

# ANNUAL REPORT

## 2017

TO BOLDLY  
WHERE NO  
ONE  
HAS G



Golden Harvest Agro Industries Ltd.



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Golden Harvest Agro Industries Ltd.



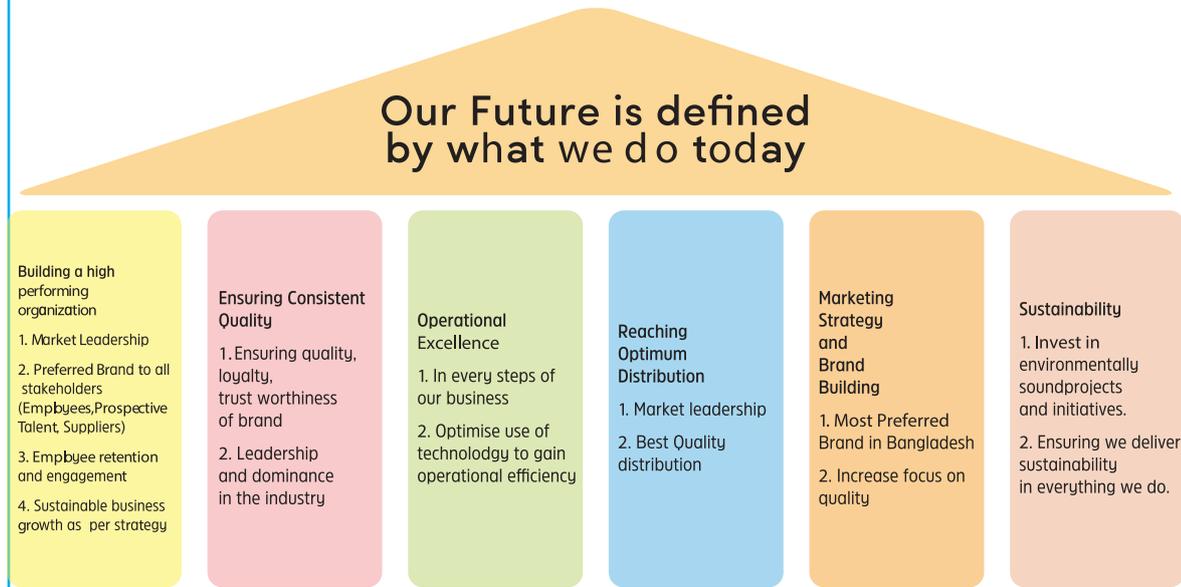
**MISSION** Consistently deliver international  
standard innovative products  
and services for improved  
lifestyle

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

**VISION**

### 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.

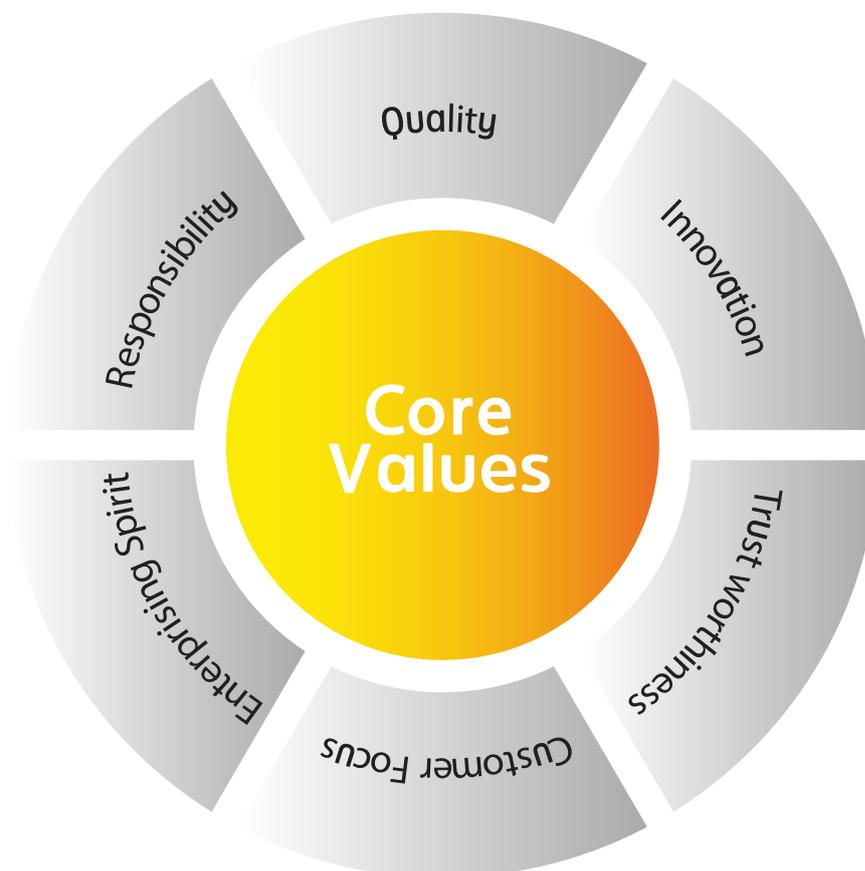


### Our business strategy for growth

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

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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 (MIS).

## 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 Officer and Chief Financial Officer 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 indirectly.

### 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 payoff 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**

Obedying 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 information 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.



গোল্ডেন হারভেস্ট এগ্রো ইন্ডাস্ট্রিজ লিমিটেড  
GOLDEN HARVEST AGRO INDUSTRIES LTD.

১২তম বার্ষিক সাধারণ সভা  
12<sup>th</sup> Annual General Meeting



12th Annual General Meeting

## Letter of Transmittal

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**To**

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

**Subject: Annual Report for the year ended June 30, 2017**

**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, 2017 along with Auditors' Report for your record.

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

Thank you for your support and confidence on us.

Sincerely yours,



**Nirmal Chandra Sardar**  
Company Secretary



**Golden Harvest Agro Industries Ltd.**

**Corporate Office:** Shanta Western Tower, Level 5, #501 & 502, 186 Tejgaon I/A, Dhaka 1208. Tel: +88 02 8878784-7, Fax: +88 02 8878204  
**Share division:** Plot-270 B, 2nd floor, Tejgaon Industrial Area, Tejgaon, Dhaka-1208. Phone: +880 2 9840181

# Notice of the 13th Annual General Meeting

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Dhaka, dated 29th November 2017

Notice is hereby given that the 13th Annual General Meeting (AGM) of Golden Harvest Agro Industries Limited shall be held at Factory Premises, Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur on 21st December 2017 at 11.00 am to transact the following business:

## Ordinary Business

1. To consider and approve the Company's Financial Statements for the year ended 30 June, 2017 along with the Auditors' and Directors' Reports thereon.
2. To approve stock dividend at 10% as recommended by board of directors for the year ended 30 June, 2017.
3. Retirement and election of Directors.
4. To approve the appointment of auditors of the Company for the year ended 30 June 2018 and fixation of their remuneration.
6. To transact any other business with the permission of the chair

## Special Business

5. Amendment of Article 109 of the Articles of Association to reduce the maximum number of directors from seven to six.

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

## NOTES:

- a) The Record Date of the Company was 23rd November 2017 and the name of Shareholders in the Register of Members on the Record Date will be eligible to attend in the AGM and shall be entitled for the dividend to be approved at the AGM.
- b) A shareholder may appoint a proxy to attend and vote in his/her place by filling a 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.

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





## Awards & Achievements

### ICAB National Awards for Best Presented Annual Reports

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

The recent most ceremony, the 17th ICAB National Awards, hosted in the Pan Pacific Sonargaon Hotel and attended by Finance Minister Mr. Abul Maal Abdul Muhith as the chief guest and Commerce Minister Mr. Tofail Ahmed as the special guest witnessed the first prize being handed over to Mr. Ahmed Rajeeb Samdani, Managing Director Golden Harvest Agro Industries Ltd.



ICAB 2016



ICAB 2015



ICAB 2014



Mr. Rajeeb Samdani, Managing Director, Golden Harvest Agro Industries Ltd receiving the First Prize in the Agro Sector at the 17th ICAB National Awards .

**ICSB National Awards for Corporate Governance**

For the last three years, Golden Harvest Agro Industries Ltd has been awarded and honoured in the ICSB National Awards for excellence in Corporate Governance from the Food and Allied Category. It won the Gold Award in the 2nd ICSB National Awards in 2015, and won the Silver Prize in the subsequent 3rd and 4th National Awards in 2016 and 2017 respectively.

The 4th ICSB National Awards, hosted in the Bangabandhu International Conference Center, saw Mr. Mohius Samad Choudhury, Director, Golden Harvest Agro Industries Ltd receiving the Silver Prize from Commerce Minister Tofail Ahmed at the 4th ICSB National Awards 2016.



ICSB 2016



ICSB 2015



ICSB 2014

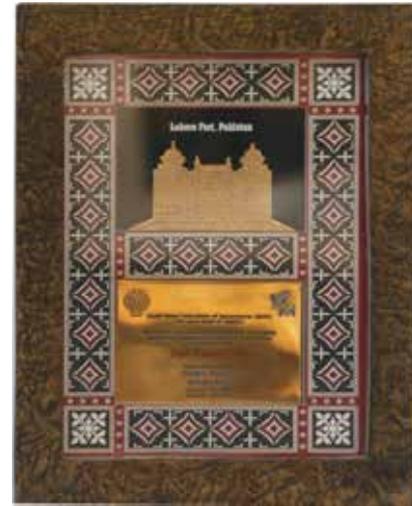


Mr. Mohius Samad Choudhury, Director, Golden Harvest Agro Industries Ltd receiving the Silver Prize from Commerce Minister Tofail Ahmed at the 4th ICSB National Awards 2016.

**SAFA Best Presented Annual Reports Awards**

At the 2016 SAFA Awards, Golden Harvest Agro Industries Ltd was awarded the First Prize in the Agricultural Sector, by the South Asian Federation of Accountants (SAFA), an apex body of SAARC, for the best presented annual report. The award is the highest recognition that can be bestowed upon a Bangladeshi company for the presentation, disclosure and publication of financial statements. Previously, the Company was awarded the 2nd Runners Up (joint) Prize in 2014.

The SAFA Awards were the ultimate testament of the professionalism and skill of our leadership and personnel in the Accounts and Finance department.



SAFA 2014



DITF 2017

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

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DITF 2016

**DITF 2016:** Golden Harvest Agro Industries Limited (for 2GO branded QSR) received the second prize in "Food Stall" category.

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

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## 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 Cstll6tation  
Rossmore Busiress Pak Ellesmere  
Prt Cheshire CH65 3EN UX



#### ISO 22000:2005

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

Certificate # BD16/711040978 by  
SGS Uniled Kingddn Lld Syslsns &  
Services Cstll6tation  
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 #1785/G-1/2014 by  
BSTI, 116/A. Tejgaon Industrial  
Area, Dhaka-1208.



#### HACCP

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

Certificate # BD15/144125 by  
SGS Uniled Kingddn Lld Syslsns &  
Services Cstll6tation  
Rossmore Busiress Pak Ellesmere  
Prt Cheshire CH65 3EN UX

### Membership

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



#### DCCI

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

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



#### BFVAPE

Bangladesh Fruits Vegetables and Allied Products Exporters Association

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



#### BAPLC

Bangladesh Association of Public Listed Companies

BAPLC, Block # B, Road # 1,  
House # 17, 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



## Profile of the Company & Organisational Chart Corporate Directory

### Board of Directors

Chairman  
**Enamuzzaman Chowdhury**

Managing Director & Chief Executive Officer  
**Ahmed Rajeeb Samdani**

Director & Chief Operating Officer  
**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.F. Ahmed & Co. Chartered Accountants**  
House # 51 (2nd Fl), Road # 9,  
Block-F, Banani, Dhaka-1217

### 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**

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

Senior Manager- Internal Audit  
**Shafayet Mohammed**

Senior Manager- Financial Reporting  
**Syed Rabiul Islam**

AGM, Logistics and Trade Asset Management  
**Abu Zahid Apu**

Senior Manager- Marketing  
**Ashraful Ehsan**

Asst. General Manager- Sales  
**Manzur Elahi Al Hossain**

Manager- Credit Control  
**Kazi Khurshed Ahmed**

Manager- Trade Marketing  
**Md. Habib Ullah**

Manager- Group Brand  
**Farhan Hadi**

Senior Sales Manager  
**Md. Nazrul Islam**

Zonal Sales Manager  
**Mohammad Sahadat Hossain**

Deputy Manager- Accounts  
**Md. Jasim Uddin**

Deputy Manager- Credit Control  
**Khondokar Md. Mokedul Alam**

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

Assistant Manager –Financial Reporting  
**Md. Shahiduzzaman (Sumon)**

Company Secretary  
**Nirmal Chandra Sardar**

General Manager  
**Mohammad Shahidullah**

Senior Manager- Supply Chain  
**Md. Ashikur Rahman**

Manager- HR  
**Muhammad Ziaul Karim**

Manager- Factory Operation  
**Mahmud Riyad**

Manager- Production  
**Jens Erik Molgaard**

Head of Operations – QSR  
**Farazee Mohammad Abdullah Yunus**

Manager-Planning & Insight  
**Khalid Al- Amin**

Manager- Admin  
**Aosafur Rahman Asad**

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

Zonal Sales Manager  
**Noor Mohammed Khan**

Zonal Sales Manager  
**Debashish Dhar**

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

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

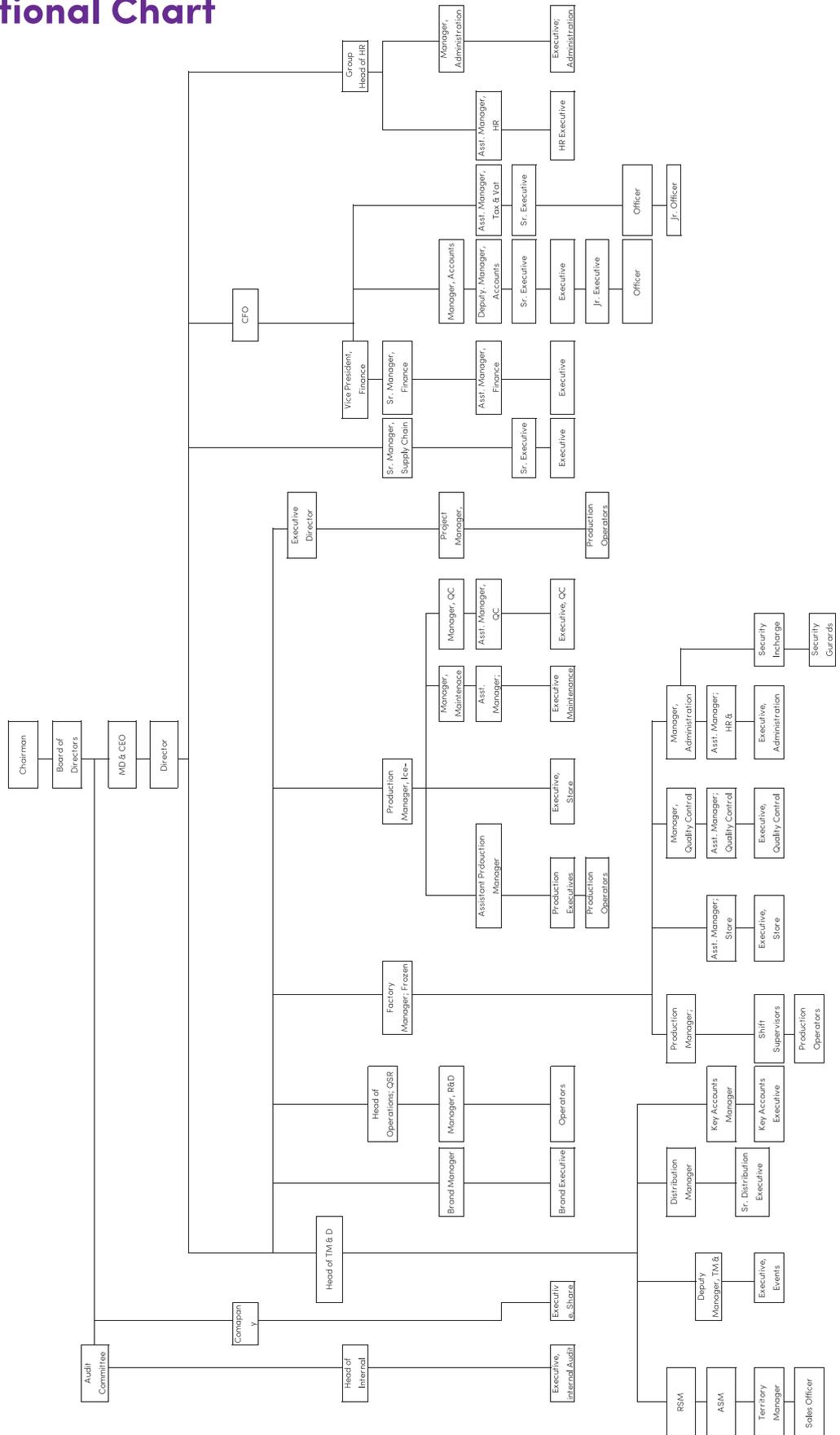
Assistant Manager- Quality Assurance  
**Moshle Uddin**

Senior Executive – Tax & VAT  
**Sheak Litan Mia**

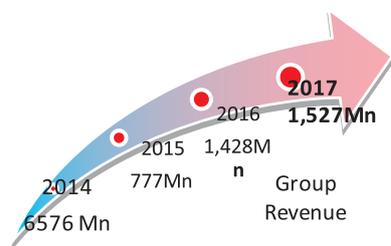
Senior Executive – Business Development  
**Muhammad Mohsin Uddin**

Senior Executive –Share Division  
**Md. Nurjalal Siddique**

# Organisational Chart

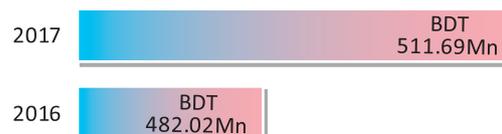


## Key performance indicators



Profit from operation

**6.58 %** ^



Total Assets

**18.57 %** ^



Shareholders Equity

**7.48 %** ^



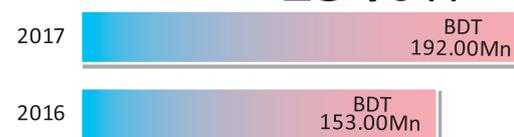
Property, Plant and Equipment

**18 %** ^



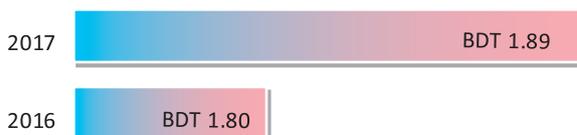
Contribution to National Exchquer

**25 %** ^



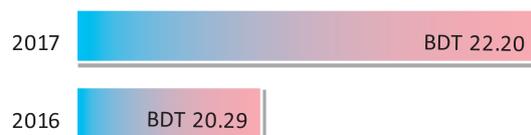
EPS

**4.86 %** ^



Net Assets

**9.39 %** ^





Golden Harvest Agro Industries Ltd.

# BOARD OF DIRECTORS



**Enamuzzaman Chowdhury**  
Chairman



**Ahmed Rajeeb Samdani**  
Managing Director



**Mohius Samad Choudhury**  
Director



**Matthew Graham Stock**  
Director



**Nadia Khalil Choudhury**  
Director



**Mr. Moqsud Ahmed Khan**  
Director



**Azizul Huque**  
Director



**Faisal Ahmed Choudhury**  
independent Director



**Advocate Alena Akhter**  
independent Director

## DIRECTOR'S PROFILE

**Enamuzzaman Chowdhury**  
Chairman

Mr. Enamuzzaman Choudhury, 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

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

**Mohius Samad Choudhury**  
Director

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

**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

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

**Mr. 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 16 years in Bulk Food Commodities Trading as well as Information Technology business, has enabled him to have a comprehensive knowledge in the business dynamics and current local and international business policies of different countries. His in-depth understanding of all aspects of business and expertise on process cost elimination and quality assurance in business processes which is required for international business has proved to be assets for the Company.

**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.

**Advocate Alena Akhter**  
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.

## Management Committee

*“Management committee is responsible for development, monitoring and execution of the group’s strategy as approved by the board of directors and implementation of corporate governance approving policies and decisions to secure it’s stakeholders interest.”*



**Mr. Ahmed Rajeeb Samdani**  
Chairman

The Managing Director of Golden Harvest Group, a leading Bangladeshi conglomerate with business in information technology, commodities, logistics, food processing, agriculture, dairy, aviation, infrastructure development and real estate. Mr. Samdani is the Director of Sonali Life Insurance Company and Director of Nippon Express (BD) Ltd., a joint venture logistics company with its Japanese partner Nippon Express, the largest logistics company in Asia and the 7th largest logistics company in the world. Mr. Samdani is the founder and trustee of Samdani Art Foundation , organizer of the world largest South Asian Art summit the Dhaka Art Summit.

He is also the founding committee member and Co-Chair of South Asian Acquisition Committee of Tate Museum, United Kingdom, and a member of International Council. He is one of the founding members of Harvard University South Asian Arts Council, USA. Mr. Samdani is also a member of Alserkal Avenue Programming Committee, Dubai.



**Mr. Mohius Samad Choudhury**  
Member

The Director Operation of Golden Harvest Agro Industries Ltd. looking after the overall operation, set strategic goal, plan and monitor day to day business, evaluate overall performance. 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.”



**Ms. Nadia Khalil Choudhury**  
Member

An energetic business person with innovative ideas and concepts, is a Director of Golden Harvest Agro Industries Ltd. and other units of the group. Ms. Nadia Khalil Choudhury is actively involved in different social activities. She is the Founder and Director of Samdani Art Foundation and the Co-Founder and President of Samdani Art Foundation. She is an avid art collector and well known for her art philanthropy.

Ms. Choudhury has also contributed articles for various international art magazines and art columns, She is a Director of Khalil Group, an advisor to Bangladesh Human Rights Foundation and also the Trustee of Taher Ahmed Choudhury Charitable Hospital (TACCH) & Alvina Samdani Trust.

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.



**Ms. Rojina Akhter, FCA**  
Member

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



**Mr. Nirmal Chandra Sardar**  
Member Secretary

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

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



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

		Company Names											
		Golden Harvest Agro Industries Ltd.	Golden Harvest Commodities Ltd.	Golden Harvest Food Works 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.
Name of Directors													
1	Ahmed Rajeeb Samdani	√	√	√	√	√	√	√	√	√	√	√	√
2	Mohius Samad Choudhury	√	√	√		√	√	√	√	√		√	√
3	Enamuzzaman Chowdhury	√					√						
4	Azizul Huque	√	√				√	√					
5	Nadia Khalil Choudhury	√					√		√				
6	Moqsud Ahmed Khan	√											
7	Matthew Graham Stock	√											
8	Faisal Ahmed Choudhury	√											
9	Advocate Alena Akhter Khan	√											



Golden Harvest Agro Industries Ltd.

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# Chairman's *Message*



**Enamuzzaman Chowdhury**  
Chairman

In the near future, we plan to increase our line of products by introducing new brands, in line with evolving customer demand and changing lifestyle. The Company will also take the necessary measures to attain Halal certification for our products to further deepen the trust of our customers in our products.

The initiatives to implement the Cold Chain Network and the plan to attain the Halal Certification for its products underline the company's ambitions to further solidify its hold in the market.

The Company will continue its goal to make products from better ingredients to honour its promise of providing food products with great taste to its customers. Golden Harvest will continue to make inroads in the market and diligently market its products to its customers.



## Dear Shareholders,

It is with immense pleasure that I present you with the Annual Report and the Audited Consolidated Financial Statements of Golden Harvest Agro Industries Limited for the financial year ended 30 June 2017.

I am extremely pleased to report that Golden Harvest Agro Industries Ltd has delivered a total comprehensive income of Tk.187 million for the financial year ended 30 June 2017. With a growth of nearly 7% over the last year, your company generated a consolidated sales of Tk.1526 million. Operating profits grew by 5.90 % compared to previous year, and net profit after tax went up by 4.47 % over previous year. All of this was achieved in spite of the numerous challenges the Company faced, including increased market competition. Asset growth and increased focus on storage and improved distribution networks helped the Company to deliver another splendid performance and solidify its market position.

## Building our Brand

Golden Harvest retains its lead position in the frozen foods market, with distribution throughout the country, engaging numerous suppliers and retailers through its value chain. In a given year, GHAIL delivers its products to some 38,500 high value retail clients. Our products continue to retain their innovation, quality, and most importantly the trust of our customers. This has been made possible owing to our ommitment to quality control and improved distribution, so that our customers are never dissatisfied.

The Company's Ice Cream

"Bloop", which gained quick recognition and market share, continues to develop and expand, and our quick service restaurant brand "2GO" started making its mark in the fast food restaurant market in the city. 2GO has expanded exponentially through franchises and we are confident of increasing our revenue in the upcoming financial year.

