b> | <b>361,522,061</b> |
| <b>Dairy unit</b>                     |                    |                    |
| Raw materials                         | 250,307,382        | 253,932,740        |
| Packing materials                     | 7,337,171          | 13,066,320         |
|                                       | <b>257,644,554</b> | <b>266,999,060</b> |

|                                     |              | <b>Amount in BDT</b> |                   |
|-------------------------------------|--------------|----------------------|-------------------|
|                                     |              | <b>30-Jun-19</b>     | <b>30-Jun-18</b>  |
| <b>24.02 Manufacturing expenses</b> |              |                      |                   |
| Salary and allowance                |              | 31,242,366           | 29,699,540        |
| Factory maintenance                 |              | 2,491,967            | 2,171,148         |
| Traveling, conveyance, tour         |              | 720,707              | 530,959           |
| Utility, generator fuel             |              | 18,125,148           | 15,041,873        |
| Office communication                |              | 557,175              | 400,111           |
| Carriage inward                     |              | 68,135               | 221,204           |
| Insurance premium                   |              | 1,083,391            | 1,606,220         |
| Entertainment                       |              | 220,069              | 149,609           |
| Factory rent                        |              | 1,440,000            | -                 |
| Office stationery                   |              | 841,542              | 159,135           |
| Cleaning & security services        |              | 159,264              | 426,897           |
| Vehicle fuel and maintenance        |              | 21,160               | 18,400            |
| Miscellaneous expenses              |              | 198,524              | 27,590            |
| Depreciation of fixed assets        | (Note - 5.1) | 45,189,752           | 41,680,735        |
| Depreciation of Leased assets       | (Note - 6.1) | 1,012,679            | 1,125,199         |
|                                     |              | <b>103,371,879</b>   | <b>93,258,620</b> |
| <b>Ice Cream unit</b>               |              |                      |                   |
| Salary and allowance                |              | 26,178,375           | 24,740,872        |
| Factory maintenance                 |              | 1,653,388            | 1,188,343         |
| Traveling, conveyance, tour         |              | 537,299              | 348,623           |
| Utility, generator fuel             |              | 16,365,478           | 13,292,482        |
| Office communication                |              | 499,509              | 342,782           |
| Carriage inward                     |              | 18,323               | 117,195           |
| Insurance premium                   |              | 1,083,391            | 1,606,220         |
| Entertainment                       |              | 139,213              | 69,226            |
| Factory rent                        |              | 1,440,000            | -                 |
| Office stationery                   |              | 802,528              | 120,349           |
| Cleaning & security services        |              | 73,370               | 354,388           |
| Vehicle fuel and maintenance        |              | 21,160               | 18,400            |
| Miscellaneous expenses              |              | 198,524              | 27,590            |
| Depreciation of fixed assets        | (Note - 5.1) | 41,499,101           | 37,832,776        |
| Depreciation of leased assets       | (Note - 6.1) | 599,309              | 772,594           |
|                                     |              | <b>91,108,967</b>    | <b>80,831,839</b> |
| <b>Dairy unit</b>                   |              |                      |                   |
| Salary and allowance                |              | 5,063,991            | 4,958,669         |
| Factory maintenance                 |              | 838,579              | 982,805           |
| Traveling, conveyance, tour         |              | 183,408              | 182,336           |
| Utility, generator fuel             |              | 1,759,670            | 1,749,391         |
| Office communication                |              | 57,666               | 57,329            |
| Carriage inward                     |              | 49,812               | 104,009           |
| Entertainment                       |              | 80,856               | 80,383            |
| Office stationery                   |              | 39,014               | 38,786            |
| Cleaning & security services        |              | 85,894               | 72,509            |
| Depreciation of fixed assets        | (Note - 5.1) | 3,690,651            | 3,847,959         |
| Depreciation of leased assets       | (Note - 6.1) | 413,370              | 352,605           |
|                                     |              | <b>12,262,911</b>    | <b>12,426,781</b> |

|              |   | <i>Amount in BDT</i> |                   |
|--------------|---|----------------------|-------------------|
|              |   | 30-Jun-19            | 30-Jun-18         |
| <b>25.00</b> | <b>Administrative expenses</b>            |                      |                   |
|              | Directors remuneration                    | 5,957,250            | 6,415,500         |
|              | Salary and allowance                      | 8,559,247            | 7,186,908         |
|              | Office maintenance                        | 122,140              | 110,395           |
|              | Traveling, conveyance, tour               | 713,954              | 517,006           |
|              | Utility bills                             | 580,043              | 510,131           |
|              | Office communication                      | 1,227,450            | 1,173,245         |
|              | Insurance premium                         | 641,170              | 768,411           |
|              | Entertainment                             | 311,464              | 267,809           |
|              | Fees, taxes & renewal                     | 488,091              | 1,050,574         |
|              | Professional & legal fees                 | 839,857              | 745,757           |
|              | Audit fees                                | 172,500              | 115,000           |
|              | Advertisement & publicity                 | 34,279               | 15,552            |
|              | Office stationery                         | 457,707              | 411,418           |
|              | Training & conference                     | 187,640              | 134,254           |
|              | Bank charges                              | 691,592              | 306,551           |
|              | Vehicle fuel and maintenance              | 442,537              | 285,472           |
|              | Miscellaneous expenses                    | 280,328              | 86,634            |
|              | Depreciation of lease assets (Note - 6.1) | 1,519,018            | 1,687,798         |
|              | Depreciation of fixed assets (Note - 5.1) | 2,380,974            | 2,467,157         |
|              |   | <b>25,607,241</b>    | <b>24,255,573</b> |

Auditors' fees represents audit fee for auditing the accounts for the period ended 30 June, 2019.

| <b>Ice Cream Unit</b> |   |                   |                   |
|-----------------------|---|-------------------|-------------------|
|                       | Directors remuneration                    | 5,518,952         | 5,819,775         |
|                       | Salary and allowance                      | 6,049,440         | 5,030,836         |
|                       | Office maintenance                        | 81,846            | 77,277            |
|                       | Traveling, conveyance, tour               | 513,483           | 361,904           |
|                       | Utility bills                             | 406,030           | 357,092           |
|                       | Office communication                      | 842,032           | 821,272           |
|                       | Insurance premium                         | 553,404           | 537,888           |
|                       | Entertainment                             | 221,686           | 187,466           |
|                       | Fees, taxes & renewal                     | 383,325           | 865,303           |
|                       | Professional & legal fees                 | 654,195           | 522,030           |
|                       | Audit fees                                | 120,750           | 80,500            |
|                       | Advertisement & publicity                 | 25,625            | 10,886            |
|                       | Office stationery                         | 383,165           | 287,993           |
|                       | Training & conference                     | 131,348           | 93,978            |
|                       | Bank charges                              | 613,249           | 214,586           |
|                       | Vehicle fuel and maintenance              | 304,809           | 199,830           |
|                       | Miscellaneous expenses                    | 247,992           | 60,644            |
|                       | Depreciation of lease assets (Note - 6.1) | 955,310           | 1,181,459         |
|                       | Depreciation of fixed assets (Note - 5.1) | 1,625,665         | 1,729,026         |
|                       |   | <b>19,632,306</b> | <b>18,439,743</b> |

|  |              | <b>Amount in BDT</b> |                    |
|--|--------------|----------------------|--------------------|
|  |              | <b>30-Jun-19</b>     | <b>30-Jun-18</b>   |
| <b>Dairy Unit</b>                                |              |                      |                    |
| Directors remuneration                           |              | 438,298              | 595,725            |
| Salary and allowance                             |              | 2,509,807            | 2,156,073          |
| Office maintenance                               |              | 40,294               | 33,119             |
| Traveling, conveyance, tour                      |              | 200,471              | 155,102            |
| Utility bills                                    |              | 174,013              | 153,039            |
| Office communication                             |              | 385,418              | 351,974            |
| Insurance premium                                |              | 87,766               | 230,523            |
| Entertainment                                    |              | 89,778               | 80,343             |
| Fees, taxes & renewal                            |              | 104,766              | 185,271            |
| Professional & legal fees                        |              | 185,662              | 223,727            |
| Audit fees                                       |              | 51,750               | 34,500             |
| Advertisement & publicity                        |              | 8,654                | 4,666              |
| Office stationery                                |              | 74,542               | 123,425            |
| Training & conference                            |              | 56,292               | 40,276             |
| Bank charges                                     |              | 78,343               | 91,965             |
| Vehicle fuel and maintenance                     |              | 137,728              | 85,642             |
| Miscellaneous expenses                           |              | 32,336               | 25,990             |
| Depreciation of lease assets                     | (Note - 6.1) | 563,708              | 506,339            |
| Depreciation of fixed assets                     | (Note - 5.1) | 755,309              | 738,131            |
|  |              | <b>5,974,935</b>     | <b>5,815,830</b>   |
| <b>26.00 Selling &amp; distribution expenses</b> |              |                      |                    |
| Salary and allowance                             |              | 26,222,714           | 20,219,602         |
| Office maintenance                               |              | 3,778,063            | 1,470,048          |
| Traveling, conveyance, tour                      |              | 1,486,190            | 1,414,716          |
| Utility, generator fuel                          |              | 8,796,032            | 7,620,304          |
| Office communication                             |              | 2,475,846            | 2,570,102          |
| Carriage outward                                 |              | 242,750              | -                  |
| Insurance premium                                |              | 2,316,317            | 1,080,527          |
| Entertainment                                    |              | 802,934              | 491,613            |
| Office rent                                      |              | 9,198,332            | 9,109,503          |
| Advertisement & publicity                        |              | 1,336,594            | 2,206,754          |
| Office stationery                                |              | 972,687              | 1,076,272          |
| Cleaning & security services                     |              | 263,462              | 94,124             |
| Training & conference                            |              | 352,935              | 239,348            |
| Trade Promotion Expenses                         |              | 9,661,368            | 8,663,871          |
| Trade fair expenses                              |              | -                    | 851,892            |
| Vehicle fuel and maintenance                     |              | 8,853,767            | 6,426,862          |
| Distribution promotion expenses                  |              | 4,823,491            | 2,906,352          |
| R & D expenses                                   |              | 99,911               | 142,099            |
| Miscellaneous expenses                           |              | 181,101              | 39,816             |
| Depreciation of lease assets                     | (Note - 6.1) | 4,681,947            | 2,812,997          |
| Depreciation of fixed assets                     | (Note - 5.1) | 82,102,661           | 63,592,076         |
| Amortization of Intangible assets                | (Note - 7.1) | 2,315,053            | 2,572,280          |
|  |              | <b>170,964,155</b>   | <b>135,601,158</b> |

