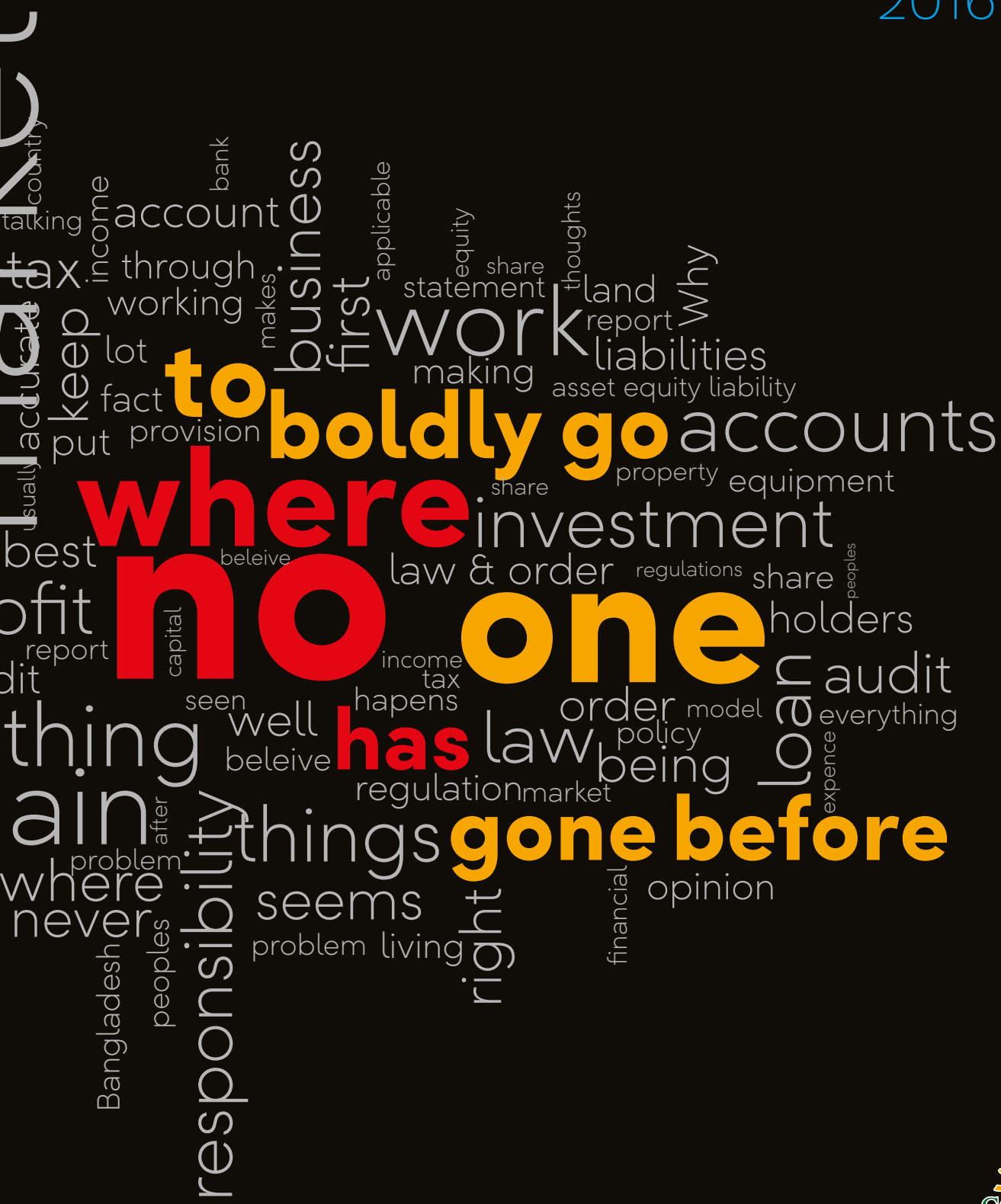
ANNUAL REPORT 2016

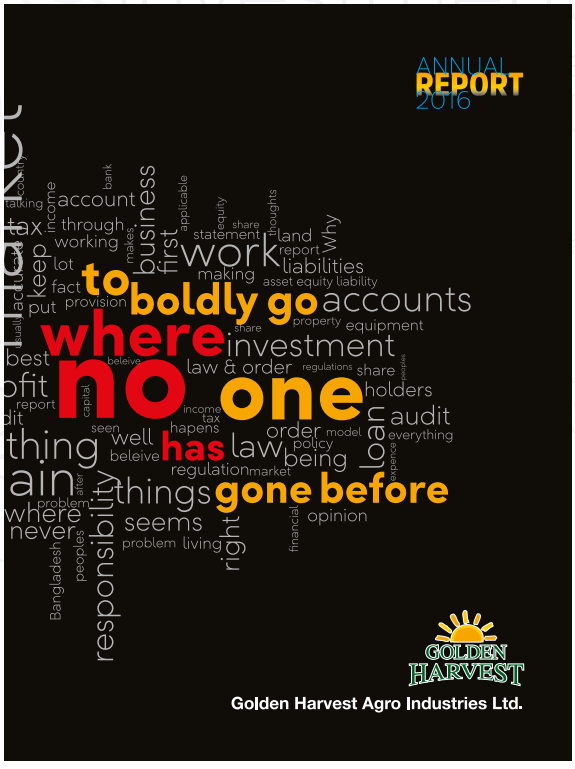


GOLDEN HARVEST

Golden Harvest Agro Industries Ltd.

GOLDEN HARVEST
chicken sausage
GOLDEN HARVEST
Chicken Nuggets
GOLDEN HARVEST
Chicken Nuggets
STRAIGHT CUT
FRENCH FRIES

ANNUAL REPORT 2016



Golden Harvest Agro Industries Ltd.

Contents

Corporate Objectives Values & Structure

Vision and Mission Statement 05

Overall Strategy 06

Core Values 07

Our Code of Conduct and Ethics 08

Letter of Transmittal 11

Notice of Annual General Meeting 12

Award and Achivement 14

Profile of the Company & Senior Management 16

Organisational Chart 18

Key Perfomance Indicators 19

Directors' Profiles 20

Management Committee 24

Certificate and Membership 26

Director's representation in other companies Board within the Group 27

Management Reports

Chairman's Message 28

Managing Director's Message 32

Directors' Report 36

5 Years Analysis 56

Horizontal and Vertical Analysis 58

Stakeholder's Information

Distribution of shareholding 60

Shareholders' & Investors' Information 61

Share price sencitivity 62

Redressal of investors complaints 63

Enterprise Risk Management

Risk Management Framework 64

Risk Control and Mitigation Methodology 66

Disclosure of Risk Reporting 67

Corporate Governance

Corporate Governance 72

Certificate of Compliance 84

Statement of Complience of Corporate Governence Guidelines 85

CEO & CFO Report to the Board 95

Audit Committee Report 96

Sustainability Report

Sustainability Report 100

Environmental Sustainability 101

Corporate Social Responsibility(CSR) 103

Human Capital 105

Human Resource Accounting 107

Integrated Reporting Initiative 108

Value Added Statement

Value Added Statement 115

Economic Value Addition 115

Financial Statements

Compliance Report on BAS and BFRS 118

Golden Harvest Agro Industries Limited
-Auditor's Report
-Audited Consolidated Financial Statements 120

Golden Harvest Ice Cream Limited
-Auditor's Report
-Audited Financial Statements 177

Golden Harvest Dairy Limited
-Auditor's Report
-Audited Financial Statements 212

Additional Disclosure

Glossary 240

Proxy Form & Attendance Slip

Proxy Form 242

Attendance Slip 242

GOLDEN HARVEST
Chicken Nuggets
Premium Quality
Chicken Wings & Drumlets
Chicken Strips
Pop Chicken

mission

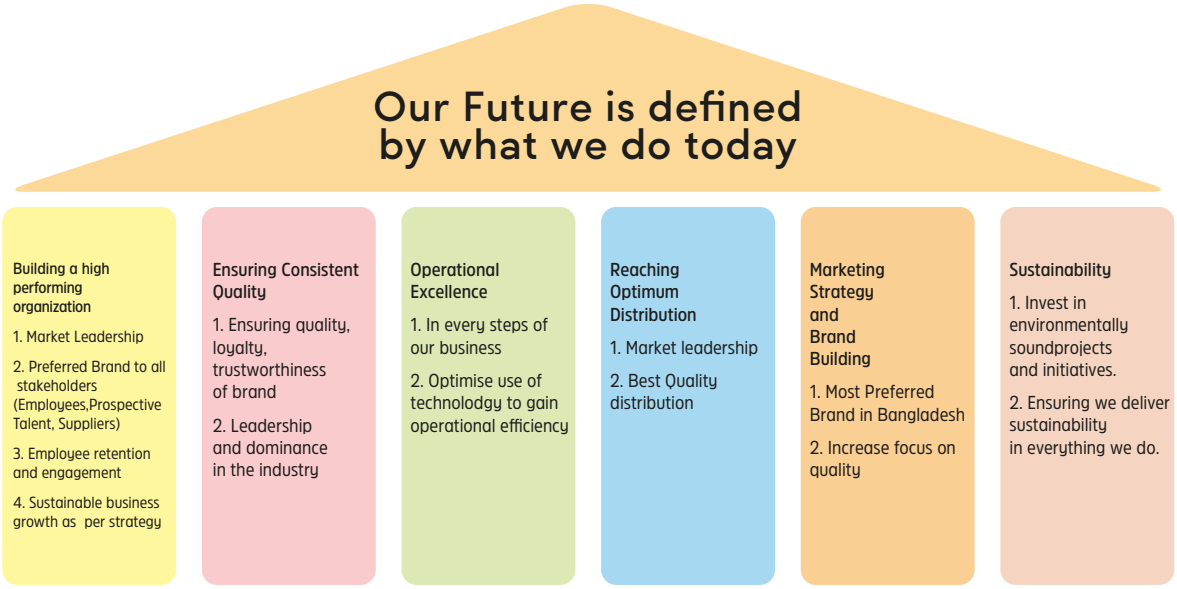
Consistently deliver international standard innovative products and services for improved lifestyle

vision

To be the most trusted and preferred brand to every household of Bangladesh.

Strategy

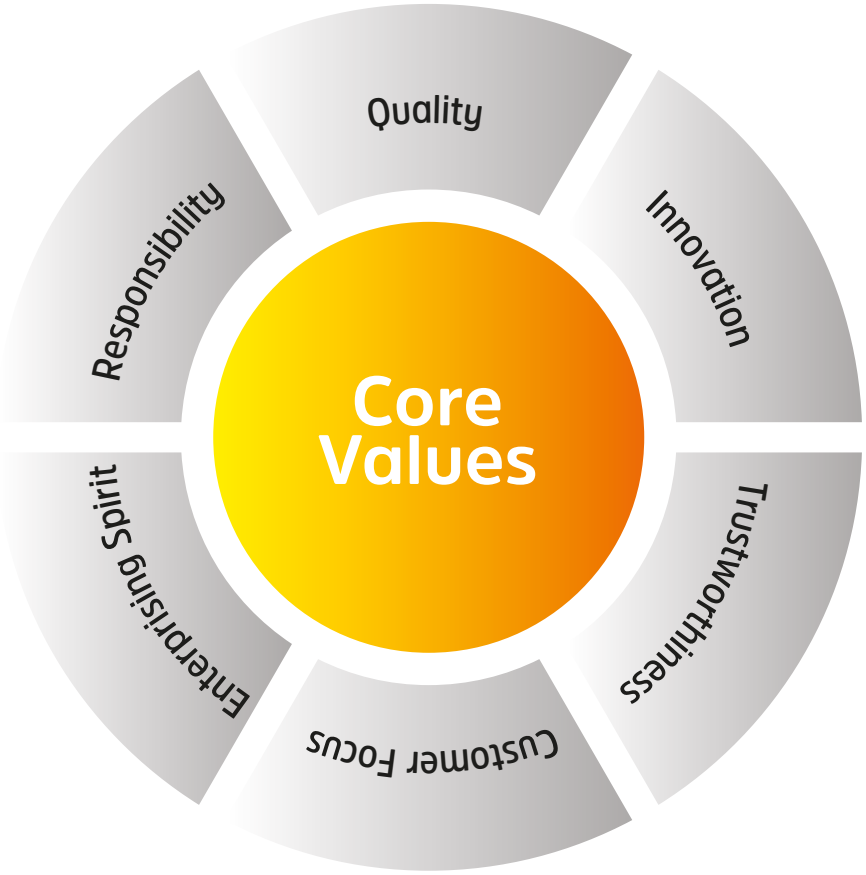
Our long-term strategy based on 5 'P' (people, product, place, price, promotion) has lead for a collaborative culture that keeps a collective focus on our purpose.



Our business strategy for growth

Our five areas of focus are underpinned by our values and operational excellence

Core Values



Quality	We are committed to offer the highest quality products at all times to our customers globally
Innovation	We anticipate change and shape it to fit our purposes
Trustworthiness	Our customer can trust our products because we can act with integrity and do what is right
Customer Focus	We are passionate about our customers and consumers and embrace their priorities as our own
Enterprising Spirit	We dare to dream, are bold to try and wholehearted in our pursuit of the objectivity of science.
Responsibility	We take responsibility, ensure safety of our people and products, contribute to our local communities, and care for our environment.

OUR CODE OF CONDUCT AND ETHICS

This Code of Business regarding Conduct and Ethics applies to the Directors, Management and Employees of all GHAIL and each subsidiary of GHAIL. Aligning with the Company mission, vision, strategy and corporate governance this code of conduct and ethics are practiced. These codes have a great influence in the development, implementation and practice of Integrated Management System (IMS).

Ethical Standards

1. Conflicts of Interest

A conflict of interest exists when a person's private interest interferes in any way with the interests of GHAIL. A conflict can arise when one takes actions or has interests that may make it difficult to perform his or her work for GHAIL objectively and effectively. Conflicts of interest may also arise when an affiliate, or members of his or her family, receives improper personal benefits as a result of his or her position in the Group. It is always a conflict of interest for an officer to work simultaneously for a competitor, customer and supplier or for that matter any other establishment against precursory benefit. Conflicts of interest may not always be clear-cut, so if anyone has a dilemma, he/she should consult with his/her supervisor or manager or, the Chief Financial Officer or Chief Operating Officer of GHAIL. Any officer who becomes aware of a conflict or potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in this Code.

All Directors and Executive officers of the Group, and the Chief Executive Officers and Chief Financial Officers shall disclose any material transaction or relationship that reasonably could be expected to give rise to such a conflict to the Chairman of the Group.

2. Corporate Opportunities

All officers are prohibited from taking for themselves opportunities that are discovered through the use of corporate property,information or position without the consent of the Board of Directors of GHAIL. No officer may use corporate property, information or position for improper personal gain and no employee may compete with the Group directly or in directly.

3. Fair Dealing

Officers shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating ethically competitors, suppliers, customers, and colleagues. No officer should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair practice. The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered or accepted unless it is consistent with customary business practices, cannot be construed as a bribe or pay off and does not violate any laws or regulations. Officers should discuss with their supervisors, managers or other appropriate personnel regarding any gifts or proposed gifts which they think may be inappropriate.

4. Insider Trading

Officers who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except for the conduct of GHAIL's business. All non-public information about the GHAIL should be considered confidential information.

5. Confidentiality

Officers must maintain the confidentiality of confidential information entrusted to them. Confidential information includes all non-public information whose disclosure might be of use to competitors or harmful to the GHAIL or its customers. It also includes information that suppliers and customers have entrusted to the GHAIL. The obligation to preserve confidential information continues even after employment ends.

6. Discrimination & Harassment

Discrimination means any distinction, exclusion or preference limiting equality or opportunity which may be based on color, sex, religion, political opinion, age, national, social or ethnic origins, or any other considerations in this matter. All officers are instructed and expected to avoid engaging in any sort of discriminatory practice.

7. Protection and Proper Use of GHAIL Assets

All should endeavor to protect GHAIL's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on GHAIL's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. The GHAIL's equipment should not be used for non-GHAIL business, though incidental personal use is permitted. The obligation of officers to protect GHAIL's assets, also include protecting its proprietary information Proprietary information includes trade secrets, trademarks, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate GHAIL policy. It could also be illegal and result in civil or criminal penalties.

8. Health and Safety of Officers

Each officer is responsible for maintaining a safe and healthy work environment and is obligated to report any kind of accidents, injuries, unsafe conditions, procedures, or behaviors etc. Any sort of violence or threatening behavior on the part of an officer will not be tolerated. Officers are prohibited to report to work under the influence of illegal drugs or alcohol.

9. Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which GHAIL's ethical standards are built. In conducting the business of GHAIL, the officers shall comply with applicable governmental laws, rules and regulations set by the Government of Bangladesh.

10. Timely and Truthful Public Disclosure

In reports and documents filed with or submitted to the Securities and Exchange Commission, stock exchanges and other regulators by GHAIL, and in other public communications made by GHAIL, the officer involved in the preparation of such reports and documents (including those who are involved in the preparation of financials or other reports and the inform ation included in such reports and documents) shall make disclosures that are full, fair, accurate, timely and understandable.

11. Significant Accounting Deficiencies

The CEO and each senior Financial Officer shall promptly bring to the attention of the Board any information he or she may have concerning (a) significant deficiencies in the design or operation of internal control over financial reporting which could adversely affect GHAIL's ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in GHAIL's financial reporting, disclosures.

11th Annual General Meeting

LETTER OF TRANSMITTAL

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

Subject: Annual Report for the year ended June 30, 2016

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, 2016 along with Auditors' Report for your record.

The Annual report is available in the company's website at www.goldenharvestbd.com

Thank you for your support and confidence on us.

Sincerely yours,

Nirmal Chandra Sardar
Company Secretary

Notice of The 12th Annual General Meeting and 6th Extraordinary General Meeting

Dhaka, dated 5th December 2016

Notice is hereby given that the 12th Annual General Meeting (AGM) of Golden Harvest Agro Industries Limited shall be held at Factory Premises, Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur on 29th December 2016 at 12.00 pm and 6th Extraordinary General Meeting (EGM) will be held at 11.30 am in the same venue to transect the following businesses:

AGENDA

EGM:

1. To amend Clause V of Memorandum of Association and clause 5 of Articles of Association of the Company to increase authorized capital of the company to Tk. 200 (two hundred) Crore from Tk. 100 (one hundred) crore.
2. To transect any other business with the permission of the chair.

AGM:

1. To consider and approve the Company's Financial Statements for the year ended 30 June, 2016 along with the Auditors' and Directors' Reports thereon.
2. To approve 10% stock dividend as recommended by the board of director for the year ended 30 June, 2016
3. Retirement and re-election/reappointment of Directors.
4. To approve the appointment of auditors of the Company for the year ended 30 June 2017 and fixation of their remuneration.
5. To transect any other business with the permission of the chair.

By the Order of the Board
Sd/-
Nirmal Chandra Sardar
Company Secretary

NOTES:

a) The Record Date of the Company was 24th November 2016 and the name of Shareholders in the Register of Members on the Record Date will be eligible to attend in the EGM & 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.

Golden Harvest Agro Industries Ltd.
Share division: House No. 270/B Tejgaon Industrial Area (2nd Floor)
Dhaka– 1208. Phone: +880 2 8879381

As per SEC notification no gift will be provided in the EGM & AGM

AWARDS & ACHIEVEMENTS

16th ICAB National Awards "Best Presented Annual Reports 2015":

Golden Harvest Agro Industries Ltd. achieved the first prize in category of Agro Sector. It is conjunctive 2nd time first prize achievement of Golden Harvest from The Institute of Chartered Accountants of Bangladesh (ICAB).

Commerce Minister Tofail Ahmed handed over the 16th ICAB National Awards to Mr. Enamuzzaman Chowdhury, Chairman, Golden Harvest Agro Industries Ltd.

SAFA Best Presented Annual Reports Awards 2014:

Golden Harvest has been awarded the 2nd Runner Up 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.

DITF 2016

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

2nd ICSB national Award 2014:

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.

Brand Forum Commward 2016

Grand Prix award in the packaging category

Profile of the Company & Organisational Chart
Corporate Directory

Board of Directors
Chairman
Enamuzzaman Chowdhury

Managing Director and
Chief Executive Officer
Ahmed Rajeeb Samdani

Director
Mohius Samad Choudhury

Director
Matthew Graham Stock

Director
Nadia Khalil Choudhury

Director
Moqsud Ahmed Khan

Director
Azizul Huque

Independent Director
Faisal Ahmed Choudhury

Independent Director
Alena Akhter Khan

Audit Committee
Chairman
Faisal Ahmed Choudhury

Member
Mohius Samad Choudhury

Member
Azizul Huque

Legal Advisor
The Legal Circle
High Tower (9th Floor)
9, Mohakali C/A, Dhaka 1212

Auditors
S.K. Barua& Co. Chartered Accountants
House # 432 (2nd Fl), Lane # 30,
New DOSH, Mohakhali, Dhaka-1206

Tax Advisor
Podder & Associates
333/1, Segun Bagicha, Dhaka

Bankers

Mercantile Bank Limited
Gulshan Branch

First Security Islami Bank Limited
Gulshan Branch

Islami bank Bangladesh Limited
Gulshan Branch

United Commercial Bank Limited
Corporate Branch

Meghna Bank Limited
Gulshan Branch

Standard Bank Limited
Panthapath Branch

Mutual Trust Bank Limited
Gulshan Branch

Insurer
Janata Insurance Company Limited
Prime Insurance Company Limited

Corporate Head Office:
Shanta Western Tower, Level 5, S-501 & 5-502, 186 GulshanTejgaon Link Road, Tejgaon, Dhaka- 1208
Share Department
Plot-270 B, 2nd floor, Tejgaon Industrial Area, Tejgaon, Dhaka-1208, Bangladesh, Tel: +88 02 98401 81
Registered Office & Factory: Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur.

Senior Management Officials

Chief Financial Officer
Rojina Akhter FCA

Company Secretary
Nirmal Chandra Sardar

Senior Manager- Risk Managent and Internal Audit
Shafayet Mohammed

Manager- Financial Reporting
Syed Rabiul Islam

Senior Manager- Finance
Faisal Mahmud Sajeeb ACA

AGM, Trade Asset Management
Abu Zahid Apu

Manager –IT
Muhammad Atiqul Kabir

Manager-Planning & Insight
Khalid Al- Amin

Manager- Credit Control
Rahat Reza Siddique

Manager- Factory Administration
S. M Quamrul Islam

Sales Manager- Frozen Foods & Special Channel
Manzur Elahi Al Hossain

Regional Sales Manager
Md. Abdul Barek

Deputy Manager- Accounts
Md. Jasim Uddin

Deputy Manager- HR
Muhammad Ziaul Karim

Deputy Manager- Credit Control
Khondokar Md. Moksedul Alam

Assistant Manager – Treasury
Md. Mazidur Rahman

Assistant Manager- Treasury
Md. Mahbub Alam-Nazrul

Senior Executive– Financial Reporting
Md. Safaet Hossain

Senior Executive –AP
Farzana Choudhury

Chief Operating Officer – Foods Division
Zakir Ibne Hai

Group Head of HR
Mohammad Shamim Ferdous

Senior Manager- Supply Chain & Procurement
Md. Ashikur Rahman

Manager- Admin
Aosafur Rahman Asad

Factory Operations Manager
Mahmud Riyad

Head of Production
Jens Erik Molgaard

Head of Operation –QSR
Ahsan Habib

Manager- Group Brand
Farhan Hadi

Manager-Dairy
Abdul Mannan

Regional Sales Manager
Md Ariful Islam

Regional Sales Manager
Arup Kumar Barua

Manager- Trade Marketing
Md. Habib Ullah

Manager- Communication
Barsha Shaikh

Deputy Manager–MIS
Syed Fahad Bin Islam

Assistant Manager- Research & Development
Nusrat Sultana

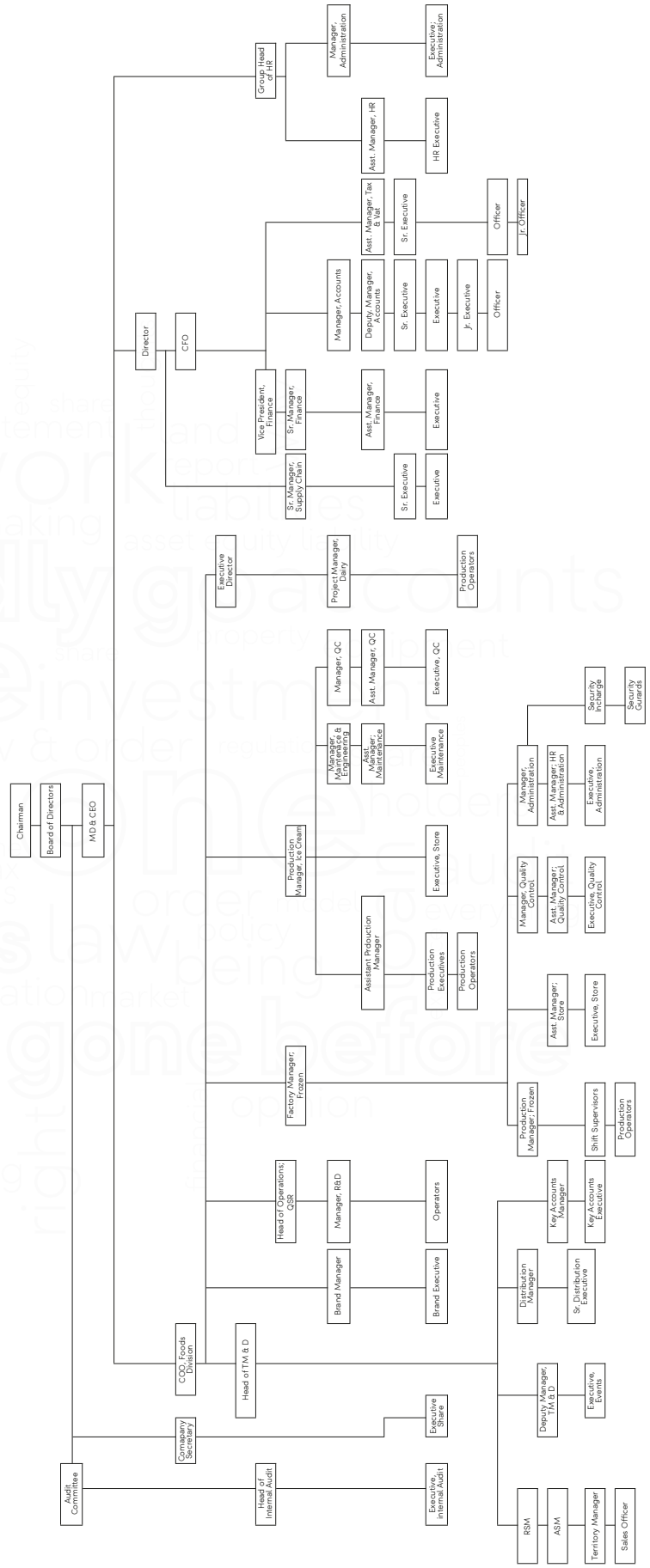
Assistant Manager- Quality Assurance
Md. Moslehuddin

Assistant Manager – Tax & VAT
Md. Saiful Islam

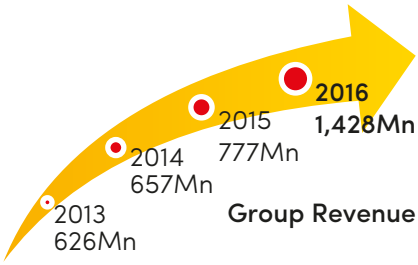
Senior Executive - Business Development
Muhammad Mohsin Uddin

Senior Executive –Share Division
Md. Nurjalal Siddique

Organisational Chart



KEY PERFORMANCE INDICATORS



Profit from operation

65% ∧

2016	BDT 482.02Mn
2015	BDT 292.78Mn

Total Assets

26% ∧

2016	BDT 5,044.39Mn
2015	BDT 4,006.56Mn

Shareholders Equity

10% ∧

2016	BDT 2,046.41Mn
2015	BDT 1,865.69Mn

Property, Plant and Equipment

30% ∧

2016	BDT 2,646.08Mn
2015	BDT 2,043.01Mn

Contribution to National Exchquer

30% ∧

2016	BDT 153.00Mn
2015	BDT 118.00Mn

Earning Per Share (EPS)

89% ∧

2016	BDT 1.98Mn
2015	BDT 1.05Mn

Net Assets Value (NAV)

10% ∧

2016	BDT 22.72Mn
2015	BDT 20.71Mn

BOARD OF DIRECTORS

Enamuzzaman Chowdhury
Chairman

Ahmed Rajeeb Samdani
Managing Director

Mohius Samad Choudhury
Director

Matthew Graham Stock
Director

Nadia Khalil Choudhury
Director

Moqsud Ahmed Khan
Director

Azizul Huque
Director

Faisal Ahmed Choudhury
Independent Director

Alena Akhter Khan
Independent Director

DIRECTORS' PROFILE

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 BIBM.

Ahmed Rajeeb Samdani
Managing Director

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 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. aHe 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.

Mohius Samad Choudhury
Director

A Director of Golden Harvest Agro Industries ltd. looking after the Corporate Finance of the company as well as the company's business partner's interest, particularly in the area of finance and the capital structure of the company. His primary goal is to maximize shareholder value. He has vast experience in project management. Mr. Choudhury completed his MBA and BA Hons in Business Studies from University of Glamorgan, UK."

Matthew Graham Stock
Director

Mr. Matthew Graham Stock, is a Director of Golden Harvest Agro Industries Ltd. Mr Stock is also the Chief Executive Officer of Essar Steel Minnesota LLC, a 7 million ton per annum iron ore mining and pelletisation project in Minnesota, USA". According to Forbes July 2010 issue, Mr. Stock has been named the Iron man of India for his leadership role in the Steel Industry of India. Mr. Stock bring his vast experience in Cold Chain from UK is a great asset for Golden Harvest Agro Industries Ltd.

Nadia Khalil Choudhury Director	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 Dhaka Art Summit and the Co-Founder and Managing Director 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.
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.
Azizul Huque Director	Mr. Azizul Huque, a Director of Golden Harvest Agro Industries Ltd, holds a University Higher diploma in Computer Science from Staffordshire University. Having vast experience extended over 17 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.
Faisal Ahmed Choudhury Independent Director	Mr. Faisal Ahmed Choudhury is an independent Director of Golden Harvest Agro Industries Limited. Mr, Choudhury, a former Secretary of Ministry of Shipping of the Government of Bangladesh Who was also joint secretary of the Ministry of Finance) and former Commissioner of Customs & VAT. 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.
Alena Akhter Khan Independent Director	Advocate Alena Akhter Khan Alias Alena 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.

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 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. aHe 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.

Mr. Mohius Samad Choudhury
Member

A Director of Golden Harvest Agro Industries ltd. looking after the Corporate Finance of the company as well as the company's business partner's interest, particularly in the area of finance and the capital structure of the company. His primary goal is to maximize shareholder value. He has vast experience in project management. Mr. Choudhury completed his MBA and BA Hons in Business Studies from University of Glamorgan, UK."

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Member

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Mr. Nirmal Chandra Sardar
Member

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 in 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.

Mr. Zakir Ibne Hai
Member

Chief Operating Officer, Foods Division, Golden Harvest. He joined the group in March 2015. An MBA from IBA, Dhaka University, Mr. Hai started his career in Reckitt Benckiser Bangladesh as Brand Manager in 1996; he worked in progressively responsible roles in Brand and Trade Marketing in Reckitt's Bangladesh and India operations. Subsequently he worked as Head of Marketing and Development in Bayer Crop Science and Head of A&P and Research in Axiata Bangladesh. He joined British American Tobacco Bangladesh as Corporate Communication Manager in 2007 and worked in progressively responsible roles of Regulatory Affairs Manager and Head of Corporate and Regulatory Affairs. He was inducted in the BAT Bangladesh Company Limited's Board of Directors in 2011. In his last role with BAT, Mr, Hai worked in Senior Management roles in the global corporate & regulatory affair function managing global campaigns based at BAT Group HQ in UK since 2012.

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 6 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. Mohammad Shamim Ferdous
Member Secretary

Group Head of HR of Golden Harvest Group, is a seasoned HR professional with 12 years of working experience in different large reputed conglomerates of Bangladesh. His HR exposure spans across diversified industries includeing Pharmaceuticals, FMCG, Agribusiness, Food & Beverage and Media. He is an MBA from IBA, Dhaka University and an Economics graduate from the same University. He has specialized knowledge & skill in Strategic HRM, Business partnering, Talent Strategy, Conflict Management and Industrial Relations.

WHY YOU TRUST ON US!!!

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 Cstili6ation Rossmore Busiress Pak Ellesmere Prt Cheshire CH65 3EN UX

ISO 22000:2005

ISO 22000is 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 Cstili6ation Rossmore Busiress 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# 18176/G-2/2014 by BSTI, 116/A. Tejgaon Industrial Area, Dhaka-1208.

ISO 9001:2008

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 Cstili6ation Rossmore Busiress Pak Ellesmere Prt Cheshire CH65 3EN UX

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, Niketan, 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

Director's representation in other companies Board within the Group

Name of Directors	Company Names	Golden Harvest Agro Industries Ltd.	Golden Harvest Commodities Ltd.	Nippon Express Bangladesh Ltd.	Golden Harvest Developers Ltd.	Golden Harvest Ice Cream Ltd.	Golden Harvest Infotech Ltd.	Golden Harvest Foods Ltd.	Golden Harvest Dairy Ltd.	Golden Harvest QSR Ltd.	Brain Train Studio Ltd.	Fatehpur Estate Ltd.
Ahmed Rajeeb Samdani		√	√	√	√	√	√	√	√	√	√	√
Mohius Samad Choudhury		√	√		√	√	√	√	√		√	√
Enamuzzaman Chowdhury		√				√						
Azizul Huque		√	√			√	√		√			
Nadia Khalil Choudhury		√				√		√	√			
Moqsud Ahmed Khan		√										
Matthew Graham Stock		√										
Faisal Ahmed Choudhury		√										
Advocate Alena Akhter Khan		√										

Chairman's Message

Enamuzzaman Chowdhury
Chairman

The year 2015 – 16 was a very good year for us because of a whole host of factors. The Company continued its efforts behind expansion, diversification, efficiency, automation, operational excellence and people.

The Company moved aggressively for geographic and channel specific expansion and reaped the benefits of that drive. Our product portfolio expanded during the year with offerings that met the changing consumer preference while retaining international quality and standards. We continued to drive for business efficiency in all of our operations in every function and area.

We invested in an integrated Enterprise Resource Planning (ERP) software that has already started to deliver efficiency and savings for the business.
Our Company focused to position itself as an 'Employer of Choice' and continued to attract and retain quality talent into the business. All the above have resulted in a stellar performance.

Dear shareholders,

It is my immense pleasure to welcome you all on the 12th Annual General Meeting of Golden Harvest Agro Industries Limited on behalf of the Board of Directors. It is indeed a great pleasure for me to state that we have passed a very good year despite headwinds both globally and locally, we were able to achieve this performance, which only goes on to indicate the solidity of our business and also our flexibility to adapt to change.

Performance

GHAIL delivered a strong performance in 2015-16 thanks to our robust customer focused approach, sound capital allocation strategy and a sustainable growth platform that enabled us to mitigate earnings volatility and report robust growth.

I am pleased to report that Golden Harvest Agro Industries Ltd. has delivered a total Comprehensive income of Tk. 179 million for the financial year ending 30 June 2016 materials in Agro sector. In the year 2015 – 2016 your Company achieved a consolidated sales of Tk. 1,428 million with a growth of 84% over the last year. Operating profit has a growth of 65% over previous year and net profit after tax has a growth of 108% over previous year, asset growth of 26%, strengthened financial stability and enhanced capacity to create value which is a highly commendable performance by any measure.

Our newly launched ice cream brand Bloop has achieved double digit market share in less than two years which is unprecedented in the Ice Cream industry of Bangladesh. Currently it is the fastest growing ice cream brand of the market. The Company successfully launched a new concept in the fast growing, quick-serve fast food restaurant "2GO". Our Dairy project in Sylhet has started its full commercial production.