The Company has focused both on backward and forward linkages, evidenced by the launching of the Dairy Project in Sylhet, which is currently maintaining full production.

In the near future, we plan to increase our line of products by introducing new brands, in line with evolving customer demand and changing lifestyle. The Company will also take the necessary measures to attain Halal certification for our products to further deepen the trust of our customers in our products.

During this financial year, new products and services were introduced to our customers which were well received by our customers.

## Sustainable Sourcing

Golden Harvest Agro Industries Ltd. has invested heavily over the years to develop and maintain a sustainable and environmental friendly network of small and medium scale farmers within the rural communities for the procurement of fresh and healthy meat, vegetables, spices and milk. The Company has always been fair to its suppliers and motivated them to provide the best of raw materials through guaranteed prices and continuous technical support for increasing and sustaining

production levels. Suppliers are regularly advised by our team of technical experts and specialists for the best agricultural practices so that both the environment as well as the production of raw materials are sustained.

## The Team

The Golden Harvest team of 1,060 employees go above and beyond their duty to promote the Company's brand, its products and services, and in the process generate value for you the shareholders. Employee development and retention programs are implemented by the Human Resources Department of the Company to nurture and develop talent within the company so that they are driven to bring out their best for the company. Our factory and distribution teams are governed by a cooperative policy which provide them with the necessary benefits, as they are central to our daily operations. They continue to demonstrate operational excellence through improvements in the distribution processes, and through their commitment to research and development for better and healthier food products.

## Dividend

The Board has recommended a dividend payout of 10% as stock dividend for this financial year, given the profits the Company has made.

## Governance

Your company has always strived to implement the Code of Best Practice for Corporate Governance, an accomplishment highlighted by

the honour of Silver Award received at the ICSB Awards for 2016. The need to strengthen corporate governance also stems from the fact that the company is publicly listed and is required to uphold transparency and ethics for its shareholders. The Executive Committee has been formed to ensure high level oversight on the operations and activities of the business, through regular monitoring of operational issues and the necessary intervention and decision making whenever required.

#### Future Prospects

The Company has held onto its position at the top of the frozen foods industry, in spite of the numerous challenges and increased competition it faced in this financial period. It is ready to implement the necessary changes to overcome those challenges in the near future as it plans to unveil a new line of products and an improved distribution network for ensuring the quality of its products. The initiatives to implement the Cold Chain Network and the plan to attain the Halal Certification for its products underline the

company's ambitions to further solidify its hold in the market.

The Company will continue its goal to make products from better ingredients to honour its promise of providing food products with great taste to its customers. Golden Harvest will continue to make inroads in the market and diligently market its products to its customers.

#### Acknowledgements

I would like to congratulate the team at Golden Harvest for another outstanding performance, and also for bringing about the necessary changes when they were urgently needed. They overcame significant challenges through their focus on operational excellence and improved execution.

I also extend my sincere appreciation to our customers for maintaining their loyalty and trust towards our products. I promise we will do our outmost to provide them with better products in the future.

To our strategic partners and their representatives on the Board who have provided guidance, know-how and access to markets along with their industry insights which enabled us to negotiate through a difficult path in uncertain times, I extend my sincerest appreciation.

This year, the 13th Annual General Meeting will be held on 21st December 2017. I thank our Finance team and our External auditors for their commendable efforts for the preparation and release of this Annual Report.



**Enamuzzaman Chowdhury**  
Chairman



Golden Harvest Agro Industries Ltd.

# Managing Director's *Message*

TO BOSS  
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**Ahmed Rajeeb Samdani**  
Managing Director & CEO

**A growth of 6.86% for revenue (consolidated) and 6.58 % for Gross Margin was achieved. Earnings per share was Tk. 1.89, an increase of 5 %, and net assets per share was Tk. 22.20, with a total comprehensive income of Tk.187 million.**

The Company was awarded the First Prize at the 2016 South Asian Federation of Accountants (SAFA) Awards, for the Best Presented Annual Report in the Agricultural sector, and won the First Prize at the 17th ICAB National Awards from the Agro sector for the Best Presented Annual Report, for the third consecutive year.

Golden Harvest Agro Industries Ltd. has managed to dominate the market and retain its position as the leading frozen foods manufacturer maintaining Product quality which is the ultimate priority for the health and safety of our consumers, and we hope to attract more market share in the future.

## Dear Shareholders,

With enormous delight, I present you the annual report and the audited financial statements of Golden Harvest Agro Industries Ltd. for the year ended 30 June 2017.

Our expertise, team strength, diversification and operational excellence, supported by strategic alliances have helped us to navigate through the challenges and other market dynamics we faced in this financial year, and further strengthen our position in the market.

The financial performance presented in this Annual Report and Financial Statements for the year ending 30 June 2017 underlines the resilience and decisiveness of our Company to meet the business expectations and achieve major milestones.

Alongside our review of the consolidated group performance for the financial year ended 30 June 2017, we will unveil our future plans to propel Golden Harvest Agro Industries Ltd. to new heights in the future.

## Frozen Food Operations

Defying industry trends, GHAIL's frozen food operations performed well staying on track to achieve the target KPI's for the current financial year. Revenue grew by 0.4% year-on-year from BDT 624.4 million in the previous year to BDT 626.9 million for 2016/17, while profitability rose by a creditable 4.65% to BDT 187 million in 2016/17 from BDT 178.7 million a year ago. At a time when the industry was crumbling under the pressure of increasing raw material prices caused by a demand and supply mismatch in local markets, the remarkable results achieved by GHAIL are indeed a testament to the adaptability of our business model in response to market dynamics.

I am particularly pleased with the results achieved through our yield maximization initiatives, which have pushed up GHAIL's yield-per-man-hour to 2739.4 Kgs the highest ever.

Profits from the frozen foods operation was pulled down significantly by a higher cost of production, which rose primarily due to an increase in purchases driven by price hikes of raw materials, from BDT 297.7 million in 2015/16 to nearly BDT 325.6 million in 2016/17, an increase of 9.36% which has taken out a huge chunk of our profits this year. Even in such market conditions frozen foods operations managed to pull an increase in profits, which was partially helped by a drop in manufacturing expenses, which decreased by 0.4% in spite of increases in salary allowances and other costs, and eventually prevented a further decrease in profits.

For our part, we took proactive action to reduce costs while at the same time maintaining the quality of our raw materials for our frozen foods products. Measures included increased market visits by Supply Chain to find and source the best of raw materials at the least possible prices wherever possible.

## Performance of Subsidiaries

Golden Harvest Ice Cream Ltd performed positively during the year under review. The revenue increased by 9.39 % to BDT 877.5 million from the BDT 802.2 million generated in the previous year. Such a feat was possible due to the introduction of new product segments, which included the Bloop Mini cup series, and other products, which proved to be immensely popular with consumers, especially those in the rural areas due to their lower prices. Revenue from the rural areas also increased due to improved distribution which helped us to reach areas which were not previously under our coverage. Concurrently we increased our number of distributors, improved our distribution networks, and continued improvement of our existing products to capture more customers.

Golden Harvest Dairy Ltd. reduced its losses significantly to BDT 6.83 million from BDT 12.91 million in 2016/2017, the production increased

by 18 times as capacity utilization rose to 278,120 Kg during the year under review from 15,690 Kg in the previous period. Previously only a few distributors and large scale buyers were the major source of revenue for GH Dairy. However, from this financial year, GH Dairy has started to sell and supply milk to retailers, and households are now a significant consumer of Dairy products.

Golden Harvest QSR Ltd. was the Company's venture into the fast food restaurant market and also further highlighted the Company's determination for backward integration between its subsidiaries, so that more of the Company's products are promoted and sold directly to consumers. Our quick service restaurant brand "2GO" has started to come in its own in the 2016-2017 financial year. In spite of initial challenges, the subsidiary has managed to generate BDT 11.3 million by the end of the financial year. Since then, 2GO has expanded exponentially through franchises, in spite of increased market competition and continues to generate value for the company and eventually for you, the shareholders.

## Group Results

For financial year 2016-2017, the company has yet again delivered another outstanding performance, superior to the one achieved in the previous financial year 2015-2016, evidenced by the company's growth of 5.58 percent in consolidated Profit after Tax as well as earnings per share.

For the year ended 30 June 2017, a growth of 6.94% for revenue (consolidated) and 6.58 % for Gross Margin was achieved. Earnings per share was Tk. 1.89, an increase of 5 %, and net assets per share was Tk. 22.20, with a total comprehensive income of BDT 187 million. This demonstrates the emphasis of the company on margins and growth in certain dedicated areas.

This laudable performance was achieved during a period marked

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

#### **Dividend**

Considering the growth achieved in this financial period, the Board of Directors, in the 120th Board Meeting held on 2 November 2017 proposed a dividend payout of 10% as stock dividend for this financial year ended 30 June 2017, for the approval of the shareholders in the upcoming 13th AGM of the Company.

#### **Accolades and Honours**

Throughout its journey, Golden Harvest Agro Industries Ltd. has won many awards for its products, corporate governance, and financial reporting and presentation.

The Company was awarded the First Prize at the 2016 South Asian Federation of Accountants (SAFA) Awards, for the Best Presented Annual Report in the Agricultural sector, the highest honour that can be bestowed upon an entity for financial statements presentation in the country. Previously it was also awarded 2nd Runners Up Prize (joint) in the Agricultural category at the 2014 SAFA Awards.

GHAIL has also received awards from national bodies on multiple occasions. It won the First Prize at the 17th ICAB National Awards from the Agro sector for the Best Presented Annual Report, held in November 2017 for the third consecutive year.

For excellence in Corporate Governance, the Company was awarded the Gold Award by the

Institute of Chartered Secretaries of Bangladesh in the 2014 National Awards in the Food and Allied Category, and won the Silver Award twice in the two subsequent financial years, the last being at the 4th ICSB National Awards held in November 2017.

Other awards and prizes include the Grand Prix Award in the packaging category, in the Brand Forum Commward 2015, for our Ice Cream Brand, "Bloop", and the DITF 2016 award for second prize in the food stall category.

All these awards and recognition reveal our operational and entrepreneurial excellence, the quality of our products, the reputation of our brands, and good corporate governance. We have yet again retained our position as the dominant brand for frozen foods and our reputation of consistency.

#### **The Team**

Our team of around 1,060 personnel are the critical factor behind the success of our Company. Their talent, proficiency, dedication, and hard work have made it possible for us progress through the adversities we faced in this financial year. We are committed to create a professional and progressive workplace where they are given the room to demonstrate and develop their abilities, nurture their skills, advance their careers, and are motivated in the process to deliver their best for the company. The company has made investments towards the development of its employees in all the sectors of the company in order to develop both the technical and soft skills for our employees, and provide guidance to high achievers to take more proactive and leadership roles. Annual appraisals are carried out and training programs have been arranged on numerous occasions. Month end incentives and bonuses are given to the highest performers after the appraisals have been carried out.

#### **Upholding the Best Practices**

Bangladesh in the last few years have seen an exponential increase

in the adulteration of food products, mainly due to the usage of harmful chemicals and substances used for agricultural purposes.

Golden Harvest Agro Industries Ltd has made tremendous investments for developing a sustainable and environmental friendly procurement network for sources of meat, vegetables, spices, and other raw materials for the making of its products. The network has been developed and set up in rural communities and includes mainly small to medium scale farmers supplying the company's requirements through contract manufacturing. They are also encouraged to provide us with the best products through excellent prices guaranteed by the company. We have always been fair to our suppliers and our team of technical experts and specialist provide us the knowledge and guidance to ensure that quality is maintained through awareness of best practices and strict and regular monitoring. In the long run, we hope to turn these loose chain of networks into something more cohesive, an organized group of suppliers who will be able to deliver on the same scale as our bigger suppliers.

#### **Environmental Stewardship**

With our business activities closely associated with natural resources, we understand our responsibility to the environment and strive at all times to position GHAIL as a responsible and environmental friendly entity. As part of GHAIL's "Green" strategy, the Company has taken the initiative to use natural fertilizer for the cultivation of crops and plants, and plans to acquire a huge portion of the fertilizer from the GH Dairy project, which is a major producer due to its cattle herd. Moreover, our integrated Environmental Management System has been developed to be assimilated in the industrial park we are currently in the process of developing at our Fatehpur Estate, in Sylhet. The entire area covers some 58 acres of land, which we plan to keep as natural as possible through the plantation of trees and



other plants within the area, and integrate environmental friendly measures within the modern infrastructure and facilities that will be built there. In addition to its own power generator, which will be powered by bio gas, the park will also have both water treatment plant and effluent treatment plants for better waste management and the reduction in emission of harmful substances.

Similarly, at our Gazipur plant, we plan to install water treatment plant and effluent treatment plants (ETP) for the reduction of waste discharged by the factory production and for better waste management. Given its location, it has become imperative to implement advanced methods to treat industrial waste water, the discharge of which is harmful for the environment and the surrounding population within the area. Since Golden Harvest is committed to uphold its promises to

all its stakeholders, the Company will do everything within its means to implement this project.

### The Path Ahead

Even after the flare-up of raw material prices and the amplified competition faced by the company in the financial year 2016-2017, Golden Harvest Agro Industries Ltd has managed to dominate the market and retain its position as the leading frozen foods manufacturer, helped by its product quality and an unparalleled network of distributors and suppliers. Given the country's surging population and the increasing demand for ethical sourcing and healthier foods, the Company will have to rigorously develop itself and improve its distribution systems to hold on to its position, so that it can continue to deliver on its promise to its consumers of quality food products . Product quality will remain the ultimate priority for the health and

safety of our consumers, and we hope to attract more market share in the future.

### In Appreciation

My heartiest congratulations and appreciation goes out to the senior management team and staff at Golden Harvest for another outstanding performance, and their efficiency in executing the strategy and vision we have set out for our company for increasing the wealth of our shareholders. We also sincerely thank our consumers, suppliers, shareholders, and financial lenders for their continuous and unwavering support towards our cause. Last but not least, I express my sincere appreciation to my fellow members of the Board for their leadership, industry insight and business acumen.

## 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

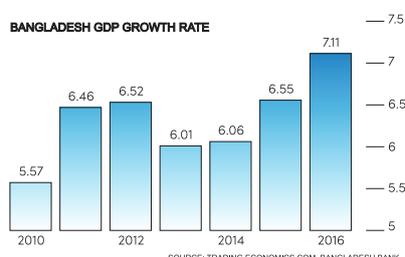
# Directors Report

## 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 Europe and 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 service activities reflect 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.



### Short brief of entities within the group

#### Golden Harvest Agro Industries Ltd.

GHAIL remains the market leader in processed ready to cook frozen products with stable value chains engaging 91 distributors, and over approximately 21000 retailers. Our products continue to have the highest top of the mind brand recall amongst consumers supported by a commitment to high quality, reinforced by attention to consumer convenience and availability. We continue to innovate in the development in our products and have improved our products by replacing additives with natural ingredients. The Company will continue to enhance our portfolio in line with evolving consumer needs and lifestyle. As at the end of the financial year, the Company holds a share of 25% in a market worth BDT 1.44 Billion, clearly signifying its position as the leading manufacturer of frozen foods in the industry.

Golden Harvest Agro Industries Ltd., incorporated in August, 2004 as a private limited company, is now today a publicly listed company, with its shares traded in the Dhaka Stock Exchange, and its operations and distribution coverage spread over the entire country.

GHAIL diversification strategy led it to invest in subsidiaries, which now manufacture and service a diversified range of products. It currently holds 99.99% of shares in GH Ice Cream, 75% of GH Dairy and 30% of GH QSR.

These initiatives of enhancing product portfolio and investment in diversified areas underscore the fact that the Company is being led by visionaries who are ready to steer the Company through every hurdle or barrier may come in its way in the near future.

#### Golden Harvest Ice Cream Ltd

Formerly known as Golden Harvest Sea food and Fish Processing Limited, the company was renamed to Golden Harvest Ice Cream Ltd in the year 2013 through the Registrar of Joint Stock Companies. The subsidiary, whose 99.99% shares are owned by Golden Harvest Agro Industries Ltd, was setup for the Company's move into the popular ice cream market in the country, and the Company's brand "Bloop" soon became popular among consumers.

Initially, the brand grew quickly and soon established itself as a popular ice cream brand in the country, reaching the 7th position in the industry. Soon, in spite facing stiff competition over the next two years, its market position rose from 7th to 3rd position. This was possible due to the company introducing a large product line consisting of premium and regular segment of stick, cone, cup, tub, and mini-series of ice cream, the latter which has generated sales both from urban areas as well as rural areas. At the end of our financial year in review, total market share of the subsidiary stood at 9 % in a market worth BDT 10 Billion. The subsidiary's plant is located at Gazipur and is supported by the supply chain and distribution system of the Company.



### Golden Harvest QSR Ltd

Launched towards the end of the year 2015, Golden Harvest's Quick Service Restaurant was the Company's entry into the fast food industry.

The fast food outlets, branded as "2GO", are located at various locations in Dhaka City, and sell the wide range of products, including those manufactured by the three subsidiaries of Golden Harvest. Ever since its launch, QSR management has actively monitored updated the menu offered in its outlets and has always tried its best to provide a clean and comfortable environment in its outlets so that customers can enjoy quality food while relaxing at the same time. 2GO outlets have proved to be extremely popular to customers of all sorts, particularly the students of schools and colleges located near the outlets.

Initially facing steep challenges and requiring huge sums of money for investment, the brand which started with only a single outlet, now has expanded to ten (10) outlets, three of which are owned by the Company, and seven which are franchisees of the entity. The franchise arrangement with different enterprises was the breakthrough for the brand and ultimately drove its revenue growth. Each franchise receive products from the Company and eventually sells them to consumers. This has generated tremendous revenue for the Company's products and hopefully will continue to do so in the near future. The Company is focusing on increasing the number of franchises to around sixty (60), which will help to establish "2GO" as the most accessible and visible fast food chain in the city.

Given the increase in per capita income of the general population in the city, and the growing demand for unique and delicious fast food within affordable prices, it can be said there is huge scope for this venture and plenty of room for growth despite the increased competition and introduction of more entrants in to the fast food restaurant market.



Franchisee opening ceremony held for 2GO outlets

### Golden Harvest Dairy Ltd

Golden Harvest Dairy Ltd came about as the Company's decision to meet the ever growing domestic demand for milk products. The dairy sector is heavily reliant in import of milk from abroad, and there was a substantial gap between demand and supply in the country, a scenario which

encouraged the Company's senior management to go for this bold venture. Since it already had acquired extensive knowledge and expertise in the agro sector, the Company was soon able to setup its state of the art facilities at Gowainghat, Sylhet spreading over more than 7 acres of land with indoor herd management measures.

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

Previously, GH Dairy sold its products only to large buyers and wholesalers, which brought in a respectable amount of income. However, the Management decided to start selling milk products, including the ½ Litre Packs to retailers which has ultimately led to income growth by making the Company's dairy products readily available to household consumers. This has made Dairy's products which includes Ghee, Yogurt, Paneer, and Mozzarella Cheese, aside from its milk products, highly popular among retail consumers and has further raised the Goodwill of the Company.

## Golden Harvest Dairy Firm



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

### 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.

### Product Responsibility Framework

#### Our Pledge

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

#### Products and Services Policy

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.

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

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

Our customer engagement processes include customer surveys to obtain objective feedback about the quality of our products and the customer experience. Results from surveys are positive and demonstrate growth in customer satisfaction levels. We also engaged with consumers through events and promotions which served to increase awareness of our products amongst consumers whilst adding



ISO 9001:2008



ISO 22000:2005



BSTI



ISO 9001:2008

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.

### Product Responsibility and Customer Health & Safety

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

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

### GHAIL Food Safety Policy

#### Vision

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

#### Food Safety Policy

- Maintaining ISO 22000:2005/ HACCP standard for food safety

management systems (FSMS) to ensure the safety and quality of product

- Periodically reviewing the FSMS to ensure continuous improvement of the effectiveness of the FSMS.
- Communicating the policy to all levels within the organization and ensuring that it is adequately understood
- Motivating employees to achieve required competencies through adequate training and a well-managed system of recognition and rewards
- Ensures that the company complies with all relevant applicable statutory and regulatory requirements.

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

### Product and Service Labelling And Compliance

For Tea, GHAIL adheres to the labelling requirements specified by

the Bangladesh Standard And Testing Institution (BSTI), which is stenciled onto each package and include the following;

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

### Halal Certification

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



## Our Products Lines

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

Description	Our Products
 <p>75 varieties of premium quality frozen food products of snacks, ready to eat foods, finger foods like; Chicken Nuggets, Chicken Sausages, Fish Fingers, French Fries, Spring Rolls, Paratha, Samosa etc.</p> <p>This range generates 40.76% of Revenue</p>	
 <p>40 various variants including sticks, cups, cones, calippo, sorbets, tubs and many more.</p> <p>This range generates 57.06% of Revenue</p>	
 <p>Zingy Burger, Fried Chicken, Milkshake, Twisty Wrap and many more.</p> <p>This range generated 0.74% of Revenue</p>	
 <p>Raw milk.</p> <p>This range generated 1.45% of Revenue</p>	

## Our Channels and Distribution Network

A network of over 250 distributors ensure availability of our products in over 38,500 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.



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 Island 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 farms and a very small quantity of raw materials are sourced from few suppliers. Consequently it has a three tier structure for managing its supply chain which takes into consideration the support required to facilitate their growth.

**Tier 1** supplier refers to Golden Harvest and all its holdings as the primary supplier. The Company has its own agricultural land in Sylhet. Cultivation is carried out on some 50 acres of land. The vast majority of the area is used to grow grass as cattle feed for the cow herd. The remaining area has been set aside to grow seasoned vegetables, and fruits such as pineapples, mango, and guava. Some 10 acres of the land is cultivated to grow potatoes which, incidentally is used by GHAIL for production of its french fries. Other than this, spices and vegetables essential for production of frozen foods are also grown within the area.

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

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

**Tier III** suppliers are typically 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:**



**GHAIL's own cultivation**



### Cold Chain Network

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

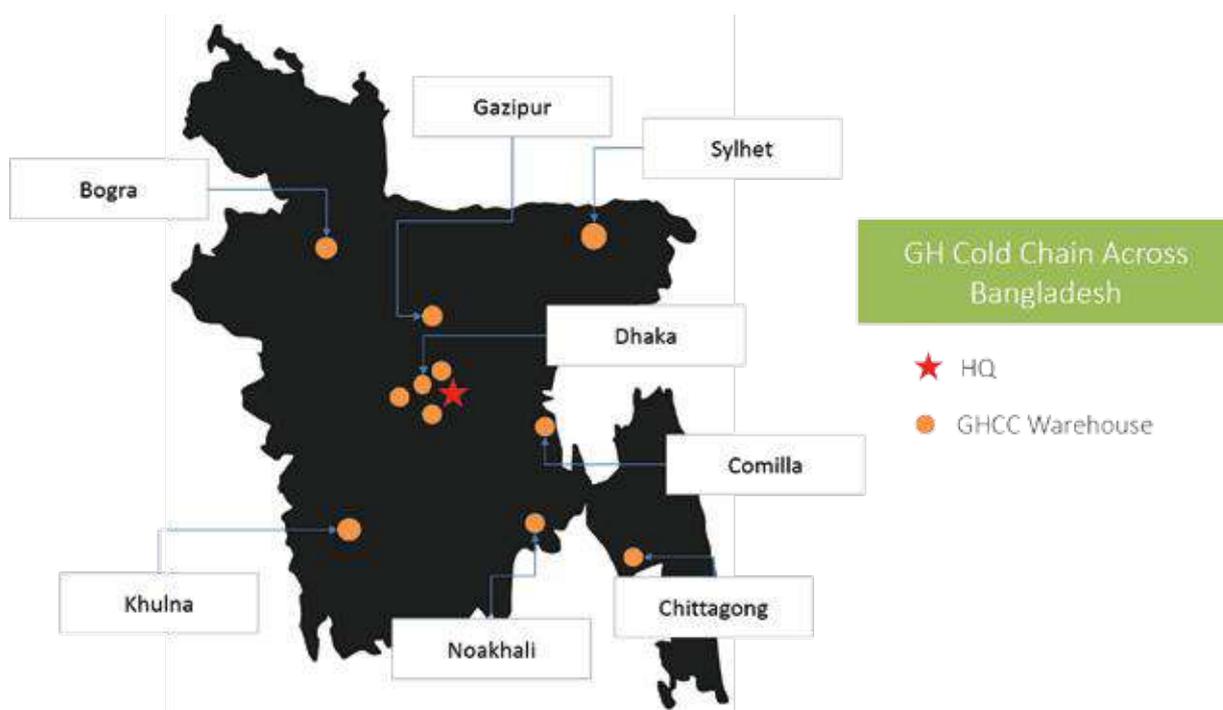


Golden Harvest has developed international class cold chain infrastructure, to cater to its diverse business interests like Frozen foods, Dairy based products, QSR products, Ice Cream, etc. As the pioneering entrant in the then frozen foods emerging market, Golden Harvest has created a strong image of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

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

Golden Harvest operations comprised of 21 temperature controlled warehouses across 11 locations with a storage capacity of 210,000 liter in Bangladesh including Dhaka, Gazipur, Chittagong, Noakhali, Comilla, Sylhet, Khulna, Bogra, etc. Further, as of 30 June 2017, Golden Harvest operates 54 refer vehicles with stringent temperature control and monitoring system.