|   |              | <b>Amount in BDT</b> |                    |
|---|--------------|----------------------|--------------------|
|   |              | <b>30-Jun-19</b>     | <b>30-Jun-18</b>   |
| <b>Ice Cream Unit</b>                         |              |                      |                    |
| Salary and allowance                          |              | 19,762,398           | 15,445,695         |
| Office maintenance                            |              | 3,300,862            | 995,820            |
| Traveling, conveyance, tour                   |              | 900,883              | 833,056            |
| Utility, generator fuel                       |              | 5,550,986            | 5,000,241          |
| Office communication                          |              | 1,473,531            | 1,799,071          |
| Carriage outward                              |              | 242,750              | -                  |
| Insurance premium                             |              | 1,692,307            | 460,405            |
| Entertainment                                 |              | 553,071              | 243,307            |
| Office rent                                   |              | 6,437,381            | 6,376,652          |
| Advertisement & publicity                     |              | 1,130,171            | 1,933,172          |
| Office stationery                             |              | 597,963              | 352,181            |
| Cleaning & security services                  |              | 230,707              | 51,126             |
| Training & conference                         |              | 320,415              | 211,464            |
| Trade Promotion Expenses                      |              | 8,513,619            | 7,622,649          |
| Trade fair expenses                           |              | -                    | 851,892            |
| Vehicle fuel and maintenance                  |              | 6,460,092            | 4,246,852          |
| Distribution promotion expenses               |              | 3,731,331            | 2,034,446          |
| R & D expenses                                |              | 79,230               | 121,547            |
| Miscellaneous expenses                        |              | 161,594              | 20,430             |
| Depreciation of lease assets                  | (Note - 6.1) | 3,679,178            | 2,109,748          |
| Depreciation of fixed assets                  | (Note - 5.1) | 68,656,531           | 47,838,950         |
| Amortization of Intangible assets             | (Note - 7.1) | 1,556,486            | 1,800,596          |
|   |              | <b>135,031,486</b>   | <b>100,349,299</b> |
| <b>Dairy Unit</b>                             |              |                      |                    |
| Salary and allowance                          |              | 6,460,316            | 4,773,907          |
| Office maintenance                            |              | 477,201              | 474,228            |
| Traveling, conveyance, tour                   |              | 585,307              | 581,660            |
| Utility, generator fuel                       |              | 3,245,046            | 2,620,063          |
| Office communication                          |              | 1,002,315            | 771,031            |
| Insurance premium                             |              | 624,010              | 620,122            |
| Entertainment                                 |              | 249,863              | 248,306            |
| Office rent                                   |              | 2,760,951            | 2,732,851          |
| Advertisement & publicity                     |              | 206,423              | 273,582            |
| Office stationery                             |              | 374,724              | 724,091            |
| Cleaning & security services                  |              | 32,755               | 42,998             |
| Training & conference                         |              | 32,520               | 27,884             |
| Trade Promotion Expenses                      |              | 1,147,749            | 1,041,222          |
| Vehicle fuel and maintenance                  |              | 2,393,675            | 2,180,011          |
| Distribution promotion expenses               |              | 1,092,160            | 871,906            |
| R & D expenses                                |              | 20,681               | 20,552             |
| Miscellaneous expenses                        |              | 19,507               | 19,386             |
| Depreciation of lease assets                  | (Note - 6.1) | 1,002,769            | 703,249            |
| Depreciation of fixed assets                  | (Note - 5.1) | 13,446,130           | 15,753,126         |
| Amortization of Intangible assets             | (Note - 7.1) | 758,567              | 771,684            |
|   |              | <b>35,932,669</b>    | <b>35,251,859</b>  |
| <b>27.00 Other operating income</b>           |              |                      |                    |
| Scrap sale                                    |              | 13,152,869           | 9,577,604          |
| Insurance & Others Received                   |              | 2,902,154            | -                  |
| Gain/(Loss) on disposal of non current assets |              | -                    | (412,100)          |
|   |              | <b>16,055,023</b>    | <b>9,165,504</b>   |

|              |  | <b>Amount in BDT</b> |                    |
|--------------|--|----------------------|--------------------|
|              |  | <b>30-Jun-19</b>     | <b>30-Jun-18</b>   |
| <b>27.01</b> | <b>Gain/(Loss) on disposal of non current assets</b>             |                      |                    |
|              | Loss on disposal of CWIP regarding machinery                     | -                    | (412,100)          |
|              |  | <b>-</b>             | <b>(412,100)</b>   |
| <b>28.00</b> | <b>Financial income</b>  |                      |                    |
|              | Interest from STD & SND Account                                  | 4,054,768            | -                  |
|              | Interest from FDR  | 522,746              | 1,517,042          |
|              |  | <b>4,577,515</b>     | <b>1,517,042</b>   |
| <b>29.00</b> | <b>Finance expenses</b>  |                      |                    |
|              | Interest on Term Loan  | 159,619,652          | 84,326,396         |
|              | Interest on Short Term Loan                                      | 57,521,673           | 55,047,640         |
|              | Interest on Finance Lease  | 6,641,576            | 5,928,181          |
|              | Interest against Workers Profit Participation Fund               | 683,887              | 26,891             |
|              |  | <b>224,466,789</b>   | <b>145,329,108</b> |
|              | <b>Ice Cream unit</b>  |                      |                    |
|              | Interest on Term Loan  | 159,619,652          | 84,326,396         |
|              | Interest on Short Term Loan                                      | 39,275,707           | 37,626,178         |
|              | Interest on Finance Lease  | 5,164,784            | 4,303,484          |
|              | Interest against Workers Profit Participation Fund               | 683,887              | 26,891             |
|              |  | <b>204,744,031</b>   | <b>126,282,949</b> |
|              | <b>Dairy Unit</b>  |                      |                    |
|              | Interest on Short Term Loan                                      | 18,245,966           | 17,421,462         |
|              | Interest on Finance Lease  | 1,476,792            | 1,624,697          |
|              |  | <b>19,722,758</b>    | <b>19,046,159</b>  |
| <b>30.00</b> | <b>Income tax expenses</b>                                       |                      |                    |
|              | Current tax (Note-30.01)   | 19,365,441           | 40,740,328         |
|              | Deferred tax   | 23,903,068           | 22,723,898         |
|              |  | <b>43,268,509</b>    | <b>63,464,226</b>  |
| <b>30.01</b> | <b>Reconciliation of accounting profit to income tax expense</b> |                      |                    |
|              | Profit before tax (Icecream unit)                                | 62,438,953           | 81,315,982         |
|              | Effective tax rate (Icecream unit)                               | 35%                  | 35%                |
|              | Profit before tax (Dairy unit)                                   | 104,609,086          | 93,418,773         |
|              | Effective tax rate (Dairy unit)                                  | 14.79%               | 14.76%             |
|              | Tax effect on profit before tax (Icecream unit)                  | 21,853,634           | 28,460,594         |
|              | Tax effect on profit before tax (Dairy unit)                     | 15,471,363           | 13,792,816         |
|              | Tax effect on deductible expense for tax purposes                | 41,630,813           | 33,641,145         |
|              | Tax effect on non deductible expense for tax purposes            | (57,796,747)         | (61,562,375)       |
|              | <b>Tax effect on total Operating Income</b>                      | <b>21,159,063</b>    | <b>14,332,180</b>  |
|              | <b>Under tax provision in respect of previous years</b>          |                      | <b>26,059,880</b>  |
|              | <b>Less: Tax on Ice Cream Unit on Business income</b>            | <b>(7,221,388)</b>   | <b>(3,738,891)</b> |
|              | <b>Effective tax rate for minimum tax</b>                        | 0.60%                | 0.60%              |
|              | Gross receipt attributable to tax                                | 904,627,774          | 681,193,186        |
|              | Tax effect on gross receipt                                      | 5,427,767            | 4,087,159          |
|              | <b>Income tax charge for the year</b>                            | <b>19,365,441</b>    | <b>40,740,328</b>  |

|   |   | <b>Amount in BDT</b> |                                |
|---|---|----------------------|--------------------------------|
|   |   | <b>30-Jun-19</b>     | <b>30-Jun-18</b>               |
| <b>31.00 Earning Per Share</b>                                      |   |                      |                                |
|   | <b>Basic earning per share (EPS)</b>                            |                      |                                |
|   | Profit attributable to the ordinary shareholders                | 123,779,531          | 111,270,530                    |
|   | Number of ordinary shareholders in the year end (Note-34)       | 61,575,343           | 45,000,000                     |
|   | Basic earning per share (EPS)                                   | <b>2.01</b>          | <b>2.47</b>                    |
| <b>32.00 Net Assets Value Per Share(NAV)</b>                        |   |                      |                                |
|   | Total Assets  | 4,048,110,918        | 3,516,368,444                  |
|   | Less: Total Liabilities   | 2,524,689,892        | 2,664,512,811                  |
|   | Net Assets Value  | 1,523,421,026        | 851,855,633                    |
|   | Number of ordinary shares outstanding during the year (Note-34) | 100,000,000          | 45,000,000                     |
|   | Net Assets Value Per Share(NAV)                                 | <b>15.23</b>         | <b>18.93</b>                   |
| <b>33.00 Net operation cash flow per share</b>                      |   |                      |                                |
|   | Net operation cash flow from statement of cash flow             | 249,144,643          | 245,177,055                    |
|   | Number of ordinary shares outstanding during the year (Note-34) | 61,575,343           | 45,000,000                     |
|   | Net operation cash flow per share                               | <b>4.05</b>          | <b>5.45</b>                    |
| <b>34.00 Weighted average no of shares:</b>                         |   |                      |                                |
|   |   | <u><b>Date</b></u>   | <u><b>No of shares</b></u>     |
|   |   | <u><b>Days</b></u>   | <u><b>Weight of shares</b></u> |
|   | Existing Shareholders   | 1-Jul-18             | 30,000,000                     |
|   | Bonus Share for Existing Shareholders                           | 15-Dec-18            | 15,000,000                     |
|   | New Issuance Shareholders                                       | 13-Mar-19            | 55,000,000                     |
|   |   |                      | <u><b>100,000,000</b></u>      |
| <b>35.00 Reconciliation of operating cash flows with net profit</b> |   |                      |                                |
|   | Profit before tax   | 167,048,040          | 174,734,756                    |
|   | <b>Adjustment for non cash items</b>                            |                      |                                |
|   | Depreciation  | 136,887,031          | 113,365,961                    |
|   | Amortization  | 2,315,053            | 2,572,280                      |
|   | Contribution to WPPF  | 8,352,402            | 8,733,068                      |
|   | <b>Adjustment for separate consideration</b>                    |                      |                                |
|   | Finance cost  | 224,466,789          | 145,329,108                    |
|   | Loss on disposal of non current assets                          | -                    | 412,100                        |
|   | <b>Changes in current assets and liabilities</b>                |                      |                                |
|   | Inventories   | (144,514,048)        | (96,944,990)                   |
|   | Advances, deposits and prepayments                              | (3,473,463)          | 3,592,425                      |
|   | Trade & other receivables                                       | (90,330,051)         | (105,528,891)                  |
|   | Accounts and other payables                                     | (34,420,691)         | 19,151,402                     |
|   | Accruals and provisions   | 6,082,198            | 3,999,900                      |
|   | Payment against WPPF fund                                       | -                    | (5,500,000)                    |
|   | Tax paid  | (23,268,618)         | (18,740,064)                   |
|   | <b>Net cash flows from operating activities</b>                 | <b>249,144,643</b>   | <b>245,177,055</b>             |
| <b>36.00 Received from Customers &amp; Others</b>                   |   |                      |                                |
|   | Sales revenue   | 1,323,380,316        | 1,106,047,178                  |
|   | Increase/(decrease) in accounts receivable                      | (90,286,627)         | (105,670,695)                  |
|   | Other operating income  | 16,055,023           | 9,577,604                      |
|   | Finance Income  | 4,577,515            | 1,517,042                      |
|   | Increase in interest receivable                                 | (43,424)             | 141,804                        |
|   |   | <b>1,253,682,803</b> | <b>1,011,612,933</b>           |

|  | <b>Amount in BDT</b> |                      |
|--|----------------------|----------------------|
|  | <b>30-Jun-19</b>     | <b>30-Jun-18</b>     |
| <b>37.00 Payment to Creditors, Suppliers, Employees and Others</b>   |                      |                      |
| Cost of goods sold   | (747,574,227)        | (628,076,061)        |
| Administrative expenses  | (25,607,241)         | (24,255,573)         |
| Selling & distribution expenses  | (170,964,155)        | (135,601,158)        |
| Depreciation   | 136,887,031          | 113,365,961          |
| Amortisation   | 2,315,053            | 2,572,280.00         |
| Increase in stock  | (144,514,048)        | (96,944,990)         |
| Advances, deposits and prepayments   | (3,473,463)          | 3,592,425            |
| Increase in accounts payable   | (34,420,691)         | 19,151,403           |
| Increase in accruals & provision   | 6,082,198            | 3,999,900            |
| Paid workers profit participation fund   | -                    | (5,500,000)          |
|  | <b>(981,269,542)</b> | <b>(747,695,813)</b> |
| <b>38.00 Income Tax Paid:</b>  |                      |                      |
| Opening Advance Income Tax   | 36,988,069           | 39,092,907           |
| Closing Advance Income Tax   | (51,266,113)         | (36,988,069)         |
| Closing Income Tax Provision   | 128,893,375          | 118,518,508          |
| Opening Income Tax Provision   | (118,518,508)        | (98,623,082)         |
| Current Tax during the period  | (19,365,441)         | (14,680,448)         |
| Under provision for previous year  | -                    | (26,059,880)         |
|  | <b>(23,268,618)</b>  | <b>(18,740,064)</b>  |
| <b>37.00 Other information</b>   |                      |                      |
| <b>37.01 Transaction in foreign currency</b>   |                      |                      |
| <b>CIF value of import:</b>  |                      |                      |
| Capital machinery  | 2,356,400            | 2,705,919            |
| Raw materials  | 66,907,638           | 59,704,434           |
| FOB value of export  | -                    | -                    |
| <b>Exchange rate on June 30, 2019</b>  |                      |                      |
| Euro   | 96.09                | 97.88                |
| USD  | 84.50                | 83.75                |
| GBP  | 107.29               | 110.63               |
| <b>37.02 Capital expenditure commitment</b>  |                      |                      |
| <b>Contingent liabilities</b>  |                      |                      |
| The Company confirms that there are no case filed against the Group which is not disclosed which would have been a material impact on the financial position of the Group. There was no Contingent Liabilities as on 30 June 2019. |                      |                      |
| <b>Capital expenditure commitment</b>  |                      |                      |
| Capital expenditure commitment for machineries and raw material at 30 June 2019 were as under:   |                      |                      |
| Machineries & vehicle  | -                    | -                    |
| Raw material   | -                    | -                    |
|  | <b>-</b>             | <b>-</b>             |
| <b>Term loan commitment</b>  |                      |                      |
| At 30 June 2019 the company had annual commitment under Term Loan as set out below:  |                      |                      |
| Term loan principal due within 1 year  | 360,274,196          | 212,225,455          |
| Term loan principal due within 2 to 5 years  | 1,147,748,891        | 1,115,610,512        |
| Term loan principal due above 5 years  | -                    | -                    |
| <b>Finance lease commitment</b>  |                      |                      |
| At 30 June 2019 the company had annual commitment under finance lease as set out below:  |                      |                      |
| Lease expires within 1 year  | 19,926,138           | 15,201,992           |
| Lease expires within 2 to 5 years  | 23,740,662           | 24,532,693           |
| Term loan principal due above 5 years  | -                    | -                    |