Sustainability

GHAIL as a food manufacturer is renowned for its quality controls, research and development and its state of the art food processing plants. GHAIL continues to invest in new technologies, innovations, distribution networks, supply chain development and certifications of its processes which serve to maintain our product promise to our consumers.

The Company's value creation is driven by our team of 1,000-plus high performing employees, who bring our corporate values to life and are at the heart of our product and service delivery. Our products have a wide geographical footprint and are distributed to consumers in all districts through a multichannel network comprising of general trade outlets, modern trade outlets, food service channel and as HORECA(hotel-restaurant-café) channel in Bangladesh. GHAIL strategically services more than 20,000 high value retail outlets to ensure that the right product is available at the right time at the right price in order to ensure we satisfy our customers at all times.

Our growing product portfolio is testament to our research and development capabilities which ensures that we remain relevant to changing consumer preferences and health and safety concerns. We work with farmers in rural communities to create livelihoods as we strengthen supply chains to facilitate our mutual growth and are proud to procure our requirements from local source.

A Long Term View

Bangladesh is a high density populated country. Food products have a huge opportunity in our country. Supply of quality food is a challenge in our country. Golden Harvest has gained customer's trust over the years by providing innovative and quality products to the customers.

Golden Harvest Agro Industries Ltd. has proven its resilience and agility, time and again over the past few years, which augurs well for the future of your company. Our long term view of the industry coupled with a commitment to sustainability rooted in a deep understanding of the Agro and Food industry and its legacies has enabled us to succeed in an extremely challenging year. We remain committed to our core strategies of diversification, a focus on quality and operational excellence in all our undertakings and look to maintain our growth momentum in the coming year which is expected to be quite as challenging.

During the last financial year, the distribution of our Ice Cream brand "BLOOP" expanded at a very fast pace. The range of offerings is now available across the Country and even small growth centers in key ice cream markets.

The recent venture in to dairy farming is an example of opportunities available for diversification bringing together technical knowhow and networks which will serve to enhance the value created. The project is being implemented

through a subsidiary, Golden Harvest Dairy Ltd. Your Company is investing in diversified business segments. As part of its continued innovation we have launched our new restaurant Brand "2GO". This is a unique concept and already in operation with three owned outlet and two franchised outlet of "2GO" in Dhaka City. There is a lot of franchising interest in the business and we are going to expand steadily to carve out a niche in this fast growing segment.

Governance Matters

The company continues to adhere to high standards of corporate governance in compliance with the Code of Best Practice. The Executive Committee has been formed to ensure high level oversight on the business. Core business issues are discussed in the committee meeting and necessary decisions are taken from this forum to steer the operation. The Company is run by the professionals. Every department is equipped with efficient and capable resources who can take independent decisions within their jurisdiction.

Acknowledgements

The team at Golden Harvest Agro Industries Ltd. are to be congratulated for a synchronized performance, driving necessary changes at an accelerated pace. I extend my sincere appreciation of to our strategic partners and their representatives on the Board who have provided guidance, know-how and access to markets together with industry insights which have enabled us to steer a clear path in uncertain times. In conclusion I also thank our customers, suppliers, bankers, regulatory bodies and other stakeholders who have been partners in this journey. We look to your continued support as we seek to raise the bar even higher in the coming year, solidifying our presence in the large food industry in the country.

Enamuzzaman Chowdhury
Chairman

Managing Director's Message

Ahmed Rajeeb Samdani
Managing Director & CEO

"The Group continued to deliver a strong performance that resulted in the Company achieving its best performance to date in terms of top-line and bottom- line, surpassing the records set in 2015-16"

The Turnover of the Group was Tk. 1,428 million an increase of 84% over the previous year and net profit after Tax amounted to Tk. 179 million.

GHAIL is well positioned to maintain its leadership position in the frozen foods industry with a proven track record, an unparalleled network of distributors and suppliers.

Managing Director's Message

Dear Shareholder,

It is with pleasure that I present the Annual Report and the Audited Financial Statements of Golden Harvest Agro Industries Ltd (GHAIL) for the financial year ended 30 June 2016.

Diversification and operational excellence have long been core strategies for GHAIL. Moreover our diversification strategy has been strongly supported by strategic alliances which have enhanced our capability to create value for stakeholders. These core strategies have been supported by operational strategies that focused on growth, distribution and people.

The financial performance set out in this Annual Report and Financial Statements for the year ending 30 June 2016 is a validation of this strategy, reflecting the agility of the company. The task was by no means an easy one as it required re-training of all people involved across all our processes including the production process. We also intensified marketing efforts to potential customers engaging with them directly to communicate the paradigm change, accelerating the impact of our strategy. This together with the improvement in quality, has served to keep the market leadership of our products.

Performance

For the year under review, GHAIL continued to deliver a strong performance which resulted in the Company achieving its best performance to date in terms of top- line and bottom-line, surpassing the records set in 2015-16. As a result, the Company experienced a growth of 108 percent in consolidated Profit after Tax as well as earnings per share.

A strong focus on margins and growth in very focused areas enabled the company to deliver Total comprehensive income of Tk. 179 million for the financial year ended 30th June 2016 with 84% growth of revenue and Gross Margin 46% from 47%.Earning per share of TK. 1.98 and net assets per share of TK. 22.72

The commendable performance was achieved amidst a challenging business landscape. There has been increased in competition and number of players. Your company kept focus on quality distribution and promotion to tend off those competitive pressure and increase turnover. Cost management coupled with ethical business practices and a financial strategy to reduce borrowing rate, enabled us to maintain profitability, exceeding the industry benchmarks.

Dividend

Considering the growth, the board recommends 10% stock dividend for the financial year.

Rewards and Recognition

Demonstrating our commitment to reach out to operational excellence, quality product and brand and good governance, we were honored in the reporting year to be recognised and awarded by both the industry and at the national level. We retained our leadership position in the year, ranking number one for ready to cook frozen foods.A reputed brand image built on quality and consistency has earned us the confidence amongst leading customers.

In recognition of best presented Annual Report and financial reporting excellence, the Annual Report 2015 received First Award in agricultural category from the Institute of Chartered Accountants of Bangladesh at the 16th Annual Report Awards held in November 2016 and also Annual Report 2014 rewarded by South Asian Federation of Accountants receiving 2nd Runner up (Joint) award.

GHAIL has been awarded the Gold award by Institute of Chartered Secretaries (ICSB) in the Food and Allied Companies category in recognition of excellence in Corporate Governance.

In Brand Forum Commward 2015, Bloop has won the Grand Prix award in the packaging category.

Our Brands

Synonymous with convenience and quality, our brands continue to grow meeting the expectations of our consumers. Super Shop under Modern Trade, Hotels, Restaurants and Catering establishments (HORECA) account for 19 percent of volume making this our largest customer segment which demonstrates an increasing demand for ready to cook meals arising from changes in lifestyles. In terms of products, the Golden Harvest branded snacks product and meat items range have proved popular with these products accounting for 81 percent of total volume of our range. The bloop Brand Ice Cream introduced premium and regular segment of the market and it is already the fastest growing ice cream brand of the country.

Managing Director's Message

Newly introduce fast food joint brand 2GO in quick served food segment has also achieved customer satisfaction.

"Product responsibility remains a key priority as food safety is a critical factor for growth and we continue to invest in ensuring that our reputation for delivery of high quality products is zealously safeguarded."

A People Business

The Company has a total workforce of 1,010 employees. Annual appraisals are carried out and employees are provided training in numerous aspects to facilitate enhanced performance and realisation of their career aspirations. Our goal is to ensure that the next generation of employees are trained, groomed and empowered to succeed employees who exit our business by way of retirement or resignation. Remuneration, recognition and benefits are aligned with the business needs taking into consideration the need to motivate and retain employees whilst balancing the interests of shareholders.

Sustainable Sourcing

GHAIL has developed sustainable procurement sources for meat, vegetables and spices with farmer networks which comprise mainly of small to medium scale farmers through contract manufacturer. Guaranteed prices provide an incentive for increasing levels of production, together with a reputation for fair play, while our team of visiting specialists provide technical support to ensure that quality is maintained through awareness of best practices and regular monitoring. It is particularly encouraging to see the development of these networks into more organised bodies that are able to progress towards obtaining quality assurance certification in line with those provided by our large scale suppliers.

A Positive Outlook

GHAIL is well positioned to maintain its leadership position in the frozen foods industry with a proven track record, an unparalleled network of distributors and suppliers. Increasing consumption of meat, and a lifestyle trending towards convenience foods, indicates a healthy growth for the industry. We expect stringent regulation and are proactively working with regulators to ensure that regulation is relevant and fair to both consumers and manufacturers. Product responsibility remains a key priority as food safety is a critical factor for growth and we continue to invest in ensuring that our reputation for delivery of high quality products is zealously safeguarded. Opportunities in export markets are also likely to produce positive results in 2016/17.

Acknowledgements

On behalf of the Board, I would like to thank the management team and the staff at GHAIL for effective execution of strategy which has created enhanced value for all key stakeholders. We thank our consumers, retailers, suppliers, shareholders and bankers for their support extended to complete a satisfactory year. My sincere appreciation is with my fellow Directors on the Board for their wisdom and guidance.

Ahmed Rajeeb Samdani
Managing Director & CEO

DIRECTORS' REPORT

Management Discussion and Analysis

Golden Harvest Agro Industries Limited is Bangladesh's market leader in the frozen, packed food industry. 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 frozen food and vegetables to European markets.

Operating Environment

Bangladesh economy is on a growth path. Most of the metrics and key indicators are performing very well over the last few years. In the last fiscal year, Bangladesh for the first time clocked 7% plus GDP growth in its history. All the three core sectors of economy are doing well. Manufacturing and Service sectors are growing faster compared to Agriculture. But, due to continued good harvest and lack of any significant natural calamities, the sector performed well. Earnings from RMG sector grew more than 10% and remittance flow from Bangladeshi expatriates remained strong.

Power generation and transmission capacity has improved significantly over the last few years impacting our business sector positively. Due to good availability of electricity, more retail outlets are now initiating businesses that involve cold chain management. Also, local entrepreneurs have invested in refrigerator manufacturing business significantly. This has led to price reduction of refrigerators and increased penetration of these durable goods in Bangladeshi households.

Consumer inflation levels continued to move down steadily during the year due to decreasing food inflation. Currently it is hovering below 6% level and is expected to remain stable in the near-term dictated by food inflation stability and global commodity prices. Bangladesh Taka has remained stable over the last Fiscal year and may depreciate a little in the upcoming fiscal year with changes in Global political and economic landscape with new US administration, initiation of UK's exit from EU, etc. As most of the raw materials for our frozen foods business is locally sourced, we see nominal or minimum impact in the cost structure of the business.

Increase in per capita income and household disposable income, improvement in retail trade, transportation and storage, food serve activities are reflects improvement in the consumption demand in the economy as well as in our sector. Sustained political stability, increased public sector salaries, healthy remittance flow, and increased expenditure in infrastructural projects and low inflation points to a healthy growth of economy and consumption in FY 2016-17 as well.

Food & Beverages Industry Outlook

The Food & Beverage industry is going through a dynamic period in the Bangladesh. With increased pace of urban life and increased per capita household income, the consumers are moving toward packaged and processed food more than ever. Also, the industry is witnessing improvements in food processing technology and investment in new capital machineries.

We are observing increased demand for meat, and chicken particular. Fast growth of poultry sector as well as relatively stable prices of chicken meat have driven growth in consumption of dressed chicken as well as processed chicken. Availability of local cattle and meat production in the country has increased overall during the last fiscal year strengthening the supply side. It is noteworthy that Bangladesh has achieved self-sufficiency in poultry meat sector depicting the strength of the local entrepreneurs.

We envisage that frozen foods category will expand fast in coming years from its current low penetration levels. Changing lifestyle, urbanization and income levels will have a strong impact on the industry's growth trajectory. But, we believe that there are some policy areas that need Governmental support for the industry to grow faster and increase export revenue from this sector. Setting up and maintaining a cold chain is very capital-intensive. Government can look into supporting the industry through softer financing terms, lower import duties on vehicles, equipment and materials and promoting Bangladeshi manufacturers and products in the international food markets. Golden Harvest being the leader of the sector would always welcome any Governmental effort, engagement or consultation in this specific area.

Milestone During the year

Compact Quick Service Restaurant (QSR) Outlet

Golden Harvest has launch its first retail food store, branded as '2GO' in December 2015. The concept is to prepare and serve fast food and drinks in these compact, quick-serve restaurants using mostly Golden Harvest range of existing products.

Rapid urbanization, pace of life, family structures and changing food consumption habits are creating a large demand for quick bite food for busy people on the move. We saw an opportunity to provide tasty, affordable food by processing our existing 'Golden Harvest' branded frozen foods and 'bloop.' branded ice cream products into offerings that can meet this need. These QSR outlets are also expected to help drive consumption of our frozen foods product range.

These stores would be located in busy areas of the city and provide a comfortable seating provision while they wait after ordering. The menu has a variety of options including fried chicken, french fries with special dips, paratha wraps, sausages, nuggets, milk shakes and ice creams.

Golden Harvest Dairy Limited

For a long time finished dairy products has been relying heavily on import. Recently there has been a lot of investment in the dairy sector. Dairy farm is a core agricultural venture with big demand supply gap and space for adding value in the product chain. With its experience in agro value addition, Golden Harvest has started a state of the art dairy farm in Gowainghat, Sylhet. Since its inception, the Dairy unit of Golden Harvest has been producing high quality milk and milk based products like Liquid Milk, Ghee, Yogurt, Paneer, Mozzarella cheese, etc.

The farm currently has 7+ acres of high land with indoor herd management facilities. The project is in continuous expansion and involves a herd with a size of more than 700 high yielding cows directly and indirectly. The cows and calves are kept in a hygienic and comfortable environment with full time supervision. Good quality feeds and fodder, round the clock veterinarian support and routine vaccination program ensure good health of the herd and great milk from the cows. More than 6 acres of land is being cultivated with high breed grasses to ensure continuous green grass supply. In addition to its own contribution towards agricultural value addition, Golden Harvest has been providing high breed calves to the neighboring farmers as part of its social responsibility initiative. These calves will contribute in the farmers' financial stability and provide a ready source of dairy milk to bolster their daily mix of nutritious food intake. Golden Harvest is also arranging regular training, vaccination programs and providing medicine and veterinarian services on a continual basis. Good quality milk from these cows are also being bought by Golden Harvest, in which way the farmers get continuous support for this contract farming program.

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 and 2GO 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
GOLDEN HARVEST	75 varieties of premium quality frozen food products of vegetables, ready to eat foods, finger foods like; Chicken Nuggets, Chicken Sausages, Fish Fingers, French fries, Spring Rolls, Paratha, samosa etc. This range generates 43.60% of revenue.	
bloop	40 various variants including sticks, cups, cones, calippo, sorbets, tubs, cakes and many more This range generates 56% of revenue.	
2GO	Zingy Burger, Fried Chicken, Milkshake, Twisty Wrap and many more This range generates 0.31% of revenue.	

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 organisation 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.

Product Responsibility Framework

Our Pledge	Products and Services Policy
We will strive to ensure that all our suppliers, employees, customers, and other stakeholders are treated fairly and with respect. We remain committed to act responsibly at all times, where we will be governed by all applicable regulatory stipulations and industry benchmarks. If these have not yet been defined, we will seek to enact voluntary standards as per internationally accredited benchmarks.	GHAIL will 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

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 products labels are printed with the consumer helpline number and all helpline detailed are tracked. During the year there has been no significant customer complains.

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.

Quality Standards and Research and Development

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 9001:2008, 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, to product innovation, manufacturing, marketing and areembedded 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.

Our Channels and Distribution Network

A network of over 249 distributors ensure availability of our products in over 20,000 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.

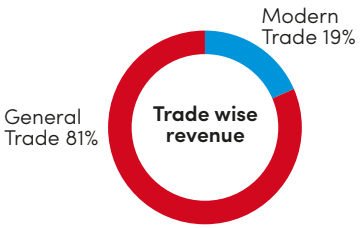
We safeguard our reputation for high quality by educating and supporting the distributors and retailers to have proper disciplines in the cold chain ensure food safety and environmental considerations. Cold chain- temperature loggers are in place to monitor and maintain standardised temperatures throughout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

Distributor Value Proposition

Growth in Earnings	Business Development and Fair Administration	Training & Development	Investment in Cold Storage Capacity Enhancement

GHAIL revamped the distributor network during the year, deepening its reach in geographies outside the Western and Southern Province as disposable incomes in these provinces grew. The average length of relationship for the distributors is approximately 4 years with over 26% having been engaged for more than 5 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.



Creating Value for Suppliers

GHAIL sources inputs for its manufacturing processes mainly from direct farmers and out growers, from own firms and suppliers. Consequently it has a three tier structure for managing It's supply chain which takes into consideration the support required to facilitate their growth.

Tier I supplier is Golden Harvest itself. Golden Harvest has its own cultivation land in Sylhet. It cultivates around 50 acres of land. A substantial part of the land is used to cultivate grass to feed its cattle in Dairy project. Other major crops are cabbage, pineapples, guava, mango and seasonal vegetables.

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 smaller 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 contact 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:

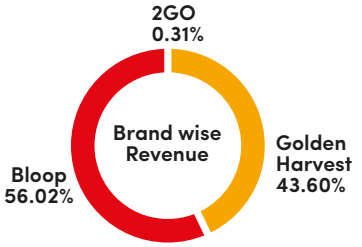
Supplier Value Proposition

- Uplifting of Livelihood and Increased Earnings
- Sustainable Business Growth
- Fair Dealing and Timely Payments
- Technical Support
- Training and Development

Building Our Brand and Reputation

GHAIL is the market leader in frozen foods which is gaining popularity as Bangladeshi lifestyle is changing with a higher focus on ease of preparation.Our products are marketed under three brands which offer different value propositions to our customers. The Golden Harvest range of ready to fry snacks and meat items have wide appeal and are available throughout the country. The Bloop brand of Ice Cream and newly launched **2GO** brand ready to eat fries product are also becoming very popular.

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 customise our marketing activities, selecting themes that are relevant for different geographcal 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.

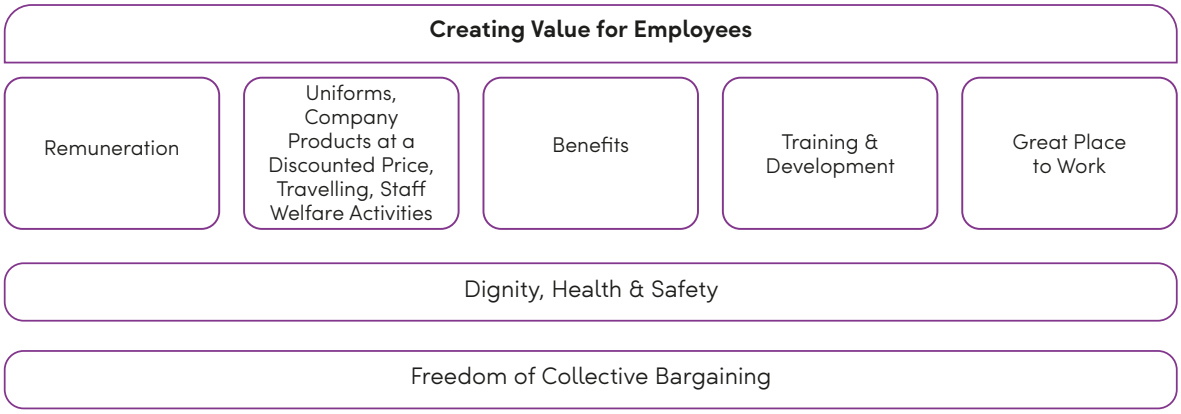


Brand activities were focused around in both ATL and BTL activities with diversified communication. Three new Television and radio commercials has been aired throughout the year marking major festivals and sports events- especially cricket matches of Bangladesh National Team. This year we participated in National Debate Competition as ice cream partner, arranged by NDF- which is the largest debate platform to showcase the talents from the schools from all major divisional cities.

We also actively participated in various fairs and events with the brand bloop all around the country to make a bigger impact of our brand presence in the market. Since we expanded our business in North Bengal and South Bengal this year, to mark our presence a caravan activation had been carried out in these regions during Bengali New Year. None the less, we also arranged a folk concert in Dhaka University in Pohela Boisakh which not only entertained the viewers but also bought the brand closer to the consumers.

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 1010 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 and Remuneration Committee which determine policy, approves 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 suite 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 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, new hires and employee exits are given in the tables below.

Employee Category	2015-2016	2014-2015	2013-2014
AGM & Above	8	7	6
Manager / Senior Manager	18	12	9
Assistant Manager / Deputy Manager	26	18	15
Executive / Senior Executive	92	82	42
Junior Officer / Officer	178	140	94
Technical & Others	116	95	45
Casual Workers	572	490	392
Total Workforce	**1010**	**844**	**603**
Male	735	664	478
Female	275	180	125

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 employees 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 and 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 aidboxes 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 further 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.

Awards and Accolades

16th ICAB National Awards "Best Presented Annual Reports 2015": Golden Harvest Agro Industries Ltd. achieved the first prize in category of Agro Sector. It is conjunctive 2nd time first prize achievement of Golden Harvest from The Institute of Chartered Accountants of Bangladesh (ICAB).

SAFA Best Presented Annual Reports Awards 2014: Golden Harvest has been awarded the 2nd Runner Up 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.

2nd ICSB national Award 2014: 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 2016: 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 uncertainness 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 appropriate capacity of backup Generator. Risk framework and risk management are elaborated in page No. 64.

Financial Review

Financial and Manufactured Capital

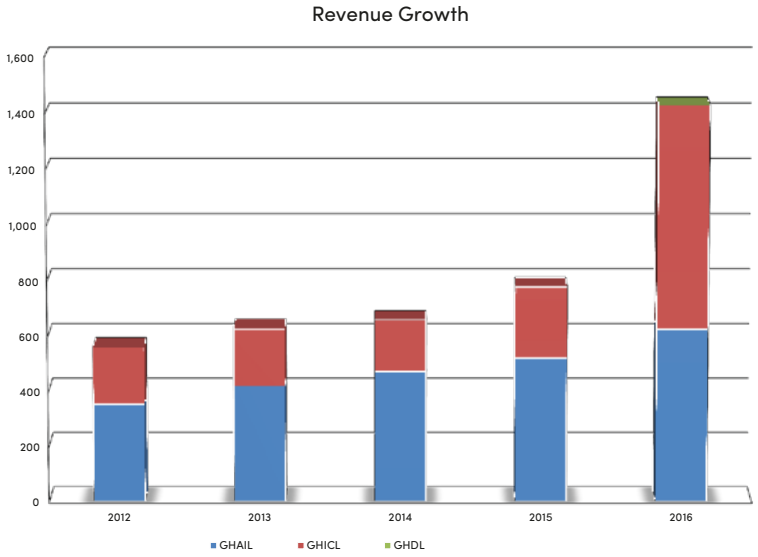
This segment of the report focuses on how the company has utilised or transformed Financial and Manufactured Capital. Golden harvest has maintained its growth line recording the highest growth in revenue and profits through regular structured investment in state of art manufacturing plants and machinery 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.

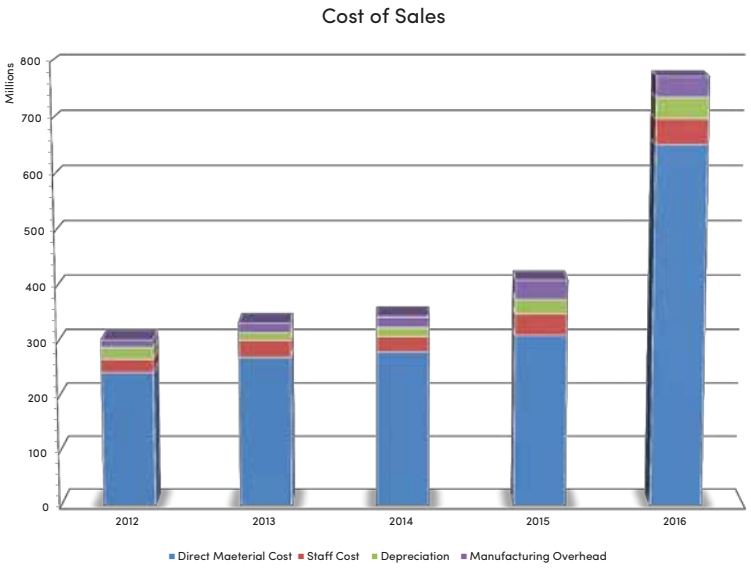
Inputs	Activities	Value Outputs
Equity BDT. 2056 Million	Total Property, Plant and Equipment BDT. 2,646 Million	Earnings per share - BDT. 1.98
Interest bearing borrowings of BDT. 1,122 Million	Total Non-Current Assets BDT. 927 Million	Earnings Attributable to Shareholders - BDT. 179 Million
Market Capitalisation BDT. 2,405 Million	Total Current Assets BDT. 1,471 Million	Dividends 2015/16 - BDT. 90 Million
	Total Assets BDT. 5,044 Million	Interest Paid to Funding Providers - BDT. 248 Million

1. Sales Revenue:

Revenue growth witnessed in the past five years continued during the current financial year as well recording an increase of 84% with a total revenue of Tk. 1428 million in 2015-16. This revenue growth was mainly due to increase in remarkable sell of Ice Cream as well as increase in disposable income and effective engagement with distributors and aligning market activities to our core products.

Golden Harvest range continues to be the volume driver contributing 70% including Dairy products to revenue. GHAIL range of products posted a revenue growth of 16% compared to last year. The bloop brand range has also performed well and contributed 56%.



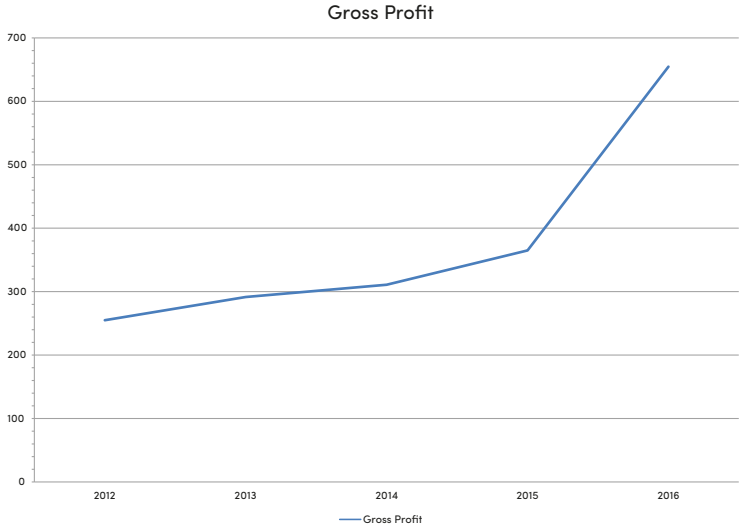


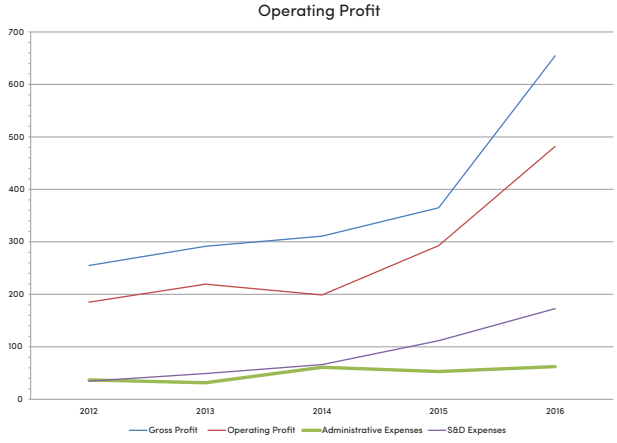
2. Cost of Sales:

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 raw materials at TK. 773 million where the cost of raw material was 55% of the company revenue. The comparative in the previous year was TK. 412 million which was 53% to the total revenue.

3. Gross Profit:

Gross profit improved by 79% 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.



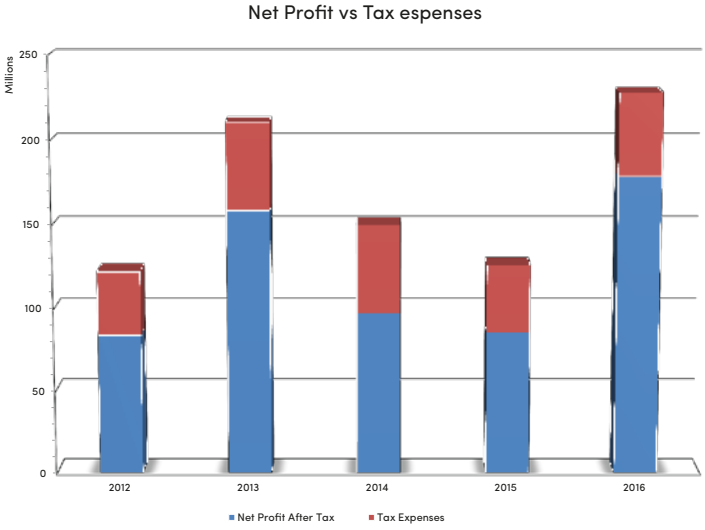


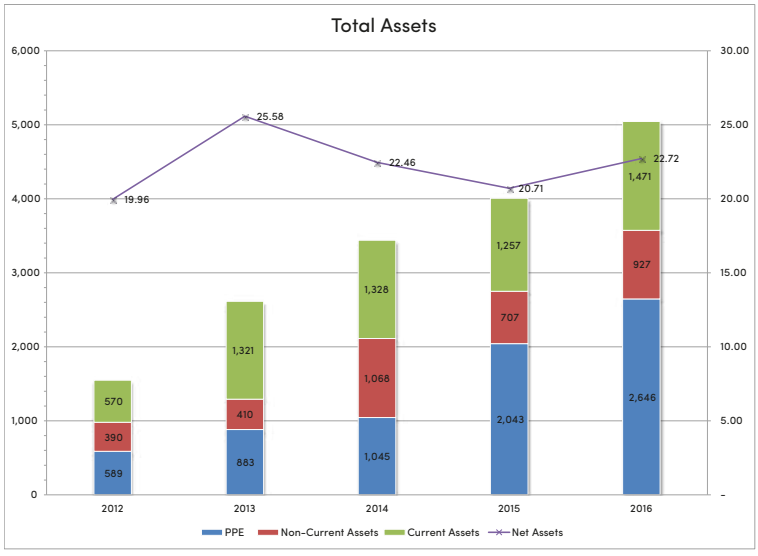
4. Operating Profit:

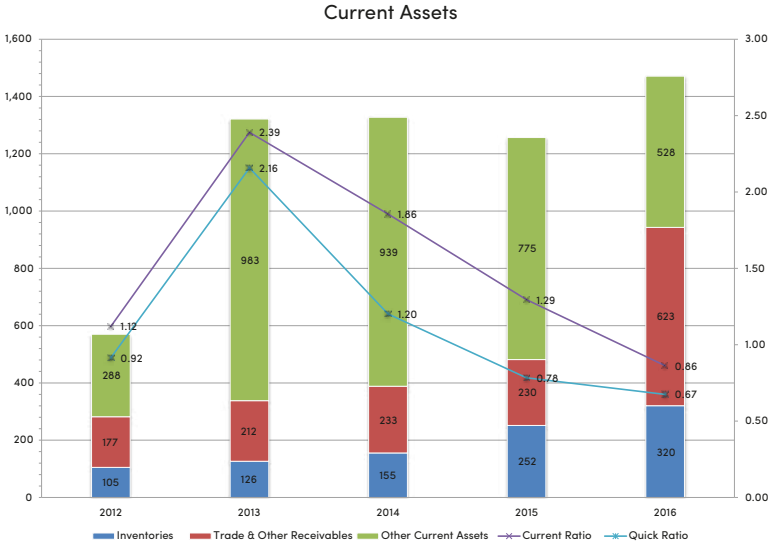
Golden Harvest recorded consolidated operating profit of TK. 482 million, an increase of 65% over the previous year supported by tight cost controls, investments in developing the distributor network together with targeted marketing campaigns customised for the different geographies and retail segments yielded these returns. Strict control over Selling and Distribution and Administration expenses. Which grew at a slower pace than revenue also contributed to enhance the operating profit margins from 13% in 2015 to 14% in 2016.Another main reason for increasing operating profit is increased sales from the new project of its subsidiary Golden Harvest Ice Cream Ltd. High profit margin from another subsidiary of the company "Golden Harvest Dairy Ltd.

5. Net Profit after Tax:

Profit after tax amounted to TK. 179 million reflecting an increase of 108%. Taxation amounted to TK.49 million, recording an increase of 23% mainly due to strong growth in profits during the year. Consequently, Earnings per Share increased by 89% from TK. 1.05 in the previous year to TK.1.98 in the year under review.







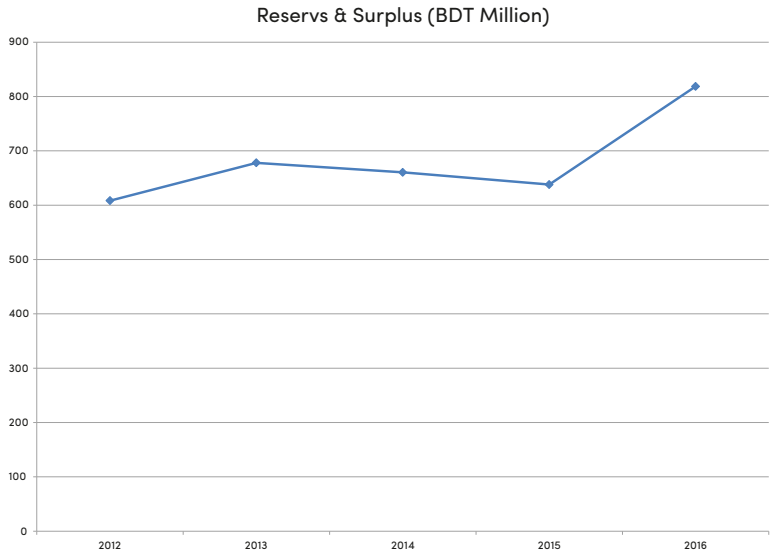
6. Total Assets:

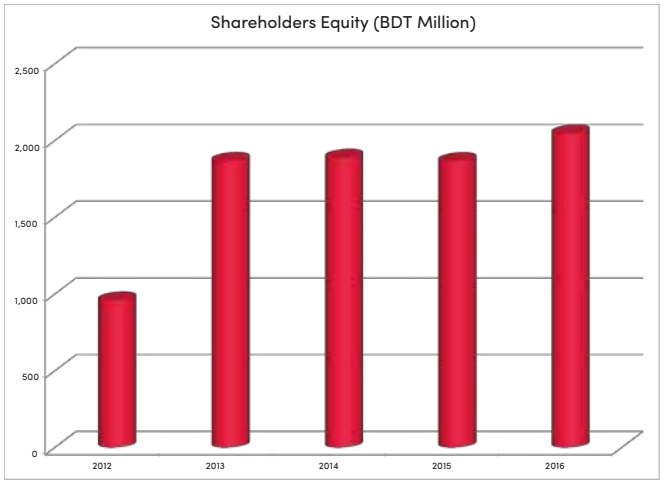
The total asset at the Company increased to TK. 3,073 million from the previous year of TK. 2,857 million. The slight growth is because of addition of certain machineries.

Consolidated total assets grew to TK. 5,044 million from TK. 4,007 million due to total growth of 26%, growth of current assets driven by growth in business volumes and 30% growth of Property, Plant & Equipment.

7. Reserves and Surplus:

Reserves and Surplus stood at TK. 819 million compared to TK. 638 million in previous year.