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



**Building Our Brand and Reputation**

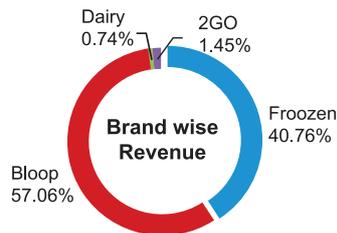
GHAIL is the market leader in processed meats which is gaining popularity as Sri Lankans lifestyle is changing with a higher focus on ease of preparation. Our products are marketed under three brands which offer different value propositions to our customers. The Golden Harvest rangeready to fry range of snacks and meat items have wide appeal and are available throughout the country. The Bloop brand of Ice Cream are also becoming very popular. Newly launched 2GO brand ready to eat fries product in 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 geographical and other segments, enhancing high levels of brand recall. Our reputation relies on the quality of our products and we invest significant resources to ensure that suppliers, distributors and our employees understand our values, commitment to quality and the systems, processes and controls that have been put in place in this regard. Investments in technology enable us to monitor critical aspects of our supply chain and distribution to ensure that products reaching consumers conform to specified standards. Revenue growth, market leadership and high levels of brand recall are testimony to our success in building our brand and reputation.

Brand 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 PohelaBoishakh which not only entertained the viewers but also bought the brand closer to the consumers.



**Brand Activities**



**Pohela Boishakh 1424**

Is one of the biggest national event in Bangladesh. Most of the company arranging consumer engagement activities in large scale Golden Harvest is one of them to promote "Bloop" Ice Cream in market.



**Yummy Fest! September 3,4 & 5**

Golden Harvest arranged "Yummy Fest" at Sonargaon Hotel including Art competition.



**International Mother Language Day**

Golden Harvest took part in International Mother Language Day which is the worldwide annual observance held on 21 February to promote awareness of linguistic and cultural diversity and promote multilingualism.

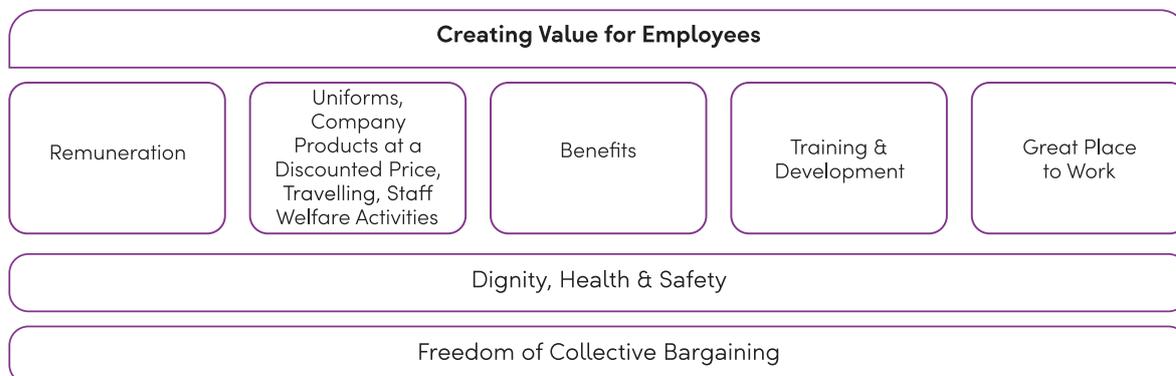


**Concert at Pohela Boishakh 1424**

Golden Harvest always tried to understand consumer behavior & ensure their presence via different sort of activities.

## Human Capital

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



### Governance, Culture & Ethics

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

A comprehensive 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 employees 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	2016-2017	2015-2016	2014-2015
AGM & Above	5	8	7
Manager / Senior Manager	18	18	12
Assistant Manager / Deputy Manager	30	26	18
Executive / Senior Executive	98	92	82
Junior Officer / Officer	186	178	140
Technical & Others	129	116	95
Casual Workers	594	572	490
<b>Total Workforce</b>	<b>1060</b>	<b>1010</b>	<b>844</b>
Male	777	735	664
Female	283	275	180

**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 & fringe benefits are determined by the reference to the external market, internal equity and affordability.

**Health and Safety**

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

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

It is proudly observed that there were no major accidents reported during the year under review and

the attendance of associates did improve appreciably. We did not experience any major injuries, occupational diseases, lost days or work related fatalities in any of our operations.

### Looking Ahead

The consumption of 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.

### Hydroponic Grass

Golden Harvest plans to implement Hydroponic grass, more commonly known as Hydroponic fodder project for its Dairy project in Sylhet in the long term. The Company's senior management believe that such an initiative will benefit both the Company as well as the environment. However, is a scientific method of growing grass without the usage of soil or land cultivation. Growing animal feedstock hydroponically is a relatively new

trend. There are several advantages to growing fodder hydroponically which include animals getting feedstock that has no pesticides or herbicides, is of high quality, and uses very little water. It will help to boost milk production by 10-15 percent and a milk cow needs food of around Tk 300 daily while the cost drops below Tk 200 if it is fed with hydroponic fodder.

### Biogas Plant

Biogas is one of the most popular forms of renewable energy currently used throughout the world. According to industry experts one cow produces enough waste to generate 3 Kilowatt Hour of energy. Given the huge cattle herd maintained at the GH Dairy farm, and the resulting waste that would be produced, the implementation of a Biogas plant is a very viable option. The Company would be able to save huge sums of money for power and electricity generation, and in the process fulfill its promise to save and protect the environment as unutilized cow manure could release large amounts of methane in the atmosphere and contribute significantly to global warming.

### Awards and Accolades

**17th ICAB National Awards "Best Presented Annual Reports 2016":** Golden Harvest Agro Industries Ltd. achieved the first prize in category of Agro Sector. It is conjunctive 3rd time first prize achievement of Golden Harvest from The Institute of Chartered Account-ants of Bangladesh (ICAB).

**SAFA Best Presented Annual Reports Awards 2016:** Golden Harvest has been awarded the 1st Prize by South Asian Federation of

Accountants (SAFA), an Apex Body of the South Asian Association for Regional Co-operation (SAARC) and a Acknowledged Accounting Grouping of International Federation of Accountants (IFAC). The award is a compliment of our commitment to intelligibility.

### 4th ICSB national Award 2016:

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

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

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

### Risks and concerns

Risk and 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.48.

## Financial Review

### Value Creation Report

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

### Financial and Manufactured Capital

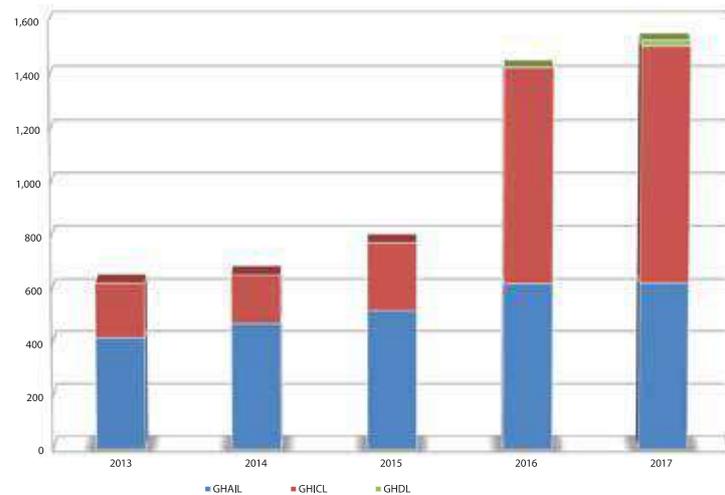
Golden harvest has maintained its growth line recording the highest growth in revenue and profits through regular structured investment in state of art manufacturing plants and machinery to manufacture high quality products, proactive research and development activities to come up with new and innovative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

Inputs		
Equity BDT. 2,200 Million	<b>Activities</b>	
Interest bearing borrowings of BDT. 3,262 Million	Total Property, Plant and Equipment BDT. 3,111 Million	<b>Value Outputs</b>
Market Capitalisation BDT. 4,559 Million	Total Non-Current Assets BDT. 858 Million	Earnings per share – BDT. 1.89
	Total Current Assets BDT. 2,011 Million	Earnings Attributable to Shareholders – BDT. 187Million
	Total Assets BDT. 5,981 Million	Dividends 2016/17 – BDT. 99 Million
		Interest Paid to Funding Providers – BDT. 262 Million

**1. Sales Revenue:**

The contribution to the group revenue from the frozen sector (GHAIL) and the Ice Cream sector (GHIL) was 42% and 57% respectively, whilst Dairy sector (GHDL) for the remaining 2%. Revenue growth witnessed in the past five years continued during the current financial year as well recording an increase of 6.94% with a total revenue of Tk. 1,527 million in 2016-17. This revenue growth was mainly due to increase in remarkable sell of Ice Cream as well as effective engagement with distributors and aligning market activities to our core products.

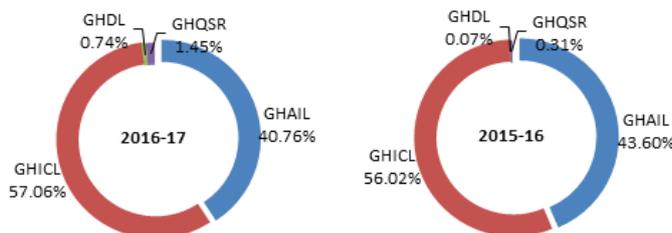
Group Turnover



**Segmental turnover**

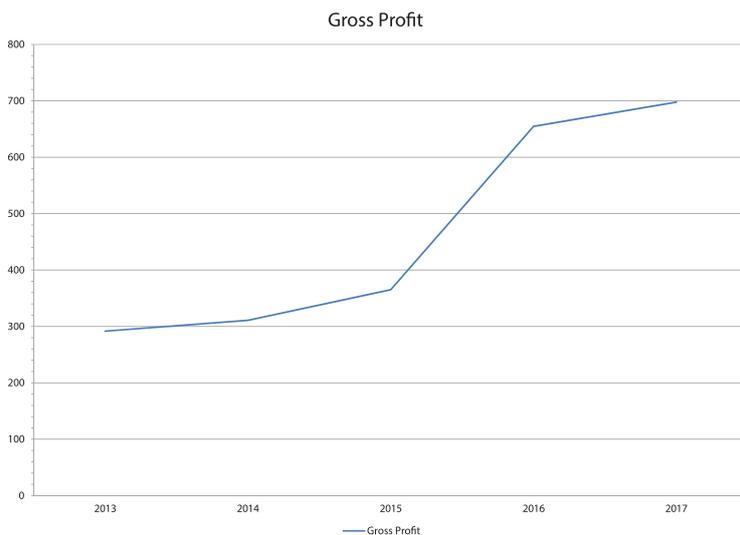
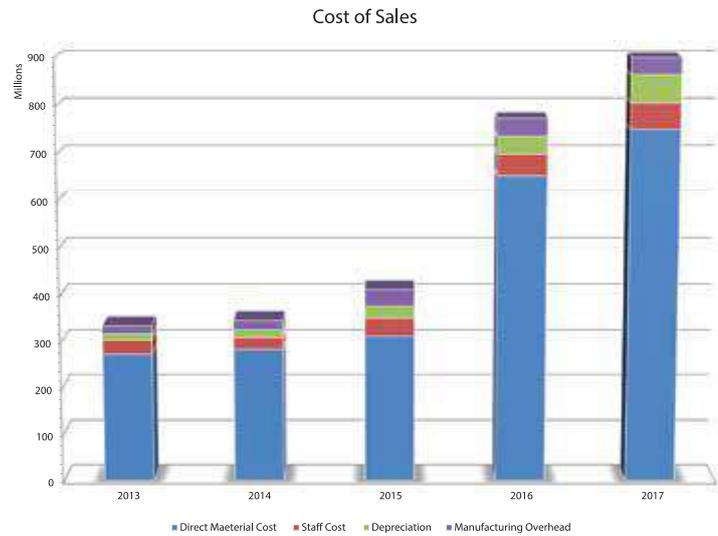
The group’s frozen segment revenue of BDT 626 million was made up of 66% from snacks and 34% from milk based products. GHAIL contribution remains insignificant for maintaining high quality and reinforced by attention to consumer convenience and availability. The frozen food turnover for the year under review increased by .04% compared to the turnover recorded in the last financial year.

The group’s Ice cream segment revenue of BDT 876 million and for the year under review increased by 9 .39% compared to the turnover recorded in the last financial year.



## 2. Cost of Sales:

Establishment of out-grower models for vegetables Snacks, Meat Snacks, vegetables, Ice Cream and Dairy Products in previous years facilitated sustainable supply chain management with stability in prices, volumes, and most importantly, quality. Golden Harvest maintains the cost of raw materials at BDT 829 million where the cost of raw material was 49% of the company revenue. The comparative in the previous year was BDT 773 million which was 55% to the total revenue.

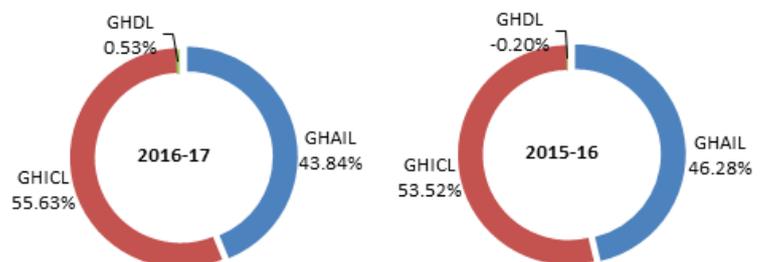


## 3. Gross Profit:

Gross profit improved by 6.58% over the previous year supported mainly by volume growth. Despite raw materials and labour cost increases the Company managed to improve the GP margin. This was supported by strong supply chain management processes in curtailing production costs. As prices are fairly elastic, a careful balance is maintained between raw material suppliers, customer, and employees which has enabled the company to maintain a healthy GP margin.

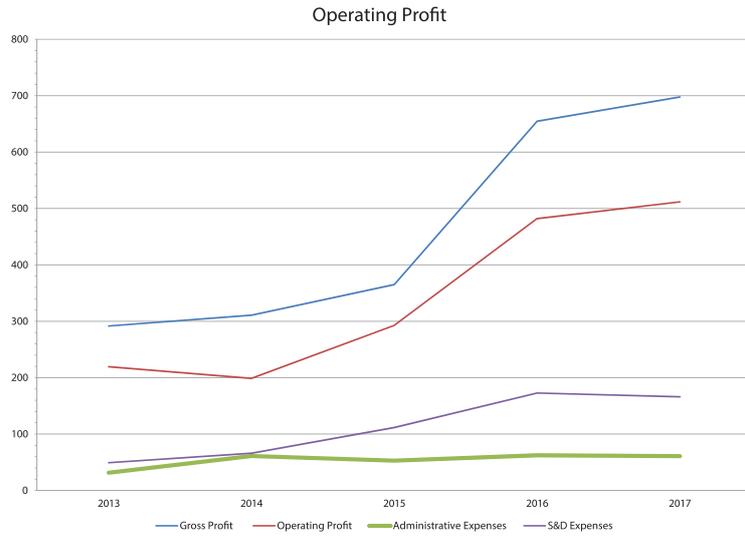
## Segmental Gross Profit

Ice Cream was the main contributor to gross profit, representing 54% amounting to BDT 388 m. while frozen food contributed 46%, which represents BDT 306 m. Contribution from other sources was BDT 3 m.

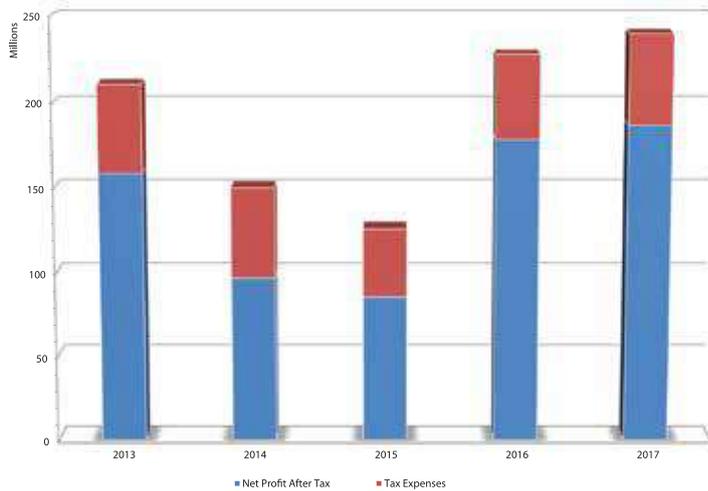


**4. Operating Profit:**

Golden Harvest recorded consolidated operating profit of BDT 512 million, an increase of 6.15% 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.



Net Profit vs Tax expenses

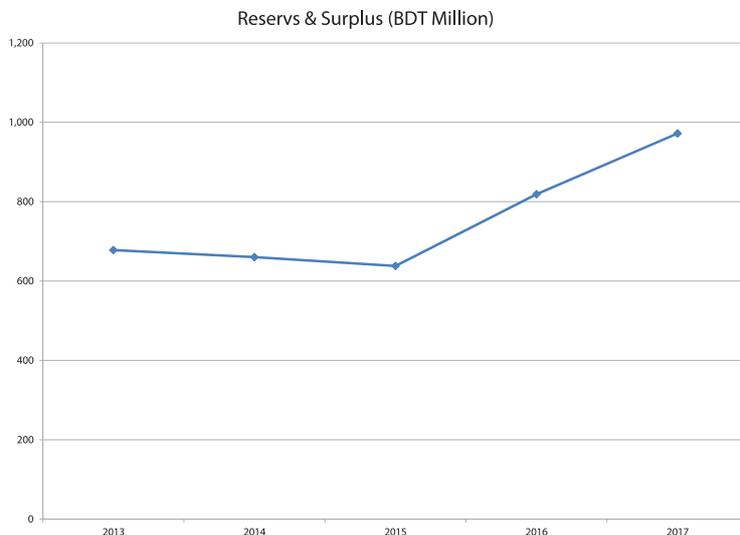


**5. Net Profit after Tax:**

Profit after tax amounted to BDT 187 million reflecting an increase of 4.63%. Taxation amounted to BDT 52.89 million, recording an increase of 7.35% mainly due to strong growth in profits during the year

**6. Reserves and Surplus:**

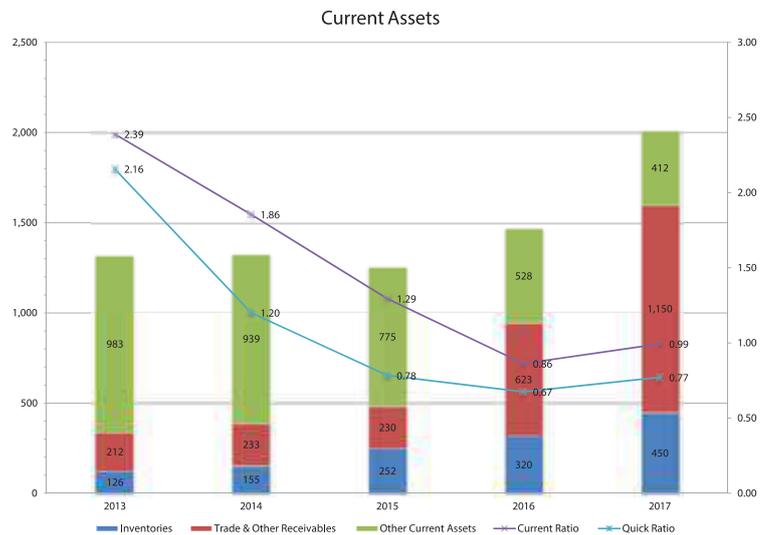
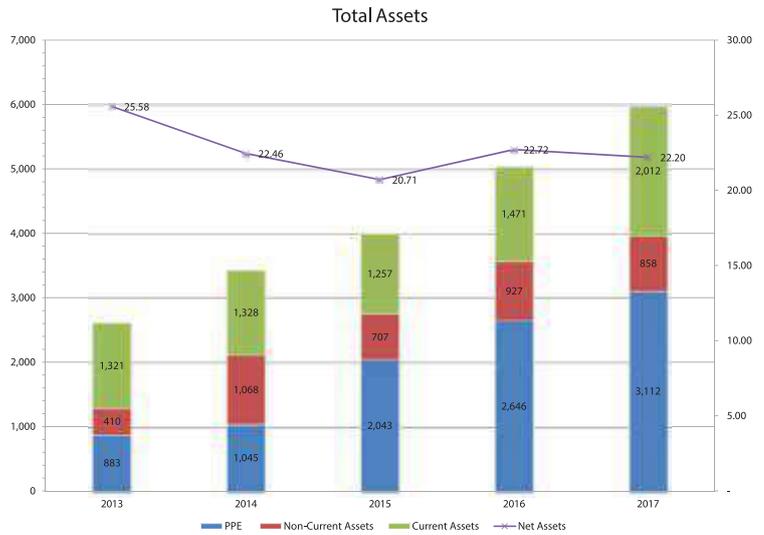
Reserves and Surplus stood at BDT 978 million compared to BDT 819 million in previous year.



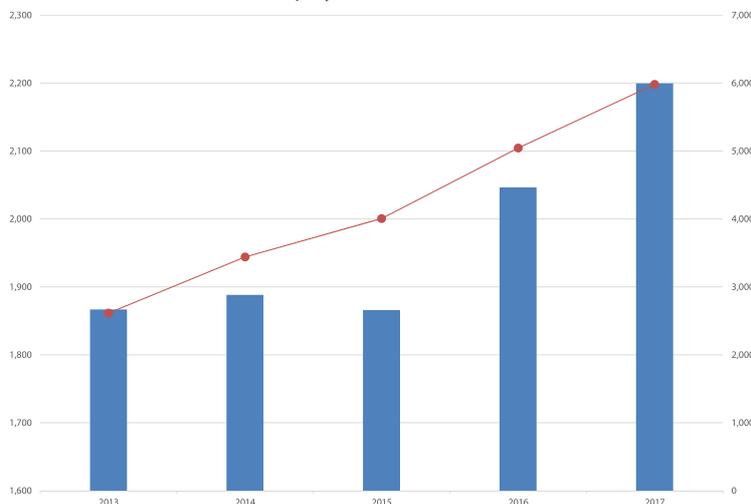
**7. Total Assets:**

The total asset at the Company increased to BDT 3,941 million from the previous year of BDT 3,067 million. The significant growth is because of addition to fixed assets and investment in subsidiaries.

Consolidated Total assets grew from BDT 5,044 million to BDT 5,981 million due to total growth of 18.57%, growth of current assets driven by growth in business volumes and 17.59% growth of Property, Plant & Equipment.



Shareholders Equity VS Total Assets (BDT Million)



**8. Shareholders' Funds:**

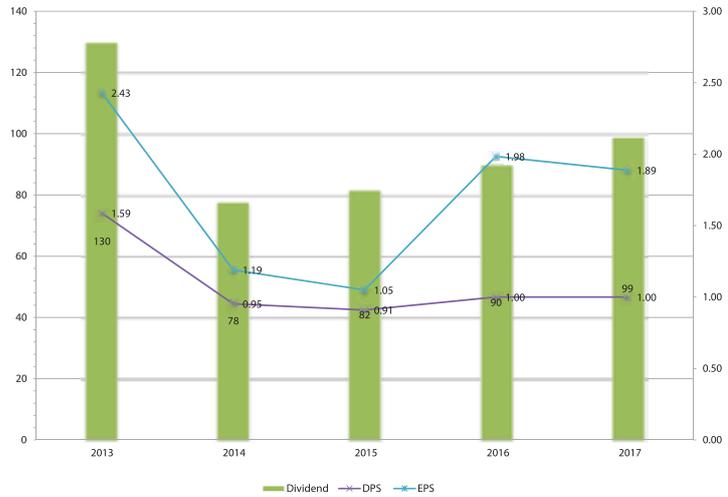
Shareholders' funds increased to BDT 2,200 million from BDT 2,010 million from the previous year representing a increase of 9.40% for the Company. The growth is small because of decrease in profitability and the payment of dividends amounting to BDT 99 million.