**37.03 Related party transaction :**

The company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures". Total transactions of the significant related party as at 30 June 2019 are as follows:

| Name of Company              | Relationship      | Opening balance    | Addition/ Adjustment | Closing balance   |
|------------------------------|-------------------|--------------------|----------------------|-------------------|
| Golden Harvest Agro Ind Ltd. | Holding Company   | 424,833,236        | (424,833,236)        | -                 |
| Golden Harvest Dairy Ltd.    | Common Director   | 105,033,359        | (105,033,359)        | -                 |
| Golden Harvest Dairy Ltd.    | Trading           | -                  | 750,000              | 750,000           |
| Golden Harvest Foods Ltd.    | Common Director   | 250,705,732        | (250,705,732)        | -                 |
| Golden Harvest Dairy Ltd.    | Trading           | -                  | 19,150,000           | 19,150,000        |
| Cold Chain Bangladesh Ltd    | Associate Company | -                  | 5,789,000            | 5,789,000         |
|                              |                   | <b>780,572,327</b> | <b>(754,883,327)</b> | <b>25,689,000</b> |

**37.04 Transaction with key management personnel's**

| Particulars   | 30-Jun-19 | 30-Jun-18 |
|---|-----------|-----------|
| Managerial remuneration paid or payable during the period to the directors, including managing directors. | 5,957,250 | 6,415,500 |
| Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.    | -         | -         |
| Other allowances and commission including guarantee commission  | -         | -         |
| Pensions etc.   | -         | -         |
| (i) Pensions  | -         | -         |
| (ii) Gratuities   | -         | -         |
| (iii) Payments from a provident funds, in excess of own subscription and interest thereon                 | -         | -         |
| Share based payments  | -         | -         |

**37.05 Quantitative details of opening stock, purchases/ production, consumption/sales and closing stock of raw materials and finished goods:**

| Item                             | Opening   | Purchases/ Production | Consumption/ Sales | Closing Stock |
|----------------------------------|-----------|-----------------------|--------------------|---------------|
|                                  | Kg        | Kg                    | Kg                 | Kg            |
| <b>Raw materials:</b>            |           |                       |                    |               |
| For the year ended 30 June, 2019 | 313,131   | 9,324,320             | 9,089,076          | 548,375       |
| For the year ended 30 June, 2018 | 282,115   | 8,860,723             | 8,829,707          | 313,131       |
| <b>Finished goods:</b>           |           |                       |                    |               |
| For the year ended 30 June, 2019 | 665,398   | 11,652,019            | 11,350,045         | 967,372       |
| For the year ended 30 June, 2018 | 1,068,030 | 10,252,383            | 10,655,015         | 665,398       |

**37.06 Capacity utilization**

| Item                 | Capacity in KG | Utilization in KG | %      | Year      |
|----------------------|----------------|-------------------|--------|-----------|
|                      | Per Year       | Average Per year  |        |           |
| Ice Cream Production | 10,605,000     | 3,948,948         | 37.24% | 30-Jun-19 |
| Milk Collection      | 9,000,000      | 7,703,071         | 85.59% | 30-Jun-19 |
| Ice Cream Production | 10,500,000     | 2,904,815         | 27.66% | 30-Jun-18 |
| Milk Collection      | 9,000,000      | 7,347,568         | 81.64% | 30-Jun-18 |
| Ice Cream Production | 7,500,000      | 2,341,093         | 31.21% | 30-Jun-17 |
| Milk Collection      | 6,000,000      | 2,775,996         | 46.27% | 30-Jun-17 |

### 37.07 Claim not acknowledged as debt

There was no claim against the company not acknowledged as debt as on 30 June 2019

### 37.08 Un-availed credit facilities

Un-availed credit facilities to the company as on 30 June 2019 are as under:

#### Golden Harvest Ice Cream Ltd.

| Bank                               | Branch     | Nature of loan | Credit Limit | Outstanding | Unavailed limit    |
|------------------------------------|------------|----------------|--------------|-------------|--------------------|
| United Commercial Bank Ltd.        | Gulshan    | OD (General)   | 400,000,000  | 434,288,082 | (34,288,082)       |
|                                    | Gulshan    | Term Loan      | 650,000,000  | 588,775,436 | 61,224,564         |
|                                    | Gulshan    | LC/UPAS        | 178,000,000  | 16,138,824  | 161,861,176        |
|                                    | Gulshan    | LTR            | 90,000,000   | -           | 90,000,000         |
| Standard Bank Ltd.                 | Panthapath | Term Loan      | 300,000,000  | 344,375,993 | (44,375,993)       |
|                                    | Panthapath | CC             | 40,000,000   | 40,088,575  | (88,575)           |
|                                    | Panthapath | LC/UPAS        | 50,000,000   | 64,354,258  | (14,354,258)       |
| Agrani Bank Limited                | Gulshan    | Term Loan      | 94,600,000   | 95,211,538  | (611,538)          |
| Haji Finance Limited               |            | Term Loan      | 60,000,000   | 32,500,000  | 27,500,000         |
| CAPM Venture Capital & Finance Ltd |            | STL            | 200,000,000  | 8,937,980   | 191,062,020        |
|                                    |            |                |              |             | <b>437,929,314</b> |

### 37.09 Segmental information:

The companies operational segments are ice cream & dairy . The operational segments results are as follows:

| Particulars                                | Ice Cream unit       | Dairy unit         | Total                |
|--|----------------------|--------------------|----------------------|
| Revenue from sales                         | 883,995,236          | 439,385,080        | 1,323,380,316        |
| Expenses                                   | 634,322,842          | 309,822,781        | 944,145,623          |
| <b>Segment result</b>                      | <b>249,672,394</b>   | <b>129,562,299</b> | <b>379,234,693</b>   |
| <b>Capital expenditure</b>                 |                      |                    |                      |
| Additions to property, plant and equipment | 387,900,041          | -                  | 387,900,041          |
| Additions to Leased asset                  | 28,670,000           | -                  | 28,670,000           |
| Additions to intangible asset              | -                    | -                  | -                    |
| <b>Other segment information</b>           |                      |                    |                      |
| Other operating income                     | 9,165,504            | -                  | 9,165,504            |
| Finance income                             | 4,577,515            | -                  | 4,577,515            |
| Finance expenses                           | 204,744,031          | 19,722,758         | 224,466,789          |
| Provision for income tax                   | 27,667,275           | 15,601,234         | 43,268,509           |
| Depreciation expenses                      | 111,781,297          | 14,201,439         | 125,982,736          |
| <b>Segment assets</b>                      | <b>3,168,186,675</b> | <b>879,924,243</b> | <b>4,048,110,918</b> |
| Non-current assets                         | 2,135,711,514        | 437,434,889        | 2,573,146,403        |
| Current assets                             | 1,032,475,161        | 442,489,355        | 1,474,964,515        |
| <b>Segment liabilities</b>                 | <b>2,171,233,307</b> | <b>353,456,585</b> | <b>2,524,689,892</b> |
| Non-current liabilities                    | 1,137,509,674        | 185,175,993        | 1,322,685,668        |
| Current liabilities                        | 1,033,723,633        | 168,280,591        | 1,202,004,224        |

### 37.10 Employee details:

i) During the year, there were 592 employees employed for the full period and 28 employees less than the full period at a remuneration of BDT 3,000 per month and above.

ii) At the end of the year, there were 564 employees in the Company.

### 37.11 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

### 37.12 Post-balance sheet events

There is no material events after the reporting date that are not adjusting events came to management attention which may be useful for the stakeholders.



Director



Managing Director



Chairman

**Golden Harvest Ice Cream Ltd.**

**Statement of Cash at Bank**

**As on 30 June 2019**

| Sl. No.          | Name of Bank                    | Account Name          | 30-Jun-19          | 30-Jun-18        |
|------------------|---------------------------------|-----------------------|--------------------|------------------|
| 1                | Agrani Bank Limited             | CD-0200011753532      | 292,662            | 281,753          |
| 2                | Agrani Bank Limited             | A/C #0200012734697    | 941,816            | -                |
| 2                | First Security Islami Bank Ltd. | CD-011211100000897    | 31                 | 1,181            |
| 3                | United Commercial Bank Ltd.     | CA-0543101000001135   | 10,464             | 10,464           |
| 3                | First Security Islami Bank Ltd  | 011213100000617       | 111,462            | -                |
| 4                | First Security Islami Bank Ltd  | 0101 13100009398      | 24,786,506         | -                |
| 4                | Standard Bank Limited           | 01736000296           | 34,833,409         | -                |
| 5                | Standard Bank Limited           | 01736000299           | 260,545            | -                |
| 5                | Mercantile Bank Ltd.            | CD-112911107033349    | -                  | -                |
| 6                | Mercantile Bank Limited         | 112913125762277       | 1,388,183          | -                |
| 6                | Islami Bank Bangladesh Ltd.     | SND-20502760900007301 | -                  | 255,185          |
| 7                | Dutch Bangla Bank Ltd.          | SND-1161200004414     | -                  | 84,368           |
| 7                | Mercantile Bank Ltd.            | CD-130611116267927    | -                  | -                |
| 8                | Mercantile Bank Ltd.            | CD-112911122068302    | -                  | -                |
| 8                | First Security Islami Bank Ltd. | SND-13100000611       | 1,659,735          | 41,113           |
| 9                | Pubali Bank Limited             | SND-4335102000139     | -                  | 85,639           |
| 9                | Bank Asia Ltd.                  | CD-01033006243        | -                  | 80,473           |
| 10               | Bank Asia Ltd.                  | SND-05636000099       | 22,921             | -                |
| 10               | NRB Global Bank Ltd             | 0111100269376         | 19,006             | -                |
| 11               | NRB Global Bank Ltd             | 0113000277340         | 20,205,560         | -                |
| 11               | NRB Global Bank Ltd             | 0113000290578         | 3,505              | -                |
| 12               | Islami Bank Bangladesh Ltd.     | CA-20502760100125111  | -                  | -                |
| 12               | The City Bank Ltd               | Current Account       | -                  | -                |
| 13               | United Commercial Bank Ltd.     | CD-0951101000005878   | 58,900             | 1,794,951        |
| 13               | United Commercial Bank Ltd      | 0951301000001326      | 629,899            | -                |
| 14               | Mutual Trust Bank Ltd.          | CA-0057-0210001598    | -                  | -                |
| 14               | United Commercial Bank Ltd.     | CD-0951101000008388   | -                  | -                |
| 15               | Habib Bank Ltd.                 | CA-2627070000217      | 975                | 1,550            |
| 15               | Prime Bank Ltd.                 | CD-20711020003600     | -                  | -                |
| 16               | Dutch Bangla Bank Ltd.          | CA-1161100022362      | 7,069              | 23,339           |
| 16               | Standard Bank Ltd.              | CD-01733100454        | 10,628             | 12,746           |
| 17               | Mutual Trust Bank Ltd.          | CA-0061-0210002859    | 24,004             | 153,236          |
| 17               | Mutual Trust Bank Ltd.          | CA-0053-0210004437    | 1,770              | 2,016            |
| 18               | Mutual Trust Bank Ltd.          | CA-0059-0210003352    | -                  | -                |
| 18               | Mutual Trust Bank Ltd.          | CA-0028-0210011448    | 925                | 1,000            |
| 19               | Mutual Trust Bank Ltd.          | CA-0041-0210005163    | 1,023              | 448              |
| 19               | United Commercial Bank Ltd.     | CD-0191101000000124   | 23,207             | 24,357           |
| 20               | United Commercial Bank Ltd.     | CD-0611101000000210   | 433                | 68,682           |
| 20               | United Commercial Bank Ltd.     | CD-1661101000000026   | 5,038              | 11,107           |
| 21               | United Commercial Bank Ltd.     | CD-1382101000004852   | 809                | 487              |
| 21               | United Commercial Bank Ltd.     | CD-1361101000000095   | 39                 | 533              |
| 22               | Mutual Trust Bank Ltd.          | SND-0057-0320000765   | -                  | -                |
| 22               | The Premier Bank Ltd            | 0178 13100000062      | 51,119             | -                |
| <b>Sub-Total</b> |                                 |                       | <b>85,351,640</b>  | <b>2,934,625</b> |
| 1                | United Commercial Bank Ltd.     | FDR                   | 7,399,945          | 6,858,894        |
| 2                | Standard Bank Limited           | FDR                   | 30,258,000         | -                |
| <b>Sub-Total</b> |                                 |                       | <b>37,657,945</b>  | <b>6,858,894</b> |
| <b>Total</b>     |                                 |                       | <b>123,009,585</b> | <b>9,793,519</b> |