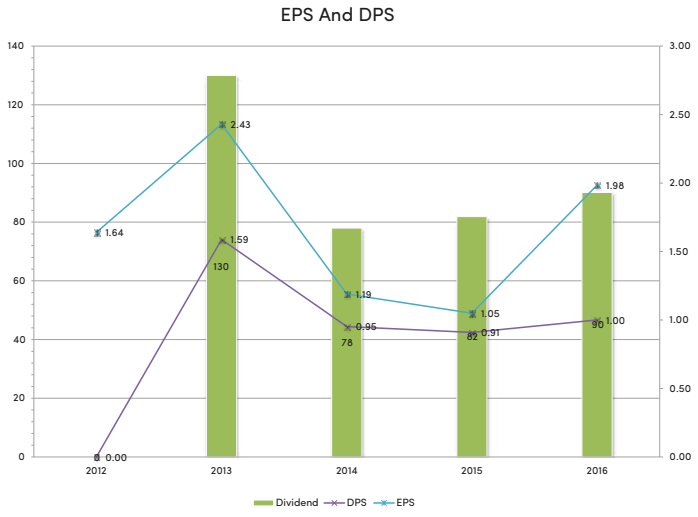


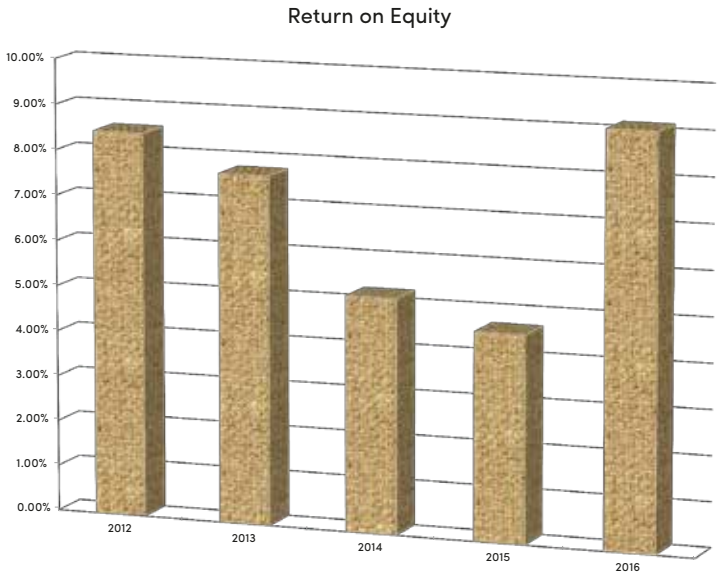
8. Shareholders' Funds:

Shareholders' funds increased to Tk. 2,046 million from Tk. 1,866 million from the previous year representing a increase of 10% for the Company. The growth is small becauseof decrease in profitability and the payment of dividends amounting to Tk. 81 million. Shareholders' fund at Group level was at Tk. 2,046 million as against Tk. 1,866 million inthe previous year.

9. Earnings per Share (EPS) and Dividend per Share (DPS):

The Group EPS of reporting period is TK. 1.98 per share. In the previous year the EPS was TK. 1.05 per share. There is an increase of EPS by 89 % in reporting year due to increase in overall performance of the Company.
The strong financial performance enabled Golden Harvest propose a dividend of 1 (One) bonus per share payable on the 24th of November 2016. It is the aim of the Company to return to shareholders equity.



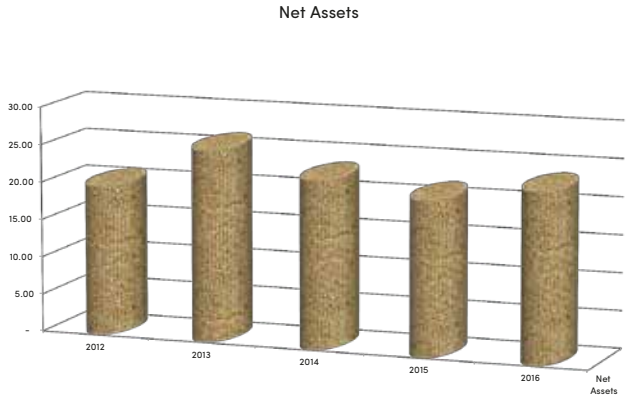


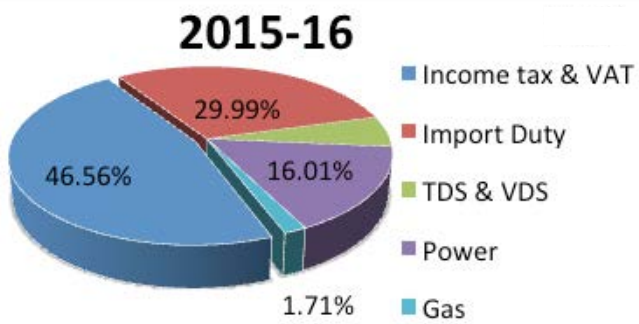
10. Return on Equity:

Return on Equity in the reporting year was 9.09% compared to 4.58% in previous year. There is an increase of return by 99%

10. Net Assets:

As at the close of the business in the reporting period Net assets per share was Tk. 22.72 compared to Tk. 20.71 In previous year resulted increase by 9.68%



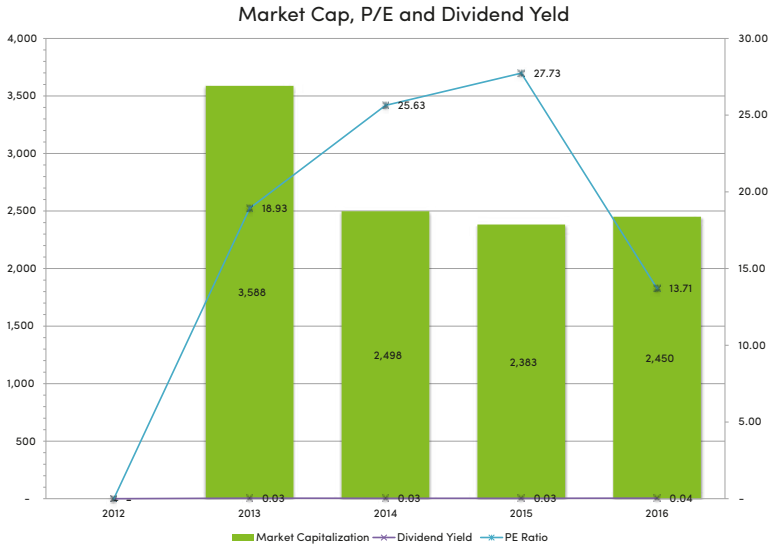


Contribution to National Exchequer:

GHAIL is paying and facilitating collection of Government's revenue. In 2015-16, 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 2015-16, the group contributed to the government exchequer along with utility about a sum of Tk. 153 Million which is appended below:

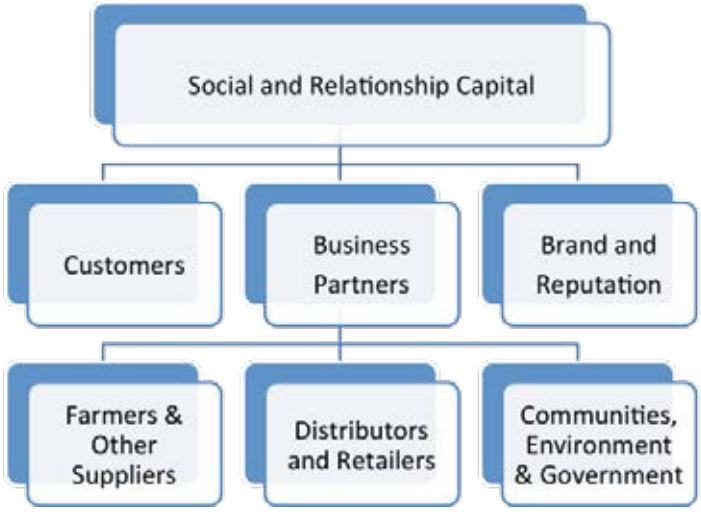
Market Capitalization:

The Company's share price was TK. 29.10 at the beginning of the financial year and saw a decrease to Tk. 27.20 as at 30 June 2016 moving within a range of TK. 32.80 to Tk. 19.60 during the year.
The market capitalization of the Company was TK. 2.450 million (TK. 2,383 million in 2014-15) 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

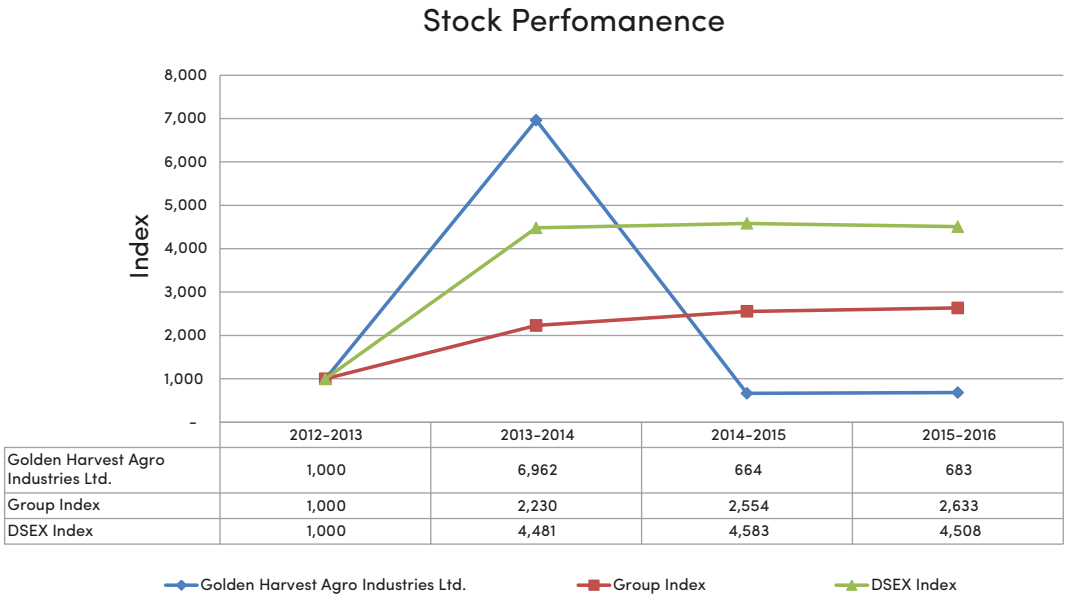


The infogram below summarises how Social & Relationship Capital was nurtured during the year.

Inputs	Activities	Value Outputs
Distributors 249	Brand Building BDT. 58 Million	Sales Volume BDT. 1,428 Million
Direct outlets 145		
Retail Outlets 9,560		
Supplier 85	Advertisement BDT. 8 Million	Commission Paid to Distributors BDT. 9 Million
Brands 03		Purchase BDT. 726 Million
		Dealer and Distributor cold storage investment in Freezers 12,500

Stock Performance

The graph set forth below compares the annual cumulative total return for the Company's two fiscal years ended 30 June 2016 among the Company, the Dhaka Stock Exchange Market Index (the "DSEX Index") and a sector index for Food and Agro products (called 'Food & Allied') 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).



	2012-2013	2013-2014	2014-2015	2015-2016
Golden Harvest Agro Industries Ltd.	1,000	6,962	664	683
Group Index	1,000	2,230	2,554	2,633
DSEX Index	1,000	4,481	4,583	4,508

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 35.3 of Financial Statements.

Dividend

Board of Directors has recommended Stock Dividend of 10% for the year 2015-16

Upon your approval in the General Meeting, the dividend will be provided to the Shareholders whose names appear in the Share Registers of the Company or in the Depository as on 19 November 2015 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-3' of Golden Harvest Agro Industries Limited on the basis of its financials 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	2015-2016	CRISL
A+	Positive	2014-2015	CRISL
A+	Positive	2013-2014	CRISL
A+	Positive	2012-2013	CRISL
A+	Positive	2011-2012	CRISL

Reporting and Compliance of Corporate Governance :

Status of compliance with the requirements/conditions of Bangladesh Securities and Exchange Commission (BSEC) Notification no. BSEC/CMHBCD/2036-158/134/Admin/44 dated 07 August 2012 on corporate governance has been included in the report in Annexure -6.
Directors' Responsibilities statements:

Pursuant to the BSEC notification No. BSEC/CMFIF1CD/ 2006- 158/134/Admin/44 dated; 07 August 2012 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 accountingpolicies 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) / Bangladesh Accounting Standards (BAS)/ 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 continueas 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 six years is disclosed in Annexure-1.

i) The pattern of shareholding is disclosed in Annexure-2.

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 businessinterest 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 institution for their support, co-operation and guidance in our businessendeavor. In this occasion we also want 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 formaintaining 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 toget from you since beginning of our journey.

On behalf of the Board

Enamuzzaman Chowdhury
Chairman

Deshi Paratha
325 gm
650 gm
1300 gm
1600 gm
chicken sausage
300 gm
Chicken Nuggets
Premium Quality
300 gm
250 gm
Chicken Nuggets
Chicken Meat Ball
400 gm
GOLDEN HARVEST
Chicken Strips
300 gm
FRENCH FRIES
250 gm
500 gm
1000 gm
Pop Chicken
250 gm
Chicken Wings & Drumlets
500 gm
Bite Size
SAMOSA
250 gm
500 gm
Mini Singara
300 gm
600 gm
Spring Roll
300 gm
300 gm

5 Years Analysis

Operating Performance:

Sl#	Particular	2015-16	2014-15	2013-14	2012-13	2011-12
1	Turnover	1,427,568,390.00	776,658,989.00	656,624,665.00	625,680,209.00	558,666,376.00
2	Gross Profit	654,555,435.00	364,986,172.00	310,785,740.00	280,715,606.00	254,941,888.00
3	Profit/Loss from operation	482,024,181.00	292,782,987.00	198,776,089.00	210,837,460.00	183,482,822.00
4	Net Profit/loss before tax	224,814,336.00	125,994,308.00	150,114,822.00	210,764,632.00	123,598,145.00
5	Net Profit/loss after tax	178,767,995.00	85,875,335.00	97,174,716.00	148,196,246.00	78,325,639.00
6	EBITDA	607,148,308.00	361,522,084.00	278,520,310.00	312,573,305.00	205,442,044.00
7	EBITDA margin to sales	42.53%	46.55%	42.42%	49.96%	36.77%
8	Earning Per Share(EPS)	1.98	1.05	1.19	2.43	1.64
9	Dividend per share	1.00	1.00	1.00	1.50	2.00
10	No of Shares	90,090,000.00	81,900,000.00	81,900,000.00	78,000,000.00	35,000,000.00

Statement of Financial Position:

1	Total Assets	5,044,390,614.00	4,006,564,213.00	3,440,355,786.00	2,614,274,834.00	1,549,432,414.00
2	Property, Plant and Equipment-Gross	2,979,973,708.00	2,248,213,749.00	1,187,579,023.0	988,465,578.00	666,092,185.00
3	Property, Plant and Equipment-Net	2,646,078,977.49	2,043,007,481.00	1,045,221,962.00	882,826,487.00	589,288,309.00
4	Gross Working Capital	1,470,822,173.00	1,256,509,485.00	1,327,550,081.00	1,321,162,367.00	569,726,182.00
5	Net Working Capital	(234,187,333.00)	285,942,539.00	612,022,833.00	767,444,343.00	62,180,938.00
6	Short Term Loan	1,064,755,756.00	514,461,293.00	459,828,157.00	367,790,679.00	337,479,853.00
7	Share Capital	900,900,000.00	819,000,000.00	819,000,000.00	70,000,000.00	350,000,000.00
8	Share Premium	326,866,054.00	408,766,054.00	408,766,054.00	408,766,054.00	-
9	Reserve and Surplus	625,222,733.00	701,946,156.00	660,357,005.00	806,559,393.00	608,272,329.00
10	Shareholders Equity	2,046,413,005.00	1,865,693,030.00	1,839,203,166.00	1,995,325,447.00	958,272,329.00
11	Term Loan	1,347,299,685.00	1,159,511,438.00	755,913,361.00	63,481,569.00	78,496,163.00
12	Lease Obligation	43,848,897.00	7,882,651.00	7,883,602.00	11,704,869.00	18,077,150.00

Ratio Analysis

Operating Performance:

Sl#	Particular	2015-16	2014-15	2013-14	2012-13	2011-12
1	Current Ratio	0.86	1.29	1.86	2.39	1.12
2	Gross profit ratio (%)	45.85%	46.99%	47.33%	44.87%	45.63%
3	Debt to Total Assets(%)	48.69%	41.98%	35.57%	23.67%	38.15%
4	Debt Equity Ratio	1.46	1.11	0.84	0.40	0.45
5	Return on Equity(%)	9.09%	4.58%	5.21%	10.49%	8.46%
6	Return on Capital Employed(%)	5.50	8.40	9.78	6.61	5.07
7	Net Asset Value Per Share	22.72	22.78	23.05	25.58	19.96
8	Dividend Payout Ratio	50.39%	95.37%	84.28%	52.63%	165.97%
9	Interest Service Coverage Ratio	1.96	1.78	2.76	4.13	3.34

Others:

1	Market Price Per Share	27.20	29.10	30.50	46.00	-
2	Price Earning multiple	13.71	27.75	25.71	18.93	-
3	Number of Employees	492.00	520.00	513.00	573.00	543.00
4	Capacity Utilization(%)-Average	61.27	48.78	60.15	63.23	56.62

Horizontal Analysis

Consolidated Statement of Comprehensive Income:

Sl#	Particular	2015-16	2014-15	2013-14	2012-13	2011-12
1	Turnover	155.53%	39.02%	17.53%	12.00%	100.00%
2	Gross Profit	156.75%	43.16%	21.90%	10.11%	100.00%
3	Profit/Loss from operation	162.71%	59.57%	8.33%	14.91%	100.00%
4	Net Profit/loss before tax	81.89%	1.94%	21.45%	70.52%	100.00%
5	Net Profit/loss after tax	128.24%	9.64%	24.07%	89.21%	100.00%
6	Earning Per Share(EPS)	20.86%	-36.13%	-27.73%	48.01%	100.00%

Consolidated Statement of Financial Position:

1	Total Assets	225.56%	158.58%	122.04%	68.72%	100.00%
2	Property, Plant and Equipment	349.03%	246.69%	77.37%	49.81%	100.00%
3	Current Assets	158.16%	120.55%	133.02%	131.89%	100.00%
4	Shareholders Equity	104.15%	94.69%	97.03%	94.80%	100.00%
5	Long term liabilities	1435.33%	911.76%	589.68%	131.85%	100.00%
6	Current liabilities	235.93%	152.68%	92.21%	9.10%	100.00%

Vertical Analysis

Consolidated Statement of Comprehensive Income:

Sl#	Particular	2015-16	2014-15	2013-14	2012-13	2011-12
1	Turnover	100.00%	100.00%	100.00%	100.00%	100.00%
2	Gross Profit	45.85%	46.99%	47.33%	44.87%	45.63%
3	Profit/Loss from operation	33.77%	37.70%	30.27%	33.70%	32.84%
4	Net Profit/loss before tax	15.75%	16.22%	22.86%	33.69%	22.12%
5	Net Profit/loss after tax	12.52%	11.06%	14.80%	23.69%	14.02%
6	Earning Per Share(EPS)	1.98	1.05	1.19	2.43	1.64

Consolidated Statement of Financial Position:

1	Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
2	Property, Plant and Equipment	52.46%	50.99%	30.38%	33.77%	38.03%
3	Current Assets	29.16%	31.36%	38.59%	50.54%	36.77%
4	Shareholders Equity	38.78%	46.57%	54.88%	71.40%	61.85%
5	Long term liabilities	25.45%	21.11%	16.76%	7.42%	5.40%
6	Current liabilities	33.80%	32.01%	28.36%	21.18%	32.76%

Stakeholders' Information

Distribution of Shareholding

Name /Status	% of Shares	No. of Shares
Mr. Enamuzzaman Chowdhury - Chairman	2.00%	1,801,800
Mr. Ahmed Rajeeb Samdani - Managing Director	22.31%	19,762,696
Mr. Mohius Samad Choudhury - Director	2.00%	1,801,800
Mr. Matthew Graham Stock - Director	2.00%	1,801,800
Ms. Nadia Khalil Choudhury -Director	2.00%	1,801,800
Mr. Azizul Huque -Director	2.26%	2,035,756
Mr. Moqsud Ahmed Khan - Director	2.46%	2,217,600
Foreign investors	0.44%	800,444
Institutions	37.15%	28,603,575
General shareholders	27.38%	29,462,729
	100.00%	**90,090,000**

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

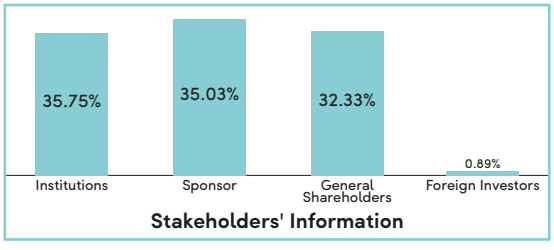
Ahmed Rajeeb Samdani		19,762,696
ICB		8,252,040

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

Range with shareholding position:

Range of holdings	No. of shareholders		% of shareholders		Number of shares	
In number of shares	2016	2015	2016	2015	2016	2015
1 to 499	16,482	21,956	0.82	0.82	3,164,259	3,793,479
500 to 5,000	2,686	3,857	0.13	0.14	4,378,450	4,510,539
5,001 to 10,000	392	533	0.02	0.02	3,122,316	2,744,478
10,001 to 20,000	191	232	0.01	0.01	3,225,675	2,572,772
20,001 to 30,000	78	95	0.00	0.00	2,196,727	1,934,930
30,001 to 40,000	36	39	0.00	0.00	1,545,605	1,259,069
40,001 to 50,000	28	21	0.00	0.00	1,498,072	1,278,324
50,001 to 100,000	70	64	0.00	0.00	5,175,519	4,936,365
100,001 to 1,000,000	50	42	0.00	0.00	13,695,286	10,149,562
Over 1,000,000	15	14	0.00	0.00	52,088,091	48,720,482
Total	**20,028**	**26,853**	**1.00**	**1.00**	**90,090,000**	**81,900,000**

Status	% of Shares
Institutions	31.75%
Sponsor	35.03%
General shareholders	32.33%
Foreign investors	0.89%
Total	**100.00%**



Shareholders' & Investors' Information

Annual General Meeting (AGM)

No. of AGM: 12th AGM
Date: 29 December 2016
Venue: Factory premises, Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur, Bangladesh.
Time: 9.30 AM

Financial Calendar

Financial Year: 1st July to 30th June
During the FY 2015-2016 operational results of the company were announced on:

15 November 2015	First Quarter Report
30 January 2016	Half Yearly Report
30 April 2016	Third Quarter Report
28 October 2016	Annual Financial Result

Record Date

The Record Date was 24 November 2016

Dividend Rate

A final dividend @ 10% stock has been recommended on 28 October 2016 and after having approval of the share holders 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 valu Per Share: Tk. 10/= (Ten Taka)

Share Trading Information from 1st July to 30th June

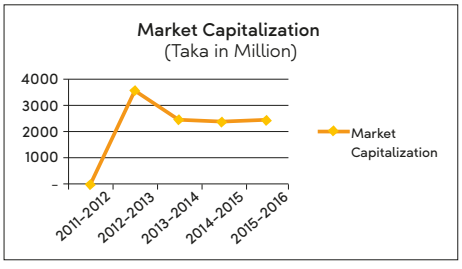
	2015-2016	2014-2015	2013-2014	2012-2013
Highest during the year	32.8	37.8	54.5	84.0
Lowest during the year	19.6	15.6	29.0	29.4
Closing Price as at 30th June	27.2	29.1	30.5	46.0
No. of Shares	90,090,000	81,900,000	81,900,000	78,000,000

Dividend

Year	Rate of Dividend	Form of dividend
2015-2016	10%	Stock (Recomanded)
2014-2015	10%	Stock
2013-2014	10%	Cash
2012-2013	10% and 5%	Cash and Stock respectively
2011-2012	20%	Stock

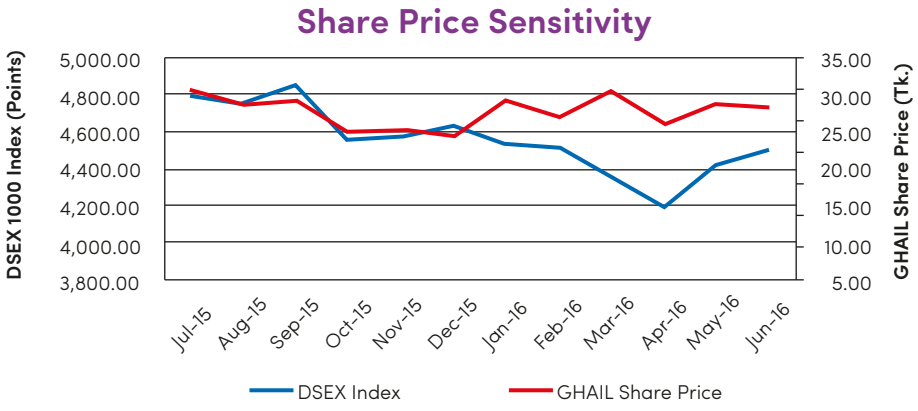
Market Capitalization

Year	Taka in Million
2011-2012	-
2012-2013	3,588
2013-2014	2,498
2014-2015	2,383
2015-2016	2,450



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 49 various variants including sticks, cups, cones, calippo, sorbets, tubs, cakes and many more. Hence variety of external and internal factors influences the company's predominance as well as its share price. During the year end 30 June 2016 GHAIL outperformed the DSEX 1000 index but its share price decreased from Tk. 29.10 to Tk. 27.20 witnessing not a notable decrease of 6.53% as compared to decreased in DSEX 1000 index by 1.65%. During the year the Company reported an EPS of Tk. 1.98 which is 89% 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. Mohius Samad Choudhury	Director
2. Rojina Akhter FCA	Chief Financial Officer
3. Nirmal Chandra Sardar	Company Secretary

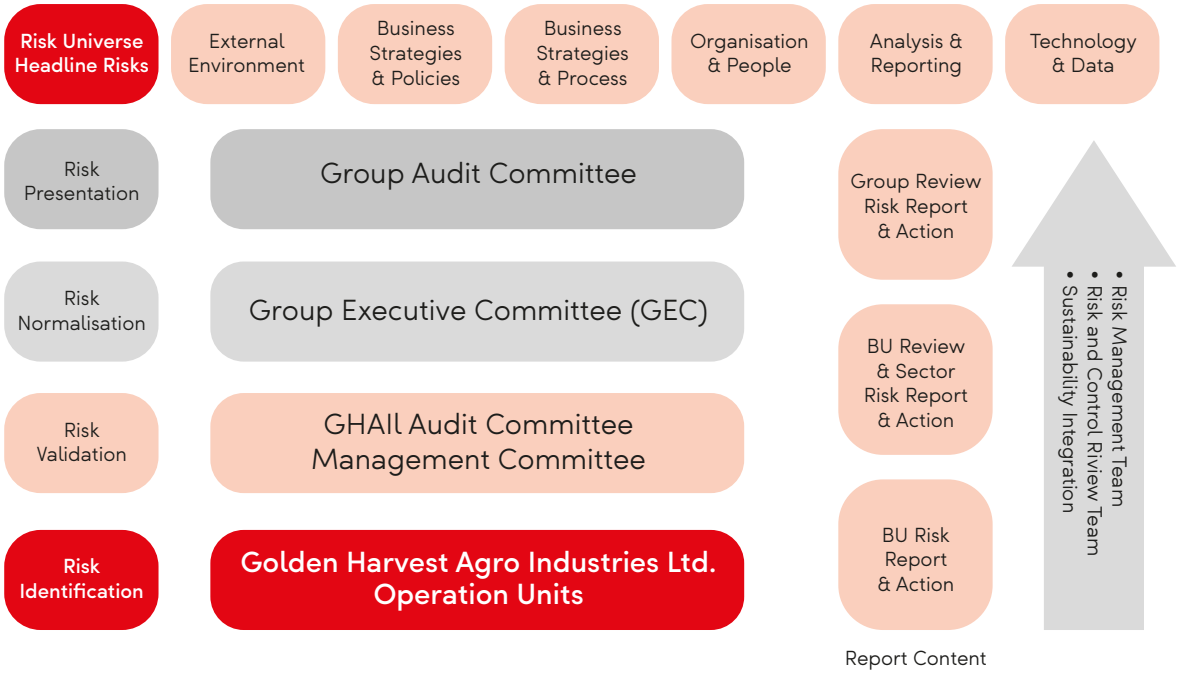
The committee follows a set process to resolve any compliant. When any investor lodges any compliant the committee, within three working days from the date of receipt of the complaints, gives the investors update on that issue. After proper investigation the committee resolves the complaint with due course and communicate the investor properly. In the year 2015-2016 there was no instance of suchcomplaint.

Enterprise Risk Management

1. Risk Management Framework

Golden Harvest Agra Industries Limited is exposed to various forms of industrial, operational, environmental and financial risk 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 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 Company rates its level of risk for each identified risk event 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



Enterprise Risk Management

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 impacton 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 analyzed in terms of

Likelihood of Occurrence and Severity of Impact assigning a number ranging from 1 (low probability/impact) to 5 (highprobability/impact) to signify the possibility of occurrence andthe level of impact to the organisation. Please see Table 1 for further details.

iii. Establishment of Level of Risk

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.

Table 1: Guidline for Rating Risks

Impact/Saverity		Rare/Remote to occur (1)	Unlikely to occur (2)	Possible to occur (3)	Likely to occur (4)	Almost certain occur (5)
Catastrophic/ extreme Impact	5	5	10	15	20	25
Major/very high impact	4	4	8	12	16	20
Moderate/ High Impact	3	3	6	9	12	15
Minor Impact	2	2	4	6	8	10
Low/Insignificant Impact	1	1	2	3	4	5

Occurance likelyhood

The Color Matrix implies the following

Priority Level	1	2	3	4	5
Color Code	Ultra High	High	Medium	Low	Insignificant
Score	15-25	9-14	4-8	2-3	1

Enterprise Risk Management

2.Risk Control and Mitigation Methodology

Quarterly Review of the Risks Identified using the above framework by the Company

The CEO and the Functional Heads are responsible to ensure that each risk item is tracked over the course of the year (reviewed atleast on a quarterly basis) and to ensure that mitigatory actions identified during the risk review process are carried out adequately. This ensures that the Company has a 'living' document that is updated based on internal and external conditions. Risk Universe The identified risks are broadly classified into the Risk Universe as identified by the Group. The Risk Universe is as follows in Table 2.

Table 2 : Risk Universe

Headline Risk	External Environment	Business Strategies and Policies	Business Process	Organisation and People	Analysing and Reporting	Technology and Data
Related Risks	Political	Reputation and Brand Image	Internal Business Process	Leadership	Perfomance Measurement and reporting	Technology Infrastructure/ Architecture
	Competitor	Capital and Finance	Operations Planning, Production, Process	Skills/ Competency/ Motivation	Budgeting/ Financial Planning	Data Relevance and Integrity
	Catastrophic Loss	Strategy and Innovation	Operations Tecnology, Design, Execution, Continuity	Change Readiness	Accounting/ Tax Information	Data Processing Integrity
	Customer Expectations	Business/Product Portfolio	Resource Capacity and Allocation	Communication	External Reporting and Disclosures	Technology Reliability and Recovery
	Macro Economic	Organisation Structure	Vendor/Partner Reliance	Perfomance Incentives	Pricing / Margins	IT Security
	Foreign Exchange and Interest Rates	Stakeholders	Channel Effectiveness	Accountability	Market Intelligence	IT processes
	Weather and Climate	Investment, Mergers and Acquisitions	Interdependency	Fraud and Abuse	Contract Commitment	
		Environment, Health and Safety	Customer Satisfaction	Knowledge/ Intellectual Capital	Insurable risks	
			Legal, Regulatory compliance and Privacy	Change Integration		
			Innovation	Labor Relations		
			Property and Equipment Damage	Attrition		
			Liability			

Sustainable Risk Management

Risk management and sustainability are firmly intertwined within the Company, The Company believes that sustainability is a form of overall risk management, considering not only the operational and financial risks faced by the Company, but a process that also proactively manages the risks faced by the Company resulting from possible impacts on the environment, employees and community due to its operations. Risks and issues identified herein were tracked on the RCSA document of the Company.

3. Disclosure of Risk Reporting

The Enterprise Risk Management cycle begins during the second quarter with the annual risk review of the Company. The Chief Executive Officer and their respective Heads of Departments and the Company comprehensively assess, rate and set mitigation plans for any structural, operational, financial and strategic risks relevant to each Department, based on past information and horizon scanning. Awareness and training are also provided to the Company regarding the introduction of the above mentioned concept of 'velocity' and the streamlining and categorisation of mitigation plans to ensure a more structured and focused approach to risk mitigation. Any high level risks or Core Sustainability Risks were then reviewed by the Management Committee headed by the Chief Executive Officer as a means of validating the risk process at the company level. The significant risk areas that impact the achievement of the strategic business objectives of the Company and the measures taken to address these risks are given below;
The Company under the headline risk "External Environment' has identified the following areas of risk;

1. Macro-Economic Environment, Changes in Interest Rates, Exchange Rates, Taxes and Tariffs

The macro - economic factors such as inflation, GDP growth and interest rates, fuel prices, exchange rates , duties and taxes directly impacts the fixed and variable cost of the Company. The Company's cost of production is largely dependent upon the cost of raw materials sourced from local suppliers, as well as the raw materials which are imported where the depreciation of the Taka and duties and taxes have a significant impact. The Company makes best efforts to support local organisations and entrepreneurs in the communities where it operates, with its sustainability sourcing initiative. This not only promotes local industry but also acts to mitigate supply chain risks and lowers dependence on foreign imports.

We have addressed this risk by continuous review of macro-economic conditions and consumer behaviors through market surveys, development of alternative suppliers for raw materials to obtain competitive rates, lobbying against increased taxes and levies and maintain an ongoing dialogue with Government agencies along with other leading retailers and suppliers.

The Company's policy is to manage its interest rate risk using a mix of fixed and variable rate debt taking advantage of the changes in the market rates, issuing long term floating rated bond within reasonable rate rang. Guidance received from GHAIL Group Treasury division with respect to forecasting of exchange rates, interest rates etc. has been of immense value in management of this interest risk exposure.

Risk item	Headline	2015/16	2014/15
	Risk	Risk Rating	Risk Rating
Macro - economic environment,	External environment	Medium	Medium

2. Increase in cost of production due to Price Volatility of Raw Materials

The Company's cost of production is largely dependent upon the cost of raw materials sourced from local suppliers, the depreciation of the Taka and duties and taxes which impacts imported raw material.
Over the last few years there has been significant price volatility in the market especially in the vegetable and chicken categories. The Company has mitigated some of the risks associated with price volatility as well as availability by entering into long-term finance by training the local farmers in best practices and monitoring of such, and by establishing a strong relationship with the farming community and other local suppliers, to ensure continuous supply at stable price levels.

This risk has been categorized as medium for the Company considering its likelihood of occurrence and impact. The risk control measures identifying alternate suppliers, monitoring of raw material prices on a continuous basis, backward integration for selected raw materials and sustainable sourcing initiatives have all been put in place.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Inconsistency in supply of raw materials and fluctuating raw material price	Business Process	Medium	High

3. Human Resource, Labour Relations, Talent Management and Health and Safety

Key Human Resource areas such as recruitment, career development, performance management, training and development, competency frameworks, coaching and mentoring, talent management, reward and recognition, compensation and benefits have been reviewed and revised to modern standards and aligned to GHAIL Group policies.

The Company has 1,010 employees and have no member from unions. For GHAIL, deterioration of labour relations could result in a significant increase in labour costs, disruption to operations, increase in production down time and impact the image of the Company. With a view to addressing the above concerns the Company maintains a dialogue on a proactive basis with unionized employees to maintain cordial industrial relations.

Limited availability of specialized staff in the market is also a concern to the Company. GHAIL believes in succession planning to overcome this risk and has embedded various personal development programmes to develop skills and capabilities of internal staff to take over higher responsibilities and challenges that will come in the future.

Deficiencies in skills/ knowledge/training amongst existing staff is identified as an area for improvement and the Company has deployed specialised training programs which are targeted to improve specialised skills and knowledge.

For GHAIL, ensuring a safe working environment for its employees, suppliers and customers remains a top priority for the Company, as it believes this improves motivation, productivity and reduces accidents at the work place. The Company is streamlining their organisational processes, with continuous monitoring and process improvement to ensure safe working conditions for its employees.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Risk Rating Human resource labour relations, talent management and health and safety	Organisation and people	Low	Low

4. Business Process and Product Liability Risk

The Company has identified Business Process and product liability which can arise due to any fault in the product from food contamination and poisoning as a core risk.