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

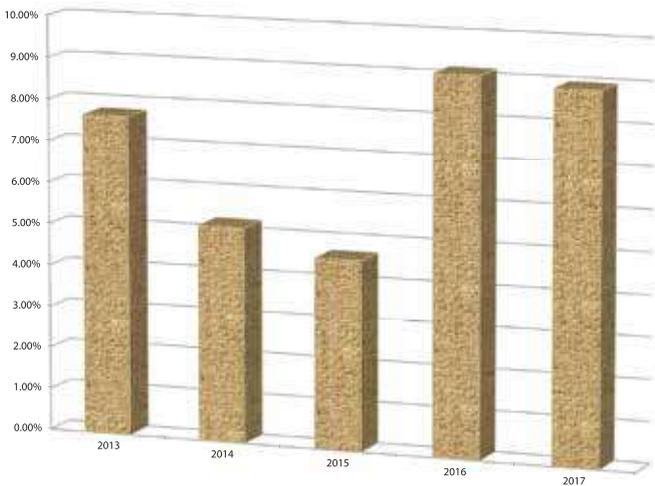
The Group EPS of reporting period is TK. 1.89 per share. In the previous year the EPS was BDT 1.80 per share. There is an increase of EPS by 4.86 % in reporting year due to increase in overall performance of the Company.

The strong financial performance enabled Golden Harvest propose 10% stock dividend . It is the aim of the Company to return to shareholders equity.

EPS And DPS



Return on Equity



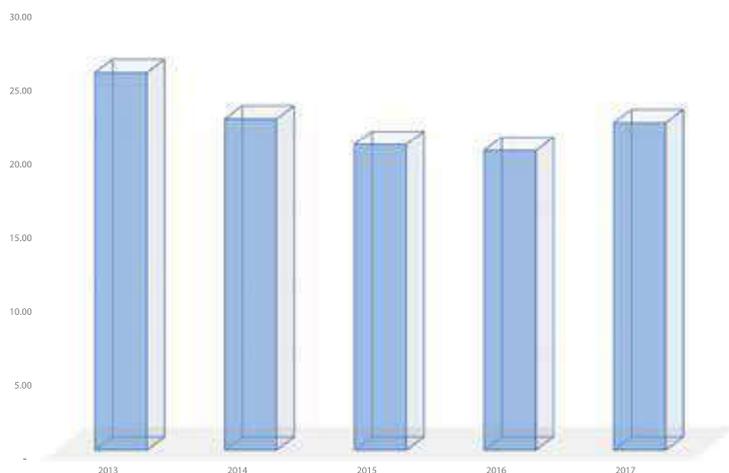
**10. Return on Equity:**

Return on Equity in the reporting year was 8.89% compared to 9.09% in previous year.

**11. Net Assets:**

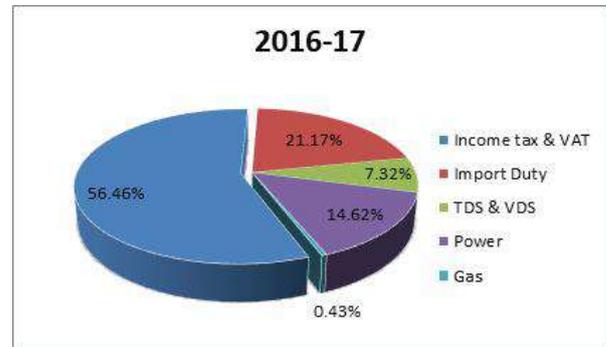
Net Assets in the reporting year was Tk. 22.20 compared to Tk. 20.29 in previous year. There is an increase of return by 9.39%

Net Assets



**Contribution to National Exchequer:**

GHAIL is paying and facilitating collection of Government's revenue. In 2016-17, we paid, collected and deposited a significant amount of Income Tax, VAT & Duties. All due and applicable taxes were paid, collected and deposited in time. During the year 2016-17, the group contributed to the government exchequer along with utility about a sum of BDT 191 Million which is appended below:



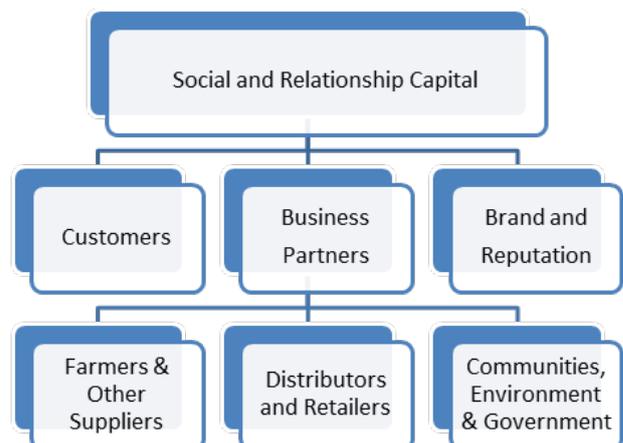
**Market Capitalization:**

The Company's share price was Tk. 27.20 at the beginning of the financial year and saw a decrease to TK. 46.00 as at 30 June 2017 moving within a range of Tk. 58.00 to Tk. 24.10 during the year.

The market capitalization of the Company was BDT 4,559 million (BDT 2,450 million in 2015-16) 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 regulator. The Group's brand and reputation, built over many decades is also a vital element of this capital input and is essential to maintain our social license to operate. This section of this Report will provide a brief, balanced assessment of the capital resources allocated and the shared value generated to each component of our Social and Relationship capital

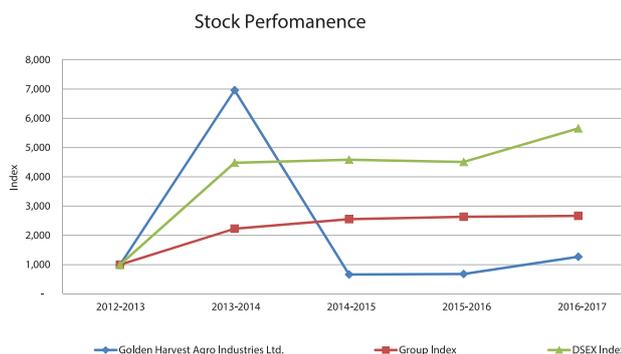


The infogram below summarises how Social & Relationship Capital was nurtured during the year.

Inputs		
Distributors 455	<b>Activities</b>	
Direct outlets 402	Brand Building BDT. 55 Million	<b>Value Outputs</b>
Retail Outlets 38,500		Sales Volume BDT. 1,527 Million
Supplier 351	Advertisement BDT. 2 Million	Commission Paid to Distributors BDT. 9 Million
Brands 04		Purchase BDT. 809 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 2017 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).



### Stock Performance

	2012-2013	2013-2014	2014-2015	2015-2016
Golden Harvest Agro Industries Ltd.	1,000	6,962	664	682.96
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	2016-2017	CRISL
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:

- 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.
- Proper books of Account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- 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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern and the annual accounts have been prepared on going concern basis.
- 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 business interest in other organizations have been disclosed in Board of Directors segment.

**Gratitude:**

We express our sincere thanks and appreciation to all honorable shareholders, our customers. Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, National Board of Revenue, various government authorities, trade bodies and all bankers and financial institution for their support, co-operation and guidance in our business endeavor. 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 for maintaining quality to ensure safety and to build the company as a pioneer and leader in food sector.

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

On behalf of the Board



**Enamuzzaman Chowdhury**  
Chairman



## 5 Years Analysis

### Operating Performance:

SL No	Particular	2016-17	2015-16 Restated	2014-15	2013-14	2012-13
1	Turnover	1,526,709,565.00	1,427,568,390.00	776,658,989.00	656,624,665.00	625,680,209.00
2	Gross Profit	697,601,664.00	654,555,435.00	364,986,172.00	310,785,740.00	280,715,606.00
3	Profit/Loss from operation	511,687,434.00	482,024,181.00	292,782,987.00	198,776,089.00	210,837,460.00
4	Net Profit/loss before tax	238,231,971.00	224,814,336.00	125,994,308.00	150,114,822.00	210,764,632.00
5	Net Profit/loss after tax	187,045,836.00	178,767,995.00	85,875,335.00	97,174,716.00	148,196,246.00
6	EBITDA	654,503,931.00	607,148,308.00	361,522,084.00	278,520,310.00	312,573,305.00
7	EBITDA margin to sales	42.87%	42.53%	46.55%	42.42%	49.96%
8	Earning Per Share(EPS)	1.89	1.98	1.05	1.19	2.43
9	Dividend per share	1.00	1.00	1.00	1.00	1.50
10	No of Shares	99,099,000.00	90,090,000.00	81,900,000.00	81,900,000.00	78,000,000.00

### Statement of Financial Position

SL No	Particular	2016-17	2015-16 Restated	2014-15	2013-14	2012-13
1	Total Assets	5,981,228,741.00	5,044,390,614.00	4,006,564,213.00	3,440,355,786.00	2,614,274,834.00
2	Property, Plant and Equipment-Gross	3,581,336,189.00	2,979,973,708.00	2,248,213,749.00	1,187,579,023.00	988,465,578.00
3	Property, Plant and Equipment-Net	3,111,515,064.31	2,646,078,977.49	2,043,007,481.00	1,045,221,962.00	882,826,487.00
4	Gross Working Capital	2,011,727,496.00	1,470,822,173.00	1,256,509,485.00	1,327,550,081.00	1,321,162,367.00
5	Net Working Capital	(13,451,460.00)	(234,187,333.00)	285,942,539.00	612,022,833.00	767,444,343.00
6	Short term Loan	1,435,548,926.00	1,064,755,756.00	514,461,293.00	459,828,157.00	367,790,679.00
7	Share Capital	990,990,000.00	900,900,000.00	819,000,000.00	819,000,000.00	780,000,000.00
8	Share Premium	236,776,054.00	326,866,054.00	408,766,054.00	408,766,054.00	408,766,054.00
9	Reserve and Surplus	971,748,832.00	782,825,132.00	701,946,156.00	660,357,005.00	806,559,393.00
10	Shareholders Equity	2,199,514,886.00	2,010,591,186.00	1,865,693,030.00	1,839,203,166.00	1,995,325,447.00
11	Term Loan	1,770,345,586.00	1,347,299,685.00	1,159,511,438.00	755,913,361.00	63,481,569.00
12	Lease Obligation	56,352,122.00	43,848,897.00	7,882,651.00	7,883,602.00	11,704,869.00

## Ratio Analysis

### Operating Performance

SL No	Particular	2016-17	2015-16 Restated	2014-15	2013-14	2012-13
1	Current Ratio	0.99	0.86	1.29	1.86	2.39
2	Gross profit ratio (%)	45.69%	45.85%	46.99%	47.33%	44.87%
3	Debt to Total Assets(%)	54.54%	48.69%	41.98%	35.57%	23.67%
4	Debt Equity Ratio	1.72	1.49	1.11	0.84	0.78
5	Return on Equity(%)	8.89%	9.29%	4.58%	5.21%	10.03%
6	Return on Capital Employed(%)	6.04	5.50	8.40	9.78	
7	Debt to EBITDA Ratio	4.98	4.04	4.65	4.39	1.42
8	Net Asset Value Per Share	22.20	22.32	22.78	23.05	25.58
9	Dividend Payout Ratio	52.98%	50.39%	95.37%	84.28%	-
10	Interest Service Coverage Ratio		1.96	1.78	2.76	4.13

### Others:

SL No	Particular	2016-17	2015-16 Restated	2014-15	2013-14	2012-13
1	Market Price Per Share	46.00	27.20	29.10	30.50	46.00
2	Price Earning multiple	24.37	13.71	27.75	25.71	18.93
3	Number of Employees	524.00	492.00	520.00	513.00	573.00
4	Capacity Utilization(%) -Average	44.81	61.27	48.78	60.15	63.23

## Horizontal Analysis

### Consolidated Statement of Comprehensive Income:

SL No	Particular	2016-17	2015-16	2014-15	2013-14	2012-13
1	Turnover	6.94%	83.81%	18.28%	4.95%	100.00%
2	Gross Profit	6.58%	79.34%	17.44%	10.71%	100.00%
3	Profit/Loss from operation	6.15%	64.64%	47.29%	-5.72%	100.00%
4	Net Profit/loss before tax	5.97%	78.43%	-16.07%	-28.78%	100.00%
5	Net Profit/loss after tax	4.63%	108.17%	-11.63%	-34.43%	100.00%
6	EBITDA	0.00%	67.94%	29.80%	-10.89%	100.00%
7	EBITDA margin to sales	-6.49%	-8.63%	9.74%	-15.09%	100.00%
6	Earning Per Share(EPS)	4.63%	72.06%	-11.63%	-51.17%	100.00%

### Consolidated Statement of Financial Position:

1	Total Assets	18.57%	25.90%	16.46%	31.60%	100.00%
2	Property, Plant and Equipment	17.59%	29.52%	95.46%	18.39%	100.00%
3	Current Assets	36.78%	17.06%	-5.35%	0.48%	100.00%
4	Shareholders Equity	12.43%	4.86%	-1.19%	1.15%	100.00%
5	Long term liabilities	42.29%	51.75%	46.70%	197.46%	100.00%
6	Current liabilities	18.78%	32.95%	31.46%	76.18%	100.00%

## Vertical Analysis

### Consolidated Statement of Comprehensive Income:

SL No	Particular	2015-16	2015-16	2014-15	2013-14	2012-13
1	Turnover	100.00%	100.00%	100.00%	100.00%	100.00%
2	Gross Profit	48.87%	45.85%	46.99%	47.33%	44.87%
3	Profit/Loss from operation	35.84%	33.77%	37.70%	30.27%	33.70%
4	Net Profit/loss before tax	16.69%	15.75%	16.22%	22.86%	33.69%
5	Net Profit/loss after tax	13.10%	12.52%	11.06%	14.80%	23.69%
6	EBITDA	42.53%	42.53%	46.55%	42.42%	49.96%
7	EBITDA margin to sales	0.00%	0.00%	0.00%	0.00%	0.00%
6	Earning Per Share(EPS)	1.89	1.80	1.05	1.19	2.43

### Consolidated Statement of Financial Position:

1	Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
2	Property, Plant and Equipment	61.68%	52.46%	50.99%	30.38%	33.77%
3	Current Assets	39.88%	29.16%	31.36%	38.59%	50.54%
4	Shareholders Equity	43.60%	38.78%	46.57%	54.88%	71.40%
5	Long term liabilities	36.21%	25.45%	21.11%	16.76%	7.42%
6	Current liabilities	40.15%	33.80%	32.01%	28.36%	21.18%

## Stakeholders' Information

### Distribution of Shareholding

Name /Status	% of Shares	No. of Shares
Mr. Enamuzzaman Chowdhury - Chairman	2.00%	1,981,980
Mr. Ahmed Rajeeb Samdani - Managing Director	21.94%	21,738,965
Mr. Mohius Samad Choudhury - Director	2.00%	1,981,980
Mr. Matthew Graham Stock - Director	2.00%	1,981,980
Ms. Nadia Khalil Choudhury -Director	2.00%	1,981,980
Mr. Azizul Huque -Director	2.26%	2,239,331
Mr. Moqsud Ahmed Khan - Director	2.46%	2,439,360
Mr. Ahmed Mehdi Samdani	0.38%	371,800
Foreign investors	0.57%	561,000
Institutions	43.45%	43,056,067
General shareholders	20.95%	20,764,557
	<b>100.00%</b>	<b>99,099,000</b>

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

Ahmed Rajeeb Samdani	21,738,965
ICB	21,203,181

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

Nil

### Range with shareholding position:

Range of holdings In number of shares	No. of shareholders		% of shareholders		Number of shares	
	2017	2016	2017	2016	2017	2016
1 to 499	8,823	16,482	0.81	0.82	2,048,708	3,164,259
500 to 5,000	1,368	2,686	0.13	0.13	2,521,139	4,378,450
5,001 to 10,000	261	392	0.02	0.02	1,950,343	3,122,316
10,001 to 20,000	179	191	0.02	0.01	2,683,479	3,225,675
20,001 to 30,000	65	78	0.01	0.00	1,650,829	2,196,727
30,001 to 40,000	37	36	0.00	0.00	1,323,689	1,545,605
40,001 to 50,000	42	28	0.00	0.00	1,952,579	1,498,072
50,001 to 100,000	61	70	0.01	0.00	4,469,281	5,175,519
100,001 to 1,000,000	62	50	0.01	0.00	16,823,088	13,695,286
Over 1,000,000	15	15	0.00	0.00	63,675,865	52,088,091
<b>Total</b>	<b>10,913</b>	<b>20,028</b>	<b>1.00</b>	<b>1.00</b>	<b>99,099,000</b>	<b>90,090,000</b>

Status	% of Shares
Institutions	43.45%
Sponsor	35.03%
General shareholders	20.95%
Foreign investors	0.57%
<b>Total</b>	<b>100.00%</b>



## Shareholders' & Investors' Information

Annual General Meeting (AGM)

No. of AGM: 13th AGM

Date: 21 December 2017

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

Time: 11.30 AM

Financial Calender

Financial Year: 1st July to 30th June

During the FY 2016-2017 operational results of the company were announced on:

15 November 2016	First Quarter Report
29 January 2017	Half Yearly Report
29 April 2017	Third Quarter Report
02 November 2017	Annual Financial Result

Record Date

The Record Date was 23 November 2017

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

Share Trading Information from 1st July to 30th June

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Highest during the year	58	32.8	37.8	54.5	84
Lowest during the year	24.1	19.6	15.6	29	29.4
Closing Price as at 30th june	46	27.2	29.1	30.5	46
No. of Shares	99,099,000	90,090,000	81,900,000	81,900,000	78,000,000

### Dividend

Year	Rate of Dividend	Form of dividend
2016-2017	10%	Stock ( Recomanded)
2015-2016	10%	Stock
2014-2015	10%	Stock
2013-2014	10%	Cash
2012-2013	10% and 5%	Cash and Stock respectively
2011-2012	20%	Stock

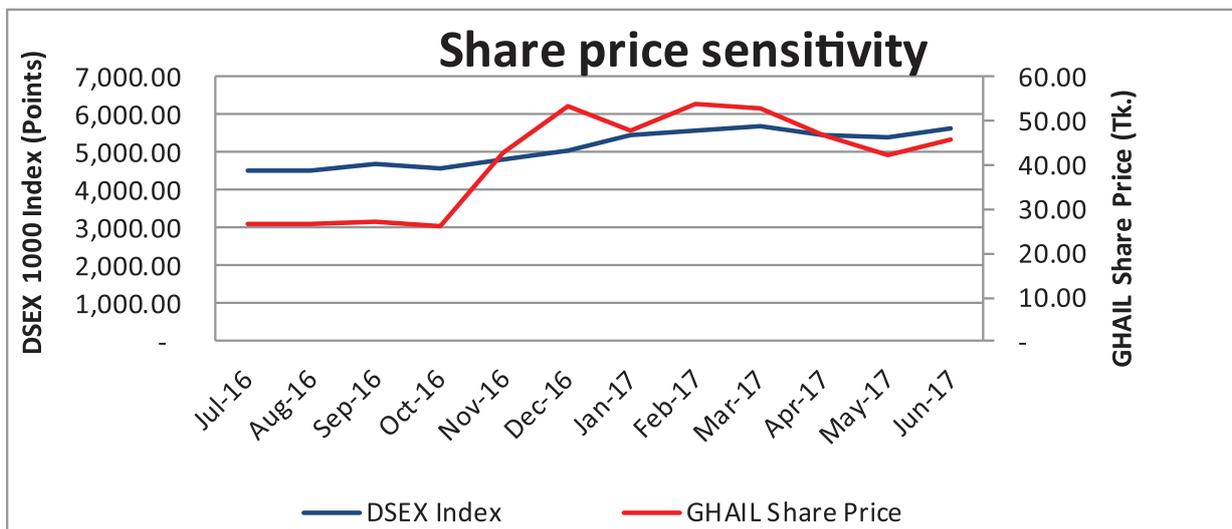
### Market Capitalization

Year	Taka in Million
2011-2012	-
2012-2013	3,588
2013-2014	2,498
2014-2015	2,383
2015-2016	2,450
2016-2017	4,559



## 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 40 various variants including sticks, cups, cones, calippo, sorbets, tubs, cakes and many more. Hence variety of external and internal factors influence the company's predominance as well as its share price. During the year end 30 June 2017 GHAIL outperformed the DSEX 1000 index but its share price increased from Tk. 27.2 to Tk. 46.00 witnessing a notable increase of 69.12% as compared to increased in DSEX 1000 index by 25.47%. During the year the Company reported an EPS of Tk 1.89 which is 4.63% 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 complaint. When any investor lodges any complaint the committee, within three working days from the date of receipt of the complaints, gives the investors update on that issue. After proper investigation the committee resolves the complaint with due course and communicate the investor properly. In the year 2016-2017 there was no instance of such complaint.

# Enterprise Risk Management

## 1. Risk Management Framework

Golden Harvest Agro 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 the Company and the Group. The annual risk management cycles begins at the Company with a

detailed discussion and identification of risks, impacts and preventive, detective and corrective mitigation plans in conjunction with the GHAIL ERM Division, which constitutes the 'bottom-up' approach to ERM, where risk management is believed to be an integral part of strategic decision making. Risks are identified and assessed through a Risk Control Self-Assessment (RCSA) document unique to the Company's business. The Company rates its level of risk for each identified risk event using an evaluation of the expected severity of impact of the risk event and the likelihood of its occurrence. Further, the velocity of impact of a risk event, or the speed at which the risk event will impact the organisation, in the RCSA

document, has served to priorities risks and their relevant mitigation plans. The Company is the ultimate owners of their risks and are responsible for reviewing their RCSA form on a quarterly basis. This reviewed RCSA form is then considered by the GHAIL ERM division in consolidating risks for the Group.

### Bottom up Approach of Risk Management Framework



## 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 impact on the longevity of the business operations.

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

Occurrence and severity of impact using the guideline in Table 1 given below, a risk Grid is established for the Company. Every Risk is analysed in terms of Likelihood of Occurrence and Severity of Impact

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

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

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

**Table 1 : Guideline for Rating Risks**

<b>Impact/Severity</b>	Catastrophic/ extreme Impact	5	5	10	15	20	10
	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
			Rare/Remote to occur	Unlikely to occur	Possible to occur	Likely to occur	Almost certain to occur
		1	2	3	4	5	
<b>Occurrence/Likelihood</b>							

**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	Performance 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 Technology, 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	Performance 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 ite	Headline Risk	2016/17 Risk Rating	2015/16 Risk Rating
Macro - economic environment,	External environment	Medium	Medium

#### 2. Inconsistency in Supply of Raw Materials and Fluctuating Raw Material Price

Over the years there has been significant price volatility in the market especially in the vegetable and chicken categories which are two of the key raw materials of the Company. The Company has mitigated some of the risks associated with price volatility and availability of raw material by entering into long-term contracts farmers at guaranteed terms, giving finance and know-how training to the local farmers of best practices in the industry and establishing strong relationship with the farming community in order to ensure continuous supply of good quality material at stable price levels.

Unfavourable weather conditions and spread of different diseases can also affect the supply of chicken and pork in the market. The risk control measures such as 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.

<b>Risk item</b>	<b>Headline Risk</b>	<b>2016/17 Risk Rating</b>	<b>2015/16 Risk Rating</b>
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 342 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 has obtained OHSAS certification, streamlining their organisational processes, with continuous monitoring and process improvement to ensure safe working conditions for its employees.

<b>Risk item</b>	<b>Headline Risk</b>	<b>2016/17 Risk Rating</b>	<b>015/16 Risk Rating</b>
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	2016/17 Risk Rating	2015/16 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. All staff must be above fraud and corruption and sanctions will apply to those who are not. 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.

<b>Risk item</b>	<b>Headline Risk</b>	<b>2015/16 Risk Rating</b>	<b>2014/15 Risk Rating</b>
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.

<b>Risk item</b>	<b>Headline Risk</b>	<b>2015/16 Risk Rating</b>	<b>2014/15 Risk Rating</b>
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.