# **Auditor's Report & Financial Statements**

**Golden Harvest Dairy Ltd.**  
as at and for the year ended 30 June 2019



**S F AHMED & CO.**  
CHARTERED ACCOUNTANTS

...Since 1958

Member Firm of HLB International

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## **AUDITORS' REPORT TO THE SHAREHOLDERS**

*of*

*Golden Harvest Dairy Limited*

### **Report on the Audit of the Financial Statements**

#### **Opinion**

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019 and 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 Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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 in accordance with IFRSs as explained in note 2, 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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 conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on other Legal and Regulatory Requirements**

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

- a) 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;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and the statement of profit or loss and comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and

Dated, Dhaka  
30 October 2019

  
S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Dairy Ltd.**  
Statement of Financial Position  
as at 30 June 2019

|  | Notes | Amount in BDT      |                    |
|--|-------|--------------------|--------------------|
|  |       | 30-Jun-2019        | 30-Jun-18          |
| <b>ASSETS</b>                                |       |                    |                    |
| <b>Non-Current Assets</b>                    |       |                    |                    |
|  |       | <b>368,768,831</b> | <b>361,011,054</b> |
| Property, plant and equipment                | 5.00  | 240,553,531        | 240,902,910        |
| Biological assets                            | 6.00  | 88,560,364         | 80,473,506         |
| Deffered tax assets                          | 7.00  | 2,358,999          | 2,338,701          |
| Capital work in progress                     | 8.00  | 37,295,937         | 37,295,937         |
| <b>Current Assets</b>                        |       |                    |                    |
|  |       | <b>7,483,864</b>   | <b>2,912,847</b>   |
| Inventories                                  | 9.00  | 1,865,005          | 738,683            |
| Advances, deposits and prepayments           | 10.00 | 798,082            | 679,500            |
| Trade and other receivables                  | 11.00 | 2,896,365          | 373,317            |
| Cash and cash equivalents                    | 12.00 | 1,924,412          | 1,121,347          |
| <b>TOTAL ASSETS</b>                          |       | <b>376,252,695</b> | <b>363,923,901</b> |
| <b>EQUITY AND LIABILITIES</b>                |       |                    |                    |
| <b>Shareholders' equity</b>                  |       |                    |                    |
|  |       | <b>25,029,669</b>  | <b>25,361,360</b>  |
| Issued, subscribed and paid up capital       | 13.00 | 50,000,000         | 50,000,000         |
| Retained earnings                            | 14.00 | (24,970,331)       | (24,638,640)       |
| <b>Non-current liabilities</b>               |       |                    |                    |
|  |       | <b>113,936,001</b> | <b>121,954,934</b> |
| Long term loan                               | 15.00 | 113,936,001        | 121,954,934        |
| <b>Current liabilities</b>                   |       |                    |                    |
|  |       | <b>237,287,026</b> | <b>216,607,607</b> |
| Accounts and other payables                  | 16.00 | 146,467,981        | 129,438,324        |
| Accruals and provisions                      | 17.00 | 907,321            | 337,131            |
| Short term loan                              | 18.00 | 51,601,560         | 53,168,645         |
| Current portion of long term loan            | 15.00 | 38,310,164         | 33,663,507         |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |       | <b>376,252,695</b> | <b>363,923,901</b> |
| <b>Number of share used to calculate NAV</b> |       | <b>5,000,000</b>   | <b>5,000,000</b>   |
| <b>Net asset value per share</b>             |       | <b>5.01</b>        | <b>5.07</b>        |

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Director



Managing Director



Chairman

Dated, Dhaka;  
30 October 2019



S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Dairy Ltd.**  
Statement of Profit or Loss and other Comprehensive Income  
For the year ended June 30, 2019

|  | Notes   | Amount in BDT      |                    |
|--|---------|--------------------|--------------------|
|  |         | 30-Jun-19          | 30-Jun-18          |
| Revenue  | 19.00   | 44,034,280         | 24,532,636         |
| Cost of goods sold   | 20.00   | (29,036,862)       | (19,552,958)       |
| <b>Gross profit</b>  |         | <b>14,997,418</b>  | <b>4,979,678</b>   |
| <b>Operating expenses</b>  |         | <b>(2,898,356)</b> | <b>(1,429,644)</b> |
| Administrative expenses  | 21.00   | (1,355,759)        | (531,249)          |
| Selling and distribution expenses  | 22.00   | (1,542,597)        | (898,395)          |
| Fair value adjustments of biological assets                                      | 6.01.01 | 15,449,402         | 13,657,758         |
| Other operating income   |         |                    |                    |
| <b>Profit from operation</b>   |         | <b>27,548,464</b>  | <b>17,207,792</b>  |
| Financial income   |         |                    |                    |
| Finance expenses   | 23.00   | (27,616,122)       | (22,131,387)       |
| <b>Net profit from operation</b>   |         | <b>(67,658)</b>    | <b>(4,923,595)</b> |
| Workers profit participation fund  |         |                    |                    |
| <b>Net profit before tax</b>   |         | <b>(67,658)</b>    | <b>(4,923,595)</b> |
| Income tax expenses  | 24.00   | (264,033)          | 263,841            |
| <b>Net profit after tax attributable to ordinary shareholders of the company</b> |         | <b>(331,691)</b>   | <b>(4,659,754)</b> |
| <b>Other comprehensive income</b>  |         |                    |                    |
| <b>Total comprehensive income</b>  |         | <b>(331,691)</b>   | <b>(4,659,754)</b> |
| <b>Number of share used to calculate EPS</b>                                     |         | <b>5,000,000</b>   | <b>5,000,000</b>   |
| <b>Earnings per share (EPS)</b>  |         | <b>(0.07)</b>      | <b>(0.93)</b>      |

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Director



Managing Director



Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
30 October 2019



S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Dairy Ltd.**  
**Statement of Changes in Equity**  
**For the year ended June 30, 2019**

| Particulars                     | Amount in BDT     |                     |                   |
|---------------------------------|-------------------|---------------------|-------------------|
|                                 | Share capital     | Retained earnings   | Total             |
| Balance as on 01.07.17          | 50,000,000        | (19,978,886)        | 30,021,114        |
| Net loss after tax              | -                 | (4,659,754)         | (4,659,754)       |
| <b>Balance as at 30.06.2018</b> | <b>50,000,000</b> | <b>(24,638,640)</b> | <b>25,361,360</b> |
| Balance as on 01.07.18          | 50,000,000        | (24,638,640)        | 25,361,360        |
| Net loss after tax              | -                 | (331,691)           | (331,691)         |
| <b>Balance as at 30.06.2019</b> | <b>50,000,000</b> | <b>(24,970,331)</b> | <b>25,029,669</b> |

*E.Z. Chong*

Director



Managing Director



Chairman

**Golden Harvest Dairy Ltd.**  
Statement of Cash Flows  
For the year ended June 30, 2019

|  | Amount in BDT       |                     |
|--|---------------------|---------------------|
|  | 30-Jun-19           | 31-Mar-18           |
| <b>Cash flows from operating activities</b>                      |                     |                     |
| Collections from customers and others                            | 41,511,232          | 24,778,560          |
| Payments for operating costs & other expenses                    | (32,314,384)        | (20,777,706)        |
| Interest paid  | -                   | -                   |
| Tax paid   | -                   | -                   |
| <b>Net cash generated from operating activities</b>              | <b>9,196,848</b>    | <b>4,000,854</b>    |
| <b>Cash flows from investing activities</b>                      |                     |                     |
| Acquisitions of property plant and equipment                     | (413,840)           | (205,216)           |
| Acquisitions / proceed from Biological assets                    | 7,362,544           | 11,477,320          |
| Capital work in progress   | -                   | -                   |
| Advance finance to contract farmers & others                     | (118,582)           | -                   |
| <b>Net Cash used in investing activities</b>                     | <b>6,830,122</b>    | <b>11,272,104</b>   |
| <b>Cash flows from financing activities</b>                      |                     |                     |
| Long term borrowings from / (repayments to) banks/sister concern | 12,392,217          | 6,629,149           |
| Financial expenses   | (27,616,122)        | (22,131,387)        |
| <b>Net cash (used in) / provided by financing activities</b>     | <b>(15,223,905)</b> | <b>(15,502,238)</b> |
| Net changes in cash and cash equivalents                         | 803,065             | (229,279)           |
| Cash and cash equivalents at the beginning of the year           | 1,121,347           | 1,350,627           |
| <b>Cash and cash equivalents at the end of the year</b>          | <b>1,924,412</b>    | <b>1,121,347</b>    |
| <b>Number of share used to calculate NOCFPS</b>                  | <b>5,000,000</b>    | <b>5,000,000</b>    |
| <b>Operating cash flow per share</b>                             | <b>1.84</b>         | <b>0.80</b>         |



Director



Managing Director



Chairman

# Golden Harvest Dairy Limited

## Notes to the Financial Statements

### For the year ended 30 June 2019

#### 1. Reporting entity

##### 1.1 Company profile

###### Legal status of the company

Golden Harvest Dairy Limited (GHDL) has incorporated on 18 February 2015; vide Reg. No.-C-121268/15 under the Companies Act, 1994 as a Private Limited Company.

###### Address of registered office and principal place of business:

The principal place of business and the registered office of the Company is at SPL Western Tower, Level # 5, Space Code # 501 & 502, 186, Gulshan-Tejgaon Link Road, Tejgaon Industrial Area, Dhaka-1208. The factory is located at Golden Harvest Industrial Park, Goainghat, Sylhet

###### Nature of business activities

The objectives of the company will process Liquid Milk and milk based product like butter, cream, cheese, yogurt, etc. The project will not be for milk collection only it will support in meat processing and calf selling.

##### 1.2 Date of authorization for issue

The financial statements of Golden Harvest Dairy Ltd. for the year ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 22 October 2019.

##### 1.3 Reporting period

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

#### 2. Basis of preparation of financial statements

##### 2.1 Statement on compliance with local laws

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant local laws as applicable.

##### 2.2 Statement on compliance of financial reporting standards

The financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

##### 2.3 Basis of measurement of elements of financial statements

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the statement of financial position and profit or loss and other comprehensive income. The measurement basis adopted by historical cost except for land, building and plant and machinery which are stated at revalued amount, inventories are at the lower of cost and net realizable value and marketable securities are at market value. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

#### **2.4 Going concern**

At each year end management of the Company makes assessment of going concern as required by IAS-1. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the directors continue to adopt going concern assumption while preparing the financial statements.

#### **2.5 Accrual basis of accounting**

GHDL prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, GHDL recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

#### **2.6 Functional and presentation currency**

The financial statements are prepared and presented in Bangladesh Taka/BDT, which is the Company's functional currency. The Company earns its major revenues in BDT and all other incomes/expenses and transactions are in BDT and the competitive forces and regulations of Bangladesh determine the sale prices of its goods and services. Further, the entire funds from financing activities are generated in BDT.

##### **Foreign currency translation**

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange at the balance sheet date. Exchange differences are included in the income statement.

#### **2.7 Materiality and aggregation**

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

#### **2.8 Offsetting**

GHDL does not offset assets and liabilities or income and expenses, unless required or permitted by a IFRS.