Over the years the Company has taken several steps to mitigate this risk which includes certifying the manufacturing processes through ISO 9001: 2008 and ISO 22000 : 2005, adherence to Good Manufacturing Practice (GMP) and Food Safety standards, compliance with all Consumer Affairs Authority rules and regulations and other statutory regulations. Further the Company has established a complain desk through email for consumers to convey any message regarding the products to Company officials and an internal mechanism has been established to address these suggestions or complaints promptly.

Products manufactured and sold by the Company have a leading house hold brand name with high brand equity. Therefore it must be managed and protected to survive and prosper in the years to come. The irreparable damage done to the brand following a crisis or catastrophe may substantially outweigh the immediate and visible costs.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Business process and product liability risk	Business process	Medium	Medium

5. Changing Customer Expectations and Requirements of the Food Industry

The food manufacturing industry is subject to general risks of food spoilage or contamination, consumer preferences with respect to nutrition and health related concerns, governmental regulations, consumer liability claims etc. The quality assurance system of the Company is administered by qualified specialists using international benchmarks. Towards addressing nutritional concerns the Company has a specialised Research and Development team validating all nutritional standards of the products. With respect to Governmental regulations the Company ensures that only ingredients that satisfy international standards are used in its product formulations. The Company also ensures compliance with the ISO 22000 (2005) food safety standard with the conduct of regular internal and external audits as applicable to the industries and product lines we operate in.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Changing customer expectations and requirements of the food industry	Business process	Low	Low

6. Fraud and Corruption

GHAIL promotes an organisational culture that is committed to the highest level of honesty and ethical dealings and will not tolerate any act of fraud or corruption. The Anti-Corruption Policy is designed to put these principles into practice. It is GHAIL Policy to protect itself and its resources from fraud and other similar malpractices, whether by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees.

Apart from the legal consequences of fraud and corruption, improper acts have the potential to damage GHAIL image and reputation and financial position. Unresolved allegations can also undermine an otherwise credible position and reflect negatively on innocent individuals. In addition, staff must act so they are not perceived to be involved in such activities. Through transparent and accountable decision-making, together with open discussion by staff and managers about the risks of fraud and corruption, GHAIL seeks to foster an organisational culture which does not tolerate fraud or corruption.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Fraud and corruption	Organisation and people	Low	Low

7. Break - Down of Internal Controls Risk

Segregation of duties, definition of authority limits, operating manuals, detective and preventive controls and internal and external audit procedures which are independent of each other enable the management to ensure that the operations are being carried out as per laid down procedures.

A comprehensive authorization matrix, clearly defining the authorities and responsibilities of each employee, controls and procedure are in place.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Break - Down of Internal Controls Risk	Organisation and people	Low	Low

8. Vulnerabilities from IT Related Risks

GHAIL relies on Information Technology to obtain a competitive advantage, whilst recognising the need for stringent internal controls and IT governance policies. The GHAIL Group's IT governance structures and policies are followed by GHAIL having a disaster recovery readiness in all business systems. Dedicated professionals and use of appropriate software ensures continuity of business operations and safeguard from IT related risks including maintaining up to date virus definition files & firewalls, daily, weekly & monthly "on site" & "offsite" data backups, enable cloud storage for all users, conduct quarterly internal audits by IT department based on a checklist and setting up of early warning mechanism to mitigate possible infrastructure failures.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Vulnerabilities from IT Related Risks Technology and data	Organisation and people	Low	Low

9. Environmental Pollution due to Effluent Water, Gas Leaks and Incinerator Fumes

Due to the nature of operations in a food manufacturing Company, GHAIL is exposed to the risk of environmental pollution that could occur through effluent water, incinerator fumes that is generated in the process of disposal of waste and also the possibility of gas or fuel leaks that could escape to the surrounding environment. Any of these possibilities pose a risk to the Company in the form of loss of reputation and brand boycotting which will have a negative impact.

As mitigation strategies for this risk, GHAIL dispose the waste water of the manufacturing facility directly to the Central Waste Water Treatment. Waste water quality checks are done fortnightly through accredited laboratories to ensure that the treated water conforms to the COD and BOD levels. In order to mitigate the risk of gas and fuel leakages the Company regularly maintain the storage tanks and lines. In keeping with best practices and going beyond compliance, GHAIL additionally monitors its oil and grease as well as total dissolved solids parameters of its effluent discharge.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Environmental pollution due to effluent water, gas leaks and incinerator fumes	Business process	Medium	Medium

10. Exposure to Credit Risk

Credit facilities are offered to Company's Customers and Distributors in keeping with the business environment. This may expose the Company to default payments and increase the cost of operations due to bad debts. The Company mitigates such risk by distributor financing system, credit evaluation of dealers, holding of bank guarantees, evaluation of creditworthiness before approval of additional credit together with measures to adequately safeguard exposures with sufficient asset backed securities.

Risk item	Headline Risk	2015/16 Risk Rating	2014/15 Risk Rating
Exposure to credit risk Business	Business process	Low	Low

Tiramisu Bliss
Strawberry Fresco
English Toffee Delight
Chocolate Lust
Pralines & Cream

CORPORATE GOVERNANCE

"What we believe is good governance will excel organizational overall strategy keeping transparency, accountability and stakeholders' interest in place."

Executive Summary

Golden Harvest Agro Industries Limited (GHAIL), its Subsidiary Golden Harvest Ice Cream Limited (GHIL) and Golden Harvest Dairy Limited (GHDRL) 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 Notification;
- 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;

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, particularly 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 our stakeholders.

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 four (3) main pillars are:

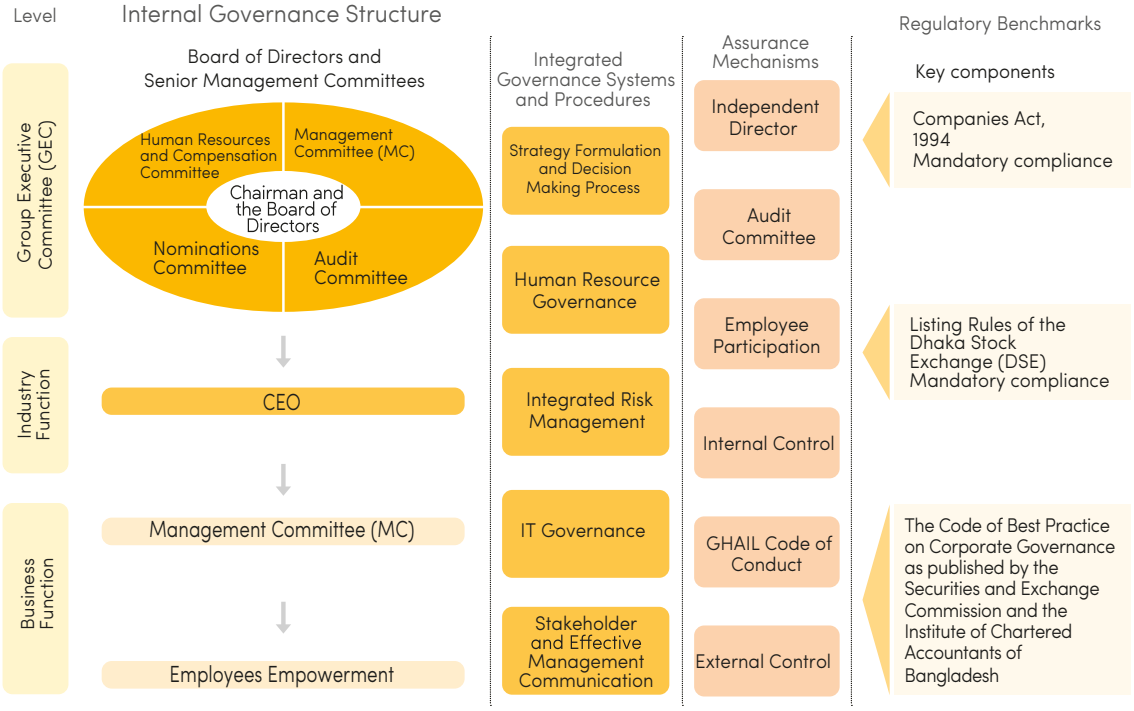
- Board of Directors
- Board Subcommittees
- Executive Committee

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
(Will need to incorporate new One)



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/2006-158/134/Admin/44 dated 7th August 2012 and subsequently amended through their Notification No. SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969. For the year ended 30th June 2016, we have complied with the relevant provisions set out in Annexure-1 in this report.

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, boards of directors must deal with challenges and issues relating to corporate governance, corporate social responsibility 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 the 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 agree 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 Article of Association of the GHAIL, one-third of the directors to retire in every year shall be those who have been longest in office since their last election, but remains eligible for re-election.
The Directors, Mr. Mohius Samad Choudhury, Mr. Azizul Huque and Independent Director Mr. Faisal Ahmed Choudury retire at this AGM and being eligible offered themselves for re-election.

Roles and responsibilities of the Board

- 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 the pursuance of its sustainable development goals
- Reviewing and approving annual plans and long-term business plans
- 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 / debt securities

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

As at 30 June 2016, the Board consisted of nine (9) 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 15 December 2015, the Board was consisted nine (9) Directors, of which one (2) was Non-Executive, Independent Director. Chairman of the board had been changed from the existing who was previously director of the board. 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 initial and subsequent amendment of Corporate Governance Guideline of 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 guideline, two (2) Directors out of the total nine (9) 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.

Chairman of the Board and Chief Executive officer

The position of the Chairman of the Board and the Chief Executive Officer stand separated. The responsibilities of the Chairman and CEO/Managing Director are clearly defined.

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:

- 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.

Annual appraisal scheme of the board

The Board conducted its annual Board performance appraisal for the financial year 2015-16. 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.

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.

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.

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.

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 2015-2016 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:

Name of Director & Directorship	Status	Attendance
Mr. Enamuzzaman Chowdhury (Chairman)	Non-Executive	6/10
Mr. Ahmed Rajeeb Samdani (Managing Director)	Executive	10/10
Mr. Mohius Samad Choudhury (Director)	Executive	10/10
Mr. Matthew Graham Stock (Director)	Non-Executive	5/10
Mr. Azizul Huque (Director)	Non-Executive	10/10
Ms. Nadia Khalil Choudhury (Director)	Non-Executive	10/10
Mr. Moqsud Ahmed Khan (Director)	Non-Executive	5/10
Mr. Ahmed Mehdi Samdani (Director) (Retired)	Non-Executive	3/10
Mr. Faisal Ahmed Choudhury (Independent Director)	Non-Executive	8/10
Ms. Alena Akhter Khan (Independent Director)	Non-Executive	5/10

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. 05 and Strategic objectives are placed on Page No. 06 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

Mr. Faisal Ahmed Choudhury, one of the Independent Directors of GHAIL, is also the Chairman of the Audit Committee. He was joint secretary of the Ministry of Finance and former Commissioner of Customs & VAT. He possesses significant financial management expertise.

Mr. Mohius Samad Choudhury (Executive Director) is a MBA graduate from University of Glamorgan, UK and Mr. Azizul Huque (Non-Executive Director) holds a University Higher diploma in Computer Science from Staffordshire University. Both have in-depth understanding in all aspects of business.

Terms of reference 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:

i. Oversee the financial reporting process
ii. Monitor choice of accounting policies and principles
iii. Monitor Internal Control Risk management process
iv. Oversee hiring and performance of external auditors
v. Review along with the management, the annual financial statements before submission to the board for approval
vi. Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval
vii. Review the adequacy of internal audit function
viii. Review statement of significant related party transactions submitted by the management
ix. Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors

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.

Holdings 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 2016, 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 state 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.

Activities during the year

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

- Reviewed the audit plan of the Internal Control and Compliance Department for the FY 2015-16
- Reviewed quarterly and half-yearly unaudited financial statements of GHAIL for the FY 2015-16
- Discussed with the external auditors and management before finalization of financial statements of GHAIL for the year FY 2015-16
- Reviewed expression of interest of the Audit Firms and recommended for appointment of S.K Barua, Chartered Accountants, as statutory auditors for the year FY 2015-16;
- Reviewed accounting policies and incorporating it in the financial statements that will be applicable for GHAIL
- Reviewed the report of Audit Committee and subsequent incorporation in the Annual Report 2016

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 effectiveness 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 there of

GHAIL has separate Executive Committee headed by CEO and consist of seven members including COO, Head of HR, CFO and CS. The monthly meets in the first week of a 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

Ethics and Compliance

The company has written 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.

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 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.

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.

Remuneration and other Committee

The Board determines the remuneration of the Managing Director and other executive directors. In deciding this remuneration the Board takes into consideration the levels of remuneration met by similar companies. Executive Directors who draw their remuneration from this company are also entitled to a performance related incentive. They are given specific targets at the commencement of the year and their remuneration is decided at the year-end after their performances have been appraised. The Company does not have a share option scheme or a pension scheme.

Mr. Ahmed Rajeeb Samdani and, Mr. Mohius Samad Choudhury get remuneration and the other Non-Executive Directors do not get any remuneration from the company.

Remuneration of the Management Staff is also approved by the Board in total. The Directors' remuneration is disclosed in Note no 29 on page 165 of the Financial Statements.

Roles and responsibilities of the Committee

The main role of the Remuneration Committee is to assist and advise the Board on matters relating to the remuneration of the Board and senior management, in order to motivate and retain executives and ensure that the Company is able to attract the best talents in the market in order to maximize shareholder's value.

The main responsibilities of the Committee are as follows

- to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives
- to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company
- to consider other topics as defined by the Board

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

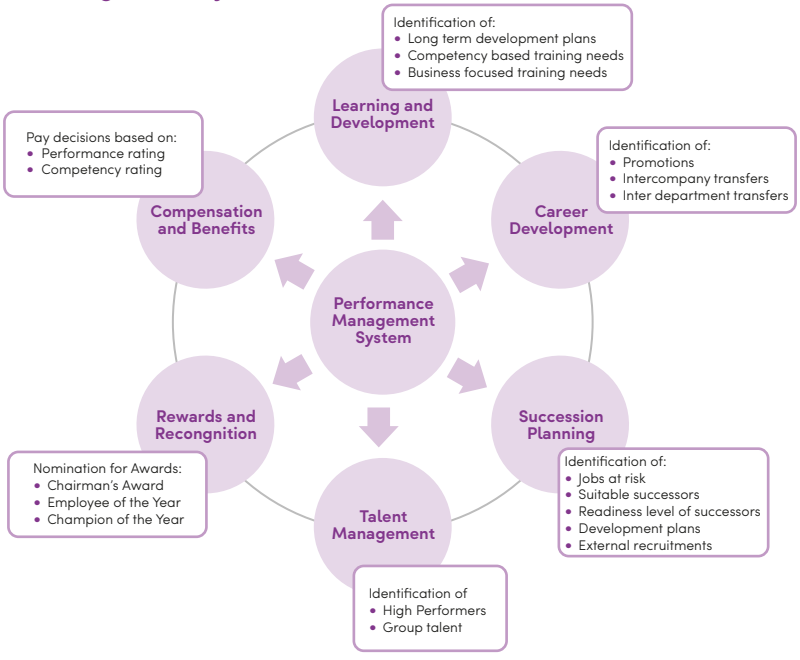
- All Executive roles across the Golden Harvest Group have been banded by an independent third party on the basis of the relative worth of jobs.
- Compensation be set at levels that are competitive to enable the recruitment and the retention of high caliber executives in the identified job classes/bands – 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 JKH Group's 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 Communication

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.

GHAIL Compensation Policy

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 all the departments and divisions are segregated depending on their nature and requirements. The chart is shown on page 18 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 Web site.
- 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 displays, inter-alia, the quarterly, half-yearly and Annual Report. 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 it's 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 socioeconomic well being.

Detail of the CSR activity has been presented in the Sustainability Report of this Annual Report in Page 100.

ম্যাবস এন্ড জে পার্টনার্স
MABS & J Partners
Chartered Accountants

Certificate on compliance of conditions of Corporate Governance Guidelines of Bangladesh Securities & Exchange Commission to the shareholders of Golden Harvest Agro Industries Limited and its subsidiary.

We have examined compliance to the BSEC guidelines on Corporate Governance Guidelines by Golden Harvest Agro Industries Limited for the year ended 30 June 2016. These guidelines relate to the notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 and subsequently amended through the notification # SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance under section 2CC of the Securities and Exchange Ordinance, 1969.

Such compliance to the codes of Corporate Governance is the responsibility of the company's management. Our examination was limited to the procedures and implementation thereof as adopted by the company in ensuring the compliance to the conditions of Corporate Governance Guidelines. This is a scrutiny and verification only and not an expression of opinion on the financial statements of the company and its subsidiary.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that, subject to the remarks and observations as reported in the attached Compliance Statements, the company has complied with the conditions of Corporate Governance Guidelines as stipulated in the above-mentioned guidelines issued by the BSEC.

We also state that such compliance is neither an assurance as to the future viability of the company, nor a certification on the efficiency or effectiveness with which the management has conducted the affairs of the company. This is also no endorsement about quality of contents in the Annual Report of the company.

Dhaka, 30 November 2016

MABS & J Partners
Chartered Accountants

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Golden Harvest Agro Industries Limited

Statement of Compliance of Corporate Governance Guidelines

Status of compliance with the conditions of Corporate Governance Guidelines as set by Bangladesh Securities & Exchange Commission (BSEC) by the notification # SEC/CMRRCD/2006 158/134/Admin/44 dated 07 August 2012 and subsequently amended through their notification # SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	**Board of Directors**			
1.1	Board's Size: Board members should not be less than 5 (five) and more than 20 (twenty)	√		
1.2	**Independent Directors**			
1.2 (i)	At least 1/5th of the total number of directors	√		
1.2 (ii) a)	Does not hold any or holds less than 1% shares	√		
1.2 (ii) b)	Is not connected with the company's any sponsor, director or shareholder who holds 1% or more shares.	√		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise with the company or its subsidiary/associated companies	√		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	√		
1.2 (ii) e)	Not a member, director or officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2 (ii) f)	Who is not and was not a partner or an executive during the preceding 3 years of any statutory audit firm.	√		
1.2 (ii) g)	Is not an independent director in more than 3 listed companies	√		
1.2 (ii) h)	Has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution.	√		

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (ii) i)	Has not been convicted for criminal offence involving moral turpitude.	√		
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	√		
1.2 (iv)	The post does not remain vacant for more than 90 days.	√		
1.2 (v)	The board shall lay down a code of conduct of all board members and annual compliance of the code to be recorded.	√		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 years, which may be extended for 1 term only.	√		
1.3	**Qualification of Independent Direc tor (ID):**			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 years of corporate management/ professional experiences.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	N/A		
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5	**The Directors' Report to Shareholders:**			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or product-wise performance.	√		
1.5 (iii)	Risks and concerns.	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	N/A		
1.5 (vi)	Basis for related party transactions	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	√		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		
1.5 (x)	Remuneration to directors including independent directors.	√		
1.5 (xi)	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.	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained	√		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in reparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	There are no significant doubts 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 thereof should be disclosed.	√		
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	√		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
1.5 (xxi)	**Pattern of shareholding:**			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	√		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
1.5 (xxi) c)	Executives;	√		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	√		

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xxii)	**Appointment/re-appointment of a director:**			
1.5 (xxii) a)	A brief resume of the director	√		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	√		
2	**Chief Financial Officer (CFO), Head Of Internal Audit and Company Secretary (CS):**			
2.1	Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		
2.2	Requirement to attend the Board Meetings: The CFO and the Company Secretary shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3	**Audit Committee:**			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors	√		
3 (ii)	The Audit Committee shall assist the Board of Directors 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.	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	√		

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.1	**Constitution of the Audit Committee:**			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members	√		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience	√		
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy (ies) immediately or not later than 1 (one) month from the date of vacancy (ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	√		
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors	√		
3.1 (v)	The company secretary shall act as the secretary of the Committee	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2	**Chairman of the Audit Committee:**			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	√		

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3	**Role of Audit Committee:**			
3.3 (i)	Oversee the financial reporting process.	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval	√		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	√		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	√		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/ Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds 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. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus	√		
3.4	**Reporting of the Audit Committee:**			
3.4.1	Reporting to the Board of Directors:	√		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors	√		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.4.1 (ii) a)	Report on conflicts of interests;		N/A	
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;		N/A	
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations		N/A	
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.		N/A	
3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.		N/A	
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company	√		
4	**External/Statutory Auditors:**			
4 (i)	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:- Appraisal or valuation services or fairness opinions.	√		
4 (ii)	Financial information systems design and implementation	√		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements	√		
4 (iv)	Broker-dealer services	√		

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4 (v)	Actuarial services	√		
4 (vi)	Internal audit services	√		
4 (vii)	Any other service that the Audit Committee determines	√		
4 (viii)	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	√		
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7	√		
5	**Subsidiary Company:**			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company	√		GHICL is a Private Limited Company with sponsors only. There is no General Shareholders. Therefore, the composition of the Board of Directors of the subsidiary GHICL can't be similar to the composition of the Board of Directors of the holding company.
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company	√		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	√		

Condition No.	Title	Compliance Status as on 30 June 2015 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	√		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	√		
6	**Duties Of Chief Executive Officer (CEO) And Chief Financial Officer (CFO):**			
6 (i)	The 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:			
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
6 (i) b)	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	√		
6 (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 violation of the company's code of conduct.	√		
7	**Reporting and Compliance of Corporate Governance:**			
7 (i)	The company shall obtain a certificate from a Professional Accountant/Secretary (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis	√		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions	√		

Golden Harvest Agro Industries Limited

Certificate of Due Diligence by CEO and CFO

(As required under the BSEC Guidelines)

To the Board of Directors of
Golden Harvest Agro Industries Limited

In compliance with condition no. 6 of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, we the undersigned, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of Golden Harvest Agro Industries Limited, do hereby certify before the Board that we have thoroughly reviewed the Financial Statements of the Company for the year ended 30 June 2016, and state that:

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 together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws, and

c) to the best of our knowledge and belief, the Company did not enter into any transaction during the year which are fraudulent, illegal or in violation of the Company's codes of conduct.

Ahmed Rajeeb Samdani
Managing Director and CEO

Rojina Akhter FCA
Chief Financial Officer

Dhaka
30 November 2016

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.

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 the meetings. The Chairman of the Audit Committee is an Independent Director.

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

S.L	Name & Designation	Position in the Committee
1.	Faisal Ahmed Choudhury-Independent Director	Chairman
2.	Mohius Samad Choudhury-Director	Member
3.	Azizul Huque-Director	Member

Meetings of the Audit Committee

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

Name of the Meeting	Meeting held	Date of meeting	Attendance
Audit Committee meeting	4 (Four)	17.09.2015	100%
		24.12.2015	100%
		16.03.2016	100%
		16.06.2016	100%

Relevant members from senior management team, internal auditors were present at these meetings as appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

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.

The Audit Committee reviews the design and operational effectiveness of 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.

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.

Summary of Activities during the Financial Year

Oversight of Company and Consolidated Financial Statements

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 (BFRS).

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.

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.

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.

External Audit

The External Auditors of the Company S.K. Barua & Co. representative firm of Empacta Chartered Accountants submitted a detailed audit plan for the financial year 2015/16, 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.

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

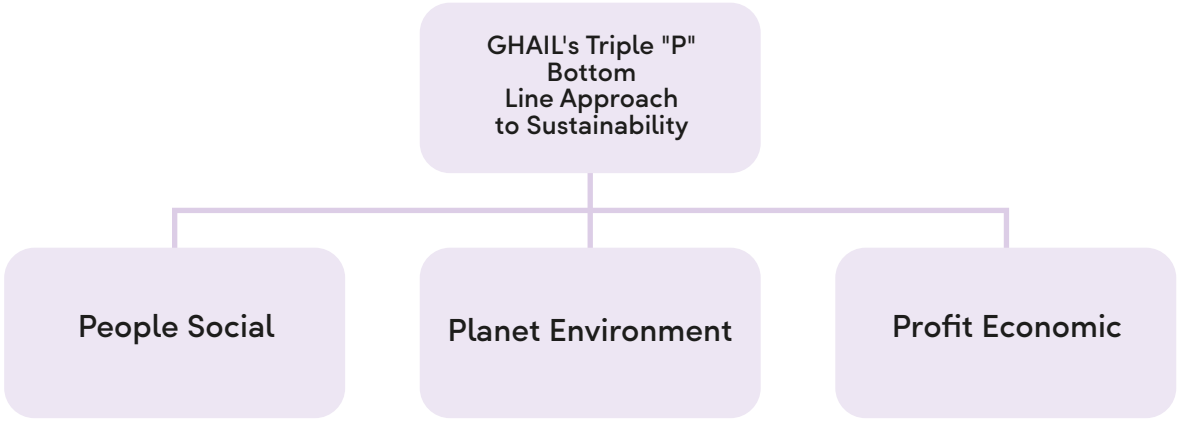
The Audit Committee is satisfied that the effectiveness of the organizational structure of the Group in the implementation of the accounting policies and operational controls, provide reasonable assurance that the affairs of the Group are managed in accordance with accepted policies and that assets are 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.

Faisal Ahmed Choudhury
Chairman, Audit Committee

made from home-grown sun kissed potatoes
Golden sunny afternoons. Friends coming over after school to play. All goes well till one cheats at a game. Another one cracks a mean joke. Harsh words are said and tears are shed.
But then, Ma puts a plate of Golden Harvest French Fries in front of them. Suddenly all is good with the world again as they dig into the crispy, mouth-watering treats.
Things become right with every bite. But the last fry left may pose a new fight.
GOLDEN HARVEST
GOLDEN HARVEST
STRAIGHT CUT
FRENCH FRIES
1kg
NO PRESERVATIVES
Manufactured under hygienic conditions with automatic machines.

Sustainability Report

Golden Harvest Agro Industries Limited
For the year ended 30 June 2016



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 subsidies 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-)	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 waste that 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.

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

Material

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.

Supplier Assessment for Environmental impact

Having to deal with 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 2016

This year the Dhaka Art Summit welcomed 138,000 visitors in 4 days, and operated tours for 2,500 students from 30+ schools from all over Dhaka. Over 300 emerging and established artists, as well as internationally renowned curators and writers participated in the summit, and attracted visitors from over 70 international institutions. In addition to 17 solo Projects, DAS included talks, critical writing ensembles, performances, film programme, book launches and the Summit's first historical exhibition, Rewind. Also, VAST Bhutan hosted a children's workshop for 2 days of the summit. This year, the Samdani Art Award was given to Rasel Chowdhury.

Taher Ahmed Choudhury Charitable Hospital (TACH)

TACH Hospital is located in natural atmosphere in healthy set up in Bhadeshwar, Sylhet, This Hospital has facility of accommodating patients and it has been equipped with modern facility. Hospital is committed to provide its sincere and honest services of health care and medicine to under privileged patients. Presently Hospital is supporting general patients of Medicine, Gynec, & Pediatric services. Over and above experts in the field of Eye, ENT, and Skin visit the Hospital on fixed days at fixed time and treats the patients and gives them due guidance.

Alvina Samdani Trust

A charitable organization of Golden Harvest Group engaged in financially supporting the disadvantaged either directly or through other organizations supporting in education, health and etc., providing scholarship to talented students across the country, organizing relief effort during natural calamity, etc.

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.

Cold Chain as a CSR

The objective of Golden Harvest Cold Chain Network is to increase access, availability, and use of domestically produced nutritious foods, ensure food security and sustainably reduce poverty and hunger. Golden Harvest Cold Chain was established in 2013 and become the first Cold Chain Network in Bangladesh to deliver diverse and nutritious high value agricultural commodities to market. Cold Chain Bangladesh Alliance (CCBA) is a part of Golden Harvest Cold Chain Network, which has been supported by USAID and Winrock International and Golden Harvest. CCAB utilizes and provides innovative technology and partnerships that are currently unavailable in Bangladesh. CCBA will result in significant and sustainable development impact over the long term for provision of quality food in Bangladesh.

Why Cold Chain Network Work as CSR

- Reduce Post Harvest loss
- Reduce use of Harmful Preservatives
- Developed HACCP Planed Collection Point
- Reduce Unhygienic Food Transportation
- Reduce Poverty by Eliminating Middleman

Human Capital

"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 specialised 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 review is 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.

Employees birthday celebrations

GHAIL Employee Cricket Match

GHAIL donated toys for underprivileged children through Ex Cadets Forum

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 jobtraining cost, special training cost and development programs In the year-2015-16, GHAIL incurred for its employee training (home and abroad) as under:

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

Types of Training	Description	Expense During The Year
Foreign	Different Conference, Official tour and meeting purpose	259,522
Local	Training organized by the company and different organizations	222,694

We celebrated birthdays of 50 employees in head office and expenses on different wellfare issues.

Types of Expense	Description	Expense During The Year
Welfare Issues	Sickness/treatment, family problem etc.	2,000,000

Age Range (Years)	Male	Female	Total
18-25	209	117	326
26-35	423	151	574
36-45	78	7	85
46-55	25	0	25
56 and above	0	0	0
Total	**735**	**275**	**1010**

Integrated Reporting Initiative

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 1,010 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 2016 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 2015-16 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 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 suite of reports available online on our website. Other reports available are:

- Corporate governance report
- Risk report
- Remuneration report
- Sustainability report
- Annual financial statements.

Business Environment Analysis

SWOT Analysis

	Helpful to achieving the objective	**Harmful** to achieving the objective
Internal origin (attributes of the system)	**Strengths** > State of the art production facilities > Competent & committed human resource > Brand preference > Well established distribution network with freezers	**Weaknesses** > No backward linkage for raw material sourcing > Competitors' dealer network hampering market share enhancement > Short product life > Relatively homogeneous product limiting pricing strategies
External origin (attributes of the environment)	**Opportunities** (attributes of the environment) > Foods products are high in demand by growing population > Horizontal as well as vertical diversification > Increase / value addition in product line > Investment in alternative sources of raw material > Potential to export foods	**Threats** > Growing market of traditional street foods as well as snacks > International food chain grabbing traditional food habits > Continuous increase in raw prices > Imposition of additional taxes

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
Income distribution	Number of customer in the market will go up	New customer will have impact on increased sales

Governance

GHAIL's governance structure complements its ability to create value in the short, medium and long term strategy and objectives. The overall governance issues have been depicted in pages 72 of Annual Report.

Business Model

Inputs	Activities	Value Outputs
Equity BDT. 2056 Million	Total Property, Plant and Equipment BDT. 2,646 Million	Earnings per share - BDT. 1.98
Interest bearing borrowings of BDT. 1,122 Million	Total Non-Current Assets BDT. 927 Million	Earnings Attributable to Shareholders - BDT. 179 Million
Market Capitalisation BDT. 2,405 Million	Total Current Assets BDT. 1,471 Million	Dividends 2015/16 - BDT. 90 Million
	Total Assets BDT. 5,044 Million	Interest Paid to Funding Providers - BDT. 248 Million

Inputs	Activities	Value Outputs
Distributors 249	Brand Building BDT. 58 Million	Sales Volume BDT. 1,428 Million
Direct outlets 145	Advertisement BDT. 8 Million	Commission Paid to Distributors BDT. 9 Million
Retail Outlets 9,560		Purchase BDT. 726 Million
Supplier 85		Dealer and Distributor cold storage investment in Freezers 12,500
Brands 03		

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 pages 64 of Annual Report.

Performance

Quantitative Indicators:
GHAIL maintained steady growth over the financial period and all the key indicators are graphically presented in page 19 in Annual Report.