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

## 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:

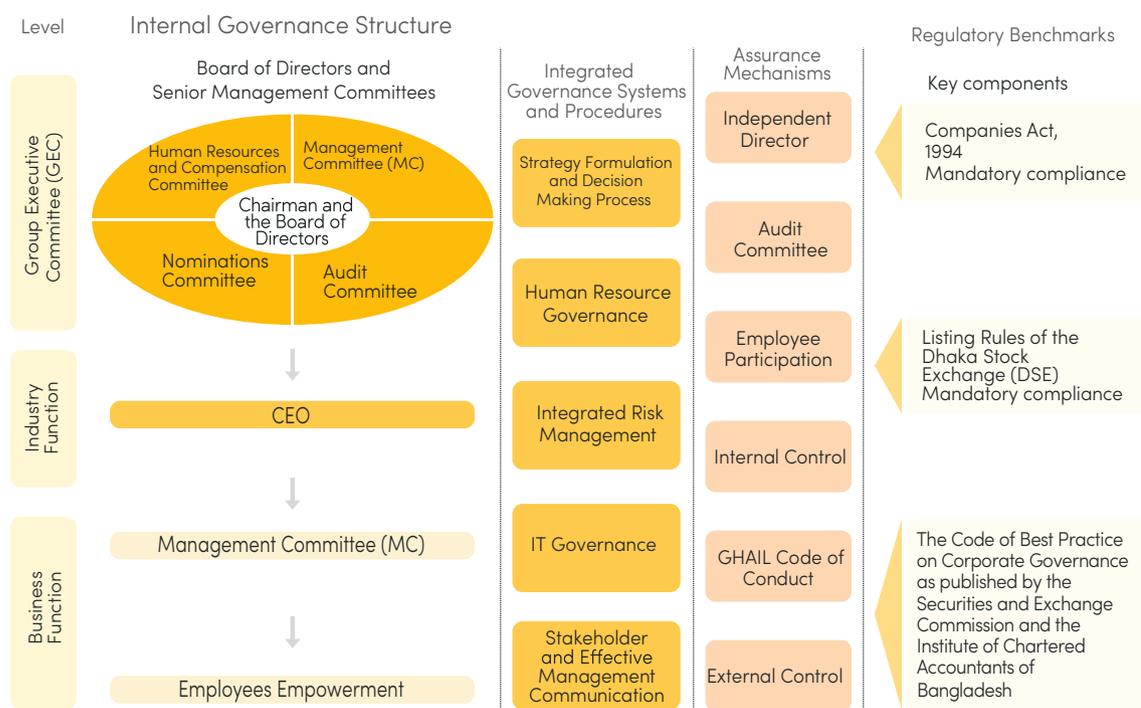
- Board of Directors
- Board Subcommittees
- Executive Committee

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 Articles of Association of the Company one - third of the of the Directors to retire every year shall be those who have been longest in office since their last election, but remain for re-election. The Directors, Mr. Matthew Graham Stock and Mr. Ahmed Rajeeb Samdani and Independent Director Ms. Alena Akhter Khan retire at this AGM. Mr. Matthew Graham Stock informed the Board that he is unable to serve as a Director of the Company from the date of the 13 th Annual General Meeting. Rest two directors are eligible to be reelected.

#### **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 2016-17. 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 2016-2017 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:

<b>Name of Director &amp; Directorship</b>	<b>Status</b>	<b>Attendance</b>
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. 5 and Strategic objectives are placed on Page No. 6. of this Annual Report.

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

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

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

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

### Audit Committees

#### Appointment and composition of Audit Committee:

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

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

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

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

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 2017, 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 2016-17

- Reviewed quarterly and half-yearly unaudited financial statements of GHAIL for the FY 2016-17
- Discussed with the external auditors and management before finalization of financial statements of GHAIL for the year FY 2016-17
- 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 2016-17;
- 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 2017

#### 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 thereof

GHAIL has separate Executive Committee headed by CEO and consist of five members including COO, 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

### Safeguard of Records and Assets

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

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

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

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

### Ethics And Compliance

The company has written 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 37.3 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:

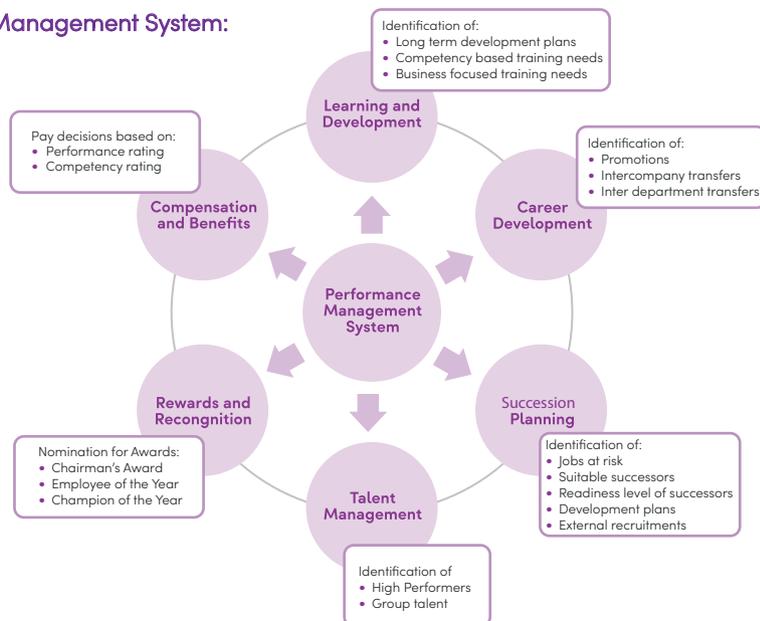
- All Executive roles across the Golden Harvest Group have been banded by an independent third party on the basis of the relative worth of jobs.
- Compensation be set at levels that are competitive to enable the recruitment and the retention of high caliber executives in the identified job classes/bands – 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 GHAIL Performance Management System has been very instrumental in empowering staff in achieving organizational goals through relevant training, recognition and reward.

**GHAIL Performance Management System:**



**Performance Based 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**

<b>Performance Management</b>	<b>Satisfaction</b>
<p>"Pay for performance" Greater prominence is given to the incentive component of the total target compensation of the management.</p>	<p>"More than just a workplace" Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.</p>
<b>Compensation Policy</b>	
<ul style="list-style-type: none"> <li>• Compensation comprises of fixed (base) payments, short term incentives and long term incentives</li> <li>• Higher the authority level within the Group, higher the incentive component</li> <li>• Greater the decision influencing capability of a role, higher the weight given organizational performance as opposed to the individual performance</li> </ul>	
<b>Internal Equity</b>	<b>Satisfaction</b>
<p>"Pay for performance" Greater prominence is given to the incentive component of the total target compensation of the management.</p>	<p>"More than just a workplace" Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.</p>

**Organizational Chart:**

GHAIL's organizational chart depicts the internal structure of the company. Here the departments and divisions are segregated depending on their nature and requirements. The chart is shown on page 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](http://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 its activities on the environment, consumers, employees, communities, and other stakeholders. In this respect, GHAIL acknowledges that as a corporate entity, its social and environmental impacts are a legitimate concern for its sustainability. Keeping this in mind, GHAIL treats its CSR with paramount significance. This is done by creating standing committees that develops and implements policies. These are policies which are intended to ensure all aspects of GHAIL's CSR are addressed. These aspects are not only relevant to GHAIL but are also needed to fulfill GHAIL's commitment to the community and environment. Furthermore, GHAIL believes CSR is not something that can be imposed from the outside, but rather an ideology that is made to be an inherent part of its business's principles, which are derived from the mission, vision and values of the GHAIL group. In this regard, GHAIL is aware of the fact that CSR activities are not to be chosen arbitrarily, thus the resources deployed are efficiently used to address overall socio-economic well-being.

Detail of the CSR activity has been presented in the Sustainability Report of this Annual Report in Page 104.

## CERTIFICATE OF COMPLIANCE TO THE SHAREHOLDERS OF Golden Harvest Agro Industries Limited and its Subsidiary (As required under the BSEC Guidelines)

We have examined compliance to the BSEC guidelines on Corporate Governance Guidelines by Golden Harvest Agro Industries Limited for the year ended 30 June 2017. 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, 29 November 2017



MABS & J Partners  
Chartered Accountants

# 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 2017 (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1</b>	<b>Board of Directors:</b>			
1.1	Board's Size: Board members should not be less than 5 (five) and more than 20 (twenty)	✓		
<b>1.2</b>	<b>Independent Directors:</b>			
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.	✓		
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.	✓		

Condition No.	Title	Compliance Status as on 30 June 2017 (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	✓		
<b>1.3</b>	<b>Qualification of Independent Director (ID):</b>			
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.	✓		
<b>1.5</b>	<b>The Directors' Report to Shareholders:</b>			
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.	✓		

Condition No.	Title	Compliance Status as on 30 June 2017 (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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 preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
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.	✓		
<b>1.5 (xxi)</b>	<b>Pattern of shareholding:</b>			
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 2017 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1.5 (xxii)</b>	<b>Appointment/re-appointment of a director:</b>			
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	√		
<b>2</b>	<b>Chief Financial Officer (CFO), Head Of Internal Audit and Company Secretary (CS):</b>			
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.	√		
<b>3</b>	<b>Audit Committee:</b>			
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	√		
<b>3.1</b>	<b>Constitution of the Audit Committee:</b>			
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	√		

Condition No.	Title	Compliance Status as on 30 June 2017 (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	✓		
3.1 (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.	✓		
<b>3.2</b>	<b>Chairman of the Audit Committee:</b>			
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)	✓		
<b>3.3</b>	<b>Role of Audit Committee:</b>			
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	✓		

Condition No.	Title	Compliance Status as on 30 June 2017 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	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			
<b>3.4</b>	<b>Reporting of the Audit Committee:</b>			
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	√		
<b>3.4.1 (ii)</b>	<b>The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:</b>			
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	√		
<b>4</b>	<b>External/Statutory Auditors:</b>			
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	√		

Condition No.	Title	Compliance Status as on 30 June 2017 (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4 (iii)	Book-keeping or other services related to the accounting records or financial statements	✓		
4 (iv)	Broker-dealer services	✓		
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	✓		
<b>5</b>	<b>Subsidiary Company:</b>			
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	✓		
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	✓		
<b>6</b>	<b>Duties Of Chief Executive Officer (CEO) And Chief Financial Officer (CFO):</b>			
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:	✓		



Condition No.	Title	Compliance Status as on 30 June 2017 (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	√		
<b>7</b>	<b>Reporting and Compliance of Corporate Governance:</b>			
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 & CFO

(As required under the BSEC Guidelines)

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#### 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 2017, 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  
29 November 2017

# Audit Committee Report

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

## Role of The Audit Committee

The role of the Committee, which has specific terms of reference, is described in the Corporate Governance Report on pages 134 to 155.

## Composition of The Audit Committee

The Audit Committee, appointed by and responsible to the Board of Directors, comprises four 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)	13.11.2016	100%
		20.01.2017	100%
		27.04.2017	100%
		28.06.2017	100%

Relevant members from senior members, 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.F.Ahmed & Co. member firm of Ernst & young submitted a detailed audit plan for the financial year 2016/17, 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.

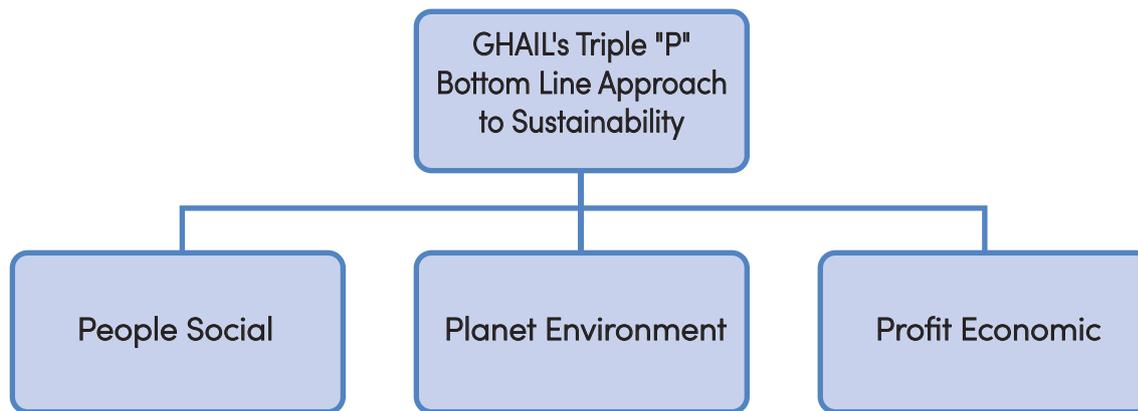
But then, Ma puts a plate of Golden Harvest French Fries in front of them. Suddenly all is good with the world again as they dig into the crispy, mouth-watering treats.

Things become right with every bite. But the last fry left may pose a new fight.



## Sustainability Report

Golden Harvest Agro Industries Ltd.  
for the year ended 30 June 2017



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 develop and implement policies. These are policies which are intended to ensure all aspects of GHAIL's CSR are addressed. These aspects are not only relevant to GHAIL but are also needed to fulfill GHAIL's commitment to the community and environment. Furthermore, GHAIL believes CSR is not something that can be imposed from the outside, but rather an ideology that is made to be an inherent part of its business's principles, which are derived from the mission, vision and values of the GHAIL group. In this regard, GHAIL is aware of the fact that CSR activities are not to be

chosen arbitrarily, thus the resources deployed are efficiently used to address overall socio-economic well-being. This is done by aligning

GHAIL's CSR activities that deliver the intended result while staying true to improving people's quality of lives all while utilizing GHAIL's core competencies. Accordingly, GHAIL makes its CSR initiatives cohesive and meaningful to create the perfect balance between business sustainability and social needs, keeping society and its stakeholders satisfied.

### Environmental and CSR Policy

As a corporate entity, GHAIL believes that its operations should be financially sustainable, socially responsible and environmentally friendly. In this regard, GHAIL does not engage in activities that cause difficulties in localities where it operates. GHAIL does not cause pollution nor does it degrade the environment. Since GHAIL's motto is to improve people's quality of life, GHAIL only undertakes projects that benefit society as a whole, as a part of its CSR. While choosing CSR worthy

initiatives, GHAIL remains conscious of the fact that its core competencies are utilized through projects that build efficiency through the application of GHAIL's knowledge and resources. GHAIL wishes to reiterate that its CSR activities are not philanthropic or unsystematically chosen. GHAIL endeavors to fulfill its responsibility for social improvement and abolishing poverty.

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

## Environmental Sustainability

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

### Our Green Philosophy

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

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

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

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

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

Our promise to the next generation is to aspire to be ideal corporate citizens that honor our civic duty, protecting the earth's natural resources through novel ideas that effectively maximise the overall utility of land, energy and water, while adhering to the ethical manufacture, supply and export of chemicals. The policies of GHAIL commitment to the green initiatives is made manifest in our efforts to

becoming Carbon-Neutral while also tracking our Carbon Footprint in a comprehensible and conscious manner, through one of the leading Carbon Consulting Companies in the country. The dedication of the Group in this regard is evident in that even the utilisation of fluorescent light bulbs and the energy efficiency practiced in the manufacturing process.

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

### Waste Management:

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

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

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

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

**Solid Waste:**

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

The production process generates around 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.

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

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

**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.

**Relief Distribution to Flood Affected People**



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

**Contribution to a Family of Deceased Employee**



Territory Manager, Mahfuzur Rahman Shihab had a heart attack and died during his service period in Golden Harvest Group. Our Management team went to Noakhali to meet his family and promises to get in touch. Our honorable director Mohius Samad Chowdhury is handing over 2.82 lac taka to his father.



## 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



We celebrated International Women's day on March 08, 2017; Wednesday in respect to our female colleagues. We would specially like to thank Nadia Madam for attending this program and making it even more special for Golden Harvest Family.

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



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

criteria 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.



Bdjobs career fair at Rawa Club on September, 2017. HR team has interviewed around 40 candidates for 4 different positions and collected 3000 Cv's of potential Candidates. This career fairs are great platform for fresher's to meet the employers directly and of course for the organizations as they get to meet 1000's of prospective candidates at a time.



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

## Human Resource Accounting

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

### Practice in GHAIL

We are working towards establishing a Human Resource Accounting system to ensure clarity and focus on the investments made in the Human Resources. We are also finalizing an HR Dashboard in ERP system

which regularly will provide important insights/intelligence about the total HR process/system.

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

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

Last year Golden Harvest HR worked with a vision for creating

a work-culture to foster creativity, innovation and productivity through dynamic and engaged people with an objective to become the most trusted and preferred brand to every household of Bangladesh.

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

Training cost comprises of formal training cost, on job training cost, special training cost and development programs. In the year-2016-17, GHAIL incurred for its employee training (home and abroad) as under:

Types of Training	Description	Expense During The year
Foreign	Different Conference, Official tour and meeting purpose	463,789
Local	Training organized by the company and different organizations	384,359

We celebrated birthdays of 50 employees in head office and expenses on different welfare issues (Sickness/treatment, family problem etc.).

Types of Expenses	Description	Expense During The year
Welfare issues	Sickness/treatment, family problem etc.	2,500,000

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

Age Range (Years)	Male	Female	Total
18-25	239	126	365
26-35	432	151	583
36-45	85	6	91
46-55	21	0	21
56 and above	0	0	0
Total	777	293	1060

## Integrated Reporting Initiative Index

### Organizational Overview

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

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

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

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

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

### REPORTING APPROACH

The aim of the integrated annual report is to provide stakeholders with a balanced and holistic view of the financial, social, environmental and economic impacts of Golden Harvest Agro Industries Limited ("GHAIL" or "Group") to enable them to obtain a better understanding of the

Group's long term prospects. This report includes all the subsidiaries of GHAIL. It covers the performance for the year ended 30 June 2017 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 2016-17 financial years, GHAIL has continued to provide financial results for the previous financial year, to give shareholders a better understanding of the underlying performance of the Group.

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

In compiling this report, GHAIL has considered the following requirements:

- International Financial Reporting Standards (IFRS) in respect of the annual financial statements;
- The BSEC Listings Requirements;
- The Companies Act, 1994, as amended;
- Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI); and
- The International Integrated Reporting Framework.

The information in this report has been selected to cater for the interests of stakeholders that require a broad overview of the present and future direction and prospects of the Golden Harvest Group – shareholders, funders, regulators, prospective employees, suppliers and community members, amongst others. Stakeholders with more in-depth needs, such as employees and customers are invited to contact GHAIL directly or visit our website, [www.goldenharvestbd.com](http://www.goldenharvestbd.com) for further information.

Matters that substantially affect the Group's ability to create and sustain value over the short, medium and long-term are considered material and are included in this report. Material issues are identified and selected for inclusion through an evaluation of GHAIL's 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)	<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>&gt; State of the art production facilities</li> <li>&gt; Competent &amp; committed human resource</li> <li>&gt; Brand preference</li> <li>&gt; Well established distribution network with freezers</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>&gt; No backward linkage for raw material sourcing</li> <li>&gt; Competitors' dealer network hampering market share enhancement</li> <li>&gt; Short product life</li> <li>&gt; Relatively homogeneous product limiting pricing strategies</li> </ul>
External origin (attributes of the environment)	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>&gt; Foods products are high in demand by growing population</li> <li>&gt; Horizontal as well as vertical diversification</li> <li>&gt; Increase / value addition in product line</li> <li>&gt; Investment in alternative sources of raw material</li> <li>&gt; Potential to export foods</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>&gt; Growing market of traditional street foods as well as snacks</li> <li>&gt; International food chain grabbing traditional food habits</li> <li>&gt; Continuous increase in raw prices</li> <li>&gt; Imposition of additional taxes</li> </ul>

## PEST Analysis

### Political

Influencing Factor	Impact on GHAIL	GHAIL's Approach
Political Stability	Stable political situation will have positive impact over business	GHAIL always try to do business considering minimum impact if any political instability prevails
Taxation Policy	Unfavorable taxation policy will lower business profit	GHAIL tries to take maximum benefit within the boundary of tax legislation

### Economic

Influencing Factor	Impact on GHAIL	GHAIL's Approach
Lower interest rate	Will lower cost of capital	Review quarterly cost of capital so that GHAIL gets maximum benefit
Inflation Control	Controlled inflation will have positive impact on business growth	GHAIL overall business strategy tries to take advantage of the market
Increase in Income Level	Purchasing power of the consumer will go up	GHAIL always try to penetrate on existing market considering yearly market growth

### Social

Influencing Factor	Impact on GHAIL	GHAIL's Approach
Change in lifestyle	People will shift towards ready to cook products	All marketing related communication is pursuing that messages
Income distribution	Number of customer in the market will go up	New customer will have impact on increased sales

### Technological

Influencing Factor	Impact on GHAIL	GHAIL's Approach
Impact of emerging technology	IT and MIS department needs to take their role to maintain competitive advantage	All the recommendations to incorporate technological advancement from IT and MIS have been done
Impact of technology transfer		

## Governance

GHAIL's governance structure complements its ability to create value in the short, medium and long term strategy and objectives. The overall governance issues have been depicted in pages 78 of Annual Report.

### Business model

Inputs		
Equity BDT. 2,200 Million	<b>Activities</b>	
Interest bearing borrowings of BDT. 3,262 Million	Total Property, Plant and Equipment BDT. 3,111 Million	<b>Value Outputs</b>
Market Capitalisation BDT. 4,559 Million	Total Non-Current Assets BDT. 858 Million	Earnings per share - Tk. 1.89
	Total Current Assets BDT. 2,011 Million	Earnings Attributable to Shareholders - BDT. 187 Million
	Total Assets BDT. 5,981 Million	Dividends 2016/17 - BDT. 99 Million
		Interest Paid to Funding Providers - BDT. 262 Million

Inputs		
Distributors 455	<b>Activities</b>	
Direct outlets 402	Brand Building BDT. 55 Million	<b>Value Outputs</b>
Retail Outlets 38,500	Advertisement BDT. 2 Million	Sales Volume BDT. 1,527 Million
Supplier 351		Commission Paid to Distributors BDT. 9 Million
Brands 04		Purchase BDT. 809 Million
		Dealer and Distributor cold storage investment in Freezers 12,500

## 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 70 of Annual Report.

## Performance

Quantitative Indicators:

GHAIL maintained steady growth over the financial period and all the key indicators are graphically presented in page 21 in Annual Report.