#### **2.9 Comparative information and rearrangement thereof**

Comparative information has where necessary been reclassified to conform to the current year's presentation. Comparative figures are restated as per requirement of IAS-8.

#### **2.10 Use of estimates and judgments**

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

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors"

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, amortization, impairment, net realizable value of inventories, accruals, taxation and provision.

#### **2.11 Changes in accounting policies, estimate and errors**

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

Changes in accounting policies and material prior period errors shall be retrospectively corrected in the first financial statements authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

## **2.12 Structure, content and presentation of financial statements**

Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by IAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of financial position as at 30 June 2019;
- ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2019;
- iii) Statement of changes in equity for the year ended 30 June 2019;
- iv) Statement of cash flows for the year ended 30 June 2019; and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2019.

## **3. Summary of significant accounting policies**

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Golden Harvest Dairy Limited.

### **3.1 Property, plant and equipment**

#### **Initial recognition and measurement**

An item shall be recognized as property, plant and equipment 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 IAS 16.

Property, plant and equipment are initially recognized at cost and subsequently land, buildings & civil constructions and plant & machineries are stated at fair value. The property, plant and equipment are presented at cost/fair value, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term debt availed for the construction/ Implementation of the PPE, if the recognition criteria are met.

#### **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss account as 'Repair & Maintenance' when it is incurred.

### Depreciation on property, plant and equipment

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property Plant and Equipment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged on all Property, Plant and Equipment except land and land developments on reducing balance method at the following rates:

| Particular of Assets              | Rate of Depreciation |
|-----------------------------------|----------------------|
| Buildings and other constructions | 2.5%                 |
| Plant & Machinery                 | 5%                   |
| Office Equipment                  | 10%                  |
| Furniture and Fixtures            | 10%                  |
| Vehicle                           | 10%                  |

### 3.2 Capital work-in-progress:

Capital work in progress represents the cost incurred for acquisition and construction of items of property, plant and equipment that were not ready for use at the end of 30 June 2019 and these were stated at cost. In case of import components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the Company, i.e. at the time of shipment is confirmed by the supplier.

### 3.3 Biological asset

#### Recognition and measurement

Biological asset is a living plant or animal. Biological asset are measured at fair value less costs to sell, both on initial recognition and each reporting date. Cost to sell includes sale commission and regulatory levies but exclude transport to market. Transport costs are in fact deducted from market value in order to reach fair value. The gain on initial recognition and from a change in this value is recognized in profit or loss. The interest on the loan taken out to finance the acquisition is not a cost to sell. The milk is agriculture product and is recognized initially under IAS-41 at fair value less cost to sell. (at this point it is taken into inventories and dealt with under IAS-2). The gain on initial recognition should be recognised in profit or loss.

### 3.4 Impairment of assets

#### Recognising and measuring impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

GHDL assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, GHDL estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, GHDL tests:

- an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually

### **3.5 Accounting for lease**

#### **Finance lease**

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

#### **Initial recognition**

At the commencement of the lease term, GHDL recognises finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset.

#### **Subsequent measurement**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, and the depreciation recognised is calculated in accordance with IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### **Operating leases**

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Applying the requirement of International Financial Reporting Interpretation Committee (IFRIC) 4: Determining whether an Arrangement contains a Lease, the Power Purchase Agreement (PPA) between the Company /Group units and BPDB/BREB can be said to contain a lease arrangement. This could be interpreted as resulting in the transfer of substantially the entire risks and rewards incidental to the ownership to the underlying assets (power plant) to the off taker (BPDB/BREB) who would effectively be the lessee. However, management concluded that the PPA does not transfer substantially all risks incidental to ownership as per the requirement of para 17 of IAS 17. As such, all these lease arrangements are considered as an operating lease.

### **3.6 Capitalisation of borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur in accordance with IAS 23: "Borrowing cost". Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Recognition**

GHDL capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. GHDL recognises other borrowing costs as an expense in the period in which it incurs them.

#### **Borrowing costs eligible for capitalisation**

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made.

To the extent that GHDL borrows funds specifically for the purpose of obtaining a qualifying asset, GHDL determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings

#### **Commencement of capitalisation**

GHDL begins capitalising borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalisation is the date when the GHDL first meets all of the following conditions:

- it incurs expenditures for the asset;
- it incurs borrowing costs; and
- it undertakes activities that are necessary to prepare the asset for its intended use or sale.

#### **Cessation of capitalisation**

GHDL ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### **3.7 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Classification**

The Company classifies its financial instruments as financial assets, financial liabilities and equity instruments.

#### **Financial assets**

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for sale financial assets.

#### **Financial assets at fair value through profit or loss**

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or upon initial recognition it is designated by the entity as at fair value through profit or loss.

#### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that entity has the positive intent and ability to hold to maturity.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in the active market other than held to maturity investments, available for sale financial assets and loans and receivables.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

#### **Financial liabilities**

Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

#### **Financial liabilities at fair value through profit or loss**

A financial liability is classified as fair value through profit or loss if it is classified as held-for-trading or upon initial recognition it is designated by the entity as at fair value through profit or loss.

### **Other financial liabilities**

Other financial liabilities include bank overdrafts, short-term and long-term loans.

### **Recognition of financial asset and liability**

A financial asset or a financial liability is recognised by GHDL in its statement of financial position when GHDL becomes a party to the contractual provisions of the financial asset or financial liability.

### **Derecognition of financial asset and liability**

A financial asset or financial liability is derecognised; that is, removed, from GHDL's statement of financial position, when GHDL ceases to be a party to the financial instruments contractual provisions.

### **Initial measurement**

Financial instruments is measured at the fair value of the consideration given or received (ie cost) plus (in most cases) transaction costs that are directly attributable to the acquisition or issue of the financial instrument. The exception to this rule is where a financial instrument is at fair value through profit or loss. In this case transaction costs are immediately recognised in profit or loss.

### **Transaction costs**

Transaction costs are defined as the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Transaction costs should be added to the initial fair value except for financial assets and financial liabilities classified as at fair value through profit or loss where they should be recognised in profit or loss. For financial liabilities, directly related costs of issuing debt is deducted from the amount of debt initially recognised.

### **Subsequent measurement of financial assets**

After initial recognition loans and receivables and held-to-maturity (HTM) investments should be remeasured at amortised cost using the effective interest method. Certain investments in equity instruments should be measured at cost. These are equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. All other financial assets should be remeasured to fair value, without any deduction for transaction costs that may be incurred on sale or other disposal. Gains and losses on remeasurement should be recognised as follows:

- Changes in the carrying amount of financial assets at fair value through profit or loss should be recognised in profit or loss.
- Changes in the carrying amount of loans and receivables and HTM investments should be recognised in profit or loss. Changes arise when these financial assets are derecognised or impaired and through the amortisation process.
- In respect of available for sale financial assets:
  - Impairment losses and foreign exchange differences should be recognised in profit or loss.
  - Interest on an interest-bearing asset should be calculated using the effective interest method and recognised in profit or loss.
  - All other gains and losses should be recognised in other comprehensive income and held in a separate component in equity. On derecognition, either through sale or impairment, gains and losses previously recognised in other comprehensive income should be reclassified to profit or loss, becoming part of the gain or loss on derecognition.

### **Subsequent measurement of financial liabilities**

Financial liabilities at fair value through profit or loss should be remeasured at fair value, excluding disposal costs, and any change in fair value should be recognised in profit or loss. All other financial liabilities should be remeasured at amortised cost using the effective interest method. Where a liability is carried at amortised cost, a gain or loss is recognised in profit or loss when the financial liability is derecognised or through the amortisation process.

## **Impairment**

At each year end, an entity should assess whether there is any objective evidence that a financial asset or group of assets is impaired. Where there is objective evidence of impairment, the entity should determine the amount of any impairment loss.

### **Financial assets at fair value through profit or loss**

No special impairment tests need to be carried out for such assets, because they are measured at fair value and all changes in fair value are recognised in profit or loss.

### **Financial assets carried at amortised cost**

The impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses which have not been incurred) discounted at the financial instrument's original effective interest rate. Note that it is the original rate of interest which is used. Using market rates current at the time of the impairment would result in a fair value approach being adopted for the measurement of financial assets carried at amortised cost. The amount of the loss should be recognised in profit or loss.

### **Financial assets carried at cost**

The impairment loss on unquoted equity instruments carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial instrument. Such impairment losses should not be reversed.

### **Available-for-sale financial assets**

Because available-for-sale financial assets are carried at fair value with gains and losses recognised in other comprehensive income, short-term falls in fair value will result in debits to other comprehensive income and potentially a debit balance held in equity in respect of an individual asset. If the asset is subsequently determined to be impaired, the loss previously recognised in other comprehensive income should be reclassified to profit or loss, even though the asset has not been derecognised. The impairment loss to be reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss. Impairment losses relating to such equity instruments should not be reversed. Impairment losses relating to such debt instruments should be reversed through profit or loss if, in a later period, the fair value of the instrument increases and the increase can be objectively related to an event occurring after the loss was recognised.

## **3.8 Inventories**

### **Measurement**

Inventories are measured at the lower of cost and net realizable value.

### **Cost of inventories**

The cost of inventories are comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### **Cost formulas**

The cost of inventories is assigned by using the first-in, first-out (FIFO) cost formula. GHAIL shall use the same cost formula for all inventories having a similar nature and use to the entity.

The FIFO formula assumes that the items of inventory that were purchased or produced first are sold first, and consequently the items remaining in inventory at the end of the period are those most recently purchased or produced.

### **Recognition as an expense**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the

write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **3.9 Trade and Other Receivables**

Trade and other receivables are stated at their estimated realisable amounts inclusive of provisions for bad and doubtful debts

### **3.10 Cash and Cash Equivalents**

Cash and cash equivalents consists of cash in hand and with banks on current deposit accounts and short term investments (FDR for the period of 1 to 3 months) which are held and available for use by the Group without any restriction. There is insignificant risk of change in value of the same.

### **3.11 Calculation of Recoverable Amount**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

### **3.12 Provisions, accruals and contingencies**

#### **Recognition**

#### **Provisions**

A provision is recognised when:

- GHDL has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision is recognised.

#### **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

#### **Contingent Liabilities**

GHDL does not recognise a contingent liability. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

#### **Contingent Asset**

GHDL does not recognise a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to GHDL.

#### **Measurement**

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

#### **Changes in provisions**

Provisions is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### **Use of provisions**

A provision is used only for expenditures for which the provision was originally recognised. Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognised for another purpose would conceal the impact of two different events.

### **Future operating losses**

Provisions are not recognised for future operating losses. Future operating losses do not meet the definition of a liability and the general recognition criteria set out for provisions.

### **3.13 Events occurring after the reporting period**

All material events after the statement of financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the note no. 28.11 of Financial Statements.

### **3.14 Earnings per Share (EPS)**

#### **Measurement**

#### **Basic EPS**

GHDL calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity.

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

### **3.15 Income statements**

For the purpose of presentation of Income Statement, the function of expenses method is adopted, as it represents fairly the elements of the Company's performance

### **3.16 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognized.

#### **Income from sales**

Revenue from the local sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### **Interest and other income**

Interest and other income are recognised on accrual basis.

### **3.17 Expenses**

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

### **3.18 Finance income and expenses**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **3.19 Workers' Profit Participation Fund (WPPF)**

The Company provides applicable rate of its profit before Tax after charging contribution to WPPF in accordance with the Bangladesh Labour Act, 2006.

### **3.20 Taxation**

The tax expense for the period comprises current tax and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

#### **Current tax**

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **Deferred tax**

##### **Principle of recognition**

Deferred tax is recognised as income or an expense amount within the tax charge, and included in the net profit or loss for the period.

##### **Exceptions to recognition in profit or loss**

Deferred tax relating to items dealt with as other comprehensive income (such as a revaluation) is recognised as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income.

Deferred tax relating to items dealt with directly in equity (such as the correction of an error or retrospective application of a change in accounting policy) is recognised directly in equity.

Deferred tax resulting from a business combination is included in the initial cost of goodwill.

##### **Taxable temporary difference**

A deferred tax liability is recognised for all taxable differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

##### **Revaluations to fair value property, plant and equipment**

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore give rise to a deferred tax liability.