Stakeholders Relationship

Investors • Relevant and timely reporting • Sustainability of the business • Strategic priorities, growth markets and plans • Key market conditions and forecasts • Key growth areas • Business risk management • Operational performances and opportunities • Trading outlook	**Business Partners /customers** • Price • Service • Customer solutions/requirements • New product/service development • Organizational improvements
Employees • Continuous learning • Accessibility of key information across the entire business • 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 • Promote workplace safety.	**Government** • Environmental issues • Use of scarce resources • Creation of employment • Compliance to relevant standards and legislation • Transparent disclosure of levels of compliance • Tackling industry issues • Interactions and support of key industry bodies • Commenting on policy proposals • Forming partnerships to grow the economy and for better • futures for society
Local Communities /civil society • Community upliftment • Partnership opportunities • Local business investments • Employment opportunities • Sustainability impact • Training opportunities • Participation in the carbon disclosure project	**Suppliers** • Collaboration on synergistic Group procurement policies • Joint customer and supplier meetings and workshops • Fair procurement principles • Sustainability impact • Reduction in value chain cost engineering • Price • Service • Product supply innovation
Media • Brand communication • Promotions • Community updates • Financial results	**Consumers** • Quality of Products • Positive brand experience • Ethical and non-collusive business practices

bloop
Exotic Vanilla
bloop

bloop
Exotic Chocolate
bloop

Bloop
Strawberry

Bloop
Maddy
Mango

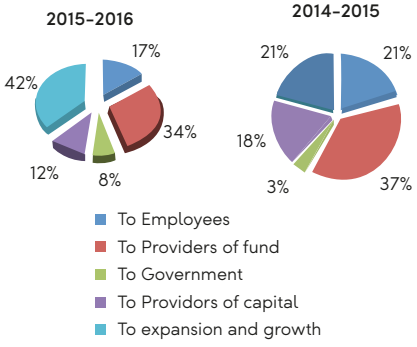
Bloop
Charming
Chocolate

Value Added Statement

Golden Harvest Agro Industries Limited
For the year ended 30 June 2016

	Group				The Company			
	2015-2016 Amount in BDT	%	2014-2015 Amount in BDT	%	2015-2016 Amount in BDT	%	2014-2015 Amount in BDT	%
Revenue	1,427,568,390		776,658,989		624,438,657		520,563,813	
Other operating income	60,656,502		92,307,138		14,674,032		50,404,368	
Finance income	2,859,127		9,783,815		385,895		5,824,435	
	1,491,084,019		878,749,942		639,498,584		576,792,616	
Cost of materials and service obtained	(756,981,845)		(420,557,494)		(300,875,355)		(260,130,096)	
Value Addition	**734,102,173**		**458,192,448**		**338,623,229**		**316,662,520**	
Value allocated to:								
To Employees								
Salaries, wages and other benefits	113,604,220	15.48%	88,646,651	19.35%	69,157,947	20.42%	55,753,407	17.61%
Workers' profit perticipation fund	11,972,717	1.63%	6,309,226	1.38%	6,230,060	1.84%	5,471,942	1.73%
To Providers of fund								
Finance cost	247,796,255	33.76%	170,263,268	37.16%	90,840,300	26.83%	105,632,793	33.36%
To Government								
Income tax and other taxes and fees	56,602,832	7.71%	15,910,104	3.47%	42,349,993	12.51%	13,761,995	4.35%
	429,976,024		**281,129,249**		**208,578,300**		**180,620,137**	
To providors of capital								
Dividend to shareholders	90,090,000	12.27%	81,900,000	17.87%	90,090,000	26.60%	81,900,000	25.86%
To expansion and growth								
Profit retained	178,767,995	24.35%	19,074,622	4.16%	114,364,610	33.77%	9,967,662	3.15%
Depreciation & ammortization	134,345,759	18.30%	65,264,508	14.24%	45,763,729	13.51%	39,847,305	12.58%
Deferred taxation	(4,086,645)	-0.56%	10,824,069	2.36%	(30,383,410)	-8.97%	4,327,416	1.37%
	399,117,108		**177,063,199**		**219,834,929**		**136,042,383**	
	829,093,132		**458,192,448**		**428,413,229**		**316,662,520**	

	Group 2015-2016	%	Group 2014-2015	%
To Employees	125,576,937	17%	94,955,877	21%
To Providers of fund	247,796,255	34%	170,263,268	37%
To Government	56,602,832	8%	15,910,104	3%
To providors of capital	90,090,000	12%	81,900,000	18%
To expansion and growth	309,027,108	42%	95,163,199	21%
	829,093,132	-	**458,192,448**	



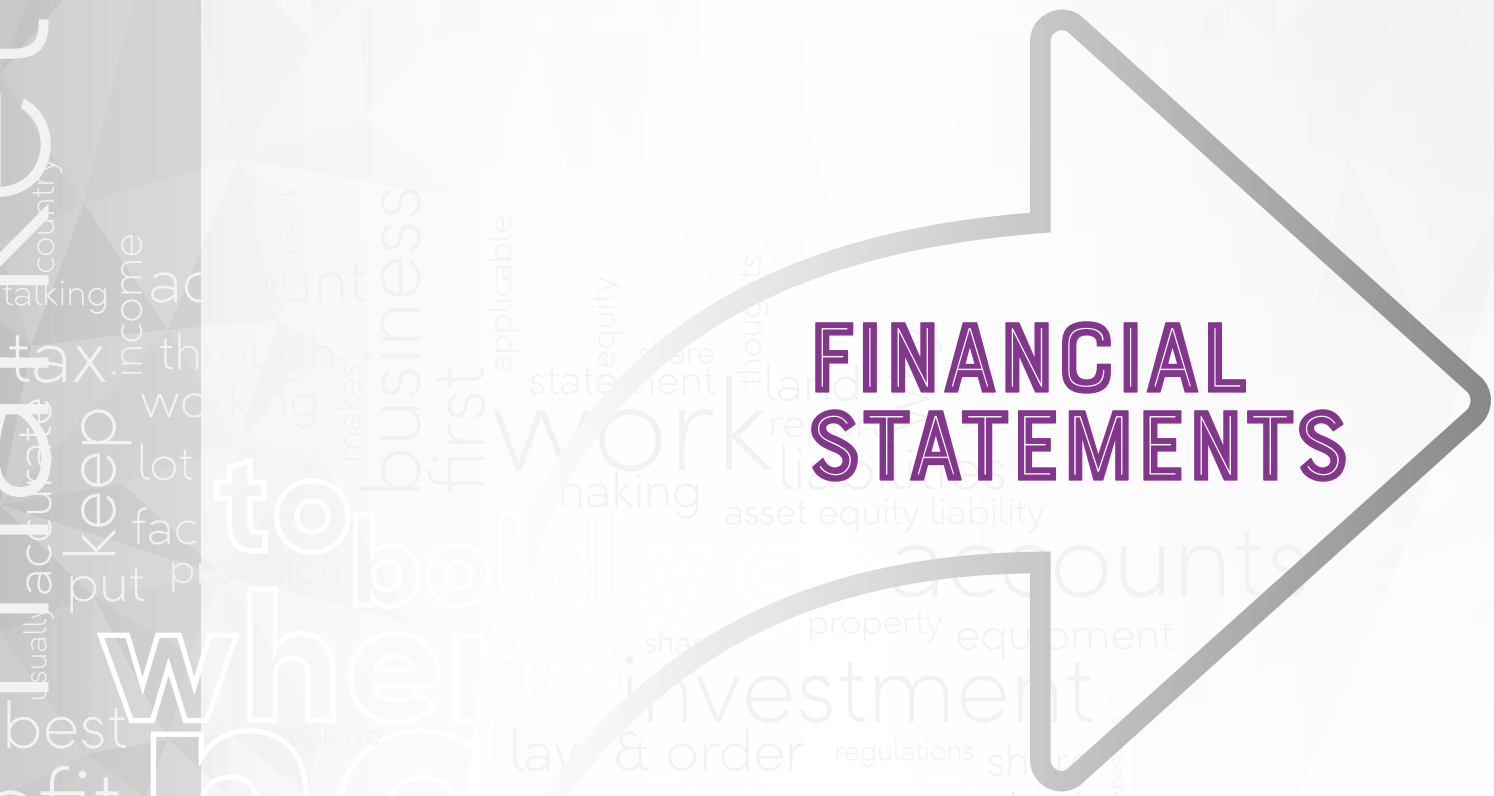
Economic Value Added (EVA)

Economic Value Added (EVA) = Net operating profit after tax - (Capital Employed X Cost of capital)

	Group 2015-2016 Amount in BDT	2014-2015 Amount in BDT
Net operating profit after tax (NOPAT)	361,171,210	222,101,310
Total Capital Employed	3,921,952,278	2,987,000,823
Weighted average cost of capital (%)	9.03%	5.10%
EVA	**7,078,718**	**69,789,230**

325g
GOLDEN
HARVEST
DESHI PARATHA
Regular Pa

GOLDEN
HARVEST
chicken
sausage
12
PIECES
KEEP
FROZEN



FINANCIAL STATEMENTS

Compliance Report on BAS and BFRS

Sl No.	BAS title	Remarks
BAS01	Presentation of Finantial Statements	Applied
BAS02	Inventories	Applied
BAS07	Statement of Cash Flows	Applied
BAS08	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
BAS10	Events After the Reporting Period	Applied
BAS11	Construction Contracts	N/A
BAS12	Income Taxes	Applied
BAS16	Property, Plant and Equipment	Applied
BAS17	Leases	Applied
BAS18	Revenue	Applied
BAS19	Employee Benefits	Applied
BAS20	Accounting for Government Grants and disclosure of Government Assistance	N/A
BAS21	The Effects of Changes in Foreign Exchange Rates	Applied
BAS23	Borrowings Costs	Applied
BAS24	Related Party Disclosures	Applied
BAS26	Accounting and Reporting by Retirement Benefit Plans	N/A
BAS27	Separate Financial Statements	Applied
BAS28	Investments in Associates and Joint Ventures	Applied
BAS29	Financial Reporting in Hyper inflationary Economics	N/A
BAS32	Financial Instruments: Presentation	Applied
BAS33	Earnings Per Share	Applied
BAS34	Interim Financial Reporting	Applied
BAS36	Impairment of Assets	Applied
BAS37	Provisions, Contingent Liabilities and Contingent Assets	Applied
BAS38	Intangible Assets	Applied
BAS39	Financial Instruments: Recognition and Measurement	Applied
BAS40	Investment Property	N/A
BAS41	Agriculture	Applied

Remarks	BFRS title	Remarks
BFRS1	First time Adoption on of International Financial Reporting Standards	N/A
BFRS2	Saher-based Payment	N/A
BFRS3	Business Combinations	Applied
BFRS4	Insurance Contracts	N/A
BFRS5	Non-current Assets Held for Sale and Discontinued Operations	N/A
BFRS6	Exploration for and Evaluation of Mineral Assets	N/A
BFRS7	Financial Instruments: Disclosures	Applied
BFRS8	Operating Segments	Applied
BFRS9	Financial Instruments	Applied
BFRS10	Consolidated Financial Statements	Applied
BFRS11	Joint Arrangments	N/A
BFRS12	Discloser of Interest in other Entities	Applied
BFRS13	Fair Value Measurement	Applied

AUDITOR'S REPORT & CONSOLIDATED FINANCIAL STATEMENTS

Golden Harvest Agro Industries Limited

as at and for the year ended 30 June 2016

S.K.BARUA & CO.
CHARTERED ACCOUNTANTS

a member of empacta
registered in Berlin-Germany

Independent Auditors' Report

To the Shareholders of
Golden Harvest Agro Industries Limited

We have audited the accompanying separate financial statements of Golden Harvest Agro Industries Limited ("the company") as well as the consolidated financial statements of Golden Harvest Agro Industries Limited and its subsidiaries and associate ("the group") which comprise the seperate and the consolidated statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management of "Golden Harvest Agro Industries Limited" is responsible for the preparation and fair presentation of the separate financial statements of the Company and consolidated financial statements of the Group in accordance with Bangladesh Financial Reporting Standards (BFRS) the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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S.K.BARUA & CO.
CHARTERED ACCOUNTANTS

a member of empacta
registered in Berlin-Germany

Opinion

In our opinion, the separate financial statements of the Company and consolidated financial statements of the Group give a true and fair view of the consolidated financial position of the group and the separate financial position of Golden Harvest Agro Industries Limited as at 30 June 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company and its subsidiary so far as it appeared from our examination of these books;

(c) the consolidated statement of financial position and the statement of comprehensive income dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purposes of the company's business.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

House#432,(2nd Floor),Road #30, New DOHS, Mohakhali, Dhaka-1206, Bangladesh
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Golden Harvest Agro Industries Limited

Consolidated Statement of Financial Position
as at 30 June 2016

	Notes	Amount in BDT		
		30-Jun-16	30-Jun-2015 Restated	1-Jul-2014 Restated
ASSETS				
Non-current assets		**3,573,568,441**	**2,750,054,728**	**2,112,805,705**
Property, plant and equipment	5	2,646,078,977	2,043,007,481	1,045,221,962
Leased assets	6	57,567,310	25,179,884	20,710,806
Intangible assets	7	57,896,652	12,379,666	11,200,000
Biological assets	8	74,887,804	-	-
Capital work in progress	9	737,137,698	669,487,697	1,035,672,937
Investment in associates	11	-	-	-
Current assets		**1,470,822,173**	**1,256,509,485**	**1,327,550,081**
Inventories	12	320,478,072	251,548,833	155,314,554
Advances, deposits and prepayments	13	493,053,645	676,538,313	514,770,583
Trade & other receivables	14	622,758,844	230,130,164	232,951,431
Cash and cash equivalents	15	34,531,612	98,292,175	424,513,513
TOTAL ASSETS		**5,044,390,614**	**4,006,564,213**	**3,440,355,786**
EQUITY AND LIABILITIES				
Shareholders' equity		**2,046,413,005**	**1,865,693,030**	**1,839,203,166**
Share capital	16	900,900,000	819,000,000	819,000,000
Share premium	17	326,866,054	408,766,054	408,766,054
Revaluation surplus	18	298,356,679	303,525,145	288,465,361
Retained earnings	19	520,290,272	334,401,831	322,971,751
Non controlling interest	20	9,213,602	12,440,400	1,190
Total equity		**2,055,626,607**	**1,878,133,430**	**1,839,204,356**
Non-current liabilities		**1,283,754,501**	**1,157,863,837**	**885,624,182**
Long term loans	21	1,122,438,336	1,019,563,390	739,026,028
Deferred tax liability	22	126,711,069	132,749,694	144,379,364
Lease obligations	23	34,605,096	5,550,753	2,218,790
Current liabilities		**1,705,009,506**	**970,566,946**	**715,527,248**
Accounts and other payables	24	182,443,676	96,319,442	57,643,799
Accruals and provisions	25	223,704,924	217,506,265	175,503,147
Short term loans	26	1,064,755,756	514,461,293	459,828,157
Current portion of long term loans	21	224,861,349	139,948,048	16,887,333
Current portion of lease obligations	23	9,243,801	2,331,898	5,664,812
TOTAL EQUITY AND LIABILITIES		**5,044,390,614**	**4,006,564,213**	**3,440,355,786**
Number of share used to calculate NAV		**90,090,000**	**90,090,000**	**90,090,000**
Net asset value per share		**22.72**	**20.71**	**20.42**

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.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

Golden Harvest Agro Industries Limited

Statement of Financial Position
as at 30 June 2016

	Notes	Amount in BDT		
		30-Jun-16	30-Jun-2015 Restated	1-Jul-2014 Restated
ASSETS				
Non-current assets		**2,090,389,645**	**1,999,228,049**	**1,812,509,633**
Property, plant and equipment	5A	920,157,199	900,601,983	728,124,907
Leased assets	6A	15,432,766	18,337,212	18,080,043
Intangible assets	7A	21,825,591	11,798,291	11,200,000
Capital work in progress	9A	437,848,248	438,369,647	478,038,445
Investment in subsidiary companies	10	695,125,841	630,120,916	577,066,238
Investment in associates	11	-	-	-
Current assets		**982,489,878**	**858,248,717**	**984,243,645**
Inventories	12A	121,667,949	92,858,670	73,897,614
Advances, deposits and prepayments	13A	416,619,420	398,468,421	335,519,222
Trade & other receivables	14A	431,920,059	334,224,876	323,089,633
Cash and cash equivalents	15A	12,282,450	32,696,750	251,737,176
TOTAL ASSETS		**3,072,879,523**	**2,857,476,766**	**2,796,753,278**
EQUITY AND LIABILITIES				
Shareholders' equity		**2,046,413,005**	**1,865,693,030**	**1,839,203,166**
Share capital	16	900,900,000	819,000,000	819,000,000
Share premium	17	326,866,054	408,766,054	408,766,054
Revaluation surplus	18A	298,356,679	303,525,145	288,465,361
Retained earnings	19A	520,290,272	334,401,831	322,971,751
Total equity		**2,046,413,005**	**1,865,693,030**	**1,839,203,166**
Non-current liabilities		**320,898,775**	**512,172,837**	**488,330,057**
Long term loans	21A	260,348,239	419,385,976	384,477,423
Deferred tax liability	22A	59,838,515	91,572,365	103,311,760
Lease obligations	23A	712,021	1,214,496	540,874
Current liabilities		**705,567,743**	**479,610,899**	**469,220,055**
Account and other payables	24A	42,371,273	23,722,811	33,090,904
Accruals and provisions	25A	112,464,529	119,348,576	82,127,849
Short term loans	26A	450,761,662	295,563,032	331,949,984
Current portion of long term loans	21A	99,453,243	40,125,462	16,887,333
Current portion of lease obligations	23A	517,036	851,018	5,163,985
TOTAL EQUITY AND LIABILITIES		**3,072,879,523**	**2,857,476,766**	**2,796,753,278**
Number of share used to calculate NAV		**90,090,000**	**90,090,000**	**90,090,000**
Net asset value per share		**22.72**	**20.71**	**20.42**

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.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

Golden Harvest Agro Industries Limited

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2016

	Notes	Amount in BDT	
		2015-2016	2014-2015 Restated
Revenue	27	1,427,568,390	776,658,989
Cost of goods sold	28	(773,012,955)	(411,672,817)
Gross profit		**654,555,435**	**364,986,172**
Operating expenses		**(235,091,715)**	**(164,510,323)**
Administrative expenses	29	(62,374,698)	(52,917,911)
Selling and distribution expenses	30	(172,717,017)	(111,592,412)
Fair value adjustments of biological assets	8	1,903,959	-
Other operating income	31	60,656,502	92,307,138
Profit from operations		**482,024,181**	**292,782,987**
Finance income	32	2,859,127	9,783,815
Finance expenses	33	(247,796,255)	(170,263,268)
Net profit from operation		**237,087,053**	**132,303,534**
Provision for workers' profit participation fund		(11,972,717)	(6,309,226)
Income before share of non-consolidated companies and income tax		**225,114,336**	**125,994,308**
Share of profit / (loss) from associates		(300,000)	-
Net profit before tax		**224,814,336**	**125,994,308**
Income tax expenses	34	(49,273,139)	(40,118,973)
Net profit after tax		**175,541,197**	**85,875,335**
Non controlling interest	20	3,226,798	60,790
Net profit after tax attributable to ordinary shareholders		**178,767,995**	**85,936,125**
Other comprehensive income		-	-
Total comprehensive income		**178,767,995**	**85,936,125**
Number of share used to calculate EPS		**90,090,000**	**90,090,000**
Earnings per share(EPS)		**1.98**	**0.95**

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.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

Golden Harvest Agro Industries Limited

Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2016

	Notes	Amount in BDT	
		2015-2016	2014-2015 Restated
Revenue	27A	624,438,657	520,563,813
Cost of goods sold	28A	(320,284,720)	(266,945,082)
Gross profit		**304,153,937**	**253,618,731**
Operating expenses		(97,489,945)	(89,257,976)
Administrative expenses	29A	(41,536,179)	(38,941,704)
Selling and distribution expenses	30A	(55,953,766)	(50,316,272)
Other operating income	31A	14,674,032	50,404,368
Profit from operations		**221,338,024**	**214,765,123**
Finance income	32A	385,895	5,824,435
Finance expenses	33A	(90,840,300)	(105,632,793)
Net profit from operations		**130,883,619**	**114,956,765**
Provision for workers' profit participation fund		(6,230,060)	(5,471,942)
Income before share of non-consolidated companies and income tax		**124,653,559**	**109,484,823**
Share of profit / (loss) from associates		(300,000)	-
Net profit before tax		**124,353,559**	**109,484,823**
Income tax expenses	34A	(9,988,949)	(32,716,448)
Net profit after tax		**114,364,610**	**76,768,375**
Profit after tax attributable to Ordinary Shareholders of the Company		114,364,610	76,768,375
Other comprehensive income			
Share of profit from subsidiary	35	64,403,385	9,167,750
Total comprehensive income		**178,767,995**	**85,936,125**
Number of share used to calculate EPS		**90,090,000**	**90,090,000**
Earnings per share (EPS)		**1.27**	**0.85**

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.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

Golden Harvest Agro Industries Limited

Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

Amount in BDT

Particulars	Share capital	Share premium	Revaluation surplus	Retained earnings	Total
Balance as at 01.07.2014	**819,000,000**	**408,766,054**	**288,465,361**	**371,891,644**	**1,888,123,059**
Adjustment for Under Provision for Income Tax liability	-	-	-	(48,919,894)	(48,919,894)
Restated Balance as at 01.07.14	**819,000,000**	**408,766,054**	**288,465,361**	**322,971,750**	**1,839,203,165**
Deferred tax adjustment on WDV of revalued assets	-	-	20,424,335	-	20,424,335
Adjustment for deferred tax on revaluation surplus	-	-	-	2,029,404	2,029,404
Depreciation adjustment on revaluation surplus	-	-	(5,364,551)	5,364,551	-
Payment of cash dividend	-	-	-	(81,900,000)	(81,900,000)
Net profit after tax	-	-	-	85,875,335	85,875,335
Share of non controlling interest	-	-	-	60,790	60,790
Balance as at 30.06.2015	**819,000,000**	**408,766,054**	**303,525,145**	**334,401,830**	**1,865,693,029**
Balance as at 01.07.2015	819,000,000	408,766,054	303,525,145	334,401,830	1,865,693,029
Deferred tax adjustment on revaluation surplus	-	-	-	1,951,980	1,951,980
Depreciation adjustment on revaluation surplus	-	-	(5,168,466)	5,168,466	-
Issuance of Stock dividend	81,900,000	(81,900,000)	-	-	-
Net profit after tax	-	-	-	175,541,197	175,541,197
Share of non controlling interest	-	-	-	3,226,799	3,226,799
Balance as at 30.06.2016	**900,900,000**	**326,866,054**	**298,356,679**	**520,290,272**	**2,046,413,005**

Director | Director | Managing Director

Golden Harvest Agro Industries Limited

Statement of Changes in Equity

For the year ended 30 June 2016

Amount in BDT

Particulars	Share capital	Share premium	Revaluation surplus	Retained earnings	Total
Balance as at 01.07.2014	819,000,000	408,766,054	288,465,361	371,891,644	1,888,123,059
Adjustment for Under Provision for Income Tax liability	-	-	-	(48,919,893)	(48,919,893)
Restated Balance as at 01.07.14	**819,000,000**	**408,766,054**	**288,465,361**	**322,971,751**	**1,839,203,166**
Deferred tax adjustment on WDV of revalued assets	-	-	20,424,335	-	20,424,335
Deferred tax adjustment on revaluation surplus	-	-	-	2,029,404	2,029,404
Depreciation adjustment on revaluation surplus	-	-	(5,364,551)	5,364,551	-
Payment of cash dividend	-	-	-	(81,900,000)	(81,900,000)
Net profit after tax	-	-	-	76,768,375	76,768,375
Share of subsidiary company	-	-	-	9,167,750	9,167,750
Balance as at 30.06.2015	**819,000,000**	**408,766,054**	**303,525,145**	**334,401,831**	**1,865,693,030**
Balance as at 01.07.2015	819,000,000	408,766,054	303,525,145	334,401,831	1,865,693,030
Deferred tax adjustment on revaluation surplus	-	-	-	1,951,980	1,951,980
Depreciation adjustment on revaluation surplus	-	-	(5,168,466)	5,168,466	-
Issuance of Stock dividend	81,900,000	(81,900,000)	-	-	-
Net profit after tax	-	-	-	114,364,610	114,364,610
Share of profit from subsidiary	-	-	-	64,403,385	64,403,385
Balance as at 30.06.2016	**900,900,000**	**326,866,054**	**298,356,679**	**520,290,272**	**2,046,413,005**

Director | Director | Managing Director

Golden Harvest Agro Industries Limited

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Amount in BDT	
	2015-2016	2014-2015
Cash flows from operating activities		
Collections from customers	1,312,171,429	881,571,209
Payments for operating costs & other expenses	(813,630,903)	(657,337,095)
Tax paid	(15,426,247)	(30,684,316)
Net cash generated from operating activities	**483,114,279**	**193,549,798**
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(626,950,843)	(512,267,280)
Acquisitions of intangible assets	(45,554,824)	(1,179,666)
Acquisitions of Biological assets	(72,983,845)	-
Capital work in progress	(172,459,117)	(182,182,206)
Investment in associates	(300,000)	-
Acquisitions of leasehold assets	(37,936,680)	(607,377)
Advance finance to contract farmers & others	117,231,096	74,968,013
Net cash used in investing activities	**(838,954,213)**	**(621,268,516)**
Cash flows from financing activities		
Payment against finance lease	35,966,246	(6,277,951)
Borrowings from banks/financial institutions/Sister concern	503,909,380	347,438,600
Payment of cash dividend	-	(81,900,000)
Proceed from issuing non-controlling share	-	12,500,000
Finance cost paid	(247,796,255)	(170,263,268)
Net cash provided by financing activities	**292,079,371**	**101,497,381**
Net changes in cash and cash equivalents	(63,760,563)	(326,221,337)
Cash and cash equivalents at the beginning of the year	98,292,175	424,513,512
Cash and cash equivalents at the end of the year	**34,531,612**	**98,292,175**
Number of share used to calculate NOCFPS	**90,090,000**	**90,090,000**
Net operating cash flow per share	**5.36**	**2.15**

Director Director Managing Director

Golden Harvest Agro Industries Limited

Statement of Cash Flows

For the year ended 30 June 2016

	Amount in BDT	
	2015-2016	2014-2015
Cash flows from operating activities		
Collections from customers	641,321,928	586,569,662
Payments for operating costs & other expenses	(481,389,873)	(399,595,890)
Tax paid	(9,157,955)	(20,622,477)
Net cash generated from operating activities	**150,774,100**	**166,351,294**
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(53,480,710)	(142,341,023)
Acquisitions of intangible assets	(10,027,300)	(598,291)
Acquisitions of leased assets	-	(173,867)
Capital work in progress	(8,412,390)	(28,397,861)
Investment in associates	(300,000)	-
Advance finance to contract farmers & others	18,090,148	25,312,112
Net cash used in investing activities	**(54,130,252)**	**(146,198,930)**
Cash flows from financing activities		
Payment against finance lease	(836,457)	(5,639,345)
Borrowings from banks/financial institutions/Sister concern	(25,381,391)	(8,520,652)
Payment of cash dividend	-	(81,900,000)
Investment in subsidiaries	-	(37,500,000)
Finance cost paid	(90,840,300)	(105,632,793)
Net cash provided by financing activities	**(117,058,148)**	**(239,192,790)**
Net changes in cash and cash equivalents	(20,414,300)	(219,040,426)
Cash and cash equivalents at the beginning of the year	32,696,750	251,737,176
Cash and cash equivalents at the end of the year	**12,282,450**	**32,696,750**
Number of share used to calculate NOCFPS	**90,090,000**	**90,090,000**
Operating cash flow per share	**1.67**	**1.85**

Director Director Managing Director

Golden Harvest Agro Industries Limited

Notes to the Financial Statements
For the year ended 30 June 2016

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 Company 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 Company are at Shanta Western Tower, Level # 5, Space Code # 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 Company.

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 & iodised salt and allied products in Bangladesh and setting ventures and business is in connection therewith. Golden Harvest Agro Industries Limited acquired 99.9998% of shares of 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 16th 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 Group. 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 Investment in 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 consolidated in its financial Statement in accordance with BAS-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 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 28 October 2016.

1.4 Reporting Period

The reporting period of the Group covers one year from 1st July 2015 to 30th June 2016.

2.0 Basis of Preparation of Financial Statements

2.1 Statement on Compliance with Local Laws

The consolidated 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 consolidated financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on 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 BFRS-10 "Consolidated 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 consolidated 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 consolidated 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 recognised in assets, such as inventory and fixed assets, are eliminated in full). Intergroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Loss of control of Subsidiaries

If GHAIL loses control over its subsidiaries, GHAIL:

- derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position.
- recognises 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.
- recognises 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 recognised at cost, and the carrying amount is increased or decreased to recognise 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 recognised 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 recognised in the investor's other comprehensive income.

Investment in subsidiaries and associates in GHAIL separate financial statements

When GHAIL prepares separate financial statements, it accounts for investments in subsidiaries and associates either:

- at cost;
- in accordance with BAS-39/BFRS 9
- using the equity method.

2.5 Going Concern

At each year end management of the Group makes assessment of going concern as required by BAS-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 Consolidated 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 BFRS.

2.10 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 BAS-8

2.11 Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with Bangladesh 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 BAS 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 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.

The most significant effect on the amount recognized in the notes has been disclosed in the note 37.11 to the Group financial statements.

2.13 Structure, Content and Presentation of Financial Statements

The Consolidated Financial Statements of Golden Harvest Agro Industries Ltd., as at and for the year ended 30 June 2016 comprise the Group and its Subsidiaries namely Golden Harvest Ice Cream Ltd., Golden Harvest Dairy Ltd. (together referred to as the 'Group' as per BFRS-10 Consolidated Financial Statements) and also Consolidated Golden Harvest QSR as per BAS 28 Investment in Associate. Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by BAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

i) Consolidated Statement of financial position as at 30 June 2016;

ii) Consolidated Statement of profit or loss and other comprehensive Income for the year ended 30 June 2016;

iii) Consolidated Statement of changes in equity for the year ended 30 June 2016;

iv) Consolidated Statement of cash flows for the year ended 30 June 2016; and

v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2016.

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.

3.1 Property, Plant and Equipment

Initial Recognition and Measurement

An item shall be recognized as property, plant and equipment if, and only it is probable that future economic benefits associated with the item will flow to the entry, and the cost of the item can be measured reliably BAS 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.

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 BAS 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.

Revaluation of Property, Plant and Equipment of Golden Harvest Ice Cream Limited

The Group made revaluation of the Group'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 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 2016 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 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 measure at cost less any accumulated amortisations 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 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 BAS-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 recognised as intangible assets.

Recognition of an expense

Income 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 ie start-up costs/ pre-operating cost.
- expenditure on training activities.
- expenditure on advertising and promotional activities.
- expenditure on relocating or reorganising 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 amortisation 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.

Derecognition of intangible assets

The carrying amount of an item of intangible assets is derecognised 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 derecognised. 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 BAS-41 at fair value less cost to sell. (at this point it is taken into inventories and dealt with under BAS-2). The gain on initial recognition should be recognised 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 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.

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 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 BAS 16 Property, Plant and Equipment and BAS 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 Bangladesh Financial Reporting Interpretation (BFRI) 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 BAS 17. As such, all these lease arrangements are considered as an operating lease.

3.7 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 BAS 23: "Borrowing cost". Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Recognition

GHAIL 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. GHAIL 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 GHAIL borrows funds specifically for the purpose of obtaining a qualifying asset, GHAIL 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

GHAIL 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 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 capitalisation

GHAIL ceases capitalising 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

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 Group 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 GHAIL in its statement of financial position when GHAIL 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 GHAIL's statement of financial position, when GHAIL 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 b ae 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.

3.9 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 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.

3.10 Trade and Other Receivables

Trade and other receivables are stated at their estimated realisable 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 recognised 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 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

GHAIL 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

GHAIL 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 GHAIL.

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.

3.14 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. 37.11 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 recognised 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 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 recognised 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 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.

3.19 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 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.

3.21 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 Labour Act, 2006.

3.22 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

BFRS 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.

3.23 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 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 BAS 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 BAS 24: "Related party Disclosure" has been disclosed in a separate notes to the accounts (Note-37.3).

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 36 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 utilisation, 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

GHAIL'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 GHAIL 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.

(i) 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.

(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 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 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 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

Consolidated

Amount in BDT

Item of property, plant and equipment	Cost/Valuation				Rate	Depreciation				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
At historical cost:										
Land and land development	182,164,257	269,726,526	-	451,890,783	0.0%	-	-	-	-	451,890,783
Buildings and other constructions	219,637,587	53,389,396	-	273,026,983	2.5%	22,859,203	5,312,526	-	28,171,729	244,855,254
Plant and machinery	442,270,504	34,427,728	-	476,698,232	5.0%	54,699,525	20,033,338	-	74,732,863	401,965,369
Office Equipment	15,988,774	10,683,644	-	26,672,418	10%	2,737,565	4,977,851	-	7,715,416	18,957,002
Furniture and Fixtures	46,885,488	916,163	-	47,801,651	10%	12,162,370	3,514,426	-	15,676,796	32,124,855
Vehicle	130,845,484	66,765,939	-	197,611,423	10%	9,478,255	14,523,582	-	24,001,837	173,609,586
Freezer	745,888,080	295,850,563	-	1,041,738,643	10%	69,993,657	73,206,294	-	143,199,951	898,538,692
A. Sub total of 30.06.2016	**1,783,680,174**	**731,759,959**	**-**	**2,515,440,133**		**171,930,575**	**121,568,017**	**-**	**293,498,592**	**2,221,941,541**
At revaluation:										
Land and land development	213,821,556	-	-	213,821,556	0.0%	-	-	-	-	213,821,556
Buildings and other constructions	165,683,091	-	-	165,683,091	2.5%	15,628,283	3,751,370	-	19,379,653	146,303,438
Plant and machinery	85,028,928	-	-	85,028,928	5.0%	17,647,410	3,369,076	-	21,016,486	64,012,442
B. Sub total of 30.06.2016	**464,533,575**	**-**	**-**	**464,533,575**		**33,275,693**	**7,120,446**	**-**	**40,396,139**	**424,137,436**
Total (A+B) of 30.06.2016	**2,248,213,749**	**731,759,959**	**-**	**2,979,973,708**		**205,206,268**	**128,688,463**	**-**	**333,894,731**	**2,646,078,977**
Total of 30.06.2015	**1,187,579,023**	**1,060,634,726**	**-**	**2,248,213,749**		**142,357,061**	**62,849,208**	**-**	**205,206,268**	**2,043,007,481**

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
At historical cost							
Factory & office building	4,985,607	99%	-	0%	326,919	1%	5,312,526
Plant & machinery	20,033,338	100%	-	0%	-	0%	20,033,338
Furniture & fixture	2,488,927	50%	1,991,141	40%	497,786	10%	4,977,851
Office equipment's	1,230,049	35%	1,757,213	50%	527,164	15%	3,514,426
Vehicles	1,452,358	10%	4,357,074	30%	8,714,150	60%	14,523,582
Freezer	-		-	0%	73,206,293	100%	73,206,294
Sub total	**30,190,279**		**8,105,428**		**83,272,312**		**121,568,017**
At revaluation							
Buildings and other constructions	3,751,370	100%	-	0%	-	0%	3,751,370
Plant & machinery	3,369,076	100%	-	0%	-	0%	3,369,076
Sub total	**7,120,446**		-		-		**7,120,446**
Grand total	**37,310,725**		**8,105,428**		**83,272,312**		**128,688,463**

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 (GHAIL) and its subsidiary company Golden Harvest Ice Cream Ltd. (GHICL) 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:

Particulars	Land and land development			Buildings and other constructions			Plant and machinery		
	GHAIL	GHICL	Total	GHAIL	GHICL	Total	GHAIL	GHICL	Total
Depreciated original cost:									
2008-2009	6,766,812	12,263,392	19,030,204	60,896,552	-	60,896,552	27,747,622	43,900,668	71,648,290
2010-2011	39,600,000	46,000,000	85,600,000	173,337,972	-	173,337,972	51,232,043	73,284,835	124,516,878
2012-2013	59,400,000	84,948,240	144,348,240	208,051,766	-	208,051,766	68,832,900	81,670,022	150,502,922
Depreciated current cost:									
2008-2009	39,600,000	46,000,000	85,600,000	121,647,660	-	121,647,660	43,536,243	63,776,758	107,313,001
2010-2011	59,400,000	69,000,000	128,400,000	213,508,920	-	213,508,920	72,509,790	90,493,099	163,002,889
2012-2013	118,800,000	130,000,000	248,800,000	272,812,801	-	272,812,801	73,343,507	88,037,621	161,381,128
Revaluation surplus:									
2008-2009	32,833,188	33,736,608	66,569,796	60,751,108	-	60,751,108	15,788,621	19,876,090	35,664,711
2010-2011	19,800,000	23,000,000	42,800,000	40,170,948	-	40,170,948	21,277,747	17,208,264	38,486,011
2012-2013	59,400,000	45,051,760	104,451,760	64,761,035	-	64,761,035	4,510,607	6,367,599	10,878,206
	112,033,188	**101,788,368**	**213,821,556**	**165,683,091**	**-**	**165,683,091**	**41,576,975**	**43,451,953**	**85,028,928**

Summary:

Year	GHAIL	GHICL	Total
2008-2009	109,372,917	53,612,698	162,985,615
2010-2011	81,248,695	40,208,264	121,456,959
2012-2013	128,671,642	51,419,359	180,091,001
	319,293,254	**145,240,321**	**464,533,575**

5A. Property, plant and equipment
The Company

Item of property, plant and equipment	Cost/Valuation				Rate	Depreciation				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
At historical cost:										
Land and land development	59,230,642	48,081,186	-	107,311,828	0.0%	-	-	-	-	107,311,828
Buildings and other constructions	216,777,697	10,770,361	-	227,548,058	2.5%	22,823,454	4,856,917	-	27,680,371	199,867,687
Plant and machinery	77,148,052	2,138,456	-	79,286,508	5.0%	21,419,432	2,830,245	-	24,249,677	55,036,831
Office equipment	6,534,049	1,407,196	-	7,941,245	10%	1,496,743	604,395	-	2,101,138	5,840,107
Furniture and fixtures	38,720,993	17,300	-	38,738,293	10%	10,094,504	2,865,014	-	12,959,518	25,778,775
Vehicle	15,089,972	-	-	15,089,972	10%	2,908,738	1,218,123	-	4,126,861	10,963,111
Freezer	312,404,243	-	-	312,404,243	10%	61,656,561	25,082,829	-	86,739,390	225,664,853
A. Sub total of 30.06.2016	**725,905,648**	**62,414,499**	-	**788,320,147**		**120,399,432**	**37,457,523**	-	**157,856,955**	**630,463,192**
At revaluation:										
Land and land development	112,033,188	-	-	112,033,188	0.0%	-	-	-	-	112,033,188
Buildings and other constructions	165,683,091	-	-	165,683,091	2.5%	15,628,283	3,751,370	-	19,379,653	146,303,438
Plant and machinery	41,576,975	-	-	41,576,975	5.0%	8,569,205	1,650,389	-	10,219,594	31,357,381
B. Sub total of 30.06.2016	**319,293,254**	-	-	**319,293,254**		**24,197,488**	**5,401,759**	-	**29,599,247**	**289,694,007**
Total (A+B) of 30.06.2016	**1,045,198,903**	**62,414,499**	-	**1,107,613,401**		**144,596,920**	**42,859,282**	-	**187,456,202**	**920,157,199**
Total of 30.06.2015	**834,791,220**	**210,407,682**	-	**1,045,198,903**		**106,666,313**	**37,930,607**	-	**144,596,920**	**900,601,983**

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
At historical cost							
Factory and office building	4,856,917	100%	-	0%	-	0%	4,856,917
Plant and machinery	2,830,245	100%	-	0%	-	0%	2,830,245
Furniture and fixture	302,198	50%	241,758	40%	60,440	10%	604,395
Office equipments	1,002,755	35%	1,432,507	50%	429,752	15%	2,865,014
Vehicles	121,812	10%	365,437	30%	730,874	60%	1,218,123
Freezer	-	0%	-	0%	25,082,829	100%	25,082,829
Sub total	**9,113,927**		**2,039,702**		**26,303,895**		**37,457,523**
At revaluation							
Buildings and other constructions	3,751,370	100%	-	0%	-	0%	3,751,370
Plant and machinery	1,650,389	100%	-	0%	-	0%	1,650,389
Sub total	**5,401,759**		-		**-**		**5,401,759**
Grand total	**14,515,686**		**2,039,702**		**26,303,895**		**42,859,282**