### Stakeholders Relationship

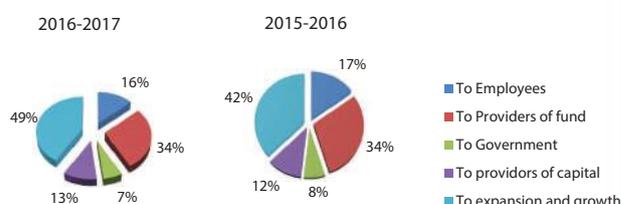
<p><b>Investors</b></p> <ul style="list-style-type: none"> <li>• Relevant and timely reporting</li> <li>• Sustainability of the business</li> <li>• Strategic priorities, growth markets and plans</li> <li>• Key market conditions and forecasts</li> <li>• Key growth areas</li> <li>• Business risk management</li> <li>• Operational performances and opportunities</li> <li>• Trading outlook</li> </ul>	<p><b>Business Partners /customers</b></p> <ul style="list-style-type: none"> <li>• Price</li> <li>• Service</li> <li>• Customer solutions/requirements</li> <li>• New product/service development</li> <li>• Organisational improvements</li> </ul>
<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Continuous learning</li> <li>• Accessibility of key information across the entire business</li> <li>• Ensuring that skills and competency profiles are in line with requirements, incorporating recruitment, assessment and selection, employment equity considerations, career pathing, succession planning, leadership development, staff development/ training, employee retention, performance management and leadership development</li> <li>• Promote workplace safety.</li> </ul>	<p><b>Government</b></p> <ul style="list-style-type: none"> <li>• Environmental issues</li> <li>• Use of scarce resources</li> <li>• Creation of employment</li> <li>• Compliance to relevant standards and legislation</li> <li>• Transparent disclosure of levels of compliance</li> <li>• Tackling industry issues</li> <li>• Interactions and support of key industry bodies</li> <li>• Commenting on policy proposals</li> <li>• Forming partnerships to grow the economy and for better futures for society</li> </ul>
<p><b>Local Communities /civil society</b></p> <ul style="list-style-type: none"> <li>• Community upliftment</li> <li>• Partnership opportunities</li> <li>• Local business investments</li> <li>• Employment opportunities</li> <li>• Sustainability impact</li> <li>• Training opportunities</li> <li>• Participation in the carbon disclosure project</li> </ul>	<p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>• Collaboration on synergistic Group procurement policies</li> <li>• Joint customer and supplier meetings and workshops</li> <li>• Fair procurement principles</li> <li>• Sustainability impact</li> <li>• Reduction in value chain cost engineering</li> <li>• Price</li> <li>• Service</li> <li>• Product supply innovation</li> </ul>
<p><b>Media</b></p> <ul style="list-style-type: none"> <li>• Brand communication</li> <li>• Promotions</li> <li>• Community updates</li> <li>• Financial results</li> </ul>	<p><b>Consumers</b></p> <ul style="list-style-type: none"> <li>• Quality of Products</li> <li>• Positive brand experience</li> <li>• Ethical and non-collusive business practices</li> </ul>

## Value Added Statement

Golden Harvest Agro Industries Limited  
For the year ended 30 June 2017

	Group				The Company			
	2016-2017		2015-2016		2016-2017		2015-2016	
	Amount in BDT	%						
Revenue	1,526,709,565		1,427,568,390		626,923,856		624,438,657	
Other operating income	28,256,745		60,656,502		22,852,281		14,674,032	
Finance income	1,234,893		2,859,127		168,940		385,895	
	1,556,201,203		1,491,084,019		649,945,077		639,498,584	
Cost of materials and service obtained	(774,178,930)		(756,981,845)		(294,043,251)		(300,875,355)	
<b>Value Addition</b>	<b>782,022,273</b>		<b>734,102,173</b>		<b>355,901,826</b>		<b>338,623,229</b>	
<b>Value allocated to:</b>								
To Employees								
Salaries, wages and other benefits	112,224,428	14.35%	113,604,220	15.48%	62,480,337	17.56%	69,157,947	20.42%
Workers' profit participation fund	12,273,709	1.57%	11,972,717	1.63%	6,589,272	1.85%	6,230,060	1.84%
To Providers of fund								
Finance cost	262,416,647	33.56%	247,796,255	33.76%	94,481,337	26.55%	90,840,300	26.83%
To Government								
Income tax and other taxes and fees	56,062,224	7.17%	56,602,832	7.71%	17,287,151	4.86%	42,349,993	12.51%
	<b>442,977,008</b>		<b>429,976,024</b>		<b>180,838,097</b>		<b>208,578,300</b>	
To providers of capital								
Dividend to shareholders	99,090,000	12.67%	90,090,000	12.27%	99,090,000	27.84%	90,090,000	26.60%
To expansion and growth								
Profit retained	187,045,836	23.92%	178,767,995	24.35%	116,448,143	32.72%	114,364,610	33.77%
Depreciation & amortization		19.67%	134,345,759	18.30%	44,908,944	12.62%	45,763,729	13.51%
Deferred taxation	38,659,282	4.94%	(4,086,645)	-0.56%	7,628,209	2.14%	(30,383,410)	-8.97%
	<b>478,650,431</b>		<b>399,117,108</b>		<b>268,075,296</b>		<b>219,834,929</b>	
	<b>921,627,439</b>		<b>829,093,132</b>		<b>448,913,393</b>		<b>428,413,229</b>	

	Group		Group	
	2016-2017	%	2015-2016	%
To Employees	124,498,137	16%	125,576,937	17%
To Providers of fund	262,416,647	34%	247,796,255	34%
To Government	56,062,224	7%	56,602,832	8%
To providers of capital	99,090,000	13%	90,090,000	12%
To expansion and growth	379,560,431	49%	309,027,108	42%
	<b>921,627,439</b>		<b>829,093,132</b>	



## Economic Value Added (EVA)

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

	Group	
	2016-2017 Amount in BDT	2015-2016 Amount in BDT
Net operating profit after tax (NOPAT)	400,140,524	361,171,210
Total Capital Employed	3,921,952,278	3,921,952,278
Weighted average cost of capital (%)	6.48%	9.03%
<b>EVA</b>	<b>145,837,229</b>	<b>7,078,718</b>



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# Financial Statements

## Compliance Report on BAS and BFRS

Sl. No.	BAS title	Remarks
BAS-01	Presentation of Financial Statements	Applied
BAS-02	Inventories	Applied
BAS-07	Statement of Cash Flows	Applied
BAS-08	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
BAS-10	Events After the Reporting Period	Applied
BAS-11	Construction Contracts	N/A
BAS-12	Income Taxes	Applied
BAS-16	Property, Plant and Equipment	Applied
BAS-17	Leases	Applied
BAS-18	Revenue	Applied
BAS-19	Employee Benefits	Applied
BAS-20	Accounting for Government Grants and Disclosure of Government Assistance	N/A
BAS-21	The Effects of Changes in Foreign Exchange Rates	Applied
BAS-23	Borrowing Costs	Applied
BAS-24	Related Party Disclosures	Applied
BAS-26	Accounting and Reporting by Retirement Benefit Plans	N/A
BAS-27	Consolidated and Separate Financial Statements	Applied
BAS-28	Investments in Associates	Applied
BAS-29	Financial Reporting in Hyperinflationary Economies	N/A
BAS-31	Interests In Joint Ventures	Applied
BAS-32	Financial Instruments: Presentation	Applied
BAS-33	Earnings Per Share	Applied
BAS-34	Interim Financial Reporting	Applied
BAS-36	Impairment of Assets	Applied
BAS-37	Provisions, Contingent Liabilities and Contingent Assets	Applied
BAS-38	Intangible Assets	Applied
BAS-39	Financial Instruments: Recognition and Measurement	Applied
BAS-40	Investment Property	N/A
BAS-41	Agriculture	Applied

Sl. No.	BFRS title	Remarks
BFRS 1	First-time Adoption of International Financial Reporting Standards	N/A
BFRS 2	Share-based Payment	N/A
BFRS 3	Business Combinations	Applied
BFRS 4	Insurance Contracts	N/A
BFRS 5	Non-current Assets Held for Sale and Discontinued Operations	N/A
BFRS 6	Exploration for and Evaluation of Mineral Assets	N/A
BFRS 7	Financial Instruments: Disclosures	Applied
BFRS 8	Operating Segments	Applied
BFRS 9	Financial Instruments	Applied
BFRS 10	Consolidated Financial Statements	Applied
BFRS 11	Joint Arrangements	N/A
BFRS 12	Discloser of Interest in other Entities	Applied
BFRS 13	Fair Value Measurement	Applied

# Auditor's Report & Consolidated Financial Statements

**Golden Harvest Agro Industries Limited**

as at and for the year ended 30 June 2017



**S F AHMED & CO.**  
CHARTERED ACCOUNTANTS

...Since 1958

Member Firm of HLB International

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## Independent Auditor's Report to The Shareholders of Golden Harvest Agro Industries Limited

We have audited the accompanying consolidated financial statements of Golden Harvest Agro Industries Limited ("the company") which comprise statement of financial position as at 30 June 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and also consolidated financial statements of the company and its subsidiary which comprise consolidated statement of financial position as at 30 June 2017 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements of the group and the separate financial statements of the company give a true and fair view of the consolidated financial position of the group and the separate financial position of the company as at 30 June 2017, 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;  
02 November 2017

  
**S. F. Ahmed & Co**  
Chartered Accountants

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Financial Position**  
**as at 30 June 2017**

	Notes	Amount in BDT		
		30-Jun-17	30-Jun-16 Restated	1-Jul-2015 Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	3,111,515,064	2,646,078,977	2,043,007,481
Leased assets	6	73,782,335	57,567,310	25,179,884
Intangible assets	7	92,291,793	57,896,652	12,379,666
Biological assets	8	78,293,068	74,887,804	-
Capital work in progress	9	613,618,985	737,137,698	669,487,697
Investment in associates	11	-	-	-
<b>Current assets</b>				
Inventories	12	449,612,024	320,478,072	251,548,833
Advances, deposits and prepayments	13	338,074,273	493,053,645	676,538,313
Trade & other receivables	14	1,149,976,495	622,758,844	230,130,164
Cash and cash equivalents	15	74,064,704	34,531,612	98,292,175
<b>TOTAL ASSETS</b>		<b>5,981,228,741</b>	<b>5,044,390,614</b>	<b>4,006,564,213</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital	16	990,990,000	900,900,000	819,000,000
Share premium	17	236,776,054	326,866,054	408,766,054
Revaluation surplus	18	278,351,144	283,331,524	303,525,145
Retained earnings	19	693,397,688	499,493,608	313,605,166
<b>Non controlling interest</b>	20	<b>7,506,750</b>	<b>9,213,602</b>	<b>12,440,400</b>
<b>Total equity</b>		<b>2,207,021,636</b>	<b>2,019,804,788</b>	<b>1,857,336,765</b>
<b>Non-current liabilities</b>				
Long term loans	21	1,507,224,829	1,122,438,336	1,019,563,390
Deferred tax liability	22	199,314,341	162,532,888	153,546,358
Lease obligations	23	42,488,979	34,605,096	5,550,753
<b>Current liabilities</b>				
Accounts and other payables	24	89,239,865	185,168,043	96,319,442
Accruals and provisions	25	223,406,265	220,980,557	217,506,265
Short term loans	26	1,435,548,926	1,064,755,756	514,461,293
Current portion of long term loans	21	263,120,757	224,861,349	139,948,048
Current portion of lease obligations	23	13,863,143	9,243,801	2,331,898
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,981,228,741</b>	<b>5,044,390,614</b>	<b>4,006,564,213</b>
<b>Number of share used to calculate NAV</b>		<b>99,099,000</b>	<b>99,099,000</b>	<b>99,099,000</b>
<b>Net asset value per share</b>		<b>22.20</b>	<b>20.29</b>	<b>18.62</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Director



Director



Managing Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
02 November 2017

  
S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Agro Industries Limited**  
Statement of Financial Position  
as at 30 June 2017

	Notes	Amount in BDT		
		30-Jun-17	30-Jun-16 Restated	1-Jul-2015 Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
		<b>2,371,207,089</b>	<b>2,082,448,742</b>	<b>1,999,228,049</b>
Property, plant and equipment	5A	1,051,266,756	920,157,199	900,601,983
Leased assets	6A	17,522,400	15,432,766	18,337,212
Intangible assets	7A	55,151,862	21,825,591	11,798,291
Capital work in progress	9A	488,911,940	437,848,248	438,369,647
Investment in subsidiary companies	10	758,354,131	687,184,938	630,120,916
Investment in associates	11	-	-	-
<b>Current assets</b>				
		<b>1,569,746,089</b>	<b>982,489,878</b>	<b>858,248,717</b>
Inventories	12A	183,542,586	121,667,949	92,858,670
Advances, deposits and prepayments	13A	281,205,101	416,619,420	398,468,421
Trade & other receivables	14A	1,091,570,052	431,920,059	334,224,876
Cash and cash equivalents	15A	13,428,350	12,282,450	32,696,750
<b>TOTAL ASSETS</b>				
		<b>3,940,953,178</b>	<b>3,064,938,620</b>	<b>2,857,476,766</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
		<b>2,199,514,886</b>	<b>2,010,591,186</b>	<b>1,844,896,366</b>
Share capital	16	990,990,000	900,900,000	819,000,000
Share premium	17	236,776,054	326,866,054	408,766,054
Revaluation surplus	18A	278,351,144	283,331,524	303,525,145
Retained earnings	19A	693,397,688	499,493,608	313,605,167
<b>Total equity</b>				
		<b>2,199,514,886</b>	<b>2,010,591,186</b>	<b>1,844,896,366</b>
<b>Non-current liabilities</b>				
		<b>737,048,254</b>	<b>348,779,691</b>	<b>532,969,501</b>
Long term loans	21A	641,143,284	260,348,239	419,385,976
Deferred tax liability	22A	94,041,276	87,719,431	112,369,029
Lease obligations	23A	1,863,694	712,021	1,214,496
<b>Current liabilities</b>				
		<b>1,004,390,038</b>	<b>705,567,743</b>	<b>479,610,899</b>
Account and other payables	24A	30,862,744	44,401,182	23,722,811
Accruals and provisions	25A	113,088,472	110,434,620	119,348,576
Short term loans	26A	757,988,106	450,761,662	295,563,032
Current portion of long term loans	21A	101,217,680	99,453,243	40,125,462
Current portion of lease obligations	23A	1,233,036	517,036	851,018
<b>TOTAL EQUITY AND LIABILITIES</b>				
		<b>3,940,953,178</b>	<b>3,064,938,620</b>	<b>2,857,476,766</b>
<b>Number of share used to calculate NAV</b>				
		<b>99,099,000</b>	<b>99,099,000</b>	<b>99,099,000</b>
<b>Net asset value per share</b>				
		<b>22.20</b>	<b>20.29</b>	<b>18.62</b>

*The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.*



Director



Director



Managing Director

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;  
02 November 2017

  
S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30 June 2017**

	Notes	Amount in BDT	
		2016-2017	2015-2016
Revenue	27	1,526,709,565	1,427,568,390
Cost of goods sold	28	(829,107,901)	(773,012,955)
<b>Gross profit</b>		<b>697,601,664</b>	<b>654,555,435</b>
<b>Operating expenses</b>		<b>(227,022,316)</b>	<b>(235,091,715)</b>
Administrative expenses	29	(60,920,980)	(62,412,536)
Selling and distribution expenses	30	(166,101,336)	(172,679,179)
Fair value adjustments of biological assets	8	12,851,341	1,903,959
Other operating income	31	28,256,745	60,656,502
<b>Profit from operations</b>		<b>511,687,434</b>	<b>482,024,181</b>
Finance income	32	1,234,893	2,859,127
Finance expenses	33	(262,416,647)	(247,796,255)
<b>Net profit from operation</b>		<b>250,505,680</b>	<b>237,087,053</b>
Provision for workers' profit participation fund		(12,273,709)	(11,972,717)
<b>Income before share of non-consolidated companies and Income Tax</b>		<b>238,231,971</b>	<b>225,114,336</b>
Share of profit / (loss) from associates		-	(300,000)
<b>Net profit before tax</b>		<b>238,231,971</b>	<b>224,814,336</b>
Income tax expenses	34	(52,892,951)	(49,273,139)
<b>Net profit after tax</b>		<b>185,339,020</b>	<b>175,541,197</b>
Non controlling interest	20	1,706,816	3,226,798
<b>Net profit after tax attributable to ordinary shareholders</b>		<b>187,045,836</b>	<b>178,767,995</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>187,045,836</b>	<b>178,767,995</b>
<b>Number of share used to calculate EPS</b>		<b>99,099,000</b>	<b>99,099,000</b>
<b>Earnings per share(EPS)-Restated</b>		<b>1.89</b>	<b>1.80</b>

*The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.*



Director



Director



Managing Director

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;

02 November 2017



S. F. Ahmed & Co.

Chartered Accountants

**Golden Harvest Agro Industries Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30 June 2017**

	Notes	Amount in BDT	
		2016-2017	2015-2016
Revenue	27A	626,923,856	624,438,657
Cost of goods sold	28A	(321,120,596)	(320,284,720)
<b>Gross profit</b>		<b>305,803,260</b>	<b>304,153,937</b>
Operating expenses		(95,913,058)	(97,489,945)
Administrative expenses	29A	(41,523,817)	(41,536,179)
Selling and distribution expenses	30A	(54,389,241)	(55,953,766)
Other operating income	31A	22,852,281	14,674,032
<b>Profit from operations</b>		<b>232,742,483</b>	<b>221,338,024</b>
Finance income	32A	168,940	385,895
Finance expenses	33A	(94,481,337)	(90,840,300)
<b>Net profit from operations</b>		<b>138,430,086</b>	<b>130,883,619</b>
Provision for workers' profit participation fund		(6,589,272)	(6,230,060)
<b>Income before share of non-consolidated companies and income tax</b>		<b>131,840,814</b>	<b>124,653,559</b>
Share of profit / (loss) from associates		-	(300,000)
<b>Net profit before tax</b>		<b>131,840,814</b>	<b>124,353,559</b>
Income tax expenses	34A	(15,392,671)	(9,988,949)
<b>Net profit after tax</b>		<b>116,448,143</b>	<b>114,364,610</b>
Profit after tax attributable to Ordinary Shareholders of the Company		116,448,143	114,364,610
<b>Other comprehensive income</b>			
Share of profit from subsidiary	35	70,597,693	64,403,385
<b>Total comprehensive income</b>		<b>187,045,836</b>	<b>178,767,995</b>
<b>Number of share used to calculate EPS</b>		<b>99,099,000</b>	<b>99,099,000</b>
<b>Earnings per share(EPS)-Restated</b>		<b>1.18</b>	<b>1.15</b>

*The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.*



Director



Director



Managing Director

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;

02 November 2017



S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2017**

Particulars	Amount in BDT					
	Share capital	Share premium	Revaluation surplus	Retained earnings	NCI	Total
Balance as at 01.07.2015	819,000,000	408,766,054	303,525,145	334,401,831	12,440,400	1,878,133,430
Deferred tax adjustment on WDV of fixed assets	-	-	-	(20,796,664)	-	(20,796,664)
<b>Restated opening balance</b>	<b>819,000,000</b>	<b>408,766,054</b>	<b>303,525,145</b>	<b>313,605,167</b>	<b>12,440,400</b>	<b>1,857,336,766</b>
Deferred tax adjustment on WDV of revalued assets	-	-	(15,025,155)	-	-	(15,025,155)
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	-	-	-	178,767,995	-	178,767,995
Share of subsidiary company	-	-	-	-	(3,226,798)	(3,226,798)
<b>Balance as at 30.06.2016</b>	<b>900,900,000</b>	<b>326,866,054</b>	<b>283,331,524</b>	<b>499,493,608</b>	<b>9,213,602</b>	<b>2,019,804,788</b>
Balance as at 01.07.2016	900,900,000	326,866,054	283,331,524	499,493,608	9,213,602	2,019,804,788
Deferred tax adjustment on revaluation surplus	-	-	-	1,877,864	-	1,877,864
Depreciation adjustment on revaluation surplus	-	-	(4,980,380)	4,980,380	-	-
Issuance of Stock dividend	90,090,000	(90,090,000)	-	-	-	-
Net profit after tax	-	-	-	187,045,837	-	187,045,837
Share of profit from subsidiary	-	-	-	-	(1,706,816)	(1,706,816)
Share of deferred tax adjustment on revaluation Surplus	-	-	-	-	(36)	(36)
<b>Balance as at 30.06.2017</b>	<b>990,990,000</b>	<b>236,776,054</b>	<b>278,351,144</b>	<b>693,397,689</b>	<b>7,506,750</b>	<b>2,207,021,637</b>



Director



Director



Managing Director

**Golden Harvest Agro Industries Limited**  
Statement of Changes in Equity  
For the year ended 30 June 2017

Particulars	Amount in BDT					
	Share capital	Share premium	Revaluation surplus	Retained earnings	NCI	Total
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 WDV of fixed assets	-	-	-	(20,796,664)	-	(20,796,664)
<b>Restated opening balance</b>	<b>819,000,000</b>	<b>408,766,054</b>	<b>303,525,145</b>	<b>313,605,167</b>	-	<b>1,844,896,366</b>
Deferred tax adjustment on WDV of revalued assets	-	-	(15,025,155)	-	-	(15,025,155)
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	-	-	-	114,364,610.0	-	114,364,610
Share of subsidiary company	-	-	-	64,403,385	-	64,403,385
<b>Balance as at 30.06.2016</b>	<b>900,900,000</b>	<b>326,866,054</b>	<b>283,331,524</b>	<b>499,493,608</b>	-	<b>2,010,591,186</b>
Balance as at 01.07.2016	900,900,000	326,866,054	283,331,524	499,493,608	-	2,010,591,186
Deferred tax adjustment on revaluation surplus	-	-	-	1,877,864	-	1,877,864
Depreciation adjustment on revaluation surplus	-	-	(4,980,380)	4,980,380	-	-
Issuance of Stock dividend	90,090,000	(90,090,000)	-	-	-	-
Net profit after tax	-	-	-	116,448,143	-	116,448,143
Share of profit from subsidiary	-	-	-	70,597,693	-	70,597,693
<b>Balance as at 30.06.2017</b>	<b>990,990,000</b>	<b>236,776,054</b>	<b>278,351,144</b>	<b>693,397,688</b>	-	<b>2,199,514,886</b>

  
Director

  
Director

Managing Director

## Golden Harvest Agro Industries Limited

### Consolidated Statement of Cash Flows

#### For the year ended 30 June 2017

	Amount in BDT	
	2016-2017	2015-2016
<b>Cash flows from operating activities</b>		
Collections from customers and others	1,499,388,105	1,312,171,429
Payments for operating costs & other expenses	(1,119,530,915)	(852,736,605)
Tax paid	(35,537,068)	(15,426,247)
<b>Net cash generated from operating activities</b>	<b>344,320,122</b>	<b>444,008,577</b>
<b>Cash flows from investing activities</b>		
Acquisitions of property, plant and equipment	(266,134,204)	(626,950,843)
Acquisitions of intangible assets	(38,570,632)	(45,554,824)
Acquisitions / proceed from Biological assets	9,446,076	(72,983,845)
Capital work in progress	(99,062,757)	(172,459,117)
Proceed from disposal of PPE	43,505,918	-
Investment in associates	-	(300,000)
Advance finance to contract farmers & others	(598,759,145)	117,231,096
<b>Net cash used in investing activities</b>	<b>(949,574,745)</b>	<b>(801,017,533)</b>
<b>Cash flows from financing activities</b>		
Payment against finance lease	(11,739,471)	(1,970,434)
Borrowings from banks/financial institutions/Sister concern	918,013,261	543,015,082
Finance cost paid	(261,486,075)	(247,796,255)
<b>Net cash provided by financing activities</b>	<b>644,787,715</b>	<b>293,248,393</b>
Net changes in cash and cash equivalents	39,533,092	(63,760,563)
Cash and cash equivalents at the beginning of the year	34,531,612	98,292,175
<b>Cash and cash equivalents at the end of the year</b>	<b>74,064,704</b>	<b>34,531,612</b>
<b>Number of share used to calculate NOCFPS</b>	<b>99,099,000</b>	<b>99,099,000</b>
<b>Net operating cash flow per share</b>	<b>3.47</b>	<b>4.48</b>



Director



Director



Managing Director

**Golden Harvest Agro Industries Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2017**

	Amount in BDT	
	2016-2017	2015-2016
<b>Cash flows from operating activities</b>		
Collections from customers and others	602,520,458	641,321,928
Payments for operating costs & other expenses	(437,304,094)	(481,389,873)
Tax paid	(11,455,904)	(9,157,955)
<b>Net cash generated from operating activities</b>	<b>153,760,460</b>	<b>150,774,100</b>
<b>Cash flows from investing activities</b>		
Acquisitions of property, plant and equipment	(40,990,176)	(53,480,710)
Proceed from disposal of PPE	525,000	-
Acquisitions of intangible assets	(34,850,355)	(10,027,300)
Acquisitions of leased assets	(24,117)	-
Capital work in progress	(54,333,342)	(8,412,390)
Investment in associates	-	(300,000)
Advance finance to contract farmers & others	(602,775,394)	18,090,148
<b>Net cash used in investing activities</b>	<b>(732,448,384)</b>	<b>(54,130,252)</b>
<b>Cash flows from financing activities</b>		
Payment against finance lease	(1,932,327)	(836,457)
Borrowings from banks/financial institutions/Sister concern	676,247,488	(25,381,391)
Finance cost paid	(94,481,337)	(90,840,300)
<b>Net cash provided by financing activities</b>	<b>579,833,824</b>	<b>(117,058,148)</b>
Net changes in cash and cash equivalents	1,145,900	(20,414,300)
Cash and cash equivalents at the beginning of the year	12,282,450	32,696,750
<b>Cash and cash equivalents at the end of the year</b>	<b>13,428,350</b>	<b>12,282,450</b>
<b>Number of share used to calculate NOCFPS</b>	<b>99,099,000</b>	<b>99,099,000</b>
<b>Operating cash flow per share</b>	<b>1.55</b>	<b>1.52</b>



Director



Director



Managing Director

## Golden Harvest Agro Industries Limited

### Notes to the Financial Statements

For the year ended 30 June 2017

#### 1. Reporting entity

##### Group profile

Golden Harvest Agro Industries Limited (GHAIL) was incorporated on 10 August 2004 as a Private Limited Group; vide Reg. No.-C-53850(515)/2004 under the Companies Act, 1994 and converted to Public Limited Group on 30 June 2010. The Group has been listed to both the Dhaka Stock Exchange Ltd. And Chittagong Stock Exchange Ltd. On 04 March 2013. The principal place of business and the head office of the Group are at Shanta Western Tower, Level # 5, Space Code # 501 & 502, 186, Gulshan, Tejgaon Link Road, Tejgaon Industrial Area, Dhaka-1208. The registered office and factory is located at Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur.

##### Nature of business activities

The Company owns and operates the business of growing, procuring, purchasing, processing, packaging, warehousing, transporting, exporting, importing, distributing and selling agriculture based food, food products. 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 GHAIL. An investor controls an investee when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Golden Harvest Ice Cream Limited and Golden Harvest Dairy Limited are the subsidiaries of the Group.

##### **Golden Harvest Ice Cream Limited (Previous name was Golden Harvest Sea Food and Fish Processing Limited)**

Golden Harvest Ice Cream Limited formerly known as Golden Harvest Sea Food and Fish Processing Limited was incorporated on January 05, 2005, vide Reg. No.-C-55601(2285)/05 under the Companies Act, 1994. The objectives of the Group are to carry out the business, promote & establish factories and chain shop or shops; manufacture and manage food and food items, Dairy, Ice Cream, baby food, soft drink, mineral water, salt and iodized 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 Company. Golden Harvest Agro Industries Limited acquired 75.00% of shares of Golden Harvest Dairy Limited. The objectives of the company will process Liquid Milk and milk based product like butter, cream, cheese, yogurt, etc. The project will not be for milk collection only it will support in meat processing and calf selling.