##### **Non-depreciated revalued assets**

If a deferred tax liability or deferred tax asset arises from a non-depreciable asset measured using the revaluation model in IAS 16, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale, regardless of the basis of measuring the carrying amount of that asset. Accordingly, if the tax law specifies a tax rate applicable to the taxable amount derived from the sale of an asset that differs from the tax rate applicable to the taxable amount derived from using an asset, the former rate is applied in measuring the deferred tax liability or asset related to a non-depreciable asset.

### Revaluations to fair value – other assets

IFRS permit or require certain other assets to be revalued to fair value, such as certain financial instruments and investment properties. If the revaluation is recognised in profit or loss (eg fair value through profit or loss instruments, investment properties) and the amount is taxable / allowable for tax, then no deferred tax arises as both the carrying value and the tax base are adjusted. However, if the revaluation is recognised as other comprehensive income (eg available-for-sale instruments) and does not therefore impact taxable profits, then the tax base of the asset is not adjusted and deferred tax arises. This deferred tax is also recognised as other comprehensive income.

### Deductible temporary difference

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

### Unused tax losses and unused tax credits

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

## 3.21 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of IAS 7: Statement of Cash Flows. The cash generating from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

## 3.22 Related party disclosures

The Company carried out a number of transactions with related parties. The information as required by IAS 24: "Related party Disclosure" has been disclosed in a separate notes to the accounts (Note-28.03).

## 4. Risk exposure

### 4.1 Financial risk management

GHDL's activities are exposed to a variety of financial risks. The Company's financial risk management centered upon using various tools and to manage exposure to risk, particularly credit risk, liquidity risk, market risk, currency risk and interest rate risk. Similar to general risk management, financial risk management requires identifying its sources, measuring it, and plans to address them. Taking risk is in the core of the financial business, and operational risk is an inevitable consequence of being in business. GHDL's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on GHDL's financial performance.

GHDL's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of prudent risk management policies and application of reliable and up-to-date information systems. GHDL regularly reviews its risk management policies and systems to reflect changes in products, markets, and emerging best practices.

### 4.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The senior management of GHDL carefully manages its exposure to credit risk. Credit exposures arise principally in receivables from customers' existing in

GHDL's asset portfolio. The credit risk management and control are controlled through the credit policies of GHDL's which are updated regularly. The company is also exposed to other credit risks arising from balances with banks which are controlled through board approved counterparty limits.

#### **4.3 Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash balances or liquid and marketable assets to meet its liabilities when fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

#### **4.4 Market risk**

GHDL's exposure to market risk, or, the potential for losses arising from the movement of market prices, is limited. Most of its revenues are coming in form of dividend income from various investment projects, whose revenues are completely contractual with no price or quantity risk. Market risks which can also arise from open positions in interest rate and currency also have minimal bearing on GHDL because interest rate risks are hedged at project level and project revenues are fully indexed without limitation with respect to changes in currency and inflation.

##### **Currency risk**

The company is exposed to currency risk on revenues and certain purchase such as machineries, parts and equipment. However the fuel price is a pass through and project companies revenues are fully currency hedged by way of having revenues fully indexed without limitation with respect to change in currency parity.

##### **Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GHDL again has limited exposure to interest rate since it borrows primarily in fixed interest rate, and further, interest rate are fully hedged at project levels too.

#### **4.5 Reporting foreign currency transactions**

##### **Initial recognition**

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

##### **Subsequent measurement**

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities is translated into GHDL's functional currency at each reporting date. However, translation depends on whether the assets or liabilities are monetary or non-monetary items:

##### **Monetary items**

Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in profit or loss in the period in which they arise.

### **Non-monetary items**

Non-monetary items carried at historic cost are translated using the exchange rate at the date of the transaction when the asset arose (historical rate). They are not subsequently retranslated in the individual financial statements of GHDL. Non-monetary items carried at fair value are translated using the exchange rate at the date when the fair value was determined. The foreign currency fair value of a non-monetary asset is determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

### **Measurement of financial assets**

Financial assets can be monetary or non-monetary and may be carried at fair value or amortised cost. Where a financial instrument is denominated in a foreign currency, it is initially recognised at fair value in the foreign currency and translated into the functional currency at spot rate. The fair value of the financial instrument is usually the same fair value of the consideration given in the case of an asset or received in the case of a liability.

At each year end, the foreign currency amount of financial instruments carried at amortised cost is translated into the functional currency using either the closing rate (if it is a monetary item) or the historical rate (if it is a non-monetary item). Financial instruments carried at fair value are translated to the functional currency using the closing spot rate.

### **Exchange differences**

The entire change in the carrying amount of a non-monetary available-for-sale financial asset, including the effect of changes in foreign currency rates, is reported as other comprehensive income at the reporting date.

A change in the carrying amount of monetary available-for-sale financial assets on subsequent measurements is analysed between the foreign exchange component and the fair value movement. The foreign exchange component is recognised in profit or loss and the fair value movement is recognised as other comprehensive income.

The entire change in the carrying amount of financial instruments measured at fair value through profit or loss, including the effect of changes in foreign currency rates, is recognised in profit or loss.

5. Property, Plant and Equipment

| Item of property, plant and equipment | Cost/Valuation         |                       |                       |                        | Rate of Dep. | Depreciation           |                      |                       | Written Down Value as of 30.06.19 |                        |
|---------------------------------------|------------------------|-----------------------|-----------------------|------------------------|--------------|------------------------|----------------------|-----------------------|-----------------------------------|------------------------|
|                                       | Balance as on 01.07.18 | Addition for the year | Disposal for the year | Balance as on 30.06.19 |              | Balance as on 01.07.18 | Charged for the year | Disposal for the year |                                   | Balance as on 30.06.19 |
|                                       |                        |                       |                       |                        |              |                        |                      |                       |                                   |                        |
| <b>At Historical Cost:</b>            |                        |                       |                       |                        |              |                        |                      |                       |                                   |                        |
| Land and Land Development             | 214,484,061            | -                     | -                     | 214,484,061            | 0%           | -                      | -                    | -                     | 214,484,061                       |                        |
| Building and Other Structure          | 25,247,351             | -                     | -                     | 25,247,351             | 2.5%         | 599,284                | -                    | 1,874,092             | 23,373,259                        |                        |
| Plant and machinery                   | 2,003,080              | 209,665               | -                     | 2,212,745              | 5.0%         | 94,694                 | -                    | 251,157               | 1,961,588                         |                        |
| Office Equipment                      | 471,100                | 44,175                | -                     | 515,275                | 10%          | 40,023                 | -                    | 128,580               | 386,695                           |                        |
| Vehicle                               | 274,530                | 160,000               | -                     | 434,530                | 10%          | 29,218                 | -                    | 86,601                | 347,929                           |                        |
| <b>Total of 30.06.2019</b>            | <b>242,480,122</b>     | <b>413,840</b>        | <b>-</b>              | <b>242,893,962</b>     |              | <b>763,219</b>         | <b>-</b>             | <b>2,340,430</b>      | <b>240,553,531</b>                |                        |
| <b>Total of 30.06.2018</b>            | <b>241,349,754</b>     | <b>1,130,368</b>      | <b>-</b>              | <b>242,480,122</b>     |              | <b>744,619</b>         | <b>-</b>             | <b>1,577,211</b>      | <b>240,902,910</b>                |                        |

5.1 Depreciation has been charged on different cost centers as under :

| Particulars               | Factory        | Rate of Dep. (%) | General and Admn. | Rate of Dep. | Selling & Distribution | Rate of Dep. (%) | Total          |
|---------------------------|----------------|------------------|-------------------|--------------|------------------------|------------------|----------------|
| <b>At Historical Cost</b> |                |                  |                   |              |                        |                  |                |
| Land & Land Development   | -              | -                | -                 | -            | -                      | 0%               | -              |
| Factory & Office Building | 599,284        | 100%             | -                 | -            | -                      | 0%               | 599,284        |
| Plant & Machinery         | 94,694         | 100%             | -                 | -            | -                      | 0%               | 94,694         |
| Office Equipment          | 20,012         | 50%              | 16,009            | 40%          | 4,002                  | 10%              | 40,023         |
| Vehicles                  | 2,922          | 10%              | 8,765             | 30%          | 17,531                 | 60%              | 29,218         |
| <b>Sub Total</b>          | <b>716,912</b> |                  | <b>24,774</b>     |              | <b>21,533</b>          |                  | <b>763,219</b> |

|  |                  | Amount in BDT     |                      |                  |                   |                   |
|--|------------------|-------------------|----------------------|------------------|-------------------|-------------------|
|  |                  | 30-Jun-19         | 30-Jun-18            |                  |                   |                   |
| <b>6.00 Biological Assets:</b>                     |                  |                   |                      |                  |                   |                   |
| Dryer  |                  | 1,787,350         | 279,549              |                  |                   |                   |
| Milkable Cows                                      |                  | 59,973,286        | 49,662,792           |                  |                   |                   |
| Heifers  |                  | 15,928,907        | 18,538,632           |                  |                   |                   |
| Calves   |                  | 4,867,238         | 3,074,385            |                  |                   |                   |
| Bull   |                  | 6,003,583         | 8,918,148            |                  |                   |                   |
|  |                  | <b>88,560,364</b> | <b>80,473,506</b>    |                  |                   |                   |
| <b>6.01 Details are as follows:</b>                |                  |                   |                      |                  |                   |                   |
|  | <b>Calves</b>    | <b>Heifers</b>    | <b>Milkable Cows</b> | <b>Dryer</b>     | <b>Bull</b>       | <b>Total</b>      |
| Carrying amount                                    | 3,074,385        | 18,538,632        | 49,662,792           | 279,549          | 8,918,148         | 80,473,506        |
| Add: Purchase Costs                                |                  |                   |                      |                  |                   | -                 |
| Less: Transfer/ Sales                              | (2,865,240)      | (4,025,420)       | 3,765,872            | 498,575          | (4,736,331)       | (7,362,544)       |
| Add / (Less): Fair value adjustments               | 4,658,093        | 1,415,695         | 6,544,622            | 1,009,226        | 1,821,766         | 15,449,402        |
|  | <b>4,867,238</b> | <b>15,928,907</b> | <b>59,973,286</b>    | <b>1,787,350</b> | <b>6,003,583</b>  | <b>88,560,364</b> |
| <b>6.01.01 Fair value adjustments</b>              |                  |                   |                      |                  |                   |                   |
|  | <b>Calves</b>    | <b>Heifers</b>    | <b>Milkable Cows</b> | <b>Dryer</b>     | <b>Bull</b>       | <b>Total</b>      |
| Changes in Fair Value                              | 4,963,515        | 1,985,552         | 9,985,452            | 1,198,752        | 3,905,520         | 22,038,791        |
| Less: Cost to sell                                 | (305,422)        | (569,857)         | (3,440,830)          | (189,526)        | (2,083,754)       | (6,589,389)       |
|  | <b>4,658,093</b> | <b>1,415,695</b>  | <b>6,544,622</b>     | <b>1,009,226</b> | <b>1,821,766</b>  | <b>15,449,402</b> |
| <b>7.00 Deferred tax asset</b>                     |                  |                   |                      |                  |                   |                   |
| Opening balance                                    |                  |                   |                      |                  | 2,338,701         | 2,062,243         |
| Add : During the year on business loss             |                  |                   |                      |                  | 10,149            | 738,539           |
| Add : During the year on cost of fixed Assets      |                  |                   |                      |                  | 10,149            | (462,081)         |
|  |                  |                   |                      |                  | <b>2,358,999</b>  | <b>2,338,701</b>  |
| <b>8.00 Capital work in progress</b>               |                  |                   |                      |                  |                   |                   |
| Opening balance                                    |                  |                   |                      |                  | 37,295,937        | 38,221,089        |
| Add: Addition during the year                      |                  |                   |                      |                  | -                 | -                 |
| Less : Transferred to Property Plant and Equipment |                  |                   |                      |                  | -                 | (925,152)         |
|  |                  |                   |                      |                  | <b>37,295,937</b> | <b>37,295,937</b> |
| <b>9.00 Inventories</b>                            |                  |                   |                      |                  |                   |                   |
| Raw Material                                       |                  |                   |                      |                  | 1,765,197         | 576,778           |
| Medicine   |                  |                   |                      |                  | 89,554            | 120,651           |
| Store in Transit                                   |                  |                   |                      |                  | 10,254            | 41,254            |
|  |                  |                   |                      |                  | <b>1,865,005</b>  | <b>738,683</b>    |
| <b>10.00 Advances, deposits and prepayments</b>    |                  |                   |                      |                  |                   |                   |
| Advances to suppliers & service providers          |                  |                   |                      |                  | 798,082           | 679,500           |
|  |                  |                   |                      |                  | <b>798,082</b>    | <b>679,500</b>    |
| <b>11.00 Trade and other receivables</b>           |                  |                   |                      |                  |                   |                   |
| Trade receivable (Note:11.01)                      |                  |                   |                      |                  | 2,896,365         | 373,317           |
|  |                  |                   |                      |                  | <b>2,896,365</b>  | <b>373,317</b>    |
| <b>11.01 Trade receivable</b>                      |                  |                   |                      |                  |                   |                   |
| Local sales receivables                            |                  |                   |                      |                  | 2,896,365         | 373,317           |
|  |                  |                   |                      |                  | <b>2,896,365</b>  | <b>373,317</b>    |