6. Leased assets (Finance lease)
Consolidated

Amount in BDT

Item of property, plant and equipment	Cost/Valuation				Rate	Depreciation				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
Vehicle	36,524,190	37,936,680	-	74,460,870	10%	11,344,306	5,549,254	-	16,893,560	57,567,310
Total of 30.06.2016	**36,524,190**	**37,936,680**	-	**74,460,870**		**11,344,306**	**5,549,254**	-	**16,893,560**	**57,567,310**
Total of 30.06.2015	**29,639,812**	**6,884,378**	-	**36,524,190**		**8,929,006**	**2,415,300**	-	**11,344,306**	**25,179,884**

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%	1,109,851	20%	4,439,403	80%	5,549,254
Total	-		**1,109,851**		**4,439,403**		**5,549,254**

6A. Leased assets (Finance lease)
The Company

Item of property, plant and equipment	Cost/Valuation				Rate	Depreciation				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
Vehicle	29,044,455	-	-	29,044,455	10%	10,707,243	2,904,446	-	13,611,689	15,432,766
Total of 31.06.2016	**29,044,455**	-	-	**29,044,455**		**10,707,243**	**2,904,446**	-	13,611,689	**15,432,766**
Total of 30.06.2015	**26,870,588**	**2,173,867**	-	**29,044,455**		**8,790,545**	**1,916,698**	-	10,707,243	**18,337,212**

6A.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	-	-	580,889	20%	2,323,557	80%	2,904,446
Total	-		**580,889**		**2,323,557**		**2,904,446**

7. Intangible Assets
Consolidated

Amount in BDT

Item of property, plant and equipment	Cost/Valuation				Rate	Depreciation				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
Software (at development stage)	11,998,291	21,244,429	-	33,242,720	0%	-	-	-	-	33,242,720
Design, construction and development of products	3,000	24,310,395	-	24,313,395	10%	-	-	-	-	24,313,395
Augmented Reality	378,375	-	-	378,375	10%	-	37,838	-	37,838	340,537
Total of 30.06.2016	**12,379,666**	**45,554,824**	-	**57,934,490**		-	**37,838**	-	**37,838**	**57,896,652**
Total of 30.06.2015	**11,200,000**	**1,179,666**	-	**12,379,666**		-	-	-	-	**12,379,666**

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%	-	0%	-
Augmented Reality	-	0%	-	0%	37,838	100%	37,838
Total	-		-		**37,838**		**37,838**

7A. Intangible Assets
The Company

Item of property, plant and equipment	Cost/Valuation				Rate	Depreciation				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
Software (at development stage)	11,798,291	10,027,300	-	21,825,591	0%	-	-	-	-	21,825,591
Total of 31.06.2016	**11,798,291**	**10,027,300**	-	**21,825,591**		-	-	-	-	**21,825,591**
Total of 30.06.2015	**11,200,000**	**598,291**	-	**11,798,291**		-		-	-	**11,798,291**

7A.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%	-
Total	-		-		-		-

			Amount in BDT	
			30-Jun-16	30-Jun-15
8.	**Biological Assets:**			
	Milkable Cows		6,516,531	-
	Heifers		63,425,197	-
	Calves		4,946,076	-
			74,887,804	**-**

8.01 Details are as follows:

	Calves	Heifers	Milkable Cows
Carrying amount		-	-
Add: Purchase Costs	4,468,442	62,423,693	6,091,710
Add / (Less): Fair value adjustments (Note: 8.01.01)	477,634	1,001,504	424,821
	4,946,076	**63,425,197**	**6,516,531**

8.01.01 Fair value adjustments

	Calves	Heifers	Milkable Cows
Changes in Fair Value	530,483	1,282,865	552,600
Less: Cost to sell	(52,849)	(281,361)	(127,779)
	477,634	**1,001,504**	**424,821**

9.	**Capital work in progress**			
	Opening balance		669,487,697	1,035,672,937
	Addition during the year		172,459,117	182,182,206
	Transferred to property, plant and equipment		(104,809,116)	(548,367,446)
			737,137,698	**669,487,697**
9A.	**Capital work in progress**			
	Opening Balance		438,369,647	478,038,445
	Addition during the year		8,412,390	28,397,861
	Transferred to property, plant and equipment		(8,933,789)	(68,066,659)
			437,848,248	**438,369,647**
10.	**Investment in subsidiary companies**			
	Golden Harvest Ice Cream ltd.	(Note - 10.01)	667,489,106	592,803,342
	Golden Harvest Dairy Ltd.	(Note - 10.02)	27,636,735	37,317,574
			695,125,841	**630,120,916**
10.01	**Golden Harvest Ice Cream ltd.**			
	Opening balance		592,803,342	595,420,344
	Adjustment for Under Provision for Income Tax liability		-	(18,354,106)
	Restated Opening Balance		**592,803,342**	**577,066,238**
	Share of net profit after tax of subsidiary		74,084,224	9,350,176
	Deferred tax adjustment on dep. of revalued amount of PPE		601,540	633,201
	Adjustment for deferred tax		-	5,753,727
			667,489,106	**592,803,342**
10.02	**Golden Harvest Dairy Ltd.**			
	Opening balance		37,317,574	-
	Share of net loss after tax of subsidiary		(9,680,839)	(182,426)
	Investment in new share		-	37,500,000
			27,636,735	**37,317,574**

		Amount in BDT	
		30-Jun-16	30-Jun-15
11. Investment in associates			
Golden Harvest QSR Ltd.			
Subscribed in ordinary share		300,000	-
Less: Attributable Share of Loss of Associate		(300,000)	-
"Golden Harvest QSR Ltd. started it's operation in February 2016, and 5 months ended Un-audited financial statements shows loss amount of Tk. 9,038,925.		-	-
Share of loss of Associates during the year is Tk. 2,041,123 (Tk. 8,164,490 x 25%)			
12. Inventories			
Finished goods		153,557,331	56,138,121
Raw materials		96,466,568	133,414,799
Packing materials		62,123,104	48,893,334
Work in progress		108,536	271,309
Stores in transit		8,157,644	12,831,270
Medicine		64,889	-
		320,478,072	**251,548,833**
12A. Inventories			
Finished goods		57,533,514	35,008,868
Raw materials		35,071,855	28,665,292
Packing materials		26,710,789	19,609,576
Stores in transit		2,351,791	9,574,934
		121,667,949	**92,858,670**
13. Advances, deposits and prepayments			
Advance to contract farmer, suppliers & service providers		288,063,367	401,214,428
Advance against land purchased		157,770,290	186,958,000
Advance taxes		25,297,950	49,160,305
Advance VAT		6,552,729	20,888,789
Advance office rent		8,709,000	14,466,000
Other deposit		5,267,704	3,265,932
Lease deposits		1,392,605	584,859
		493,053,645	**676,538,313**
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.			
13A. Advances, deposits and prepayments			
Advance to contract farmer, suppliers & service providers		274,930,334	293,020,482
Advance against land		129,025,108	66,780,000
Advance taxes		6,286,207	34,416,854
Advance VAT		2,140,942	1,455,216
Other deposit		3,969,466	2,394,400
Lease deposits		267,363	401,469
		416,619,420	**398,468,421**
14. Trade and other receivables			
Trade receivables	(Note - 14.01)	406,044,921	224,099,099
Other receivables	(Note - 14.02)	216,713,923	6,031,065
		622,758,844	**230,130,164**

			Amount in BDT	
			30-Jun-16	30-Jun-15
14.01	**Trade receivables**			
	Sales receivables		406,044,921	224,099,099
			406,044,921	**224,099,099**

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	Consolidate amount in BDT 2016	Consolidate amount in BDT 2015
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	406,044,921	224,099,099
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	-	-
	TOTAL	**406,044,921**	**224,099,099**

14.02	**Other receivables**			
	Export incentive receivable		2,681,414	4,704,399
	Interest receivable		316,419	1,326,666
	Inter company transaction	(Note - 14.03)	213,716,090	-
			216,713,923	**6,031,065**

This is unsecured, considered good and is falling due within one year.

14.03	**Inter company transaction**			
	Samdani Art Foundation		4,700,117	-
	Golden Harvest Foods Ltd.		209,015,973	-
			213,716,090	**-**

14A.	**Trade and other receivables**			
	Trade receivable	(Note - 14A.01)	148,281,916	150,087,585
	Other receivable	(Note - 14A.02)	283,638,143	184,137,291
			431,920,059	**334,224,876**

14A.01	**Trade receivables**			
	Sales receivables		148,281,916	150,087,585
			148,281,916	**150,087,585**

14A.02	**Other receivables**			
	Export incentive receivable		2,681,414	2,681,414
	Interest receivable		52,325	70,000
	Inter company transaction	(Note - 14A.03)	280,904,404	181,385,877
			283,638,143	**184,137,291**

14A.03	**Inter company transaction**			
	Golden Harvest Dairy Ltd.		26,805,975	99,494,525
	Golden Harvest Ice Cream Ltd.		215,892,669	81,891,352
	Samdani Art Foundation		4,700,117	-
	Golden Harvest Foods Ltd.		33,505,643	-
	This is unsecured and considered good.		**280,904,404**	**181,385,877**

		Amount in BDT	
		30-Jun-16	30-Jun-15
15.	**Cash and cash equivalents**		
	Cash in hand:	**1,032,486**	**742,497**
	Cash in hand at head office	40,284	200,654
	Cash in hand at factory office	992,202	541,843
	Cash at bank	21,001,101	66,713,678
	Fixed Deposits with Banks (Maturity within 1 to 3 months)	12,498,025	30,836,000
		34,531,612	**98,292,175**
15A.	**Cash and cash equivalents**		
	Cash in hand:	**539,405**	**228,894**
	Cash in hand at head office	25,600	95,509
	Cash in hand at factory office	513,805	133,385
	Cash at bank	10,835,020	11,631,856
	Fixed Deposits with Banks (Maturity within 1 to 3 months)	908,025	20,836,000
		12,282,450	**32,696,750**
	Details of cash at bank is given at annex-A		
16.	**Share capital**		
	Authorized share capital	**1,000,000,000**	**1,000,000,000**
	100,000,000 ordinary shares of BDT 10 each		
	Issued, subscribed and paid up capital		
	58,750,000 ordinary share @ Tk. 10 each fully paid-up against cash	587,500,000	587,500,000
	26,340,000 bonus share @ Tk. 10 each	263,400,000	181,500,000
	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
		900,900,000	**819,000,000**

The above balance has been received from the following :

Name	Designation	% of Shares		No. of Shares	
		30-06-2016	30-06-2015	30-06-2016	30-06-2015
Directors					
Enamuzzaman Chowdhury	Chairman	2.00	-	1,801,800	-
Mr. Matthew Graham Stock	Director	2.00	2.00	1,801,800	1,638,000
Mr. Ahmed Rajeeb Samdani	Managing Director	21.94	22.31	19,762,696	18,273,360
Mr. Ahmed Mehdi Samdani	Sponsor	0.38	2.00	338,000	1,638,000
Ms. Nadia Khalil Choudhury	Director	2.00	2.00	1,801,800	1,638,000
Mr. Azizul Huque	Director	2.26	2.26	2,035,756	1,850,688
Mr. Moqsud Ahmed Khan	Director	2.46	2.46	2,217,600	2,016,000
Mr. Mohius Samad Choudhury	Director	2.00	2.00	1,801,800	1,638,000
		35.03	**35.03**	**31,561,252**	**28,692,048**
Others					
Foreign investors		0.89	0.44	800,444	358,701
Institutions		31.75	37.15	28,603,575	30,424,212
General shareholders		32.33	27.38	29,124,729	22,425,039
		64.97	**64.97**	**58,528,748**	**53,207,952**
		100	**100**	**90,090,000**	**81,900,000**

	Amount in BDT	
	30-Jun-16	30-Jun-15

Range with shareholding position:

Range of holdings In number of shares	No. of shareholders		% of shareholders		Number of shares	
	2016	2015	2016	2015	2016	2015
1 to 499	12,621	16,482	0.792	0.823	3,164,259	3,793,479
500 to 5,000	2,357	2,686	0.148	0.134	4,378,450	4,510,539
5,001 to 10,000	419	392	0.026	0.020	3,122,316	2,744,478
10,001 to 20,000	224	191	0.014	0.010	3,225,675	2,572,772
20,001 to 30,000	87	78	0.005	0.004	2,196,727	1,934,930
30,001 to 40,000	44	36	0.003	0.002	1,545,605	1,259,069
40,001 to 50,000	32	28	0.002	0.001	1,498,072	1,278,324
50,001 to 100,000	68	70	0.004	0.003	5,175,519	4,936,365
100,001 to 1,000,000	60	50	0.004	0.002	13,695,286	10,149,562
Over 1,000,000	14	15	0.001	0.001	52,088,091	48,720,482
Total	**15,926**	**20,028**	**1.00**	**1.00**	**90,090,000**	**81,900,000**

Shareholding position of Golden Harvest Ice Cream Ltd:

Name	Designation	% of Shares		Value of shares @ BDT 10	Value of shares @ BDT 10
		2016	2015	2016	2015
Mr. Ahmed Rajeeb Samdani	Managing Director Parent	0.0002%	0.0002%	600	600
Golden Harvest Agro Industries Ltd.	company	99.9998%	99.9998%	299,999,400	299,999,400
		100%	**100%**	**300,000,000**	**300,000,000**

Shareholding position of Golden Harvest Dairy Ltd:

Name	Designation	% of Shares		Value of shares @ BDT 10	Value of shares @ BDT 10
		2016	2015	2016	2015
Mr. Ahmed Rajeeb Samdani	Managing Director Parent	25.00%	25.00%	12,500,000	12,500,000
Golden Harvest Agro Industries Ltd.	company	75.00%	75.00%	37,500,000	37,500,000
		100%	**100%**	**50,000,000**	**50,000,000**

17. Share premium

Share premium received	450,000,000	450,000,000
Bonus Share	(81,900,000)	-
IPO expenses:	(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)
	326,866,054	**408,766,054**

10% stock dividend has been issued from share premium for the financial year ended 30 June 2015 under section 57(2a) of companies Act-1994.

		Amount in BDT	
		30-Jun-16	30-Jun-15
18.	**Revaluation surplus**		
	Opening balance:		
	Golden Harvest Agro Industries Ltd.	303,525,145	288,465,361
	Adjustment for deferred tax	-	20,424,335
	Depreciation on revaluation surplus transferred to retained earnings	(5,168,466)	(5,364,551)
	Depreciation of the company	(4,051,319)	(4,188,607)
	Depreciation of Golden Harvest Ice Cream Ltd.	(1,117,147)	(1,175,944)
	Depreciation of Golden Harvest Dairy Ltd.	-	-
		298,356,679	**303,525,145**

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.

18A.	**Revaluation surplus**		
	Opening balance:		
	Golden Harvest Agro Industries Ltd.	303,525,145	288,465,361
	Adjustment for deferred tax	-	20,424,335
	Depreciation on revaluation surplus transferred to retained earnings	(5,168,466)	(5,364,551)
	Depreciation of the company	(4,051,319)	(4,188,607)
	Depreciation of Golden Harvest Ice Cream Ltd.	(1,117,147)	(1,175,944)
		298,356,679	**303,525,145**
19.	**Retained earnings**		
	Opening balance	334,401,830	371,891,644
	Adjustment for Under Provision for Income Tax liability	-	(48,919,894)
	Restated Opening Balance	**334,401,830**	**322,971,750**
	Deferred tax adjustment on Dep of revalued amount of PPE	1,951,980	2,029,404
	Depreciation on revaluation surplus transferred	5,168,466	5,364,551
	Payment of cash dividend	-	(81,900,000)
	Net profit after tax	175,541,197	85,875,335
	Share of non-controlling interest	3,226,799	60,790
		520,290,272	**334,401,830**
19A.	**Retained earnings**		
	Opening balance	334,401,831	371,891,644
	Adjustment for Under Provision for Income Tax liability	-	(48,919,893)
	Restated Opening Balance	**334,401,831**	**322,971,751**
	Deferred tax adjustment on dep. of revalued amount of PPE	1,951,980	2,029,404
	Depreciation on revaluation surplus transferred	5,168,466	5,364,551
	Payment of cash dividend	-	(81,900,000)
	Share of subsidiary company	64,403,385	9,167,750
	Net profit after tax	114,364,610	76,768,375
		520,290,272	**334,401,831**
20.	**Non controlling interest**		
	Opening balance	12,440,400	1,190
	Share of Net profit after tax for the year (GHICL)	148	19
	Share of Net profit after tax for the year (GHDL)	(3,226,946)	(60,809)
	Issuance of new share (GHDL)	-	12,500,000
		9,213,602	**12,440,400**

	Amount in BDT	
	30-Jun-16	30-Jun-15
21. Long term loans		
Golden Harvest Agro Industries Limited	**359,801,482**	**459,511,438**
Mercantile Bank Ltd., Term Loan-1	-	4,135,957
Mercantile Bank Ltd., HP-2	51,852,713	73,287,498
Mercantile Bank Ltd., HBL	42,213,960	54,806,876
Mercantile Bank Ltd., HP-1	-	15,394,542
Mercantile Bank Ltd., Term Loan-Agri	265,734,809	311,886,565
Golden Harvest Ice Cream Limited	**812,881,271**	**700,000,000**
Syndicated Loan (UCBL and Standard Bank Limited)	660,826,390	700,000,000
United Commercial Bank Ltd., Term Loan-2	152,054,881	-
Golden Harvest Dairy Limited	**174,616,932**	**-**
Standard Bank Ltd., Term Loan -1	67,708,950	-
Standard Bank Ltd., Term Loan -2	106,907,982	-
	1,347,299,685	**1,159,511,438**
Current maturity of long term loan	(224,861,349)	(139,948,048)
	1,122,438,336	**1,019,563,390**

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,	**660,826,390**	**700,000,000**
United Commercial Bank Ltd. Term loan-1	222,968,318	262,500,000
Meghna Bank Ltd.	-	87,500,000
NRB Commercial Bank Ltd.	-	87,500,000
Fareast Finance & Investments Ltd.	-	175,000,000
Uttara Finance & Investment Ltd.	-	87,500,000
Standard Bank Ltd	437,858,072	-
Current portion	(116,920,945)	-
	543,905,445	**700,000,000**

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., Term loan-1	12.50%	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, 5,000,000 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.,	12.50%	5 Years	20 Quarterly installment starting from 31 May 2016.	
United Commercial Bank Ltd., Term loan-2	12.50%	5 Years	Quarterly (Starting from March 2017)	

	Amount in BDT	
	30-Jun-16	30-Jun-15

c) Golden Harvest Dairy Ltd.
Terms and Conditions:

Rate of interest : 13.00%
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.

21A. Long term loan
Golden Harvest Agro Industries Limited

Mercantile Bank Ltd., Term Loan-1	-	4,135,957
Mercantile Bank Ltd., HP-1	-	15,394,542
Mercantile Bank Ltd., HP-2	51,852,713	73,287,498
Mercantile Bank Ltd., HBL	42,213,960	54,806,876
Mercantile Bank Ltd., Term Loan- Agri	265,734,809	311,886,565
	359,801,482	**459,511,438**
Current maturity of long term loan	(99,453,243)	(40,125,462)
	260,348,239	**419,385,976**

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	12.00%	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	12.00%	5 Years	Monthly (Starting from 24 October 2014)	
Mercantile Bank Ltd., Term Loan- Agri	12.00%	5 Years	LTR is for 90 Days (RM and PM)	

22. Deferred tax liability

Opening balance	132,749,694	144,379,364
Adjustment of deferred tax on revaluation surplus of PPE	-	(20,424,335)
Adjustment during the year on fixed assets at cost	(2,553,322)	10,824,069
Adjustment depreciation on revaluation surplus of PPE	(1,951,980)	(2,029,404)
During the year on business loss	(1,533,323)	-
	126,711,069	**132,749,694**

22A. Deferred tax liability

Opening balance	91,572,365	103,311,760
Adjustment during the year on fixed assets at cost	(30,383,410)	4,327,416
Adjustment during the year on revaluation surplus	-	(14,670,608)
Adjustment depreciation on revaluation surplus of PPE	(1,350,440)	(1,396,203)
	59,838,515	**91,572,365**

		Amount in BDT	
		30-Jun-16	30-Jun-15
23.	**Lease obligations**		
	United Leasing Co. Ls-1	-	398,555
	United Leasing Co. Ls-2	1,229,057	1,666,959
	IDLC Finance Ltd. Ls-1	-	1,677,710
	IDLC Finance Ltd. Ls-2	3,513,207	4,139,427
	Union Capital LS-CFLF	10,965,619	-
	Industrial Promotion and Development Company Ltd. (IPDC)	23,218,543	-
	BD Finance Investment Ltd.	4,922,471	-
		43,848,897	**7,882,651**
	Current maturity of lease obligation	(9,243,801)	(2,331,898)
		34,605,096	**5,550,753**
23A.	**Lease obligations**		
	United Leasing Co. Ls-1	-	398,555
	United Leasing Co. Ls-2	1,229,057	1,666,959
		1,229,057	2,065,514
	Current maturity of lease obligation	(517,036)	(851,018)
		712,021	**1,214,496**
24.	**Accounts & other payables**		
	Sundry creditors for goods & service	139,230,234	59,759,891
	Undistributed refund warrant	5,283,778	5,227,261
	Security deposits for freezer	17,770,323	21,505,842
	Withholding tax and VAT	19,186,059	5,771,857
	Undistributed dividend	973,282	4,054,591
		182,443,676	**96,319,442**
24A.	**Accounts & other payables**		
	Sundry creditors for goods and service	21,482,475	7,226,752
	Undistributed refund warrant	5,283,778	5,227,261
	Security deposits for freezer	2,972,882	4,556,270
	Withholding tax and VAT	11,658,856	2,657,937
	Undistributed dividend	973,282	4,054,591
		42,371,273	**23,722,811**
25.	**Accruals and provisions**		
	Salaries and wages	2,689,841	3,024,285
	Utility bills	2,854,078	1,818,135
	Audit fees	660,000	575,000
	Mobile phone bill	216,188	249,781
	TA/DA and incentive	759,304	605,580
	Provision for tax (Note - 25.01)	187,181,766	173,110,584
	Provision for WPPF (Note - 25.02)	19,390,088	34,998,926
	Provision for others	9,953,659	3,123,975
		223,704,924	**217,506,265**
25.01	**Provision for tax**		
	Opening balance	173,110,584	94,895,787
	Under provision for previous years	-	48,919,893
	Restated opening balance	173,110,584	143,815,680
	Under provision for previous years	11,674,389	15,099,287
	Tax during the year	41,685,395	14,195,617
		(39,288,602)	-
	AIT adjustment	(37,288,602)	-
	Paid during the year	(2,000,000)	-
		187,181,766	**173,110,584**

			Amount in BDT	
			30-Jun-16	30-Jun-15
25.02	**Provision for workers profit participation fund**			
	Opening balance		34,998,926	26,688,093
	Addition during the year		11,972,717	6,309,226
	Interest charged for the year		418,445	2,001,607
	Paid during the year		(28,000,000)	-
			19,390,088	**34,998,926**
25A.	**Accruals and provisions**			
	Salaries and wages		1,469,423	1,812,132
	Utility bills		659,417	423,405
	Audit fees		402,500	402,500
	Mobile phone bill		-	99,160
	TA/DA and incentive		759,304	463,774
	Provision for income tax	(Note - 25A.01)	91,015,967	87,932,210
	Provision for WPPF	(Note - 25A.02)	12,228,131	25,678,647
	Provision for others		5,929,787	2,536,748
			112,464,529	**119,348,576**
25A.01	**Provision for tax**			
	Opening balance		87,932,210	28,977,391
	Under provision for previous years		-	30,565,787
	Restated opening balance		**87,932,210**	**59,543,178**
	Under provision for previous years		11,674,389	15,099,287
	Provision for the year		28,697,970	13,289,745
			(37,288,602)	-
	AIT adjustment		(37,288,602)	-
	Paid during the year		-	-
			91,015,967	**87,932,210**
25A.02	**Provision for workers profit participation fund**			
	Opening balance		25,678,647	18,796,935
	Addition during the year		6,230,060	5,471,942
	Interest charged for the year		319,424	1,409,770
	Paid during the year		(20,000,000)	-
			12,228,131	**25,678,647**
26.	**Short term loan**			
	Golden Harvest Agro Industries Limited	(Note - 26.01)	450,761,662	295,563,032
	Golden Harvest Ice Cream Limited	(Note - 26.02)	613,994,094	218,898,261
			1,064,755,756	**514,461,293**
26.01	**Golden Harvest Agro Industries Limited**			
	Mercantile Bank Limited-CC Hypo		142,173,065	291,799,073
	Meghna Bank Ltd.-STL		153,333,334	-
	Union Capital.-STL		151,375,000	-
	Mercantile Bank Limited-LATR		3,880,263	3,763,959
			450,761,662	**295,563,032**
26.02	**Golden Harvest Ice Cream Limited**			
	United Commercial Bank Ltd.-SOD		296,557,724	218,898,261
	First Finance Investment Ltd.		200,000,000	-
	United Commercial Bank Ltd.-UPAS LC		117,436,370	-
			613,994,094	**218,898,261**

			Amount in BDT	
			30-Jun-16	30-Jun-15
26A.	**Short term loan**			
	Golden Harvest Agro Industries Limited	(Note - 26A.01)	450,761,662	295,563,032
			450,761,662	**295,563,032**
26A.01	**Golden Harvest Agro Industries Limited**			
	Mercantile Bank Limited-CC Hypo		142,173,065	291,799,073
	Meghna Bank Ltd.-STL		153,333,334	-
	Union Capital.-STL		151,375,000	-
	Mercantile Bank Limited-LATR		3,880,263	3,763,959
			450,761,662	**295,563,032**

			Amount in BDT	
			2015-2016	2014-2015
27.	**Sales revenue**			
	Sales (Local)		1,427,568,390	776,658,989
			1,427,568,390	**776,658,989**
27A.	**Sales revenue**			
	Sales (Local-Frozen Unit)		437,127,642	408,952,584
	Sales (Local-Dairy Unit)		187,311,015	111,611,229
			624,438,657	**520,563,813**
28.	**Cost of goods sold**			
	Raw and packing materials:			
	Opening stock	(Note - 12)	182,308,133	31,853,365
	Purchase	(Note - 28.01)	726,485,280	476,271,597
			908,793,413	**508,124,962**
	Closing stock	(Note -12)	(158,654,561)	(182,308,133)
			750,138,852	**325,816,829**
	Manufacturing expenses	(Note -28.02)	120,130,540	99,643,191
	Total manufacturing cost		**870,269,392**	**425,460,020**
	Add: Beginning work in process inventory	(Note - 12)	271,309	-
			870,540,701	**425,460,020**
	Less: Ending work in process inventory	(Note - 12)	(108,536)	(271,309)
			870,432,165	**425,188,711**
	Opening stock of finished goods	(Note - 12)	56,138,121	42,622,227
			926,570,286	**467,810,938**
	Closing stock of finished goods	(Note - 12)	(153,557,331)	(56,138,121)
			773,012,955	**411,672,817**
28.01	**Purchase**			
	Raw materials		557,854,569	386,361,083
	Packing materials		168,630,711	89,910,514
			726,485,280	**476,271,597**
28.02	**Manufacturing expenses**			
	Salary and allowance		45,604,282	38,810,038
	Factory maintenance		4,121,181	4,409,039
	Traveling, conveyance, tour		937,546	809,307
	Utilities and generator fuel		26,021,597	24,521,666
	Office communication		354,541	264,469
	Carriage inward		634,355	-
	Insurance premium		2,960,658	2,976,628
	Entertainment		592,568	447,389
	Office stationery		865,008	1,025,884
	Cleaning & security services		608,340	442,147
	Vehicle fuel		49,537	204,153
	Miscellaneous expenses		70,202	214,337
	Depreciation of fixed assets	(Note - 5.1)	37,310,725	25,518,134
			120,130,540	**99,643,191**

			Amount in BDT	
28A.	**Cost of goods sold**		**30-Jun-16**	**30-Jun-15**
	Raw and packing materials			
	Opening stock	(Note- 12A)	48,274,868	30,490,391
	Purchase	(Note - 28A.01)	297,745,657	228,030,509
			346,020,525	**258,520,900**
	Closing stock	(Note- 12A)	(61,782,644)	(48,274,868)
			284,237,881	**210,246,032**
	Manufacturing expenses	(Note - 28A.02)	58,571,485	51,779,678
	Cost of goods manufactured		**342,809,366**	**262,025,710**
	Opening stock of finished goods	(Note- 12A)	35,008,868	39,928,240
			377,818,234	**301,953,950**
	Closing stock of finished goods	(Note- 12A)	(57,533,514)	(35,008,868)
			320,284,720	**266,945,082**

			Frozen Unit	Dairy unit
	Opening stock		48,274,868	-
	Purchase		180,058,141	117,687,516
			228,333,009	**117,687,516**
	Closing stock		(61,782,644)	-
			166,550,365	**117,687,516**
	Manufacturing expenses		57,231,319	1,340,166
	Cost of goods manufactured		**223,781,684**	**119,027,682**
	Opening stock of finished goods		35,008,868	-
			258,790,552	**119,027,682**
	Closing stock of finished goods		(57,533,514)	-
			201,257,038	**119,027,682**

28A.01 Purchase

Raw materials	261,442,696	206,276,313
Packing materials	36,302,961	21,754,196
	297,745,657	**228,030,509**

	Frozen Unit	Dairy unit
Raw materials	145,087,989	116,354,707
Packing materials	34,970,152	1,332,809
	180,058,141	**117,687,516**

28A.02 Manufacturing expenses

Salary and allowance		26,382,924	21,215,918
Factory maintenance		2,280,780	1,860,902
Traveling, conveyance, tour		272,828	199,386
Utilities and generator fuel		12,397,865	12,042,178
Office communication		150,057	217,971
Insurance premium		1,427,013	1,680,082
Entertainment		380,453	380,053
Office stationery		295,553	464,899
Cleaning & security services		389,736	259,568
Vehicle fuel		25,481	131,363
Miscellaneous expenses		53,109	202,015
Depreciation of fixed assets	(Note - 5A.1)	14,515,686	13,125,343
Depreciation of lease assets	(Note - 6A.1)	-	-
		58,571,485	**51,779,678**

		Amount in BDT	
		30-Jun-16	30-Jun-15
		Frozen Unit	Dairy unit
Salary and allowance		25,195,988	1,186,936
Factory maintenance		2,270,199	10,581
Traveling, conveyance, tour		238,488	34,340
Utilities and generator fuel		12,347,741	50,124
Office communication		147,879	2,178
Insurance premium		1,427,013	-
Entertainment		380,453	-
Office stationery		290,073	5,480
Cleaning & security services		353,625	36,111
Vehicle fuel		14,906	10,575
Miscellaneous expenses		49,638	3,471
Depreciation of fixed assets	(Note - 5A.1)	14,515,316	370
		57,231,319	**1,340,166**

29. Administrative expenses

Director remuneration		9,750,000	9,125,000
Salary and allowance		27,804,575	20,946,448
Office maintenance		622,044	683,365
Traveling, conveyance, tour		1,552,766	4,739,719
Utilities and generator fuel		1,823,405	1,735,970
Office communication		1,408,729	1,178,256
Insurance premium		1,101,814	638,148
Entertainment		798,715	626,486
Fees, taxes & renewal		3,243,048	1,714,487
Professional & legal fees		1,543,270	795,125
Audit fees		775,000	575,000
Advertisement & publicity		50,930	182,730
Office stationery		1,062,696	1,144,766
Training & conference		23,615	206,094
AGM expenses		459,750	1,401,292
Bank charges		521,388	454,165
Vehicle fuel		421,990	296,213
Miscellaneous expenses		195,684	2,178,183
Depreciation of fixed assets	(Note - 5.1)	8,105,428	3,813,404
Depreciation of lease assets	(Note - 6.1)	1,109,851	483,060
		62,374,698	**52,917,911**

(a) Auditors' fees represents audit fee for auditing the accounts for the period ended 30 June 2016. 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	
		2015-2016	2014-2015
29A. Administrative expenses			
Director remuneration		9,750,000	9,125,000
Salary and allowance		18,996,285	13,805,684
Office maintenance		593,084	497,271
Traveling, conveyance, tour		631,255	3,368,116
Utilities and generator fuel		1,823,405	1,735,970
Office communication		1,117,827	956,969
Insurance premium		358,737	343,515
Entertainment		512,565	406,047
Fees, taxes & renewal		1,977,634	472,250
Professional & legal fees		927,275	673,425
Audit fees		602,500	402,500
Advertisement & publicity		-	130,210
Office stationery		705,037	829,652
AGM expenses		459,750	1,401,292
Bank charges		198,014	364,158
Vehicle fuel		168,257	168,438
Miscellaneous expenses		93,963	1,735,721
Depreciation of fixed assets	(Note - 5A.1)	2,039,702	2,142,146
Depreciation of lease assets	(Note - 6A.1)	580,889	383,340
		41,536,179	**38,941,704**

		Frozen Unit	Dairy unit
Director remuneration		9,750,000	-
Salary and allowance		18,227,485	768,800
Office maintenance		587,323	5,761
Traveling, conveyance, tour		590,755	40,500
Utility bills		1,798,624	24,781
Office communication		1,116,240	1,587
Insurance premium		358,737	-
Entertainment		510,422	2,143
Fees, taxes & renewal		1,977,634	-
Professional & legal fees		927,275	-
Audit fees		602,500	-
Office stationery		703,365	1,672
AGM expenses		459,750	-
Bank charges		198,014	-
Vehicle fuel		168,257	-
Miscellaneous expenses		92,638	1,325
Depreciation of fixed assets	(Note - 5A.1)	2,039,702	-
Depreciation of lease assets	(Note - 6A.1)	580,889	-
		40,689,610	**846,569**

			Amount in BDT	
			2015-2016	2014-2015
30.	**Selling and distribution expenses**			
	Salary and allowance		30,445,363	19,765,165
	Office maintenance		985,144	1,162,748
	Traveling, conveyance, tour		1,628,419	1,240,280
	Utilities and generator fuel		5,890,365	1,702,133
	Office communication		2,720,616	901,227
	Carriage outward		12,640	-
	Insurance premium		1,149,358	393,712
	Entertainment		463,287	240,743
	Office rent		7,758,062	9,993,322
	Advertisement & publicity		8,331,020	18,488,490
	Office stationery		1,832,837	1,624,267
	Cleaning & security services		74,480	-
	Training & conference		199,079	187,487
	Trade promotion expenses		3,026,974	1,227,294
	Trade fair expenses		6,830,255	5,729,878
	Vehicle fuel		7,097,818	6,744,547
	Distribution promotion expenses		6,403,667	5,902,943
	Research & development expenses		51,294	575,662
	Miscellaneous expenses		66,786	262,604
	Depreciation of fixed assets	(Note - 5.1)	83,272,312	33,517,670
	Depreciation of lease assets	(Note - 6.1)	4,439,403	1,932,240
	Amortization of Intangible assets	(Note - 7.1)	37,838	-
			172,717,017	**111,592,412**

30A.	**Selling and distribution expenses**			
	Salary and allowance		14,028,738	11,606,805
	Office maintenance		46,547	226,338
	Traveling, conveyance, tour		47,779	69,969
	Utilities and generator fuel		33,864	44,452
	Office communication		444,422	147,667
	Carriage outward		12,640	-
	Insurance premium		227,583	355,147
	Entertainment		1,225	39,424
	Office rent		158,692	637,650
	Advertisement & publicity		679,236	1,970,120
	Printing & stationery		449,240	453,238
	Training & conference		20,429	73,000
	Trade promotion expenses		974,177	1,227,294
	Trade fair expenses		4,130,409	2,270,095
	Vehicle fuel		2,684,869	2,981,593
	Distribution promotion expenses		3,336,084	3,276,397
	Research & development expenses		10,264	532,137
	Miscellaneous expenses		40,116	208,470
	Depreciation of lease assets	(Note - 6A.1)	2,323,557	1,533,358
	Depreciation of fixed assets	(Note - 5A.1)	26,303,895	22,663,118
			55,953,766	**50,316,272**

		Amount in BDT	
		2015-2016	2014-2015
		Frozen Unit	Dairy unit
Salary and allowance		13,289,590	739,148
Office maintenance		39,605	6,942
Traveling, conveyance, tour		39,675	8,104
Utility, generator fuel		9,376	24,488
Office communication		443,080	1,342
Carriage outward		12,640	-
Insurance premium		227,583	-
Entertainment		1,225	-
Office rent		158,692	-
Advertisement & publicity		679,236	-
Office stationery		445,065	4,175
Training & conference		20,429	-
Trade promotion expenses		974,177	-
Trade fair expenses		3,450,142	680,267
Vehicle fuel		2,197,023	487,846
Distribution promotion expenses		3,336,084	-
Research & development expenses		10,264	-
Miscellaneous expenses		40,116	-
Depreciation of fixed assets	(Note - 5A.1)	26,303,895	-
Depreciation of lease assets	(Note - 6A.1)	2,323,557	-
		54,001,454	**1,952,312**
31. Other operating income			
Scrap sale		10,085,402	54,043,238
Freeze rent		50,571,100	38,263,900
		60,656,502	**92,307,138**
31A. Other operating income			
Scrap sale		-	35,661,168
Freeze rent		14,674,032	14,743,200
		14,674,032	**50,404,368**
32. Finance income			
Interest received from STD		61,035	130,957
Interest received from FDR		2,798,092	9,652,858
		2,859,127	**9,783,815**
32A. Finance income			
Interest received from STD		61,035	130,381
Interest received from FDR		324,860	5,694,054
		385,895	**5,824,435**
33. Finance cost			
Interest on Cash Credit (Hypo)		72,629,239	55,957,801
Interest on Agri Loan		9,230,068	49,572,991
Interest on Term Loan		163,022,451	61,645,912
Interest on Finance Lease		2,496,052	1,084,957
Interest against Workers Profit Participation Fund		**418,445**	2,001,607
		247,796,255	**170,263,268**

		Amount in BDT	
		2015-2016	2014-2015
33A.	**Finance cost**		
	Interest on Cash Credit (Hypo)	33,909,965	35,037,412
	Interest on Agri Loan	9,230,068	49,572,991
	Interest on Term Loan	47,176,110	18,942,306
	Interest on Finance Lease	204,733	670,314
	Interest against Workers Profit Participation Fund	319,424	1,409,770
		90,840,300	**105,632,793**
34	**Income tax expenses**		
	Current tax expense (Note - 34.1)	53,359,784	14,195,617
	Deferred tax	(4,086,645)	10,824,069
		49,273,139	**25,019,686**
	Under provision for previous years	-	15,099,287
	Restated income tax expenses	**49,273,139**	**40,118,973**
34.1	**Reconciliation of accounting profit to income tax expense**		
	Profit before tax	225,114,336	125,994,308
	Effective tax rate	26%	20%
	Tax effect on profit before tax	59,407,317	25,232,479
	Tax effect on deductible expense for tax purposes	4,768,973	(30,146,896)
	Tax effect on non deductible expense for tax purposes	(22,490,895)	18,204,162
	Tax effect on total statutory income	**41,685,395**	**13,289,745**
	Tax effect on tax exempt income	-	-
	Tax effect on tax exempt loss/ (profit)	-	-
	Tax effect on tax rebate from export sales	-	-
	Tax effect on utilisation of tax losses	-	-
	Income tax on current year profit	**41,685,395**	**13,289,745**
	Under tax provision in respect of previous year	11,674,389	-
	Minimum tax be paid	-	905,872
	Income tax charge for the year	**53,359,784**	**14,195,617**

Tax is calculated using tax rates enacted for the year 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%.