#### 1.2 Associate

An associate is an entity in which 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 GHAIL for the year ended 30 June 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 02 November 2017.

### **1.4 Reporting period**

The reporting period of the Group covers one year from 1st July 2016 to 30th June 2017.

## **2.0 Basis of preparation of financial statements**

### **2.1 Reporting framework and compliance thereof**

The consolidated financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities and Exchange Rules, 1987 and other relevant local laws as applicable and 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).

### **2.2 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 GHAIL is historical cost except for few of the property, plant and equipment, marketable securities and inventories which are stated in accordance with the policies mentioned in the respective notes. 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.

### **2.3 Basis of Consolidation**

Group financial statements 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 begins from the date the investor obtains control of the investee and cease when the investor loses control of the investee. Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group are eliminated in full. Profits or losses resulting from intra-group transactions that are recognised in assets are eliminated in full. The company presents non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of GHAIL.

### **Loss of control of subsidiaries**

Where GHAIL loses control over its subsidiaries, GHAIL:

- > de-recognises 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 BFRSs.
- > 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 recognized in the investor's profit or loss. If the carrying amount of the investment in the associate has been reduced to zero, no further losses are recognized by the group. The parent is only required to make a provision for any additional losses incurred by the associate to the extent that the parent has a legal or constructive obligation to make good these amounts. Adjustments to the carrying amount may also be necessary for a change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognised in the investor's other comprehensive income.

### **Investment in subsidiaries and associate in GHAIL separate financial statements**

In preparing separate financial statements, GHAIL using the equity method for investment in subsidiaries and associates:

#### **2.4 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.

#### **2.5 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.

#### **2.6 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.

#### **2.7 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.

#### **2.8 Offsetting**

GHAIL does not offset assets and liabilities or income and expenses, unless required or permitted by a BFRS.

**2.9 Comparative information and rearrangement thereof**

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year financial statements. Previous year figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per BAS-8: "Accounting Policies, Changes in Accounting Estimates and Errors"

**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 Structure, content and presentation of financial statements**

The consolidated financial statements of the Group for the year ended 30 June 2017 comprise the Golden Harvest Agro Industries Limited and its Subsidiaries and associate namely Golden Harvest Ice Cream Limited, Golden Harvest Dairy Limited and Golden Harvest QSR Limited respectively. 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 2017;
- ii) Consolidated Statement of profit or loss and other comprehensive Income for the year ended 30 June 2017;
- iii) Consolidated Statement of changes in equity for the year ended 30 June 2017;
- iv) Consolidated Statement of cash flows for the year ended 30 June 2017; and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2017.

**3.0 Summary of significant accounting policies**

GHAIL selects and applies its accounting policies consistently for similar transactions, other events and conditions, unless a BFRS specifically requires or permits categorization of items for which different policies may be appropriate. The accounting policies set out below have been applied consistently in all material respects to all period presented in these financial statements:

**Changes in accounting policies**

GHAIL changes its accounting policy only if the change is required by a BFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the company's financial position, financial performance or cash flows. Changes in accounting policies is to be made through retrospective application by adjusting opening balance of each affected components of equity i.e. as if new policy has always been applied.

### Changes in accounting estimates

Estimates arise because of uncertainties inherent within them, judgment is required but this does not undermine reliability. Effect of changes of accounting estimates is included in profit or loss account.

### Correction of error in prior period financial statements

GHAIL corrects material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

## 3.1 Property, plant and equipment

### Initial recognition and measurement

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

Property, plant and equipment are initially recognized at cost and subsequently land & land development, buildings & other constructions and plant & machineries are stated at fair value. The property, plant and equipment are presented at cost/fair value, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term debt availed for the construction/implementation of the PPE, if the recognition criteria are met.

### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the 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 and maintenance' when it is incurred.

### Subsequent measurement

Property, Plant and equipment are disclosed at cost less accumulated depreciation consistently over years. On 30 June 2009, 30 June 2011 and 30 June 2013. Land and Land Developments, Building and other constructions and Plant and Machinery have been revalued to reflect fair value (prevailing market price) thereof following "Current Cost Method".

### Depreciation on property, plant and equipment

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of 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 2017 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. Expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset is usually recognised in profit or loss as incurred. This is because such expenditure cannot be distinguished from expenditure to develop the business as a whole.

**Separately acquired intangibles**

The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

**Internally generated intangible assets**

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

**Research Phase**

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

### Development Phase

An intangible asset arising from development (or from the development phase of an internal project) is recognised in accordance with 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

In some cases, expenditure are incurred to provide future economic benefits to an entity, but no intangible asset or other asset is acquired or created that can be recognised. For example, expenditure on research is recognised as an expense when it is incurred, except when it is acquired as part of a business combination. Other examples of expenditure that is recognised as an expense when it is incurred include:

- > expenditure on start-up activities i.e. start-up costs/ pre-operating cost.
- > expenditure on training activities.
- > expenditure on advertising and promotional activities.
- > expenditure on relocating or reorganizing part or all of an entity.

### Past expenses

Expenditure on an intangible item that was initially recognised as an expense is not recognized as part of the cost of an intangible asset at a later date.

### Revaluation of intangibles

The revaluation model requires an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses. However, fair value shall be measured by reference to an active market. The revaluation model does not allow the revaluation of intangible assets that have not previously been recognised as assets; or the initial recognition of intangible assets at amounts other than cost.

### Amortization

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortisation begin when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. An intangible asset with an indefinite useful life is not amortised. Amortisation of the intangible asset with a finite useful life is calculated using the reducing balance method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Particulars	Rate
Software (at development stage)	0%
Design, construction and development of products	10%
Augmented Reality	10%

### Derecognition of intangible assets

The carrying amount of an item of intangible assets is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of intangible assets is included as other income in profit or loss when the item is de-recognition. 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 recognized in profit or loss.

**3.5 Impairment of Assets****Recognising and measuring impairment loss**

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss on a non-revalued asset is 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 Capitalization of borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are recognised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur in accordance with 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 capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. GHAIL 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 capitalisations as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings

### **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.

#### **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 of financial assets**

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 recognized 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 re-measured 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 re-measured to fair value, without any deduction for transaction costs that may be incurred on sale or other disposal. Gains and losses on re-measurement should be recognised as follows:

- > Changes in the carrying amount of financial assets at fair value through profit or loss should be recognized 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 derecognized or impaired and through the amortization 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 recognized 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 de-recognition, 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 de-recognition.

#### **Subsequent measurement of financial liabilities**

Financial liabilities at fair value through profit or loss should be re-measured 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 re-measured 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 de-recognised or through the amortization 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 amortized cost**

The impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses which have not been incurred) discounted at the financial instrument's original effective interest rate. Note that it is the original rate of interest which is used. Using market rates current at the time of the impairment would result in a fair value approach being adopted for the measurement of financial assets carried at amortised cost. The amount of the loss should be recognised in profit or loss.

#### **Financial assets carried at cost**

The impairment loss on unquoted equity instruments carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial instrument. Such impairment losses should not be reversed.

#### **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 recognised. 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. 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.

#### **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**

##### **Provisions**

A provision is recognised when GHAIL has a present obligation (legal or constructive) as a result of a past event; and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision is recognized.

##### **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

##### **Contingent liabilities**

GHAIL does not recognised 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 recognised 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 and uses of 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. A provision is used only for

expenditures for which the provision was originally recognised. Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognised for another purpose would conceal the impact of two different events.

### **3.14 Events after the reporting period**

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified: Adjusting Events: - those that provide evidence of conditions that existed at the end of the reporting period. Non adjusting Events: - those that are indicative of conditions that arose after the reporting period. All material events after the statement of financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the note no. 37.10 of Financial Statements.

### **3.15 Earnings pershare (EPS)**

#### **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. GHAIL presents basic earnings per share in the statement of profit or loss and other comprehensive income. The company presents basic earnings per share with equal prominence for all periods presented. GHAIL presents basic earnings per share, even if the amounts are negative (i.e. a loss per share). The Group's Diluted earnings per share is same as Basic earnings per share.

### **3.16 Dividend distribution on ordinary share**

Dividend distribution to the Group's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the Group's shareholders

### **3.17 Income statement**

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 Employee benefits**

The company maintains provident fund for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds. The company has accounted for and disclosed employee benefits in compliance with the provision of BAS 19: "Employee Benefits". The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

**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. Deferred tax relating to items dealt with as other comprehensive income (such as a revaluation) is recognised as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income. Deferred tax relating to items dealt with directly in equity (such as the correction of an error or retrospective application of a change in accounting policy) is recognised directly in equity.

**Taxable temporary difference**

A deferred tax liability is recognised for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

**Revaluations to fair value – property, plant and equipment**

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore give rise to a deferred tax liability.

**Non-depreciated revalued assets**

Deferred tax is recognized even where non-current assets are not depreciated e.g. land. This is because the carrying value will ultimately be recovered on disposal. Deferred tax assets and liabilities and assets are measured considering the tax consequence of recovering the carrying amount of the non-depreciable assets i.e. the tax rate applicable to the taxable amount derived from the sale of an asset

**Deductible temporary difference**

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

**3.23 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**

Relationships between a parent and its subsidiaries is disclosed irrespective of whether there have been transactions between them. GHAIL discloses key management personnel compensation. The company discloses the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. The 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 Operating segment**

An operating segment is a component of GHAIL that engages in business activities from which it earns revenues and incur expenses and whose operating results are regularly reviewed by the GHAIL's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### **Reportable segments**

GHAIL reports separately information about each operating segment that has been identified as an operating segment and exceeds the quantitative thresholds.

Segmental information is provided for the different business segments of the 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 utilization, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

### **3.26 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.

**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.

**Financial assets**

Financial assets can be monetary or non-monetary and may be carried at fair value or amortized cost. At each year end, the foreign currency amount of financial instruments carried at amortized cost is translated into the functional currency using either the closing rate (if it is a monetary item) or the historical rate (if it is a non-monetary item). Financial instruments carried at fair value are translated to the functional currency using the closing spot rate.

The entire change in the carrying amount of a non-monetary available-for-sale financial asset, including the effect of changes in foreign currency rates, is reported as other comprehensive income at the reporting date. A change in the carrying amount of monetary available-for-sale financial assets on subsequent measurements is analyzed between the foreign exchange component and the fair value movement. The foreign exchange component is recognised in profit or loss and the fair value movement is recognised as other comprehensive income. The entire change in the carrying amount of financial instruments measured at fair value through profit or loss, including the effect of changes in foreign currency rates, is recognised in profit or loss.

**4.0 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.

5. Property, plant and equipment

Consolidated

Particulars	Cost/Valuation			Rate of Dep.	Depreciation			Written Down Value as of 30.06.17
	Balance as on 01.07.2016	Addition for the year	Disposal for the year		Balance as on 30.06.17	Charged for the year	Disposal for the year	
<b>At historical cost:</b>								
Land and land development	451,890,783	321,386,423	-	0.0%	-	-	-	773,277,206
Buildings and other constructions	273,026,983	223,585,718	-	2.5%	28,171,729	6,816,971	34,988,700	461,624,001
Plant and machinery	476,698,232	89,419,579	-	5.0%	74,732,863	22,882,653	97,615,516	468,502,295
Office Equipment	26,672,418	5,102,927	-	10%	7,715,416	885,385	8,600,801	23,174,544
Furniture and Fixtures	47,801,651	719,133	-	10%	15,676,796	3,266,311	18,943,107	29,577,677
Vehicle	197,611,423	1,455,800	648,500	10%	24,001,838	17,567,966	41,515,437	156,903,286
Freezer	1,041,738,643	4,861,401	44,520,000	10%	143,199,950	85,481,460	220,903,218	781,176,826
<b>A. Sub total of 30.06.2017</b>	<b>2,515,440,133</b>	<b>646,530,981</b>	<b>45,168,500</b>		<b>293,498,592</b>	<b>136,900,745</b>	<b>422,566,778</b>	<b>2,694,235,836</b>
<b>At revaluation:</b>								
Land and land development	213,821,556	-	-	0.0%	-	-	-	213,821,556
Buildings and other constructions	165,683,091	-	-	2.5%	19,379,653	3,657,586	23,037,239	142,645,852
Plant and machinery	85,028,928	-	-	5.0%	21,016,486	3,200,622	24,217,108	60,811,820
<b>B. Sub total of 30.06.2017</b>	<b>464,533,575</b>	<b>-</b>	<b>-</b>		<b>40,396,139</b>	<b>6,858,208</b>	<b>47,254,347</b>	<b>417,279,228</b>
<b>Total (A+B) of 30.06.2017</b>	<b>2,979,973,708</b>	<b>646,530,981</b>	<b>45,168,500</b>		<b>333,894,731</b>	<b>143,758,953</b>	<b>469,821,125</b>	<b>3,111,515,064</b>
<b>Total of 30.06.2016</b>	<b>2,248,213,749</b>	<b>731,759,959</b>	<b>-</b>		<b>205,206,268</b>	<b>128,688,463</b>	<b>333,894,731</b>	<b>2,646,078,977</b>

5.1 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling and Distribution	Rate of Dep. (%)	Total
<b>At historical cost</b>							
Factory & office building	5,551,883	99%	-	0%	1,265,088	1%	6,816,971
Plant & machinery	22,882,653	100%	-	0%	-	0%	22,882,653
Furniture & fixture	442,693	50%	354,154	40%	88,539	10%	885,385
Office equipment's	1,143,209	35%	1,633,156	50%	489,947	15%	3,266,311
Vehicles	8,334,843	10%	1,981,366	30%	7,251,757	60%	17,567,966
Freezer	12,582,995	-	-	0%	72,898,465	100%	85,481,460
<b>Sub total</b>	<b>50,938,276</b>		<b>3,968,676</b>		<b>81,993,796</b>		<b>136,900,745</b>
<b>At revaluation</b>							
Buildings and other constructions	3,657,586	100%	-	0%	-	0%	3,657,586
Plant & machinery	3,200,622	100%	-	0%	-	0%	3,200,622
<b>Sub total</b>	<b>6,858,208</b>		<b>-</b>		<b>-</b>		<b>6,858,208</b>
<b>Grand total</b>	<b>57,796,484</b>		<b>3,968,676</b>		<b>81,993,796</b>		<b>143,758,953</b>

Note (i). Land & Building are mortgaged and Plant & Machinery and equipments are hypothecated with Mercantile Bank Ltd., Gulshan Branch against term loan and working capital (CC hypo) facilities according to their sanction terms.

Note (ii). The Company (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, Alta Khan & Co, Chartered Accountants following "Current Cost Method", resulting the following surplus:

5A. Property, plant and equipment The Company											
Particulars	Cost/Valuation			Rate of Dep. (%)	Depreciation			Written Down Value as of 30.06.17			
	Balance as on 01.07.2016	Addition for the year	Disposal for the year		Balance as on 30.06.17	Charged for the year	Disposal for the year		Balance as on 30.06.17		
<b>At historical cost:</b>											
Land and land development	107,311,828	129,025,108	-	236,336,936	0.0%	-	-	236,336,936			
Buildings and other constructions	227,548,058	-	-	227,548,058	2.5%	4,996,692	32,677,063	194,870,995			
Plant and machinery	79,286,508	43,239,576	-	122,526,084	5.0%	4,553,491	28,803,168	93,722,916			
Office equipment	7,941,245	822,800	-	8,764,045	10%	616,029	2,777,167	6,046,878			
Furniture and fixtures	38,738,293	266,583	-	39,004,876	10%	2,595,914	15,555,432	23,449,444			
Vehicle	15,089,972	-	648,500	14,441,472	10%	1,096,311	54,367	9,272,667			
Freezer	312,404,243	-	-	312,404,243	10%	22,566,485	109,305,875	203,098,368			
<b>A. Sub total of 30.06.2017</b>	<b>788,320,147</b>	<b>173,354,067</b>	<b>648,500</b>	<b>961,025,714</b>		<b>36,424,922</b>	<b>54,367</b>	<b>766,798,204</b>			
<b>At revaluation:</b>											
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%	3,657,586	23,037,239	142,645,852			
Plant and machinery	41,576,975	-	-	41,576,975	5.0%	1,567,869	11,787,463	29,789,512			
<b>B. Sub total of 30.06.2017</b>	<b>319,293,254</b>	<b>-</b>	<b>-</b>	<b>319,293,254</b>		<b>5,225,455</b>	<b>34,824,702</b>	<b>284,468,552</b>			
<b>Total (A+B) of 30.06.2017</b>	<b>1,107,613,402</b>	<b>173,354,067</b>	<b>648,500</b>	<b>1,280,318,968</b>		<b>41,650,377</b>	<b>54,367</b>	<b>1,051,266,756</b>			
<b>Total of 30.06.2016</b>	<b>1,045,198,903</b>	<b>62,414,499</b>	<b>-</b>	<b>1,107,613,401</b>		<b>42,859,282</b>	<b>-</b>	<b>920,157,199</b>			
5A.1 Depreciation has been charged on different cost centers as under :											
Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling & Distribution	Rate of Dep. (%)	Total				
<b>At historical cost</b>											
Factory and office building	4,996,692	100%	-	0%	-	0%	4,996,692				
Plant and machinery	4,553,491	100%	-	0%	-	0%	4,553,491				
Office equipments	308,015	50%	246,412	40%	61,603	10%	616,029				
Furniture and fixture	908,570	35%	1,297,957	50%	389,387	15%	2,595,914				
Vehicles	109,631	10%	328,893	30%	657,787	60%	1,096,311				
Freezer	-	-	-	0%	22,566,485	100%	22,566,485				
<b>Sub total</b>	<b>10,876,399</b>		<b>1,873,262</b>		<b>23,675,262</b>		<b>36,424,922</b>				
<b>At revaluation</b>											
Buildings and other constructions	3,657,586	100%	-	0%	-	0%	3,657,586				
Plant and machinery	1,567,869	100%	-	0%	-	0%	1,567,869				
<b>Sub total</b>	<b>5,225,455</b>		<b>-</b>		<b>-</b>		<b>5,225,455</b>				
<b>Grand total</b>	<b>16,101,854</b>		<b>1,873,262</b>		<b>23,675,262</b>		<b>41,650,377</b>				

6. Leased assets (Finance lease)

Consolidated

Particulars	Cost/Valuation			Rate of Dep. (%)	Depreciation			Written Down Value as of 30.06.17
	Balance as on 01.07.2016	Addition for the year	Disposal for the year		Balance as on 30.06.17	Charged for the year	Disposal for the year	
Vehicle	74,460,870	24,266,812	2,769,224	10%	16,893,560	5,920,869	638,306	22,176,123
<b>Total of 30.06.2017</b>	<b>74,460,870</b>	<b>24,266,812</b>	<b>2,769,224</b>		<b>16,893,560</b>	<b>5,920,869</b>	<b>638,306</b>	<b>22,176,123</b>
<b>Total of 30.06.2016</b>	<b>36,524,190</b>	<b>37,936,680</b>	<b>-</b>		<b>11,344,306</b>	<b>5,549,254</b>	<b>-</b>	<b>16,893,560</b>

6.1 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling & Distribution	Rate of Dep. (%)	Total
Vehicles	-	0%	1,602,812	20%	3,480,780	80%	5,920,869
<b>Total</b>	<b>-</b>	<b>0%</b>	<b>1,602,812</b>		<b>3,480,780</b>		<b>5,920,869</b>

6A. Leased assets (Finance lease)

The Company

Particulars	Cost/Valuation			Rate of Dep. (%)	Depreciation			Written Down Value as of 30.06.17
	Balance as on 01.07.2016	Addition for the year	Disposal for the year		Balance as on 30.06.17	Charged for the year	Disposal for the year	
Vehicle	29,044,455	3,824,116	-	10%	13,611,689	1,734,482	-	15,346,171
<b>Total of 30.06.2017</b>	<b>29,044,455</b>	<b>3,824,116</b>	<b>-</b>		<b>13,611,689</b>	<b>1,734,482</b>	<b>-</b>	<b>15,346,171</b>
<b>Total of 30.06.2016</b>	<b>29,044,455</b>	<b>-</b>	<b>-</b>		<b>10,707,243</b>	<b>2,904,446</b>	<b>-</b>	<b>13,611,689</b>

6A.1 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling and Distribution	Rate of Dep. (%)	Total
Vehicles	-	-	346,896	20%	1,387,586	80%	1,734,482
<b>Total</b>	<b>-</b>	<b>-</b>	<b>346,896</b>		<b>1,387,586</b>		<b>1,734,482</b>

7. Intangible Assets Consolidated		Amount in BDT					
		Cost/Valuation			Depreciation		Written Down Value as of 30.06.17
Particulars	Balance as on 01.07.2016	Addition for the year	Disposal for the year	Balance as on 30.06.17	Charged for the year	Disposal for the year	Balance as on 30.06.17
Software (at development stage)	33,242,720	4,368,677	-	37,611,397	-	-	-
Design, construction and development of products	24,313,395	34,201,955	-	58,515,350	4,141,437	-	4,141,437
Augmented Reality	378,375	-	-	378,375	34,054	-	71,892
<b>Total of 30.06.2017</b>	<b>57,934,490</b>	<b>38,570,632</b>	<b>-</b>	<b>96,505,122</b>	<b>4,175,491</b>	<b>-</b>	<b>4,213,329</b>
<b>Total of 30.06.2016</b>	<b>12,379,666</b>	<b>45,554,824</b>	<b>-</b>	<b>57,934,490</b>	<b>37,838</b>	<b>-</b>	<b>37,838</b>
<b>7.1 Amortization has been charged on different cost centers as under :</b>							
Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling & Distribution	Rate of Dep. (%)	Total
Software	-	0%	-	0%	-	0%	-
Design, construction and development of products	-	0%	-	0%	4,141,437	100%	4,141,437
Augmented Reality	-	0%	-	0%	34,054	100%	34,054
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,175,491</b>	<b>-</b>	<b>4,175,491</b>
<b>7 A . Intangible Assets The Company</b>							
Particulars	Balance as on 01.07.2016	Addition for the year	Disposal for the year	Balance as on 30.06.17	Charged for the year	Disposal for the year	Balance as on 30.06.17
Software (at development stage)	21,825,591	4,368,677	-	26,194,268	-	-	-
Design, construction and development of products	-	30,481,678	-	30,481,678	1,524,084	-	1,524,084
<b>Total of 30.06.2017</b>	<b>21,825,591</b>	<b>34,850,355</b>	<b>-</b>	<b>56,675,946</b>	<b>1,524,084</b>	<b>-</b>	<b>1,524,084</b>
<b>Total of 30.06.2016</b>	<b>11,798,291</b>	<b>10,027,300</b>	<b>-</b>	<b>21,825,591</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>7A.1 Amortization has been charged on different cost centers as under :</b>							
Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling and Distribution	Rate of Dep. (%)	Total
Software	-	0%	-	0%	-	0%	-
Design, construction and development of products	-	0%	1,524,084	100%	-	0%	1,524,084
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,524,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,524,084</b>