**Aging Schedule of Trade Receivable**

| Account Name            | Upto 90 days | Upto 180 days | Over 180 days | 2019      | 2018    |
|-------------------------|--------------|---------------|---------------|-----------|---------|
| Local sales receivables | 2,896,365    |               |               | 2,896,365 | 373,317 |

|  |  | Amount in BDT      |                    |
|--|--|--------------------|--------------------|
|  |  | 30-Jun-19          | 30-Jun-18          |
| <b>12.00 Cash at cash equivalents</b>            |  |                    |                    |
| Cash in hand:                                    |  | 846,416            | 128,653            |
| Head office                                      |  | 96,854             | 4,551              |
| Factory & depot                                  |  | 749,562            | 124,102            |
| Cash at bank                                     |  | 1,077,996          | 992,694            |
| Fixed Deposits with Banks                        |  | -                  | -                  |
|  |  | <b>1,924,412</b>   | <b>1,121,347</b>   |
| <b>13.00 Share capital</b>                       |  |                    |                    |
| <b>Authorized share capital</b>                  |  |                    |                    |
| <b>10,000,000 ordinary Shares of BDT 10 each</b> |  | <b>100,000,000</b> | <b>100,000,000</b> |

**Issued, subscribed and paid up capital**

| Name                                | Designation       | % of Shares |             | Value of shares in BDT |                   |
|-------------------------------------|-------------------|-------------|-------------|------------------------|-------------------|
|                                     |                   | 30 June 19  | 2018        | 30 June 19             | 2018              |
| Mr. Ahmed Rajeeb Samdani            | Managing Director | 25.00%      | 25.00%      | 12,500,000             | 12,500,000        |
| Golden Harvest Agro Industries Ltd. | Parent company    | 75.00%      | 75.00%      | 37,500,000             | 37,500,000        |
|                                     |                   | <b>100%</b> | <b>100%</b> | <b>50,000,000</b>      | <b>50,000,000</b> |

**14.00 Retained earnings**

|                              |                     |                     |
|------------------------------|---------------------|---------------------|
| Opening balance              | (24,638,640)        | (19,978,886)        |
| Net profit or loss after tax | (331,691)           | (4,659,754)         |
|                              | <b>(24,970,331)</b> | <b>(24,638,640)</b> |

**15.00 Long term loans**

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Standard Bank Ltd., Term Loan-1    | 53,964,582         | 55,282,963         |
| Standard Bank Ltd., Term Loan-2    | 98,281,584         | 100,335,478        |
|                                    | 152,246,166        | 155,618,441        |
| Current maturity of long term loan | (38,310,164)       | (33,663,507)       |
|                                    | <b>113,936,001</b> | <b>121,954,934</b> |

**Terms and Conditions:**

**Rate of interest :**

14.00%

**Tenor :**

5 years ( Excluding Moratorium Period)

**Moratorium period :**

1 year

**Repayment term:**

60 Monthly installment.

**Security :**

The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company .

**16.00 Accounts and other payables**

|                                      |                |                    |                    |
|--------------------------------------|----------------|--------------------|--------------------|
| Sundry creditors for goods & service |                | 1,422,512          | 1,732,891          |
| Withholding tax and VAT              |                | 57,045             | 48,588             |
| Inter company transaction            | (Note - 16.01) | 144,988,424        | 127,656,845        |
|                                      |                | <b>146,467,981</b> | <b>129,438,324</b> |

**16.01 Inter company transaction**

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Golden Harvest Agro Ind. Ltd. | 144,988,424        | 22,623,486         |
| Golden Harvest Ice Cream Ltd. | -                  | 105,033,359        |
|                               | <b>144,988,424</b> | <b>127,656,845</b> |

|              |  | <b>Amount in BDT</b> |  |
|--------------|--|----------------------|--|
|              |  | <b>30-Jun-19</b>     | <b>30-Jun-18</b>   |
| <b>17.00</b> | <b>Accruals &amp; provisions</b>                 |                      |  |
|              | Salary & allowances                              | 429,634              | 238,724  |
|              | Audit fees                                       | 57,500               | 57,500   |
|              | Mobile Phone Bill                                | 2,015                | 6,066  |
|              | Provision for tax (Note- 17.01)                  | 308,872              | 24,541   |
|              | Provision for others                             | 109,300              | 10,300   |
|              |  | <b>907,321</b>       | <b>337,131</b>   |
| <b>17.01</b> | <b>Provision for tax</b>                         |                      |  |
|              | Opening balance                                  | 24,541               | 11,924   |
|              | Under tax provision in respect of previous years | 20,125               | -  |
|              | Tax for the year                                 | 264,206              | 12,617   |
|              |  | <b>308,872</b>       | <b>24,541</b>  |
| <b>18.00</b> | <b>Short term loan</b>                           |                      |  |
|              | Standard Bank Ltd                                | 51,601,560           | 53,168,645   |
|              |  | <b>51,601,560</b>    | <b>53,168,645</b>  |
|              | <b>Terms and Conditions:</b>                     |                      |  |
|              | <b>Rate of interest :</b>                        |                      | 14.00%   |
|              | <b>Tenor :</b>                                   |                      | Revolving  |
|              | <b>Security :</b>                                |                      | The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company . |
| <b>19.00</b> | <b>Revenue</b>                                   |                      |  |
|              | Sales (Local)                                    | 44,034,280           | 24,532,636   |
|              |  | <b>44,034,280</b>    | <b>24,532,636</b>  |
| <b>20.00</b> | <b>Cost of goods sold</b>                        |                      |  |
|              | Raw materials:                                   |                      |  |
|              | Opening stock (Note - 9)                         | 697,429              | 520,244  |
|              | Purchases (Note - 20.01)                         | 24,167,431           | 15,227,969   |
|              |  | <b>24,864,860</b>    | <b>15,748,213</b>  |
|              | Closing stock (Note - 9)                         | (1,854,751)          | (697,429)  |
|              | <b>Consumption</b>                               | <b>23,010,109</b>    | <b>15,050,784</b>  |
|              | Add: Manufacturing expenses (Note - 20.02)       | 6,026,753            | 4,502,174  |
|              | Total manufacturing cost                         | <b>29,036,862</b>    | <b>19,552,958</b>  |
|              | <b>Finished Goods:</b>                           |                      |  |
|              | Opening stock (Note - 9)                         | -                    | -  |
|              |  | 29,036,862           | 19,552,958   |
|              | Closing stock (Note - 9)                         | -                    | -  |
|              |  | <b>29,036,862</b>    | <b>19,552,958</b>  |
| <b>20.01</b> | <b>Purchases</b>                                 |                      |  |
|              | Raw materials                                    | 22,423,509           | 14,771,168   |
|              | Packing materials                                | 1,743,922            | -  |
|              | Processing materials                             | -                    | 456,801  |
|              |  | <b>24,167,431</b>    | <b>15,227,969</b>  |
| <b>20.02</b> | <b>Manufacturing expenses</b>                    |                      |  |
|              | Salary and allowance                             | 3,437,592            | 2,721,839  |
|              | Repair & maintenance                             | 559,115              | 244,553  |
|              | Traveling, conveyance, tour                      | 45,539               | 41,941   |
|              | Utility, generator fuel                          | 505,768              | 308,497  |
|              | Office communication                             | 1,956                | 11,731   |
|              | Carriage inward                                  | 36,072               | 109,425  |
|              | Entertainment                                    | 42,821               | 10,164   |
|              | Printing & stationery                            | 215,406              | 93,471   |
|              | Cleaning & security services                     | 216,906              | 119,575  |
|              | Vehicle fuel and maintenance                     | 42,455               | 2,650  |
|              | Miscellaneous expenses                           | 206,212              | 134,414  |
|              | Depreciation of fixed assets (Note - 5.1)        | 716,912              | 703,914  |
|              |  | <b>6,026,753</b>     | <b>4,502,174</b>   |

|              |   | <b>Amount in BDT</b> |                   |
|--------------|---|----------------------|-------------------|
|              |   | <b>30-Jun-19</b>     | <b>30-Jun-18</b>  |
| <b>21.00</b> | <b>Administrative expenses</b>                          |                      |                   |
|              | Salary and allowance                                    | 840,000              | 13,178            |
|              | Repair & maintenance                                    | -                    | 6,265             |
|              | Traveling, conveyance, tour                             | 188,538              | 103,340           |
|              | Utility bills   | -                    | 49,395            |
|              | Office communication                                    | 16,268               | 28,737            |
|              | Entertainment   | -                    | 8,415             |
|              | Fees, taxes & renewal                                   | 26,875               | 84,316            |
|              | Professional & legal fees                               | 52,500               | 41,000            |
|              | Audit fees  | 80,500               | 57,500            |
|              | Printing & stationery                                   | 12,527               | 21,342            |
|              | Postage & courier charges                               | 6,730                | 2,480             |
|              | Cleaning & security services                            | -                    | 22,412            |
|              | Bank charges  | 107,047              | 68,438            |
|              | Miscellaneous expenses                                  | -                    | 2,000             |
|              | Depreciation of fixed assets (Note - 5.1)               | 24,774               | 22,431            |
|              |   | <b>1,355,759</b>     | <b>531,249</b>    |
| <b>22.00</b> | <b>Selling expenses</b>                                 |                      |                   |
|              | Salary and allowance                                    | 641,560              | -                 |
|              | Traveling, conveyance, tour                             | 10,510               | 2,710             |
|              | Office communication                                    | 18,021               | 6,136             |
|              | Carriage outward  | 38,145               | 258,960           |
|              | Printing & stationery                                   | 15,304               | 7,480             |
|              | Vehicle fuel and maintenance                            | 582,431              | 386,631           |
|              | Distribution promotion expenses                         | 137,325              | -                 |
|              | R & D expenses  | 5,120                | 37,432            |
|              | Miscellaneous expenses                                  | 57,098               | 180,772           |
|              | Depreciation of fixed assets (Note - 5.1)               | 21,533               | 18,274            |
|              |   | <b>1,542,597</b>     | <b>898,395</b>    |
| <b>23.00</b> | <b>Finance expenses</b>                                 |                      |                   |
|              | Interest on Term Loan                                   | 27,616,122           | 22,131,387        |
|              |   | <b>27,616,122</b>    | <b>22,131,387</b> |
| <b>24.00</b> | <b>Income tax expenses</b>                              |                      |                   |
|              | Current tax   | 264,206              | 12,617            |
|              | Under tax provision in year of 2016-2017                | 20,125               | -                 |
|              | Deferred tax  | (20,298)             | (276,458)         |
|              |   | <b>264,033</b>       | <b>(263,841)</b>  |
| <b>25.00</b> | <b>Earning Per Share</b>                                |                      |                   |
|              | Basic earning per share (EPS)                           |                      |                   |
|              | Profit attributable to the ordinary shareholders        | (331,691)            | (4,659,754)       |
|              | Number of ordinary shareholders in the year end         | 5,000,000            | 5,000,000         |
|              | Basic earning per share (EPS)                           | <b>(0.07)</b>        | <b>(0.93)</b>     |
| <b>26.00</b> | <b>Net Assets Value Per Share(NAV)</b>                  |                      |                   |
|              | Total Assets  | 376,252,695          | 363,923,901       |
|              | Less: Total Liabilities                                 | 351,223,027          | 338,562,541       |
|              | Net Assets Value  | 25,029,668           | 25,361,360        |
|              | Number of ordinary shares outstanding during the period | 5,000,000            | 5,000,000         |
|              | Net Assets Value Per Share(NAV)                         | <b>5.01</b>          | <b>5.07</b>       |
| <b>27.00</b> | <b>Net operation cash flow per share</b>                |                      |                   |
|              | Net operation cash flow from statement of cash flow     | 9,196,848            | 4,000,854         |
|              | Number of ordinary shares outstanding during the period | 5,000,000            | 5,000,000         |
|              | Net operation cash flow per share                       | <b>1.84</b>          | <b>0.80</b>       |

|  |      | Amount in Taka |           |
|--|------|----------------|-----------|
|  |      | 30-Jun-19      | 30-Jun-18 |
| <b>28.00 Other information</b>               |      |                |           |
| <b>28.01 Transaction in foreign currency</b> |      |                |           |
| <b>CIF value of import:</b>                  |      |                |           |
| Capital machinery                            |      | -              | -         |
| Raw materials                                |      | -              | -         |
| FOB value of export                          |      | -              | -         |
| <b>Exchange rate on 30 June 2019</b>         |      |                |           |
|  | Euro | 96.09          | 97.88     |
|  | USD  | 84.50          | 83.75     |
|  | GBP  | 107.29         | 110.63    |

**28.02 Capital expenditure commitment**

**Contingent liabilities**

The Company confirms that there are no case filed against the Group which is not disclosed which would have been a material impact on the financial position of the Group. There was no Contingent Liabilities as on 30 June 2019.