34.A	**Income tax expenses**		
	Current tax expenses (Note - 34A.1)	40,372,359	13,289,745
	Deferred tax	(30,383,410)	4,327,416
		9,988,949	**17,617,161**
	Under provision for previous years	-	15,099,287
	Restated income tax expenses	**9,988,949**	**32,716,448**
34A.1	**Reconciliation of accounting profit to income tax expense**		
	Profit before tax (Frozen Unit)	46,926,240	73,111,283
	Effective tax rate	25%	25%
	Profit before tax (Dairy Unit)	62,367,392	36,373,540
	Effective tax rate	15%	3%
	Tax effect on profit before tax (Frozen Unit)	11,731,560	18,277,821
	Effective tax rate	35%	-
	Tax effect on others income (Frozen Unit)	5,270,974	-
	Tax effect on profit before tax (Dairy Unit)	9,355,109	1,091,206
	Tax effect on deductible expense for tax purposes	(8,374,494)	(15,561,934)
	Tax effect on non deductible expense for tax purposes	10,714,821	9,482,652
	Tax effect on total statutory income	**28,697,970**	**13,289,745**
	Under tax provision in respect of previous year	11,674,389	-
	Income tax charge for the year	**40,372,359**	**13,289,745**
	Under tax provision in respect of previous year comprises:		
	Income Year 2006-2007	-	1,615,844
	Income Year 2007-2008	-	1,039,307
	Income Year 2008-2009	-	4,189,523
	Income Year 2009-2010	-	18,277,744
	Income Year 2010-2011	-	(10,223,390)
	Income Year 2011-2012	-	15,666,758
	Income Year 2012-2013	-	15,099,288
	Income Year 2013-2014	11,674,389	-
		11,674,389	**45,665,074**
35	**Share of profit from subsidiary**		
	Net profit/Loss after tax during the year (GHICL)	74,084,372	9,350,195
	Net profit/Loss after tax during the year (GHDL)	(12,907,785)	(243,235)
	Non Controlling Interest (GHICL)	(148)	(19)
	Non Controlling Interest (GHDL)	3,226,946	60,809
		64,403,385	**9,167,750**

36 Segmental information:

The Groups operational segments are frozen vegetable, snacks, dairy and ice cream.
The operational segments results are as follows:

Particulars	Frozen vegetable, snacks and dairy Product	Dairy Farm	Ice Cream	Totals
Revenue from sales	624,438,657	936,235	802,193,498	1,427,568,390
Expenses	417,774,665	2,364,692	313,370,303	733,509,660
Segment result	**206,663,992**	**(1,428,457)**	**488,823,195**	**694,058,730**
Capital expenditure				
Additions to property, plant and equipment	62,414,499	207,701,290	461,644,170	731,759,959
Additions to intangible asset	10,027,300	-	35,527,524	45,554,824
Other segment information				
Other operating income	14,674,032	-	45,982,470	60,656,502
Finance income	385,895	-	2,473,232	2,859,127
Finance expenses	90,840,300	14,586,013	142,369,942	247,796,255
Provision for income tax	9,988,949	(1,532,842)	40,817,032	49,273,139
Share of profit from subsidiaries	64,403,385	-	-	64,403,385
Depreciation expenses	42,859,282	152,953	85,676,227	128,688,462
Segment assets	**3,072,879,523**	**2,857,476,766**	**2,670,265,278**	**8,600,621,567**
Non-current assets	2,090,389,645	347,429,435	1,832,408,525	4,270,227,605
Current assets	982,489,878	6,898,433	837,856,753	1,827,245,064
Segment liabilities	**1,026,466,518**	**991,783,736**	**2,002,774,816**	**4,021,025,070**
Non-current liabilities	320,898,775	166,129,771	798,259,278	1,285,287,824
Current liabilities	705,567,743	151,349,117	1,204,515,538	2,061,432,398

		Amount in BDT	
37.	**Other information**	**30-Jun-16**	**30-Jun-15**
37.1	**Transaction in foreign currency**		
	Golden Harvest Agro Industries Ltd.		
	CIF value of import:		
	Raw materials	3,435,723	4,356,522
	Capital machinery	-	3,523,047
	FOB value of export	-	-
	Golden Harvest Ice Cream Ltd.		
	Raw materials	124,364,665	33,774,977
	Capital machinery	93,926,085	-
	FOB value of export	-	-
	Exchange Rate on June 30, 2016		
	Euro	86.64	86.61
	USD	78.40	77.80
	GBP	111.56	122.26

37.2 Contingent liabilities and commitments

Contingent liabilities

The Group 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 2016.

Capital expenditure commitment

Capital ecpenditure commitment for machineries and raw material at 30 June 2016 were as under.

Golden Harvest Agro Industries Ltd.	-	602,950
Golden Harvest Ice Cream Ltd.	-	343,409
	-	**946,359**

Term loan commitment	**Consolidated**	**The Company**	**Ice Cream**	**Dairy**
At 30 June 2016 the company had annual commitment under Term Loan as set out below:				
Term loan principal due within 1 year	224,861,349	99,453,243	116,920,945	8,487,161
Term loan principal due within 2 to 5 years	1,122,438,336	260,348,239	695,960,326	166,129,771
Term loan principal due above 5 years		-	-	-

Finance lease commitment	**Consolidated**	**The Company**	**Ice Cream**	**Dairy**
At 30 June 2016 the company had annual commitment under finance lease as set out below:				
Lease expires within 1 year	9,243,801	517,036	8,726,765	-
Lease expires within 2 to 5 years	34,605,096	712,021	33,893,075	-

37.3 Related party transactions

The company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures". Total transactions of the significant related party as of 30 June 2016 are as follows:

Name of Company	Relationship	Nature of Transaction	Opening Balance	Addition	Adjustment	Closing Balance
Golden Harvest Ice Cream Ltd.	Subsidiary company	Current account with sister concern	81,891,352	134,001,317	-	215,892,669
Golden Harvest Dairy Ltd.	Subsidiary company	Current account with sister concern	99,494,525	-	72,688,550	26,805,975
Golden Harvest Foods Ltd.	Common Director	Current account with sister concern	-	33,505,643	-	33,505,643
Samdani Art Foundation	Common Director	Current account with sister concern	-	4,700,117	-	4,700,117
Total			**181,385,877**	**172,207,077**	**72,688,550**	**280,904,404**

Transaction with key management personals

No.	Particulars	30-Jun-16	30-Jun-15
(a)	Managerial remuneration paid or payable during the year to the directors, including managing directors.	9,750,000	9,125,000
(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	-	-

37.4 Discloser of free technical assistants

Golden Harvest Agro Industries Limited signed a Memorandum of Understanding (MoU) with WINROCK International Institute for Agricultural Development as on 12.04.2013 to implement the USAID-Bangladesh funded Cold Chain Bangladesh Alliance (CCBA) project under the Global Development Alliance (GDA).The intention of both parties is to identify optimal approaches for the successful collaboration under this effort. The main objectives of the CCBA are as follows:

- Share the risks, resources, and responsibilities for CCBAShare the risks, resources, and responsibilities for CCBA
- Increases availability and use of domestically produced, nutritious foods
- Utilizes and provides innovative technology and partnerships that are currently unavailable in Bangladesh.
- Result in Significant and sustainable development impact over the long term for provision of quality food in Bangladesh.

To fulfill the objectives of Cold Chain Bangladesh Alliance (CCBA) Golden Harvest Limited will provide leverage of USD 10.2 million for planning, development, and implementation of a central cold store whereas WINROCK International will manage a US agency for international development (USAID) cooperative agreement of $ 4.975 million for technical and other support services over 36 months. The costs associated with the services will be incurred directly by WINROCK International which is not measurable in monetary value to the Company that can be attributed to the cost related assets. Furthermore, the MoU does not create a contractual binding relationship and shall not be deemed to constitute a legal partnership or joint venture between the parties. Golden Harvest Agro Industries Limited does not receive any grants from WINROCK International, however the leverage provided by them to Global Development Alliance (GDA) can be considered as a free assistance to Golden Harvest Agro Industries Limited. BAS-20 "Government Grants and Disclosures of Government Assistance" excludes free technical services from the definition of government assistance and accordingly not recognized in the financial statements.

37.5 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/ Production	Consumption/ Sales	Closing Stock
	Unit	Kg	Kg	Kg	Kg
Raw materials:	Kg				
For the period 2015-2016		1,622,123	5,548,093	5,334,389	1,835,827
For the year 2014-2015		1,219,615	6,496,596	6,094,088	1,622,123
Finished goods:					
Vegetable & Snacks	Kg				
For the period 2015-2016		520,741	3,881,142	3,725,018	676,865
For the year 2014-2015		269,785	4,620,407	4,369,451	520,741

Golden Harvest Ice Cream Ltd.

Item	Opening stock		Purchases/ Production	Consumption/ Sales	Closing Stock
	Unit	Kg	Kg	Kg	Kg
Raw Materials:	Kg				
For the period 2015-2016		354,185	1,972,899	2,137,026	190,058
For the year 2014-2015		2,205	1,108,395	756,415	354,185
Finished Goods:					
Vegetable & Snacks	Kg				
For the period 2015-2016		233,160	4,505,279	4,255,730	482,709
For the year 2014-2015		4,368	1,878,522	1,649,730	233,160

37.6 Capacity utilization

Golden Harvest Agro Industries Ltd.

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Snacks	750,000	358,532	47.80%
Vegetable	2,500,000	1,314,617	52.58%

Golden Harvest Ice Cream Ltd.

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Ice Cream	5,400,000	4,505,279	83.43%

Golden Harvest Dairy Ltd.

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Milk Production	1,512,000	15,690	1.04%

37.7 Un-availed credit facilities

Un-availed credit facilities to the company as on 30 June 2016 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	265,734,809	34,265,191
	Hire Purchase	90,000,000	51,852,713	38,147,287
	House Building	50,000,000	42,213,960	7,786,040
	LTR	40,000,000	3,880,263	36,119,737
				116,318,255

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	296,557,724	103,442,276
	Term Loan	280,000,000	152,054,881	127,945,119
	LC/UPAS	178,000,000	117,436,370	60,563,630
	LTR	90,000,000	-	90,000,000
				381,951,025

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	-	50,000,000
	Term Loan	240,000,000	174,616,932	65,383,068
				115,383,068

37.8 Employee details:

i) During the year, there were 502 employees employed for the full year and 10 employees less than the full year at a remuneration of BDT 3,000 per month and above.

ii) At the end of the year, there were 492 employees in the Company.

37.9 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

37.10 Correction of an error

Under provision of tax for the income year upto 2112-2013 amounting toTk. 30,565,787 has been provided during the year 2013-2014, and for the income year 2113-2014 amounting toTk. 15,099,287 has been provided during the year 2014-2015, and restated the figures as correction of as per BAS 8.

The following table summarise the adjustment made to the Consolidated financial position on the correction of error:

	Accruals and provisions The Company	Accruals and provisions Consolidated	Retained earnings
Balance at 01 July 2014, as previously reported	51,562,062	126,583,254	371,891,644
Impact of the correction of under provision for previous years (GHAIL)	30,565,787	30,565,787	(30,565,787)
Impact of the correction of under provision for previous years (GHIL)	-	18,354,106	(18,354,106)
Restated balance at 01 July 2014	**82,127,849**	**175,503,147**	**322,971,751**
Balance at 30 June 2015, as previously reported	73,683,502	153,487,085	398,421,011
Impact of the correction of under provision for previous years (GHAIL), at 01 July 2014	30,565,787	30,565,787	(30,565,787)
Impact of the correction of under provision for previous years (GHAIL), during 2014-2015	15,099,287	15,099,287	(15,099,287)
Impact of the correction of under provision for previous years (GHIL)	-	18,354,106	(18,354,106)
Restated balance at 30 June 2015	**119,348,576**	**217,506,265**	**334,401,831**

	30-Jun-15 Restated	1-Jul-14 Restated
Impact on net asset value (increase/decrease) in NAV)		
Net asset value, as previously reported (after restated due to bonus share issued)	**21.42**	**20.96**
Net asset value, Increase / (Decrease), at 01 July 2014	(0.54)	(0.54)
Net asset value, Increase / (Decrease), during 2014-2015	(0.17)	-
Net impact on Net asset value	**20.71**	**20.42**

Impact on statement of profit or loss and other comprehensive income (increase/decrease) in profit for the year:

	2014-2015 Restated
Net profit after tax, as previously reported	91,867,662
Increase in tax expenses	15,099,287
Decrease in profit after tax	(15,099,287)
Restated Net Profit after tax	**76,768,375**
Impact on earning per share (EPS) (increase/decrease)	
Earning per share, as previously reported (after restated due to bonus share issued)	**1.02**
Earning per share, Increase / (Decrease)	(0.17)
Net impact on Earning per Share	**0.85**

The change did not have an impact on Company's cash flows.

37.11 Event after reporting period

The Board of Director of the Company in their 112 the board meeting held on 28 October 2016 proposed dividend @ 10% stock for the year ended 30 June 2016 for approval by the shareholders in the upcoming 12th AGM of the company.

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

Golden Harvest Agro Industries Limited

Consolidated Statement of Cash at Bank

As at June 30, 2016

Annex-A

Sl. No.	Account Name	Name of Bank	30-Jun-16	30-Jun-15	Remarks
	Golden Harvest Agro Industries Ltd.				
1	CA-FSIBL-11100000880		34,728	37,179	
2	CA-UCBL-11100014410		31,077	32,377	
3	CA-MBL-12911100002020		37,480	1,428	
4	CA-Bank AsiaLtd-05633000010		812,731	791,663	
5	CA-DBBL-116110013813		40,810	769,133	
6	CA-The City Bank-1101004687001		3,527	59,139	
7	CA-The City Bank-2921004687001		5,306,623	5,338,468	
8	CA-The City Bank-5121004687001		-	279,204	
9	CA-UCB-11100000739		3,535	6,185	
10	CA-Meghna Bank-110111100000138		1,413	7,063	
11	CA-Mutual Trust-00570210001605		1,555,204	1,397,349	
12	STD-FSBL-11213100000562		566,045	551,498	
13	STD-UCBL-009513200000108		2,437,307	2,361,170	
14	HBL-2627070000228		4,540	-	
	Sub-Total		**10,835,020**	**11,631,856**	
	FDR				
1	FDR-000005619	MBL	-	10,000,000	
2	FDR-000005625	MBL	-	10,000,000	
3	FDR-SIBL		908,025	836,000	
	Sub-Total		**908,025**	**20,836,000**	
	Total		**11,743,045**	**32,467,856**	

Golden Harvest Ice Cream Ltd.

Sl. No.	Account Name	Name of Bank	30-Jun-16	30-Jun-15	Remarks
1	CA-FSBL-11100000897		4,861	6,931	
2	CA-UCBL-11100014404		12,764	16,214	
3	CA-MBL-12911100002037		-	557	
4	CA-BAL-01033006243		81,773	241,878	
5	CA-IBBL-20502760100125111		4,654,554	5,000	
6	CA-City-1401568810001		5,000	564,648	
7	CA-UCBL-0951101000005878 (740)		224,527	2,162,411	
8	CA-MTBL-00570210001598		3,023,083	23,216	
9	CA-NRB-010233300000166		110	808,465	
10	CA-UCB-Escrow-0951101000008388		174,675	-	
11	CA-PBL-4335090103879		187	1,206,712	
12	CA-HBL-2627070000217		3,850	-	
	Sub-Total		**8,185,384**	**5,036,032**	
	FDR				
1	FDR -	UCB	11,590,000	-	
2	FDR-2460/2014	Fareast	-	10,000,000	
	Sub-Total		**11,590,000**	**10,000,000**	
	Total		**19,775,384**	**15,036,032**	

Golden Harvest Dairy Ltd.

Sl. No.	Account Name	Name of Bank	30-Jun-16	30-Jun-15	Remarks
1	CD- 01733100433	Social Islami Bank Ltd.	212,630	49,999,365	
2	CD-00570210002097	Mutual Trust Bank Ltd.	1,768,067	46,425	
	Sub-Total		**1,980,697**	**50,045,790**	

AUDITOR'S REPORT & FINANCIAL STATEMENTS

Golden Harvest Ice Cream Limited

as at and for the year ended 30 June 2016

S.K.BARUA & CO.
CHARTERED ACCOUNTANTS

a member of empacta
registered in Berlin-Germany

Independent Auditors' Report

To the Shareholders of

Golden Harvest Ice-Cream Limited

We have audited the accompanying financial statements of Golden Harvest Ice-Cream Limited which comprise the statement of financial position as at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other relevant explanatory information thereon.

Management's Responsibility for the Financial Statements

Management of "Golden Harvest Ice-Cream Limited" is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

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S.K.BARUA & CO.
CHARTERED ACCOUNTANTS

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Opinion

In our opinion, the financial statements of the company give a true and fair view of the financial position of Golden Harvest Ice Cream Limited as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company and its subsidiary so far as it appeared from our examination of these books;

(c) the statement of financial position and the statement of comprehensive income dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purposes of the company's business.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

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Golden Harvest Ice Cream Limited

Statement of Financial Position
as at June 30, 2016

	Notes	Amount in BDT		
		30-Jun-16	30-Jun-2015 Restated	1-Jul-2014 Restated
ASSETS				
Non-Current Assets		**1,832,408,525**	**1,379,064,600**	**877,362,310**
Property, plant and equipment	5.00	1,518,373,441	1,142,405,498	317,097,055
Leasehold assets	6.00	42,134,544	6,842,672	2,630,763
Intangible assets	7.00	36,071,061	581,375	-
Capital work in progress	8.00	235,829,479	229,235,055	557,634,492
Current Assets		**837,856,753**	**432,130,850**	**503,780,024**
Inventories	9.00	198,459,973	158,690,163	81,416,940
Advances, deposits and prepayments	10.00	72,354,190	178,669,892	179,251,361
Trade and other receivables	11.00	546,800,524	79,221,160	70,335,386
Cash and cash equivalents	12.00	20,242,066	15,549,635	172,776,337
TOTAL ASSETS		**2,670,265,278**	**1,811,195,450**	**1,381,142,334**
EQUITY AND LIABILITIES				
Shareholders' equity		**667,490,462**	**592,804,550**	**577,067,427**
Issued, subscribed and paid up capital	13.00	300,000,000	300,000,000	300,000,000
Revaluation surplus	14.00	111,945,908	113,664,595	109,086,812
Retained earnings	15.00	255,544,554	179,139,955	167,980,615
Non-current liabilities		**798,259,278**	**645,691,000**	**397,294,125**
Long term loans	16.00	695,960,326	600,177,414	354,548,605
Deferred tax liability	17.00	68,405,877	41,177,329	41,067,604
Lease obligations	18.00	33,893,075	4,336,257	1,677,916
Current liabilities		**1,204,515,538**	**572,699,900**	**406,780,782**
Accounts and other payables	19.00	353,701,216	154,397,983	185,026,484
Accruals and provisions	20.00	111,172,518	98,100,190	93,375,298
Short term loans	21.00	613,994,094	218,898,261	127,878,173
Current maturity of long term loans	16.00	116,920,945	99,822,586	-
Current maturity of lease obligations	18.00	8,726,765	1,480,880	500,827
TOTAL EQUITY AND LIABILITIES		**2,670,265,278**	**1,811,195,450**	**1,381,142,334**
Number of share used to calculate NAV		**30,000,000**	**30,000,000**	**30,000,000**
Net asset value per share		**22.25**	**19.76**	**19.24**

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.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

Golden Harvest Ice Cream Ltd.

Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2016

	Notes	Amount in BDT	
		2015-2016	2014-2015
Revenue	22.00	802,193,498	256,095,176
Cost of goods sold	23.00	(450,502,750)	(144,727,735)
Gross profit		**351,690,748**	**111,367,441**
Operating expenses		**(137,132,447)**	**(75,009,112)**
Administrative expenses	24.00	(20,434,901)	(13,732,972)
Selling and distribution expenses	25.00	(116,697,546)	(61,276,140)
Other operating income	26.00	45,982,470	41,902,770
Profit from operations		**260,540,771**	**78,261,099**
Financial income	27.00	2,473,232	
Financial expenses	28.00	(142,369,942)	
Net profit from operations		**120,644,061**	**17,590,004**
Provision for workers profit participation fund		(5,742,657)	(837,284)
Net profit before tax		**114,901,404**	**16,752,720**
Income tax expenses	29.00	(40,817,032)	(7,402,525)
Net profit after tax attributable to ordinary shareholders of the company		**74,084,372**	**9,350,195**
Other comprehensive income			
Revaluation surplus of the company		-	-
Total comprehensive income		**74,084,372**	**9,350,195**
Number of shares used to calculate EPS		**30,000,000**	**30,000,000**
Earnings per share (EPS)		**2.47**	**0.31**

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.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

Golden Harvest Ice Cream Limited

Statement of Changes in Equity
as at June 30, 2016

Amount in BDT

Particulars	Share capital	Revaluation surplus	Retained earnings	Total
Balance as on 01.07.14	300,000,000	109,086,812	186,334,721	595,421,533
Adjustment of Under Provision for Income Tax liability	-	-	(18,354,106)	(18,354,106)
Restated Balance as at 01.07.14	**300,000,000**	**109,086,812**	**167,980,615**	**577,067,427**
Depreciation on revaluation surplus transferred to retained earnings	-	(1,175,944)	1,175,944	-
Deferred tax adjustment on WDV of fixed assets	-	-	633,201	633,201
Deferred tax adjustment on revaluation surplus	-	5,753,727	-	5,753,727
Net profit after tax	-	-	9,350,195	9,350,195
Balance as on 30.06.2015	**300,000,000**	**113,664,595**	**179,139,955**	**592,804,550**
Balance as on 01.07.15	300,000,000	113,664,595	179,139,955	592,804,550
Adjustment of deferred tax on revaluation surplus	-	-	601,540	601,540
Depreciation on revaluation surplus transferred to retained earnings	-	(1,718,687)	1,718,687	-
Net profit after tax	-	-	74,084,372	74,084,372
Balance as on 30.06.16	**300,000,000**	**111,945,908**	**255,544,554**	**667,490,462**

Director | Director | Managing Director

Golden Harvest Ice Cream Limited

Statement of Cash Flows
For the year ended 30 June 2016

	Amount in BDT	
	2015-2016	2014-2015
Cash flows from operating activities		
Collections from customers	670,374,418	295,001,547
Payments for costs & expenses	(465,958,445)	(259,669,989)
Tax paid	(6,268,292)	(10,061,839)
Net cash generated from operating activities	**198,147,681**	**25,269,719**
Cash flows from investing activities		
Acquisitions of property plant and equipment	(365,768,843)	(369,926,257)
Capital work in progress	(102,469,751)	(151,901,350)
Acquisitions of leased assets	(37,936,680)	(433,510)
Acquisitions of Intangible assets	(35,527,524)	(581,375)
Advance finance to contract farmers & others	99,140,948	49,655,901
Net Cash used in investing activities	**(442,561,850)**	**(473,186,591)**
Cash flows from financing activities		
Working capital borrowings from banks / Sister concern	241,792,568	10,507,857
Long term borrowings from / (repayments to) banks	112,881,271	345,451,395
Financial expenses	(142,369,942)	(64,630,475)
Received /(payment) against finance lease	36,802,703	(638,606)
Net cash (used in) / provided by financing activities	**249,106,600**	**290,690,171**
Net changes in cash and cash equivalents	4,692,431	(157,226,701)
Cash and cash equivalents at the beginning of the year	15,549,635	172,776,336
Cash and cash equivalents at the end of the year	**20,242,066**	**15,549,635**
Number of share used to calculate NOCFPS	**30,000,000**	**30,000,000**
Operating cash flow per share	**6.60**	**0.84**

Director | Director | Managing Director

Golden Harvest Ice Cream Limited

Notes to the Financial Statements
For the year ended 30 June 2016

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, GazipurSadar, Gazipur.

Nature of business activities

The objectives of the company 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 &iodised salt and allied products in Bangladesh and setting ventures and business is in connection therewith. Golden Harvest Ice Cream Limited acquired 99.9998% of shares of Golden Harvest Sea Food and Fish Processing Limited by exchanging its own shares and acquired its 4,99,999 Ordinary Shares.

Golden Harvest Ice Cream will launch a wide Range of Ice Creams including new varieties alongside regulars such Ice Pop, Lollies (Bi Flavours, Tri flavours and Twisters), variety of Choc-bars and Cones, Cups, Liters and Ice Cream Cakes, Sorbets etc.

1.2 Date of Authorization for issue

The financial statements of Golden Harvest Ice Cream Ltd. for the year ended 30 June 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 28 October 2016.

1.3 Reporting Period

The reporting period of the Company covers one year from 1st July 2015 to 30th June 2016.

2. Basis of Preparation of Financial Statements

2.1 Statement on Compliance with Local Laws

The consolidated 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 consolidated financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on 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 BAS-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 a BFRS.

2.9 Comparative Information and Rearrangement there of

Comparative information has where necessary been reclassified to conform to the current year's presentation. Comparative figures are restated as per requirement of BAS-8

2.10 Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with Bangladesh 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 BAS 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.

The most significant effect on the amount recognized has been disclosed in the notes 30.12 to the Company financial statements.

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 BAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

i) Statement of financial position as at 30 June 2016;
ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2016;
iii) Statement of changes in equity for the year ended 30 June 2016;
iv) Statement of cash flows for the year ended 30 June 2016; and
v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2016.

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 it is probable that future economic benefits associated with the item will flow to the entry, and the cost of the item can be measured reliably BAS 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.

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 BAS 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

The Company made revaluation of the Company'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 Company.

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 2016 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 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 measure at cost less any accumulated amortisations 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 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 recognisedas 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 BAS-38, "Intangible assets".

The Company's intangible assets includes 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 is not recognised as intangible assets.

Recognition of an expense

Income cases, expenditure is 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 ie start-up costs/ pre-operating cost.

> expenditure on training activities.

> expenditure on advertising and promotional activities.

> expenditure on relocating or reorganising 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 amortisation 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.

Derecognition of intangible assets

The carrying amount of an item of intangible assets is derecognised 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 derecognised. 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, GHICLrecognises 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 BAS 16 Property, Plant and Equipment and BAS 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 Bangladesh Financial Reporting Interpretation (BFRI) 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 BAS 17. As such, all these lease arrangements are considered as an operating lease.

3.6 Capitalisationof 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 BAS 23: "Borrowing cost". Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Recognition

GHICL 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. 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 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

GHICL 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 GHICL 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

GHICL 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 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.

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:

> GHICL 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

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 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. 30.12 of Financial Statements.

3.14 Earnings per Share (EPS)

Measurement

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 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 localsale 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

BFRS 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 carryforward 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 BAS 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 BAS 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 BAS 24: "Related party Disclosure" has been disclosed in a separate notes to the accounts (Note-30.3).

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 Market risk

GHICL'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 GHICL 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.

(i) 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.

(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.

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 are translated into GHICL'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 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.

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

Amount in BDT

Item of property, plant and equipment	Cost/Valuation				Rate	Depreciation				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
Land and land development	122,933,615	35,801,193	-	158,734,808	0%	-	-	-	-	158,734,808
Building & other structure	2,859,890	22,028,707	-	24,888,597	2.5%	35,749	326,919	-	362,668	24,525,929
Plant and machinery	365,122,452	31,696,667	-	396,819,119	5%	33,280,093	17,195,685	-	50,475,778	346,343,341
Office equipment	9,454,725	8,870,968	-	18,325,693	10%	1,240,822	4,363,319	-	5,604,141	12,721,552
Furniture and fixture	8,164,495	898,863	-	9,063,358	10%	2,067,866	649,412	-	2,717,278	6,346,080
Vehicle	115,755,512	66,497,209	-	182,252,721	10%	6,569,518	13,298,741	-	19,868,259	162,384,462
Freezer	433,483,837	295,850,563	-	729,334,400	10%	8,337,096	48,123,464	-	56,460,560	672,873,840
A. Sub total as on 30.06.2016	**1,057,774,526**	**461,644,170**	**-**	**1,519,418,696**		**51,531,144**	**83,957,540**	**-**	**135,488,684**	**1,383,930,012**
At revaluation:										
Land and land development	101,788,368	-	-	101,788,368	0%	-	-	-	-	101,788,368
Plant and machinery	43,451,953	-	-	43,451,953	5%	9,078,205	1,718,687	-	10,796,892	32,655,061
B. Sub total as on 30.06.2016	**145,240,321**	**-**	**-**	**145,240,321**		**9,078,205**	**1,718,687**	**-**	**10,796,892**	**134,443,429**
Total (A+B) as on 30.06.2016	**1,203,014,847**	**461,644,170**	**-**	**1,664,659,017**		**60,609,349**	**85,676,227**	**-**	**146,285,576**	**1,518,373,441**
Total as on 30.06.15	**352,787,803**	**850,227,044**	**-**	**1,203,014,847**		**35,690,748**	**24,918,601**	**-**	**60,609,349**	**1,142,405,498**

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
Factory & office building	-	0%	-	0%	326,919	100%	326,919
Plant & machinery	17,195,685	100%	-	0%	-	0%	17,195,685
Furniture & fixture	2,181,660	50%	1,745,328	40%	436,332	10%	4,363,319
Office equipments	227,294	35%	324,706	50%	97,412	15%	649,412
Vehicles	1,329,874	10%	3,989,622	30%	7,979,245	60%	13,298,741
Freezer	-	0%	-	0%	**48,123,464**	100%	48,123,464
Sub Total	**20,934,513**		**6,059,656**		**56,963,372**		**83,957,540**
At revaluation							
Buildings and other constructions	-	0%	-	0%	-	0%	-
Plant & machinery	1,718,687	100%	-	0%	-	0%	1,718,687
Sub total	**1,718,687**		-		**-**		**1,718,687**
Grand total	**22,653,200**		**6,059,656**		**56,963,372**		**85,676,227**

Note (i). Land & building, plant & machinery and equipments 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 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:

Particulars	Land & land development	Plant and machinery	Total
Depreciated original cost:			
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
Depreciated current cost:			
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
Revaluation surplus:			
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
	101,788,368	**43,451,953**	**145,240,321**

6. Leased assets (Finance lease)

Amount in BDT

Item of property, plant and equipment	Cost/Valuation				Rate	Depreciation				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
Vehicle	7,479,735	37,936,680	-	45,416,415	10%	637,063	2,644,808		3,281,871	42,134,544
Total as on 30.06.2016	**7,479,735**	**37,936,680**		**45,416,415**		**637,063**	**2,644,808**	**-**	**3,281,871**	**42,134,544**
Balance as on 30.06.2015	**2,769,224**	**4,710,511**		**7,479,735**	**10%**	**138,461**	**498,602**		**637,063**	**6,842,672**

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	-	0%	528,962	20%	2,115,846	80%	2,644,808
Total	**-**		**528,962**		**2,115,846**		**2,644,808**

7. Intangible Assets

Particulars	Cost				Rate	Amortization				Written Down Value as of 30.06.16
	Balance as on 01.07.2015	Addition for the year	Disposal for the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged for the year	Disposal for the year	Balance as on 30.06.16	
Software (at development stage)	200,000	11,217,129	-	11,417,129	0%	-	-	-	-	11,417,129
Design, construction and development of products	3,000	24,310,395	-	24,313,395	0%	-	-	-	-	24,313,395
Augmented Reality	378,375	-	-	378,375	10%	-	37,838	-	37,838	340,537
Total as on 30.06.2016	**581,375**	**35,527,524**	**-**	**36,108,899**		-	**37,838**	**-**	**37,838**	**36,071,061**
Balance as on 30.06.2015	**-**	**581,375**	**-**	**581,375**		-	**-**	**-**	**-**	**581,375**

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
Augmented Reality	-	0%	-	0%	37,838	100%	37,838
Total	**-**		**-**		**37,838**		**37,838**

		Amount in BDT	
		30-Jun-16	30-Jun-15
8.00	**Capital work in progress**		
	Opening balance	229,235,055	557,634,492
	Add: Addition during the year	102,469,751	151,901,350
	Less : Transferred to property plant and equipment	(95,875,327)	(480,300,787)
	Closing balance	**235,829,479**	**229,235,055**
9.00	**Inventories**		
	Finished goods	96,023,817	21,129,253
	Raw materials	61,357,697	104,749,507
	Packing materials	35,412,315	29,283,758
	Work in progress	108,536	271,309
	Store in transit	5,557,608	3,256,336
		198,459,973	**158,690,163**
10.00	**Advances, deposits and prepayments**		
	Advance taxes	19,011,743	14,743,451
	Advance VAT	4,411,787	19,433,573
	Advance against land	28,745,182	20,778,000
	Advances to suppliers & service providers	9,052,998	108,193,946
	Lease deposits	1,125,242	183,390
	Advance office rent	8,709,000	14,466,000
	Other deposits	1,298,238	871,532
		72,354,190	**178,669,892**

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.