**Capital expenditure commitment**

Capital expenditure commitment for machineries and raw material at 30 June 2019 were as under:

|                       |          |          |
|-----------------------|----------|----------|
| Machineries & vehicle | -        | -        |
| Raw material          | -        | -        |
|                       | <u>-</u> | <u>-</u> |

**Term loan commitment**

At 30 June 2019 the company had annual commitment under Term Loan as set out below:

|   |             |             |
|---|-------------|-------------|
| Term loan principal due within 1 year       | 38,310,164  | 33,663,507  |
| Term loan principal due within 2 to 5 years | 113,936,001 | 121,954,934 |
| Term loan principal due above 5 years       | -           | -           |

**Finance lease commitment**

At 30 June 2019 the company had annual commitment under finance lease as set out below:

|                                   |   |   |
|-----------------------------------|---|---|
| Lease expires within 1 year       | - | - |
| Lease expires within 2 to 5 years | - | - |

**28.03 Related party transaction :**

The company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures". Total transactions of the significant related party as at 30 June 2019 are as follows:

| Name of Company                     | Relation ship   | Opening balance    | Addition/ Adjustment | Closing balance    |
|-------------------------------------|-----------------|--------------------|----------------------|--------------------|
| Golden Harvest Agro Industries Ltd. | Holding Company | 22,623,486         | 122,364,938          | 144,988,424        |
| Golden Harvest Ice Cream Ltd.       | Common Director | 105,033,359        | (105,033,359)        | -                  |
|                                     |                 | <b>127,656,845</b> | <b>17,331,579</b>    | <b>144,988,424</b> |

**28.04 Transaction with key management personnel's**

| Particulars   | 30-Jun-19 | 30-Jun-18 |
|---|-----------|-----------|
| Managerial remuneration paid or payable during the period to the directors, including managing directors. | -         | -         |
| Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.    | -         | -         |
| Other allowances and commission including guarantee commission  | -         | -         |
| Pensions etc.   | -         | -         |
| (i) Pensions  | -         | -         |
| (ii) Gratuities   | -         | -         |
| (iii) Payments from a provident funds, in excess of own subscription and interest thereon                 | -         | -         |
| Share based payments  | -         | -         |

**28.05 Quantitative details of opening stock, purchases/ production, consumption/sales and closing stock of raw materials and finished goods:**

| Item                             | Opening | Purchases/<br>Production | Consumption/<br>Sales | Closing<br>Stock |
|----------------------------------|---------|--------------------------|-----------------------|------------------|
|                                  | Kg      | Kg                       | Kg                    | Kg               |
| <b>Raw materials:</b>            |         |                          |                       |                  |
| For the year ended 30 June, 2019 | 22,240  | 864,516                  | 818,693               | 68,063           |
| For the year ended 30 June, 2018 | 18,670  | 569,501                  | 565,931               | 22,240           |
| <b>Finished goods:</b>           |         |                          |                       |                  |
| For the year ended 30 June, 2019 | -       | 746,344                  | 746,344               | -                |
| For the year ended 30 June, 2018 | -       | 306,658                  | 306,658               | -                |

**28.06 Capacity utilization**

| Item                       | Capacity in<br>KG<br>Per Year | Utilization in KG<br>Average Per year | %      |
|----------------------------|-------------------------------|---------------------------------------|--------|
| Milk Production(Quarterly) | 1,134,000                     | 746,344                               | 65.82% |

**28.07 Claim not acknowledged as debt**

There was no claim against the company not acknowledged as debt as on 30 June 2019

**28.08 Un-availed credit facilities**

Un-availed credit facilities to the company as on 30 June 2019 are as under:

| Bank               | Branch  | Nature of loan | Credit Limit | Outstanding | Unavailed limit   |
|--------------------|---------|----------------|--------------|-------------|-------------------|
| Standard Bank Ltd. | Gulshan | CC(Hypo)       | 50,000,000   | 51,601,560  | (1,601,560)       |
|                    | Gulshan | Term Loan      | 240,000,000  | 152,246,166 | 87,753,834        |
|                    |         |                |              |             | <b>86,152,275</b> |

**28.09 Employee details:**

i) During the year, there were 25 employees employed for the full period at a remuneration of BDT 3,000 per month and above.

ii) At the end of the period, there were 29 employees in the Company.

**28.10 Rounding off**

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

**28.11 Post-balance sheet events**

There is no material events after the reporting date that are not adjusting events came to management attention which may be useful for the stakeholders.



Director



Managing Director



Chairman

**Golden Harvest Dairy Ltd.**  
Statement of Cash at Bank  
As on 30 June 2019

| Sl. No.      | Name of Bank              | Account Name    | 30-Jun-19        | 30-Jun-18      |
|--------------|---------------------------|-----------------|------------------|----------------|
| 1            | Mutual Trust Bank Limited | Current Account | 59,784           | 128,407        |
| 2            | Standard Bank Limited     | Current Account | 954,846          | 864,287        |
| 3            | The Premier Bank Ltd      | Current Account | 63,367           | -              |
| <b>Total</b> |                           |                 | <b>1,077,996</b> | <b>992,694</b> |

# Glossary

## Accounting Policies

The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting Financial Statements.

## Accrual Basis

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

## Cost of Goods Sold -COGS

The Cost of Goods Sold Productions. This generally refers to the cost of producing of produce.

## Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## EBITDA

Earnings before interest, tax, depreciation and amortisation.

## Value Additions

The quantum of wealth generated by the activities of the company and its application.

## Economic Value Addition-EVA

EVA is an internal management performance measure that compares net operating profit to total cost of capital.

## EarningsPer Share - EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

## Price Earnings Ratio - PE

Market Price of a share divided by earnings per share.

## Market Capitalization

Number of Shares issues multiplied by the market value of each share at the year end.

## Shareholders Funds

Stated Capital, Capital Reserves and Revenue Reserves.

## Net Assets

Sum of fixed Assets and Current Assets less total liabilities.

## Net Assets Per Share

Net Assets at the end of the year divided by the number of Ordinary Shares issued.

## Return on Equity

Attributable profits divided by average shareholders' funds.

## Related Parties

Parties who could control or significantly influence the financial and operating policies of the Company

## Contingent Liabilities

Conditions or situations at the balance sheet date, the financial effects of which are to be determined by future events, which may or may not occur.

## Working Capital

Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

## Cash Equivalents

Liquid investments with original maturities of three months or less.

## Current Ratio

Current Assets divided by current liabilities.

## Debt to Equity Ratio

Borrowing divided by equity.

## ISO

International Standards Organization.

## HACCP

Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

## FMCG

Fast Moving Consumer Goods.

## BU

Business Unit.

## ERM

Enterprise Risk Management.

## RCSA

Risk Control Self-Assessment.

## MC

Management Committee.

## GHAIL

Golden Harvest Agro Industries Limited.

## GHIL

Golden Harvest Ice-Cream Limited.

## GHDL

Golden Harvest Dairy Limited

## ICAB

The Institute of Chartered Accountants of Bangladesh.

ICSB  
Institute of Chartered Secretaries of Bangladesh.

Tk.  
Bangladesh Taka

#### **Consolidated Financial Statements**

Consolidated financial statements are the "Financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent (company) and its subsidiaries are presented as those of a single economic entity".

#### **Deferred Taxation**

A deferred tax liability is an account on a company's balance sheet that is a result of temporary differences between the company's accounting and tax carrying values, the anticipated and enacted income tax rate, and estimated taxes payable for the current year.

#### **Fair Value**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

#### **Finance Lease**

A lease that transfers substantially all the risk and rewards incident to ownership of the asset to the lessee. Title may or may not eventually be transferred.

#### **Intangible Asset**

An intangible asset is an identifiable non-monetary asset without physical substance.

#### **Non-controlling interest (Minority Interest)**

Non-controlling interest is the portion of equity ownership in a subsidiary not attributable to the parent company, who has a controlling interest and consolidates the subsidiary's financial results with its own.

#### **Capital Employed**

Shareholders' funds plus non controlling interest and debt.

#### **Operational segment**

A distinguishable component of the group, based on the product on which each business area focuses, that is subject to risks and returns that are different from those of other operating segments.

#### **Subsidiary**

An enterprise that is controlled by another enterprise (known as Parent).

#### **Depreciation**

The systematic allocation of the depreciable amount of an asset over its useful life.

#### **Dividends**

Distribution of profits to holders of equity investments in proportion to their holdings.

#### **Share Premium**

The amount by which the amount received by a company for a stock issue exceeds its face value.

#### **Record date**

The date fixed by the Board at least 14 days before the date of Annual General Meeting to determine the eligibility of shareholders to attend and vote at the meeting and the right to current dividend.

#### **Proxy**

A proxy is a written document authorizing the person named therein to attend and vote at a meeting for and in place of the Original Shareholder.



**The Company Secretary**  
 Golden Harvest Agro Industries Ltd.  
 Share Department  
 Plot-270 B, 2nd floor, Tejgaon Industrial Area,  
 Tejgaon, Dhaka-1208, Bangladesh  
 Tel: +88 02 9840181

Postage

**PROXY FORM**

I/We..... of .....  
 ..... being a shareholder of GOLDEN HARVEST AGRO  
 INDUSTRIES LTD. do hereby appoint Mr./Ms .....  
 Of ..... (or Failing his/her Mr./Ms .....  
 of..... to attend and vote on my/our behalf at  
 the 15<sup>th</sup> Annual General Meeting of the Company to be held on 28 December 2019 Saturday at 9.00 am at  
 Registered Office & Factory: Bokran, Monipur, Bobanipur, GazipurSadar, Gazipur, Bangladesh or at any  
 adjournment thereof or any ballot to be taken in consequence thereof.

Signed this ..... day of December 2019  
 Signature of the proxy

Revenue  
 Stamp of  
 Tk. 10.00

BO ID No No .....  
 of shares being held .....

Signature of the Shareholder (s)

**Notes:**

1. This form of Proxy, duly completed must be deposited at least 48 hours before the meeting of the Company Share Department office. Proxy is invalid if not signed and stamped as indicated above.
2. Signature of the Shareholder should agree with the specimen signature registered with the Company or

**ATTENDANCE SLIP**



I/We hereby record my/our attendance at the 15<sup>th</sup> Annual General Meeting of the Company to be held on 28  
 December 2019 Saturday at 9.00 am at Registered Office & Factory: Bokran, Monipur, Bobanipur,  
 GazipurSadar, Gazipur, Bangladesh

Name of the Shareholder (s) / Proxy Block Letters) .....

BO ID NO .....

Signature of the Shareholder (s)/Proxy

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance  
 Slip and deposit the same at the entrance of the meeting hall.



# Same Great Taste in New & Improved Packaging





## Golden Harvest Agro Industries Ltd.

### Corporate Head Office

Shanta Western Tower, Level 5, #501 & 502  
186 Tejgaon - Gulshan Link Road  
Tejgaon, Dhaka- 1208, Bangladesh  
Tel: +8802 8878784 - 7, Fax: +8802 8878204

### Share Department

Plot-270 B, 2nd floor  
Tejgaon Industrial Area  
Tejgaon, Dhaka-1208, Bangladesh  
Phone: +880 2 9840181  
E-mail: [share@goldenharvestbd.com](mailto:share@goldenharvestbd.com)

### Factory

Bokran, Monipur  
Bobanipur, Gazipur Sadar  
Gazipur, Bangladesh

Web: [www.goldenharvestbd.com](http://www.goldenharvestbd.com)