11.00	**Trade and other receivables**			
	Trade receivable	(Note 11.01)	257,301,853	74,011,514
	Other receivable	(Note 11.02)	289,498,671	5,209,646
			546,800,524	**79,221,160**

		Amount in BDT	
		30-Jun-16	30-Jun-15
11.01	**Trade receivable**		
	Local sales receivables	257,301,853	74,011,514
		257,301,853	**74,011,514**

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 2016	Amount in BDT 2015
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	257,301,853	74,011,514
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	-	-
	TOTAL	**257,301,853**	**74,011,514**

Provision against accounts receivable has been made by the company as accounts receivable are good and the amount is not a material item.

11.02	**Other receivable:**		
	Export incentive receivable	-	2,022,985
	Interest receivable	264,094	1,256,666
	Inter Company Transaction (Note- 11.02.1)	289,234,577	1,929,995
		289,498,671	**5,209,646**
	This is unsecured, considered good and is falling due within one year.		
11.02.1	**Inter Company Transaction**		
	Golden Harvest Foods ltd.	175,510,330	-
	Golden Harvest Dairy ltd.	113,724,247	1,929,995
		289,234,577	**1,929,995**
12.00	**Cash at bank balance**		
	Cash in hand:	466,682	513,603
	Head office	14,684	105,145
	Factory & depot	451,998	408,458
	Cash at bank in current accounts	8,185,384	5,036,032
	Short Term Fixed Deposits with Banks	11,590,000	10,000,000
		20,242,066	**15,549,635**

		Amount in BDT	
		30-Jun-16	30-Jun-15
13.00	**Share capital**		
	Authorized share capital		
	100,000,000 ordinary Shares of BDT 10 each	**1,000,000,000**	**1,000,000,000**

Issued, subscribed and paid up capital

Name	Designation	% of Shares	Value of shares in BDT	
		2016	2016	2015
Mr. Ahmed Rajeeb Samdani	Managing Director	0.0002%	600	600
Golden Harvest Agro Industries Ltd.	Parent company	99.9998%	299,999,400	299,999,400
		100%	**300,000,000**	**300,000,000**

14.00	**Revaluation surplus**		
	Opening balance	113,664,595	109,086,812
	Adjustment for deferred tax	-	5,753,727
	Transferred to retained earnings	(1,718,687)	(1,175,944)
	Closing balance	**111,945,908**	**113,664,595**

The Company revalued its lands 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 51,419,359.

15.00	**Retained earnings**		
	Opening balance	179,139,955	186,334,721
	Adjustment of under provision for income tax liability	-	(18,354,106)
	Restated opening balance	179,139,955	167,980,615
	Deferred tax adjustment on revalued amount of PPE	601,540	633,201
	Depreciation on revaluation surplus transferred	1,718,687	1,175,944
	Net profit after tax	74,084,372	9,350,195
	Closing balance	**255,544,554**	**179,139,955**
16.00	**Long term loans**		
	Syndicated loan (UCBL and Standard Bank Ltd.)	660,826,390	700,000,000
	United Commercial Bank Ltd. Term Loan -2	152,054,881	-
	Less: Current maturity of long term loan	(116,920,945)	(99,822,586)
		695,960,326	**600,177,414**
	Syndicated loan:	660,826,390	700,000,000
	United Commercial Bank Ltd. Term Loan-1	222,968,318	262,500,000
	Meghna Bank Ltd.	-	87,500,000
	NRB Commercial Bank Ltd.	-	87,500,000
	Fareast Finance & Investments Ltd.	-	175,000,000
	Uttara Finance & Investment Ltd.	-	87,500,000
	Standard Bank Ltd.	437,858,072	-
	Current portion	(116,920,945)	(99,822,586)
		543,905,445	**600,177,414**

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	Interest	Tenure	Repayment Term	Security
United Commercial Bank Ltd. Term Loan-1	12.50%	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, 5,000,000 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.	12.50%	5 Years	20 Quarterly installment starting from 31 May 2016.	
United Commercial Bank Ltd. Term Loan-2	12.50%	5 Years	Quarterly (Starting from March 2017)	

	Amount in BDT	
	30-Jun-16	30-Jun-15
17.00 Deferred tax liability		
Opening balance	41,177,329	41,067,604
Add : Adjustment during the year on fixed assets	-	-
Add: Adjustment during the year on revaluation surplus	-	(5,753,727)
Add : During the year on cost of fixed Assets	27,830,088	6,496,653
Less : During the year on revaluation	(601,540)	(633,201)
Closing balance	**68,405,877**	**41,177,329**
18.00 Lease obligation		
IDLC Ls-1	-	1,677,710
IDLC LS-2	3,513,207	4,139,427
Union Capital LS-CFLF	10,965,619	-
Industrial Promotion and Development Company Ltd. (IPDC)	4,922,471	-
BD Finance Investment Ltd.	23,218,543	-
	42,619,840	5,817,137
Current maturity of lease obligation	(8,726,765)	(1,480,880)
	33,893,075	**4,336,257**
19.00 Accounts and other payables		
Sundry creditors for goods, service & machineries	115,518,892	52,443,139
Security deposits for freezer	14,797,441	16,949,572
Payable- TDS & VDS	7,492,214	3,113,920
Inter company transaction (Note - 19.01)	215,892,669	81,891,352
	353,701,216	**154,397,983**

			Amount in BDT	
			30-Jun-16	30-Jun-15
19.01	**Inter company transaction**			
	Golden Harvest Agro Ind. Ltd.		215,892,669	81,891,352
			215,892,669	**81,891,352**
20.00	**Accruals & provisions**			
	Salary & allowances		1,220,418	1,212,153
	Utility bills		2,194,661	1,394,730
	Audit fees		200,000	115,000
	Mobile phone Bill		213,292	150,621
	TA/DA & Incentive		-	141,806
	Provision for tax	(Note- 20.01)	96,165,318	85,178,374
	Provision for WPPF	(Note- 20.02)	7,161,957	9,320,279
	Provision for others		4,016,872	587,227
			111,172,518	**98,100,190**
20.01	**Provision for tax**			
	Opening balance		85,178,374	65,918,396
	Under provision for previous years		-	18,354,106
			85,178,374	84,272,502
	Tax for the year		12,986,944	905,872
	Paid during the year		(2,000,000)	-
	Closing balance		**96,165,318**	**85,178,374**
20.02	**Provision for workers profit participation fund**			
	Opening balance		9,320,279	7,891,158
	Addition during the year		5,742,657	837,284
	Interest charged for the year		99,021	591,837
	Paid During the year		(8,000,000)	-
	Closing balance		**7,161,957**	**9,320,279**
21.00	**Short term loan**			
	United Commercial Bank Ltd.-SOD		296,557,724	218,898,261
	First Finance Investment Ltd.		200,000,000	-
	United Commercial Bank; UPAS LC		117,436,370	-
			613,994,094	**218,898,261**

			Amount in BDT	
			2015-2016	2014-2015
22.00	**Revenue**			
	Sales (Local)		802,193,498	256,095,176
			802,193,498	**256,095,176**
23.00	**Cost of goods sold**			
	Raw materials:			
	Opening stock	(Note - 9)	134,033,265	1,362,974
	Purchases	(Note - 23.01)	428,307,602	248,241,088
			562,340,867	**249,604,062**
	Closing stock	(Note - 9)	(96,770,012)	(134,033,265)
	Consumption		**465,570,855**	**115,570,797**
	Add: Manufacturing expenses	(Note - 23.02)	59,663,686	47,863,513
	Total manufacturing cost		**525,234,541**	**163,434,310**
	Work In Process Inventory:			
	Add: Beginning stock	(Note - 9)	271,309	-
			525,505,850	**163,434,310**
	Less: Ending stock	(Note - 9)	(108,536)	(271,309)
	Cost of Goods Manufactured		**525,397,314**	**163,163,001**
	Finished Goods:			
	Opening stock	(Note - 9)	21,129,253	2,693,987
			546,526,567	165,856,988
	Closing stock	(Note - 9)	(96,023,817)	(21,129,253)
	Cost of goods sold		**450,502,750**	**144,727,735**
23.01	**Purchases**			
	Raw materials		295,979,852	180,084,770
	Packing materials		132,327,750	68,156,318
			428,307,602	**248,241,088**
23.02	**Manufacturing expenses**			
	Salary and allowance		18,145,023	17,594,120
	Factory maintenance		1,820,004	2,548,137
	Traveling, conveyance, tour		664,718	609,921
	Utility, generator fuel		13,621,382	12,479,488
	Office communication		188,309	46,498
	Insurance premium		1,533,645	1,296,546
	Entertainment		212,115	67,336
	Office stationery		569,455	560,985
	Cleaning & security services		216,840	182,579
	Vehicle fuel and maintenance		24,056	72,790
	Miscellaneous expenses		14,939	12,322
	Depreciation of fixed assets	(Note - 5.1)	22,653,200	12,392,791
			59,663,686	**47,863,513**

		Amount in BDT	
		2015-2016	2014-2015
24.00 Administrative expenses			
Salary and allowance		8,808,290	7,050,764
Office maintenance		28,960	186,094
Traveling, conveyance, tour		763,911	1,371,603
Office communication		288,704	221,287
Insurance premium		743,077	294,633
Entertainment		280,850	220,439
Fees, taxes & renewal		1,184,889	1,161,712
Professional & legal fees		615,995	121,700
Audit fees		115,000	115,000
Advertisement & publicity		50,500	52,520
Office stationery		357,659	315,114
Training & conference		23,615	206,094
Bank charges		243,379	88,797
Vehicle fuel and maintenance		253,733	127,775
Miscellaneous expenses		87,721	428,462
Depreciation of fixed assets	(Note - 5.1)	6,059,656	1,671,258
Depreciation of lease assets	(Note - 6.1)	528,962	99,720
		20,434,901	**13,732,972**

Auditors' fees represents audit fee for auditing the accounts for the year ended 30 June, 2016.

25.00 Selling & distribution expenses

Salary and allowance		16,416,625	8,158,360
Office maintenance		938,597	936,410
Traveling, conveyance, tour		1,519,980	1,170,311
Utility, generator fuel		5,856,501	1,657,681
Office communication		2,276,194	753,560
Insurance premium		921,775	38,565
Entertainment		462,062	201,319
Office rent		7,599,370	9,355,672
Advertisement & publicity		7,651,784	16,518,370
Office stationery		1,383,597	1,171,029
Cleaning & security services		74,480	-
Training & conference		178,650	114,487
Trade Promotion Expenses		2,052,797	-
Trade fair expenses		2,699,846	3,459,783
Vehicle fuel and maintenance		4,412,949	3,762,954
Distribution promotion expenses		3,067,583	2,626,546
R & D expenses		41,030	43,525
Miscellaneous expenses		26,670	54,134
Depreciation of fixed assets	(Note - 5.1)	56,963,372	10,854,552
Depreciation of lease assets	(Note - 6.1)	2,115,846	398,882
Amortization of Intangible assets	(Note - 7.1)	37,838	-
		116,697,546	**61,276,140**

		Amount in BDT	
		2015-2016	2014-2015
26.00	**Other operating income**		
	Scrap sale	10,085,402	18,382,070
	Freeze Rent	35,897,068	23,520,700
		45,982,470	**41,902,770**
27.00	**Financial income**		
	Interest from STD	-	576
	Interest from FDR	2,473,232	3,958,804
		2,473,232	**3,959,380**
28.00	**Financial expenses**		
	Interest on Term Loan	101,260,328	42,703,606
	Interest on Short Term Loan	38,719,274	20,920,389
	Interest on Finance Lease	2,291,319	414,643
	Interest against Workers Profit Participation Fund	99,021	591,837
		142,369,942	**64,630,475**
29.00	**Income tax expenses**		
	Current tax (Note-29.01)	12,986,944	905,872
	Deferred tax	27,830,088	6,496,653
		40,817,032	**7,402,525**
29.01	**Reconciliation of accounting profit to income tax expense**		
	Profit before tax (Operating)	66,445,703	16,752,720
	Effective tax rate	35%	35%
	Tax effect on profit before tax	23,255,995	5,863,452
	Tax effect on deductible expense for tax purposes	13,143,467	(14,584,962)
	Tax effect on non deductible expense for tax purposes	(33,205,716)	8,721,510
	Tax effect on total Operating Income	**3,193,746**	**-**
	Taxable Other Income		**-**
	Other Income	48,455,702	-
	Add: Accounting Depreciation	48,123,464	
	Less: Tax Depreciation	(68,598,602)	
	Taxable Other Income	**27,980,564**	**=**
		31,174,310	**-**
	Under tax provision in respect of previous year		-
	Total Taxable Income	**31,174,310**	**-**
	Tax on total Operating Income	3,193,746	-
	Tax on total Other Income	9,793,197	-
	Total Tax	**12,986,944**	**-**
	Effective tax rate for minimum tax	0.60%	0.30%
	Gross receipt attributable to tax	-	301,957,326
	Tax effect on gross receipt	-	905,872
	Income tax charge for the year	**12,986,944**	**905,872**

		Amount in BDT	
		2015-2016	2014-2015
30.00	**Other information**		
30.01	**Transaction in foreign currency**		
	CIF value of import:		
	Capital machinery	93,926,085	-
	Raw materials	124,364,665	33,774,977
	FOB value of export	-	-
	Exchange rate on June 30		
	Euro	86.64	86.61
	USD	78.40	77.80
	GBP	111.56	122.26

30.02 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 2016.

Capital expenditure commitment

Capital expenditure commitment for machineries and raw material at 30 June 2016. were as under:

Machineries & vehicle	-	343,409
Raw material	-	-
	-	**343,409**

Term loan commitment

At 30 June 2016. the company had annual commitment under Term Loan as set out below:

Term loan principal due within 1 year	116,920,945	99,822,586
Term loan principal due within 2 to 5 years	695,960,326	600,177,414
Term loan principal due above 5 years	-	-

Finance lease commitment

At 30 June 2016. the company had annual commitment under finance lease as set out below:

Lease expires within 1 year	8,726,765	1,480,880
Lease expires within 2 to 5 years	33,893,075	4,336,257
Term loan principal due above 5 years	-	-

30.03 Related party transaction :

The company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures". Total transactions of the significant related party as at 30 June 2016. are as follows:

Name of Company	Relationship	Opening balance (BDT)	Addition (BDT)	Adjustment (BDT)	Closing balance (BDT)
Golden Harvest Agro Ind Ltd.	Holding Company	81,891,352	134,001,317	-	215,892,669
Golden Harvest Dairy Ltd.	Common Director	1,929,995	111,794,252	-	113,724,247
Golden Harvest Foods Ltd.	Common Director	-	175,510,330	-	175,510,330
		83,821,347	**421,305,899**	-	**505,127,246**

	Amount in BDT	
	2015-2016	2014-2015

30.04 Transaction with key management personnel's

Particulars	30-Jun-16	30-Jun-15
Managerial remuneration paid or payable during the year 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	-	-

30.05 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
Raw materials:				
For the year 2015-2016	354,185	1,972,899	2,137,026	190,058
For the year 2014-2015	2,205	1,108,395	756,415	354,185
Finished goods:				
For the year 2015-2016	233,160	4,505,279	4,255,730	482,709
For the year 2014-2015	4,368	1,878,522	1,649,730	233,160

30.06 Capacity utilization

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Ice Cream Production	5,400,000	4,505,279	83.43%

30.07 Claim not acknowledged as debt

There was no claim against the company not acknowledged as debt as on 30 June 2016.

30.08 Un-availed credit facilities

Un-availed credit facilities to the company as on 30 June 2016. are as under:

Golden Harvest Ice Cream Ltd.

Bank	Branch	Nature of loan (BDT)	Credit limit (BDT)	Outstanding (BDT)	Unavailed limit (BDT)
United Commercial Bank ltd.	Gulshan	OD(General)	400,000,000	296,557,724	103,442,276
	Gulshan	Term Loan	280,000,000	152,054,881	127,945,119
	Gulshan	LC/UPAS	178,000,000	117,436,370	60,563,630
	Gulshan	LTR	90,000,000	-	90,000,000
					381,951,025

30.09 Employees details:

i) During the year, there were 589 employees employed for the full year and 74 employees less than the full year at a remuneration of BDT 3,000 per month and above.
ii) At the end of the year, there were 515 employees in the Company.

30.10 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

30.11 Correction of an error

Under provision of tax for the income year 2008-2009 & 2009-2010 total Tk. 1,826,363 & Tk. 16,527,743 respectively has been provided during the year 2013-2014 and restated the figures as correction of error as per BAS 8.

The following table summaries the adjustment made to the financial position on the correction of error:

	Accruals and provisions	Retained earnings
Balance at 01 July 2014, as previously reported	75,021,192	186,334,721
Impact of the correction of under provision for previous years	18,354,106	(18,354,106)
Restated balance at 01 July 2014	**93,375,298**	**167,980,615**
Balance at 30 June 2015, as previously reported	79,746,084	197,494,061
Impact of the correction of under provision for previous years	18,354,106	(18,354,106)
Restated balance at 30 June 2015	**98,100,190**	**179,139,955**

	30-Jun-15 Restated	1-Jul-14 Restated
Impact on net asset value (increase/decrease) in NAV)		
Net asset value, as previously reported	**20.37**	**19.85**
Net asset value, Increase / (Decrease)	(0.61)	(0.61)
Net impact on Net asset value	**19.76**	**19.24**

The change did not have an impact on Company's Earnings per share and cash flows.

30.12 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 needful for the stakeholders.

Director | Director | Managing Director

AUDITOR'S REPORT & FINANCIAL STATEMENTS

Golden Harvest Dairy Limited

as at and for the year ended 30 June 2016

S.K.BARUA & CO.
CHARTERED ACCOUNTANTS

a member of empacta
registered in Berlin-Germany

Independent Auditors' Report

To the Shareholders of
Golden Harvest Dairy Limited

We have audited the accompanying financial statements of Golden Harvest Dairy Limited which comprise statement of financial position as at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other relevant explanatory information thereon.

Management's Responsibility for the Financial Statements

Management of "Golden Harvest Dairy Limited" is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. The responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

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S.K.BARUA & CO.
CHARTERED ACCOUNTANTS

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registered in Berlin-Germany

Opinion

In our opinion, the financial statements of the company give a true and fair view of the financial position of Golden Harvest Dairy Limited as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company and its subsidiary so far as it appeared from our examination of these books;

(c) the statement of financial position and the statement of comprehensive income dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purposes of the company's business.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

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Golden Harvest Dairy Ltd.

Statement of Financial Position
As at June 30, 2016

ASSETS	Notes	Amount in BDT	
		30-Jun-16	30-Jun-15
Non-Current Assets		**347,429,435**	**1,882,995**
Property, plant and equipment	5.00	207,548,337	-
Biological assets	6.00	74,887,804	-
Deferred tax assets	7.00	1,533,323	-
Capital work in progress	8.00	63,459,971	1,882,995
Current Assets		**6,898,433**	**149,445,790**
Inventories	9.00	350,150	-
Advances, deposits and prepayments	10.00	4,080,035	99,400,000
Trade and other receivables	11.00	461,152	-
Cash and cash equivalents	12.00	2,007,096	50,045,790
TOTAL ASSETS		**354,327,868**	**151,328,785**
EQUITY AND LIABILITIES			
Shareholders' equity		**36,848,980**	**49,756,765**
Issued, subscribed and paid up capital	13.00	50,000,000	50,000,000
Retained earnings	14.00	(13,151,020)	(243,235)
Non-current liabilities		**166,129,771**	**-**
Long term loans	15.00	166,129,771	-
Current liabilities		**151,349,117**	**101,572,020**
Accounts and other payables	16.00	142,794,079	101,514,520
Accruals and provisions	17.00	67,877	57,500
Current portion of long term loans	15.00	8,487,161	-
TOTAL EQUITY AND LIABILITIES		**354,327,868**	**151,328,785**
Number of share used to calculate NAV		**5,000,000**	**5,000,000**
Net asset value per share		**7.37**	**9.95**

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.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

Golden Harvest Dairy Ltd.

Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2016

	Notes	Amount in BDT	
		2015-2016	2014-2015
Revenue	18.00	936,235	-
Cost of goods sold	19.00	(2,225,485)	-
Gross profit		**(1,289,250)**	**-**
Operating expenses		**(469,323)**	**(243,235)**
Administrative expenses	20.00	(403,618)	(243,235)
Selling and distribution expenses	21.00	(65,705)	-
Fair value adjustments of biological assets		1,903,959	-
Profit from operations		**145,386**	**(243,235)**
Financial expenses	22.00	(14,586,013)	-
Net profit from operations		**(14,440,627)**	**(243,235)**
Provision for workers profit participation fund		-	-
Net profit before tax		**(14,440,627)**	**(243,235)**
Income tax	23.00	1,532,842	-
Net profit after tax attributable to ordinary shareholders of the company		**(12,907,785)**	**(243,235)**
Other comprehensive income		-	-
Total comprehensive income		**(12,907,785)**	**(243,235)**
Number of share used to calculate EPS		**5,000,000**	**5,000,000**
Earnings per share (EPS)		**(2.58)**	**(0.05)**

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.

Dated, Dhaka;
29 October, 2016

S. K. Barua & Co.
Chartered Accountants

Golden Harvest Dairy Ltd.

Statement of Changes in Equity
For the year ended 30 June 2016

Amount in BDT

Particulars	Share capital	Retained earnings	Total
Balance as on 01.07.14	-	-	-
Issuance of ordinary shares	50,000,000	-	50,000,000
Net profit after tax	-	(243,235)	(243,235)
Balance as at 30.06.2015	**50,000,000**	**(243,235)**	**49,756,765**
Balance as on 01.07.15	50,000,000	(243,235)	49,756,765
Net Loss after tax	-	(12,907,785)	(12,907,785)
Balance as at 30.06.2016	**50,000,000**	**(13,151,020)**	**36,848,980**

Director Director Managing Director

Golden Harvest Dairy Ltd.

Statement of Cash Flows
For the year ended 30 June 2016

	Amount in BDT	
	2015-2016	**2014-2015**
Cash flows from operating activities		
Collections from customers	475,083	-
Payments for costs & expenses	133,717,415	1,928,785
Tax paid	-	-
Net cash generated from operating activities	**134,192,498**	**1,928,785**
Cash flows from investing activities		
Acquisitions of property plant and equipment	(207,701,290)	-
Acquisitions of Biological assets	(72,983,845)	-
Capital work in progress	(61,576,976)	(1,882,995)
Net Cash used in investing activities	**(342,262,111)**	**(1,882,995)**
Cash flows from financing activities		
Long term borrowings from / (repayments to) banks	174,616,932	-
Financial expenses	(14,586,013)	-
Issue of ordinary shares	-	50,000,000
Net cash (used in) / provided by financing activities	**160,030,919**	**50,000,000**
Net changes in cash and cash equivalents	(48,038,694)	50,045,790
Cash and cash equivalents at the beginning of the year	50,045,790	-
Cash and cash equivalents at the end of the year	**2,007,096**	**50,045,790**
Number of share used to calculate NOCFPS	**5,000,000**	**5,000,000**
Operating cash flow per share	**26.84**	**0.39**

Director Director Managing Director

Golden Harvest Dairy Limited

Notes to the Financial Statements
For the period ended 30 June 2016

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 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 28 October 2016.

1.3 Reporting Period

The reporting period of the Company covers one year from 1st July 2015 to 30th June 2016.

2. Basis of Preparation of Financial Statements

2.1 Statement on Compliance with Local Laws

The consolidated 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 consolidated financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on 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 Dairy 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 BAS-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 BFRS.

2.9 Comparative Information and Rearrangement there of

Comparative information has where necessary been reclassified to conform to the current year's presentation. Comparative figures are restated as per requirement of BAS-8.

2.10 Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with Bangladesh 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 BAS 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 BAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

i) Statement of financial position as at 30 June 2016;
ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2016;
iii) Statement of changes in equity for the year ended 30 June 2016;
iv) Statement of cash flows for the year ended 30 June 2016; and
v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2016.

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 it is probable that future economic benefits associated with the item will flow to the entry, and the cost of the item can be measured reliably BAS 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 BAS 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 2016 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 BAS-41 at fair value less cost to sell. (at this point it is taken into inventories and dealt with under BAS-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 BAS 16 Property, Plant and Equipment and BAS 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 Bangladesh Financial Reporting Interpretation (BFRI) 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 BAS 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 BAS 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. 24.11 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

BFRS 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 BAS 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 BAS 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 BAS 24: "Related party Disclosure" has been disclosed in a separate notes to the accounts (Note-24.03).

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

Amount in BDT

Particulars	Cost/Valuation				Rate	Depreciation				W D V as of 30.06.16
	Balance as on 01.07.2015	Addition during the year	Disposal during the year	Balance as on 30.06.16		Balance as on 01.07.2015	Charged during the year	Disposal during the year	Balance as on 30.06.16	
At Historical Cost:										
Land and Land Development	-	185,844,147	-	185,844,147	0%	-	-	-	-	185,844,147
Building and Other Structure	-	20,590,328	-	20,590,328	3%	-	128,690	-		20,461,638
Plant and machinery	-	592,605	-	592,605	5%	-	7,408	-	7,408	585,197
Office Equipment	-	405,480	-	405,480	10%	-	10,137	-	10,137	395,343
Vehicle	-	268,730	-	268,730	10%	-	6,718	-	6,718	262,012
Total of 30.06.16	**-**	**207,701,290**	**-**	**207,701,290**		**-**	**152,953**	**-**	**152,953**	**207,548,337**
Total of 30.06.2015	-	-	-	-						

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
At Historical Cost							
Land & Land Development	-	-	-	-	-	0%	-
Factory & Office Building	128,690	100%	-	-	-	0%	128,690
Plant & Machinery	7,408	100%	-	-	-	0%	7,408
Furniture & Fixture	5,069	50%	4,055	40%	1,014	10%	10,137
Vehicles	672	10%	2,015	30%	4,031	60%	6,718
Sub Total	**141,839**		**6,070**		**5,045**		**152,953**

Golden Harvest Dairy Limited

Notes to the Financial Statements
As at and for the period ended 30 June 2016

		Amount in BDT	
		30-Jun-16	30-Jun-15
6.00	**Biological Assets:**		
	Milkable Cows	6,516,531	-
	Heifers	63,425,197	-
	Calves	4,946,076	-
		74,887,804	**-**

6.01 Details are as follows:

	Calves	Heifers	Milkable Cows
Carrying amount	-	-	-
Add: Purchase Costs	4,468,442	62,423,693	6,091,710
Add / (Less): Fair value adjustments	477,634	1,001,504	424,821
	4,946,076	**63,425,197**	**6,516,531**

6.01.01 Fair value adjustments

	Calves	Heifers	Milkable Cows
Changes in Fair Value	530,483	1,282,865	552,600
Less: Cost to sell	(52,849)	(281,361)	(127,779)
	477,634	**1,001,504**	**424,821**

7.00	**Deferred tax asset**		
	Opening balance	-	-
	Add : During the year on business loss	2,166,094	-
	Add : During the year on cost of fixed Assets	(632,771)	-
		1,533,323	**-**
8.00	**Capital work in progress**		
	Opening balance	1,882,995	-
	Add: Addition during the year	61,576,976	1,882,995
	Less : Transferred to Property Plant and Equipment		-
		63,459,971	**1,882,995**
9.00	**Inventories**		
	Raw Material	37,016	-
	Store in Transit	248,245	-
	Medicine	64,889	-
		350,150	**-**
10.00	**Advances, deposits and prepayments**		
	Advance against land purchase	-	99,400,000
	Advances to suppliers & service providers	4,080,035	-
		4,080,035	**99,400,000**

		Amount in BDT	
		30-Jun-16	30-Jun-15
11.00	**Trade and other receivables**		
	Trade receivable (Note:11.01)	461,152	-
		461,152	**-**
11.01	**Trade receivable**		
	Local sales receivables	461,152	-
		461,152	**-**
12.00	**Cash and cash equivalents**		
	Cash in hand:	26,399	-
	Factory & depot	26,399	-
	Cash at bank in current accounts	1,980,697	50,045,790
		2,007,096	**50,045,790**
13.00	**Share capital**		
	Authorized share capital		
	10,000,000 ordinary Shares of BDT 10 each	**100,000,000**	**100,000,000**

Issued, subscribed and paid up capital

Name	Designation	% of Shares	Value of shares in BDT	
		2016	2016	2015
Mr. Ahmed Rajeeb Samdani	Managing Director	25.00%	12,500,000	12,500,000
Golden Harvest Agro Industries Ltd.	Parent company	75.00%	37,500,000	37,500,000
		100%	**50,000,000**	**50,000,000**

14.00	**Retained earnings**		
	Opening balance	(243,235)	-
	Net profit or loss after tax	(12,907,785)	(243,235)
		(13,151,020)	**(243,235)**
15.00	**Long term loans**		
	Standard Bank Ltd., Term Loan-1	67,708,950	-
	Standard Bank Ltd., Term Loan-2	106,907,982	-
		174,616,932	-
	Current maturity of long term loan	(8,487,161)	-
		166,129,771	-

Terms and Conditions:

Rate of interest :	13.00%
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 .

			Amount in BDT	
			30-Jun-16	30-Jun-15
16.00	**Accounts and other payables**			
	Sundry creditors for goods & service		2,228,868	90,000
	Payable- TDS & VDS		34,989	-
	Inter company transaction	(Note - 16.01)	140,530,222	101,424,520
			142,794,079	**101,514,520**
16.01	**Inter company transaction**			
	Golden Harvest Agro Ind. Ltd.		26,805,975	99,494,525
	Golden Harvest Ice Cream Ltd.		113,724,247	1,929,995
			140,530,222	**101,424,520**
17.00	**Accruals & provisions**			
	Audit fees		57,500	57,500
	Mobile phone bill		2,896	-
	Provision for tax	(Note- 17.01)	481	-
	Provision for others		7,000	-
			67,877	**57,500**
17.01	**Provision for tax**			
	Opening balance		-	-
	Tax for the year		481	-
	Paid during the year		-	-
			481	**-**

			Amount in BDT	
			2015-2016	2014-2015
18.00	**Revenue**			
	Sales (Export)		-	-
	Sales (Local)		936,235	-
	Exchange (loss) / gain		-	-
			936,235	**-**
19.00	**Cost of goods sold**			
	Raw materials:			
	Opening stock	(Note - 9)	-	-
	Purchases	(Note - 19.01)	432,021	-
			432,021	**-**
	Closing stock	(Note - 9)	(101,905)	-
	Consumption		**330,116**	**-**
	Add: Manufacturing expenses	(Note - 19.02)	1,895,369	-
	Total manufacturing cost		**2,225,485**	**-**
	Finished Goods:			
	Opening stock	(Note - 9)	-	-
			2,225,485	-
	Closing stock	(Note - 9)	-	-
			2,225,485	**-**
19.01	**Purchases**			
	Raw materials		298,330	-
	Processing materials		133,691	-
			432,021	**-**

			Amount in BDT	
			30-Jun-16	30-Jun-15
19.02	**Manufacturing expenses**			
	Salary and allowance		1,076,335	-
	Repair & maintenance		20,397	-
	Utility, generator fuel		2,350	-
	Office communication		16,175	-
	Carriage inward		634,355	-
	Cleaning & security services		1,764	-
	Miscellaneous expenses		2,154	-
	Depreciation of fixed assets	(Note - 5.1)	141,839	-
			1,895,369	**-**
20.00	**Administrative expenses**			
	Salary and allowance		-	90,000
	Traveling, conveyance, tour		157,600	-
	Office communication		2,198	-
	Entertainment		5,300	-
	Fees, taxes & renewal		80,525	80,525
	Audit fees		57,500	57,500
	Advertisement & publicity		430	-
	Bank charges		79,995	1,210
	Miscellaneous expenses		14,000	14,000
	Depreciation of fixed assets	(Note - 5.1)	6,070	-
			403,618	**243,235**

Auditors' fees represents audit fee for auditing the accounts for the year ended 30 June, 2016.

21.00	**Selling & distribution expenses**			
	Traveling, conveyance, tour		60,660	-
	Depreciation of fixed assets	(Note - 5.1)	5,045	-
			65,705	**-**
22.00	**Financial expenses**			
	Interest on Term Loan		14,586,013	-
			14,586,013	**-**
23.00	**Income tax expenses**			
	Current tax		481	-
	Deferred tax		(1,533,323)	-
			(1,532,842)	**-**

		Amount in BDT	
		2015-2016	2014-2015
24.00	**Other information**		
24.01	**Transaction in foreign currency**		
	CIF value of import:		
	Capital machinery	-	-
	Raw materials	-	-
	FOB value of export	-	-
	Exchange rate on 30 June 2016		
	Euro	86.64	86.61
	USD	78.4	77.80
	GBP	111.56	122.26

24.02 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 2016.

Capital expenditure commitment

Capital expenditure commitment for machineries and raw material at 30 June 2016 were as under:

Machineries & vehicle	-	-
Raw material	-	-
	-	-

Term loan commitment

At 30 June 2016 the company had annual commitment under Term Loan as set out below:

Term loan principal due within 1 year	8,487,161	-
Term loan principal due within 2 to 5 years	166,129,771	-
Term loan principal due above 5 years	-	-

Finance lease commitment

At 30 June 2016 the company had annual commitment under finance lease as set out below:

Lease expires within 1 year	-	-
Lease expires within 2 to 5 years	-	-

24.03 Related party transaction:

The company has entered into transactions with other entities that fall within the definition of related party as contained in BAS-24 "Related Party Disclosures".
Total transactions of the significant related party as at 30 June 2016. are as follows:

Name of Company	Relation ship	Opening balance (BDT)	Addition (BDT)	Adjustment (BDT)	Closing balance (BDT)
Golden Harvest Agro Industries Ltd.	Holding Company	99,494,525	-	72,688,550	26,805,975
Golden Harvest Ice Cream Ltd.	Common Director	1,929,995	111,794,252	-	113,724,247
		101,424,520	**111,794,252**	**72,688,550**	**140,530,222**

24.04 Transaction with key management personnel's

Particulars	30-Jun-16	30-Jun-15
Managerial remuneration paid or payable during the year 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	-	-

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
Raw materials:				
For the year 2015-2016	-	-	-	-
For the year 2014-2015	-	-	-	-
Finished goods:				
For the year 2015-2016	-	15,690	15,690	-
For the year 2015-2016	-	-	-	-

24.06 Capacity utilization

Item	Capacity in KG	Utilization in KG	%
	Per Year	Average Per year	
Milk Production	1,512,000	15,690	1.04%

24.07 Claim not acknowledged as debt

There was no claim against the company not acknowledged as debt as on 30 June 2016.

24.08 Un-availed credit facilities

Un-availed credit facilities to the company as on 30 June 2016 are as under:

Bank	Branch	Nature of loan (BDT)	Credit limit (BDT)	Outstanding (BDT)	Unavailed limit (BDT)
Standard Bank Ltd.	Gulshan	CC(Hypo)	50,000,000	-	50,000,000
	Gulshan	Term Loan	240,000,000	174,616,932	65,383,068
					115,383,068

24.09 Employee details:

i) During the year, there were 10 employees employed for the full year at a remuneration of BDT 3,000 per month and above.

ii) At the end of the year, there were 10 employees in the Company.

24.10 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

24.11 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 needful for the stakeholders.

Director Director Managing Director

Golden Harvest Dairy Limited

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.

POSTAGE

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

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 6th Extra Ordinary General Meeting (EGM) and/or 12th Annual General Meeting of the Company to be held on 29th December 2016 Thursday at 11.30 am and 12.00 pm respectively 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 2016

Signature of the proxy

Revenue Stamp of Tk. 10

BO ID No. No .....

of shares being held .....

Signature of the Shareholder (s)

Notes:
1. This form of Proxy, duty completed must be deposited at least 48 hours before the meeting, to the Company Share Department. 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 BO Account/CDBL record.

ATTENDANCE SLIP

I/We hereby record my/our attendance at the 6th Extra Ordinary General Meeting (EGM) and/or 12th Annual General Meeting of the Company to be held on 29th December 2016 Thursday at 11.30 am and 12.00 pm respectively 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.

GOLDEN HARVEST

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TO BOLDLY GO WHERE NO ICE CREAM HAS GONE BEFORE

**With the promise to bring delights you've never had,
Golden Harvest brings BLOOP,
an ice cream that melts in your heart, not in your hands!**

Golden Harvest Agro Industries Ltd.

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Share Department
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Gulshan, Dhaka-1212, Bangladesh
Tel: +88 02 9840181, e-mail: share@goldenharvestbd.com

Factory
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