		Amount in BDT			
		30-Jun-17	30-Jun-16		
<b>8. Biological Assets:</b>					
Dryer		2,114,500	-		
Milkable Cows		25,559,254	6,516,531		
Heifers		49,454,434	63,425,197		
Calves		1,164,880	4,946,076		
		<b>78,293,068</b>	<b>74,887,804</b>		
<b>8.01 Details are as follows:</b>					
	<b>Calves</b>	<b>Heifers</b>	<b>Milkable Cows</b>	<b>Dryer</b>	<b>Total</b>
Carrying amount	4,946,076	63,425,197	6,516,531	-	74,887,804
Add: Purchase Costs	-	-	-	-	-
Less: Transfer/ Sales	(4,946,076)	(21,125,404)	16,625,404	-	(9,446,076)
Add/(Less): Fair value adjustments	1,164,880	7,154,641	2,417,319	2,114,500	12,851,341
	<b>1,164,880</b>	<b>49,454,434</b>	<b>25,559,254</b>	<b>2,114,500</b>	<b>78,293,068</b>
<b>8.01.01 Fair value adjustments</b>					
	<b>Calves</b>	<b>Heifers</b>	<b>Milkable Cows</b>	<b>Dryer</b>	<b>Total</b>
Changes in Fair Value	1,164,880	7,767,200	4,064,640	3,806,100	16,802,820
Less: Cost to sell	-	(612,559)	(1,647,321)	(1,691,600)	(3,951,479)
	<b>1,164,880</b>	<b>7,154,641</b>	<b>2,417,319</b>	<b>2,114,500</b>	<b>12,851,341</b>
<b>9. Capital work in progress</b>					
Opening balance				737,137,698	669,487,697
Addition during the year				125,707,734	172,459,117
Transferred to property, plant and equipment				(249,226,447)	(104,809,116)
				<b>613,618,985</b>	<b>737,137,698</b>
<b>9A. Capital work in progress</b>					
Opening Balance				437,848,248	438,369,647
Addition during the year				54,333,342	8,412,390
Transferred to property, plant and equipment				(3,269,650)	(8,933,789)
				<b>488,911,940</b>	<b>437,848,248</b>
<b>10. Investment in subsidiary companies</b>					
Golden Harvest Ice Cream Ltd.	(Note - 10.01)			735,838,295	659,548,203
Golden Harvest Dairy Ltd.	(Note - 10.02)			22,515,836	27,636,735
				<b>758,354,131</b>	<b>687,184,938</b>
<b>10.01 Golden Harvest Ice Cream Ltd.</b>					
Opening balance				659,548,203	592,803,342
Share of net profit after tax of subsidiary				75,718,592	74,084,224
Deferred tax adjustment on dep. of revalued amount of PPE				571,500	601,540
Adjustment for deferred tax				-	(7,940,903)
				<b>735,838,295</b>	<b>659,548,203</b>
<b>10.02 Golden Harvest Dairy Ltd.</b>					
Opening balance				27,636,735	37,317,574
Share of net loss after tax of subsidiary				(5,120,899)	(9,680,839)
				<b>22,515,836</b>	<b>27,636,735</b>
<b>11. Investment in associates</b>					
<b>Golden Harvest QSR Ltd.</b>					
Subscribed in ordinary share				-	300,000
Less: Attributable Share of Loss of Associate				-	(300,000)
				<b>-</b>	<b>-</b>
Share of loss of Associates during the year is Tk. 7,152,842 (Tk. 23,842,805 x 30%)					



		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>14.01 Trade receivables</b>			
Sales receivables		461,458,330	406,044,921
		<b>461,458,330</b>	<b>406,044,921</b>
<p>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:</p>			
SL	Particulars	Consolidate amount in BDT 2017	Consolidate amount in BDT 2016
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	461,458,330	406,044,921
III	Accounts receivable considered doubtful or bad	-	-
IV	Accounts receivable due by any director or other officer of the company	-	-
V	Accounts receivable due by Common management	-	-
VI	The maximum amount of receivable due by any director or other officer of the company	-	-
<b>TOTAL</b>		<b>461,458,330</b>	<b>406,044,921</b>
<b>14.02 Other receivables</b>			
Export incentive receivable		-	2,681,414
Interest receivable		289,329	316,419
Inter company transaction (Note - 14.03)		688,228,836	213,716,090
		<b>688,518,165</b>	<b>216,713,923</b>
<p>This is unsecured, considered good and is falling due within one year.</p>			
<b>14.03 Inter company transaction</b>			
Samdani Art Foundation		5,763,639	4,700,117
Golden Harvest Foods Ltd.		503,521,908	209,015,973
Golden Harvest InfoTech Ltd.		87,203,001	-
Golden Harvest Developers Ltd.		38,754,111	-
Golden Harvest QSR Ltd.		52,986,177	-
		<b>688,228,836</b>	<b>213,716,090</b>
<b>14A. Trade and other receivables</b>			
Trade receivable (Note - 14A.01)		198,362,842	148,281,916
Other receivable (Note - 14A.02)		893,207,210	283,638,143
		<b>1,091,570,052</b>	<b>431,920,059</b>
<b>14A.01 Trade receivables</b>			
Sales receivables		198,362,842	148,281,916
		<b>198,362,842</b>	<b>148,281,916</b>
<b>14A.02 Other receivables</b>			
Export incentive receivable		-	2,681,414
Interest receivable		77,432	52,325
Inter company transaction (Note - 14A.03)		893,129,778	280,904,404
		<b>893,207,210</b>	<b>283,638,143</b>

		Amount in BDT			
		30-Jun-17	30-Jun-16		
<b>14A.03 Inter company transaction</b>					
Golden Harvest Dairy Ltd.		49,502,211	26,805,975		
Golden Harvest Ice Cream Ltd.		345,480,106	215,892,669		
Golden Harvest InfoTech Ltd.		87,203,001	-		
Golden Harvest Developers Ltd.		38,754,111	-		
Samdani Art Foundation		5,763,639	4,700,117		
Golden Harvest Foods Ltd.		313,440,533	33,505,643		
Golden Harvest QSR Ltd.		52,986,177	-		
		<b>893,129,778</b>	<b>280,904,404</b>		
This is unsecured and considered good.					
<b>15. Cash and cash equivalents</b>					
<b>Cash in hand:</b>		<b>2,135,069</b>	<b>1,032,486</b>		
Cash in hand at head office		84,534	40,284		
Cash in hand at factory office		2,050,535	992,202		
Cash at bank		50,635,173	21,001,101		
Fixed Deposits with Banks (Maturity within 1 to 3 months)		21,294,462	12,498,025		
		<b>74,064,704</b>	<b>34,531,612</b>		
Fixed Deposits are lien against LC margin					
<b>15A. Cash and cash equivalents</b>					
<b>Cash in hand:</b>		<b>213,648</b>	<b>539,405</b>		
Cash in hand at head office		36,842	25,600		
Cash in hand at factory office		176,806	513,805		
Cash at bank		12,246,461	10,835,020		
Fixed Deposits with Banks (Maturity within 1 to 3 months)		968,241	908,025		
		<b>13,428,350</b>	<b>12,282,450</b>		
Details of cash at bank is given at annex-A					
<b>16. Share capital</b>					
<b>Authorized share capital</b>		<b>1,000,000,000</b>	<b>1,000,000,000</b>		
<b>100,000,000 ordinary shares of BDT 10 each</b>					
<b>Issued, subscribed and paid up capital</b>					
58,750,000 ordinary share @ Tk. 10 each fully paid-up against cash		587,500,000	587,500,000		
353,490,000 bonus share @ Tk. 10 each		353,490,000	263,400,000		
5,000,000 ordinary share @ Tk. 10 each fully paid-up against acquisition of shares of Golden Harvest Ice Cream Limited		50,000,000	50,000,000		
		<b>990,990,000</b>	<b>900,900,000</b>		
The above balance has been received from the following :					
Name	Designation	% of Shares		No. of Shares	
		30-06-2017	30-06-2016	30-06-2017	30-06-2016
Enamuzzaman Chowdhury	Chairman	2.00	2.00	1,981,980	1,801,800
Mr. Matthew Graham Stock	Director	2.00	2.00	1,981,980	1,801,800
Mr. Ahmed Rajeeb Samdani	Managing Director	21.94	21.94	21,738,965	19,762,696
Mr. Ahmed Mehdi Samdani	Sponsor	0.38	0.38	371,800	338,000
Ms. Nadia Khalil Choudhury	Director	2.00	2.00	1,981,980	1,801,800
Mr. Azizul Huque	Director	2.26	2.26	2,239,331	2,035,756
Mr. Moqsud Ahmed Khan	Director	2.46	2.46	2,439,360	2,217,600
Mr. Mohius Samad Choudhury	Director	2.00	2.00	1,981,980	1,801,800
		<b>35.03</b>	<b>35.03</b>	<b>34,717,376</b>	<b>31,561,252</b>
<b>Others</b>					
Foreign investors		0.57	0.89	561,000	800,444
Institutions		43.45	31.75	43,056,067	28,603,575
General shareholders		20.95	32.33	20,764,557	29,124,729
		<b>64.97</b>	<b>64.97</b>	<b>64,381,624</b>	<b>58,528,748</b>
		<b>100</b>	<b>100</b>	<b>99,099,000</b>	<b>90,090,000</b>

Range with shareholding position:					Amount in BDT	
					30-Jun-17	30-Jun-16
Range of holdings In number of shares	No. of shareholders		% of shareholders		Number of shares	
	2017	2016	2017	2016	2017	2016
1 to 499	8,823	12,621	0.808	0.792	2,048,708	3,164,259
500 to 5,000	1,368	2,357	0.125	0.148	2,521,139	4,378,450
5,001 to 10,000	261	419	0.024	0.026	1,950,343	3,122,316
10,001 to 20,000	179	224	0.016	0.014	2,683,479	3,225,675
20,001 to 30,000	65	87	0.006	0.005	1,650,829	2,196,727
30,001 to 40,000	37	44	0.003	0.003	1,323,689	1,545,605
40,001 to 50,000	42	32	0.004	0.002	1,952,579	1,498,072
50,001 to 100,000	61	68	0.006	0.004	4,469,281	5,175,519
100,001 to 1,000,000	62	60	0.006	0.004	16,823,088	13,695,286
Over 1,000,000	15	14	0.001	0.001	63,675,865	52,088,091
<b>Total</b>	<b>10,913</b>	<b>15,926</b>	<b>1.00</b>	<b>1.00</b>	<b>99,099,000</b>	<b>90,090,000</b>

Shareholding position of Golden Harvest Ice Cream Ltd:

Name	Designation	% of Shares		Value of shares @ BDT 10	Value of shares @ BDT 10
		2017	2016	2017	2016
Mr. Ahmed Rajeeb Samdani	Managing Director	0.0002%	0.0002%	600	600
Golden Harvest Agro Industries Ltd.	Parent company	99.9998%	99.9998%	299,999,400	299,999,400
		<b>100%</b>	<b>100%</b>	<b>300,000,000</b>	<b>300,000,000</b>

Shareholding position of Golden Harvest Dairy Ltd:

Name	Designation	% of Shares		Value of shares @ BDT 10	Value of shares @ BDT 10
		2017	2016	2017	2016
Mr. Ahmed Rajeeb Samdani	Managing Director	25.00%	25.00%	12,500,000	12,500,000
Golden Harvest Agro Industries Ltd.	Parent company	75.00%	75.00%	37,500,000	37,500,000
		<b>100%</b>	<b>100%</b>	<b>50,000,000</b>	<b>50,000,000</b>

17. Share premium

Share premium received	450,000,000	450,000,000
Bonus Share	(171,990,000)	(81,900,000)
<b>IPO expenses:</b>	(41,233,946)	(41,233,946)
Income tax (3% on premium)	(13,500,000)	(13,500,000)
IPO cost	(25,927,742)	(25,927,742)
Exchange gain / (loss)	(1,806,204)	(1,806,204)
	<b>236,776,054</b>	<b>326,866,054</b>

10% stock dividend has been issued from share premium for the financial year ended 30 June 2016 under section 57(2a) of companies Act-1994.

18. Revaluation surplus

Opening balance	283,331,524	303,525,145
Adjustment for deferred tax	-	(15,025,155)
Depreciation on revaluation surplus transferred to retained earnings	(4,980,380)	(5,168,466)
Depreciation of the company	(3,919,091)	(4,051,319)
Depreciation of Golden Harvest Ice Cream Ltd.	(1,061,289)	(1,117,147)
	<b>278,351,144</b>	<b>283,331,524</b>

The Company revalued its lands, buildings, and plant & machinery as of 30 June 2013 by its Valuer, Ata Khan & Co, Chartered Accountants following "Current cost method", resulting in a revaluation surplus at BDT 128,671,642 for Golden Harvest Agro Industries Ltd. and BDT 51,419,359 for Golden Harvest Ice Cream Ltd. which include non controlling interest part BDT 103.

	Amount in BDT	
	30-Jun-17	30-Jun-16
<b>18A. Revaluation surplus</b>		
Opening balance	283,331,524	303,525,145
Adjustment for deferred tax	-	(15,025,155)
Depreciation on revaluation surplus transferred to retained earnings	(4,980,380)	(5,168,466)
Depreciation of the company	(3,919,091)	(4,051,319)
Depreciation of Golden Harvest Ice Cream Ltd.	(1,061,289)	(1,117,147)
	<b>278,351,144</b>	<b>283,331,524</b>
<b>19. Retained earnings</b>		
Opening balance	499,493,608	334,401,830
Adjustment during the year on Building	-	(20,796,664)
<b>Restated Opening Balance</b>	<b>499,493,608</b>	<b>313,605,166</b>
Deferred tax adjustment on Dep. of revalued amount of PPE	1,877,864	1,951,980
Depreciation on revaluation surplus transferred	4,980,380	5,168,466
Net profit after tax	185,339,020	175,541,197
Share of non-controlling interest	1,706,816	3,226,799
	<b>693,397,688</b>	<b>499,493,608</b>
<b>19A. Retained earnings</b>		
Opening balance	499,493,608	334,401,831
Adjustment during the year on Building	-	(20,796,664)
<b>Restated Opening Balance</b>	<b>499,493,608</b>	<b>313,605,167</b>
Deferred tax adjustment on dep. of revalued amount of PPE	1,877,864	1,951,980
Depreciation on revaluation surplus transferred	4,980,380	5,168,466
Share of subsidiary company	70,597,693	64,403,385
Net profit after tax	116,448,143	114,364,610
	<b>693,397,688</b>	<b>499,493,608</b>
<b>20. Non controlling interest</b>		
Opening balance	9,213,602	12,440,400
Share of Net profit after tax for the year (GHICL)	151	148
Share of Net profit after tax for the year (GHDL)	(1,706,967)	(3,226,946)
Share of deferred tax adjustment on revaluation Surplus	(36)	-
	<b>7,506,750</b>	<b>9,213,602</b>
<b>21. Long term loans</b>		
<b>Golden Harvest Agro Industries Limited</b>	<b>742,360,964</b>	<b>359,801,482</b>
Corporate Bond	222,616,666	-
Mercantile Bank Ltd., HP-2	26,446,922	51,852,713
Mercantile Bank Ltd., HBL	27,021,536	42,213,960
IPDC Finance Ltd	255,625,000	-
Mercantile Bank Ltd., Term Loan-Agri	210,650,840	265,734,809
<b>Golden Harvest Ice Cream Limited</b>	<b>858,468,055</b>	<b>812,881,271</b>
Syndicated Loan ( UCBL and Standard Bank Limited)	539,980,365	660,826,390
United Commercial Bank Ltd., Term Loan-2	318,487,690	152,054,881
<b>Golden Harvest Dairy Limited</b>	<b>169,516,567</b>	<b>174,616,932</b>
Standard Bank Ltd., Term Loan -1	60,843,280	67,708,950
Standard Bank Ltd., Term Loan -2	108,673,287	106,907,982
	<b>1,770,345,586</b>	<b>1,347,299,685</b>
Current maturity of long term loan	(263,120,757)	(224,861,349)
	<b>1,507,224,829</b>	<b>1,122,438,336</b>

The above term loan is for the dairy project for which two drawdown has been made against one term loan. So two loan has been created.

**Terms & conditions of Long Term Loan:**

- a) Golden Harvest Agro Ind. Ltd. In Note 21A  
b) Golden Harvest Ice Cream Ltd.

**Syndicated loan,**

United Commercial Bank Ltd. Term loan-1  
Standard Bank Ltd  
Current maturity of long term loan

Amount in BDT	
30-Jun-17	30-Jun-16
<b>539,980,365</b>	<b>660,826,390</b>
176,234,365	222,968,318
363,746,000	437,858,072
(132,322,632)	(116,920,945)
<b>407,657,733</b>	<b>543,905,445</b>

Golden Harvest Ice Cream Ltd. has taken syndicated term loan facility amounting Tk. 70 crore for establishment of Ice Cream project and will utilise the loan amount to imported machineries and meet other expenditure for implementation of the project.

Particulars	Rate of Interest	Tenure	Repayment Term	Security
United Commercial Bank Ltd., Term loan-1	9.50%	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
Standard Bank Ltd.,	10.50%	5 Years	20 Quarterly installment starting from 31 May 2016.	
United Commercial Bank Ltd., Term loan-2	9.75%	5 Years	Quarterly (Starting from March 2017)	

- c) Golden Harvest Dairy Ltd.

**Terms and Conditions:**

**Rate of interest :** 11.00%  
**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**

Corporate Bond	222,616,666	-
IPDC Finance Ltd	255,625,000	-
Mercantile Bank Ltd., HP-2	26,446,922	51,852,713
Mercantile Bank Ltd., HBL	27,021,536	42,213,960
Mercantile Bank Ltd., Term Loan- Agri	210,650,840	265,734,809
	<b>742,360,964</b>	<b>359,801,482</b>
Current maturity of long term loan	(101,217,680)	(99,453,243)
	<b>641,143,284</b>	<b>260,348,239</b>

Amount in BDT	
30-Jun-17	30-Jun-16

**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	10.00%	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	10.00%	5 Years	Monthly (Starting from 24 October 2014)	
Mercantile Bank Ltd., Term Loan- Agri	9.00%	5 Years	LTR is for 90 Days (RM and PM)	
IPDC Finance Ltd.	11.25%	5 Years	Quarterly	
Fully redeemable Non-convertible, Unsecured Corporate Bond	Floor-10% Ceiling-11.5% Margin-3%	7 Years	At the end of Years 2, 3, 4, 5, 6 & 7 at the rate of 15% for the first 4 years and 20% for the last two years of issue size respectively	

**22. Deferred tax liability**

Opening balance	162,532,888	132,749,694
Adjustment during the year on Building	-	20,796,664
<b>Restated opening balance</b>	<b>162,532,888</b>	<b>153,546,358</b>
Adjustment of deferred tax on revaluation surplus of PPE	-	15,025,155
Adjustment during the year on fixed assets at cost	39,188,201	(2,553,322)
Less : During the year on revaluation	(1,877,828)	(1,951,980)
During the year on business loss	(528,920)	(1,533,323)
	<b>199,314,341</b>	<b>162,532,888</b>

**22A. Deferred tax liability**

Opening balance	87,719,431	91,572,365
Adjustment during the year on Building	-	20,796,664
<b>Restated opening balance</b>	<b>87,719,431</b>	<b>112,369,029</b>
Adjustment during the year on fixed assets at cost	7,628,209	(30,383,410)
Adjustment depreciation on revaluation surplus of PPE	-	7,084,252
Less : During the year on revaluation	(1,306,364)	(1,350,440)
	<b>94,041,276</b>	<b>87,719,431</b>

**23. Lease obligations**

United Finance Ltd	712,017	1,229,057
National Finance Limited	10,956,939	-
IDLC Finance Ltd. Ls	2,221,284	3,513,207
Union Capital Limited	8,453,499	10,965,619
Industrial Promotion and Development Company Ltd. (IPDC)	13,304,663	23,218,543
BD Finance Investment Ltd.	20,703,720	4,922,471
	<b>56,352,122</b>	<b>43,848,897</b>
Current maturity of lease obligation	(13,863,143)	(9,243,801)
	<b>42,488,979</b>	<b>34,605,096</b>

**23A. Lease obligations**

BD Finance Investment Ltd.	2,384,713	-
United Finance Ltd	712,017	1,229,057
	3,096,730	1,229,057
Current maturity of lease obligation	(1,233,036)	(517,036)
	<b>1,863,694</b>	<b>712,021</b>

	Amount in BDT	
	30-Jun-17	30-Jun-16
<b>24. Accounts &amp; other payables</b>		
Sundry creditors for goods & service	49,480,153	139,230,234
Undistributed refund warrant	5,281,933	5,283,778
Security deposits for freezer	21,342,363	17,770,323
Withholding tax and VAT	9,086,240	19,186,059
Undistributed dividend	3,118,604	3,003,191
Bank interest payable	930,572	694,458
	<b>89,239,865</b>	<b>185,168,043</b>
<b>24A. Accounts &amp; other payables</b>		
Sundry creditors for goods and service	17,866,637	21,482,475
Undistributed refund warrant	5,281,933	5,283,778
Security deposits for freezer	3,533,640	2,972,882
Withholding tax and VAT	1,061,930	11,658,856
Undistributed dividend	3,118,604	3,003,191
	<b>30,862,744</b>	<b>44,401,182</b>
<b>25. Accruals and provisions</b>		
Salaries and wages	5,139,978	2,689,841
Utility bills	2,817,187	2,854,078
Audit fees	632,500	660,000
Mobile phone bill	111,173	216,188
TA/DA and incentive	1,681,113	759,304
Provision for tax (Note - 25.01)	192,857,480	187,181,766
Provision for WPPF (Note - 25.02)	16,993,054	19,390,088
Provision for others	3,173,780	7,229,292
	<b>223,406,265</b>	<b>220,980,557</b>
<b>25.01 Provision for tax</b>		
Opening balance	187,181,766	173,110,584
(Over) /Under provision for previous years	(11,170,171)	11,674,389
Tax during the year	25,403,840	41,685,395
	(8,557,955)	(39,288,602)
AIT adjustment	(557,955)	(37,288,602)
Paid during the year	(8,000,000)	(2,000,000)
	<b>192,857,480</b>	<b>187,181,766</b>
<b>25.02 Provision for workers profit participation fund</b>		
Opening balance	19,390,088	34,998,926
Addition during the year	12,273,709	11,972,717
Interest charged for the year	329,257	418,445
Paid during the year	(15,000,000)	(28,000,000)
	<b>16,993,054</b>	<b>19,390,088</b>
<b>25A. Accruals and provisions</b>		
Salaries and wages	2,516,785	1,469,423
Utility bills	1,277,321	659,417
Audit fees	460,000	402,500
TA/DA and incentive	798,897	759,304
Provision for income tax	94,222,474	91,015,967
Provision for WPPF (Note - 25A.01)	11,134,513	12,228,131
Provision for others (Note - 25A.02)	2,678,482	3,899,878
	<b>113,088,472</b>	<b>110,434,620</b>
<b>25A.01 Provision for tax</b>		
Opening balance	91,015,967	87,932,210
(Over) /Under provision for previous years	(11,170,171)	11,674,389
Provision for the year	18,934,633	28,697,970
	(4,557,955)	(37,288,602)
AIT adjustment	(557,955)	(37,288,602)
Paid during the year	(4,000,000)	-
	<b>94,222,474</b>	<b>91,015,967</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>25A.02 Provision for workers profit participation fund</b>			
Opening balance		12,228,131	25,678,647
Addition during the year		6,589,272	6,230,060
Interest charged for the year		317,110	319,424
Paid during the year		(8,000,000)	(20,000,000)
		<b>11,134,513</b>	<b>12,228,131</b>
<b>26. Short term loan</b>			
Golden Harvest Agro Industries Limited (Note - 26.01)		757,988,106	450,761,662
Golden Harvest Ice Cream Limited (Note - 26.02)		677,560,820	613,994,094
		<b>1,435,548,926</b>	<b>1,064,755,756</b>
<b>26.01 Golden Harvest Agro Industries Limited</b>			
Mercantile Bank Limited-CC Hypo		301,744,967	142,173,065
Mercantile Bank Limited		50,125,000	-
Industrial and Infrastructure Development Finance Company Limited		50,169,792	-
National Finance Ltd.		150,000,000	-
Meghna Bank Ltd.		204,937,991	153,333,334
Union Capital Limited		-	151,375,000
Mercantile Bank Limited-LATR		1,010,356	3,880,263
		<b>757,988,106</b>	<b>450,761,662</b>
<b>26.02 Golden Harvest Ice Cream Limited</b>			
United Commercial Bank Ltd.-SOD		412,745,717	296,557,724
Fareast Finance & Investment Ltd.		200,000,000	200,000,000
United Commercial Bank Ltd.-UPAS LC		64,815,103	117,436,370
		<b>677,560,820</b>	<b>613,994,094</b>
<b>Terms &amp; conditions of Short Term Loan:</b>			
<b>a) Golden Harvest Agro Ind. Ltd. In Note 26A</b>			
<b>b) Golden Harvest Ice Cream Ltd.</b>			
Particulars	Rate of Interest	Tenor	Security
United Commercial Bank Ltd.-SOD	11.00%	Revolving	a. Hypothecation of raw materials, work in process & finished products duly insured covering Fire & RSD under Bank's Mortgage clause, b. Up to date receivable statement to be provided on quarterly basis
Fareast Finance & Investment Ltd.	10.00%	Revolving (3 months)	Personal Security of directors
United Commercial Bank Ltd.-UPAS LC	10.00%	As per each LC	a. Lien of Shipping documents & title of the goods, b. Your acceptance against UPASS LC
<b>26A. Short term loan</b>			
Golden Harvest Agro Industries Limited (Note - 26A.01)		757,988,106	450,761,662
		<b>757,988,106</b>	<b>450,761,662</b>
<b>26A.01 Golden Harvest Agro Industries Limited</b>			
Mercantile Bank Limited-CC Hypo		301,744,967	142,173,065
Mercantile Bank Limited		50,125,000	-
Industrial and Infrastructure Development Finance Company Limited		50,169,792	-
National Finance Ltd.		150,000,000	-
Meghna Bank Ltd.		204,937,991	153,333,334
Union Capital Limited		-	151,375,000
Mercantile Bank Limited-LATR		1,010,356	3,880,263
		<b>757,988,106</b>	<b>450,761,662</b>

				Amount in BDT	
				30-Jun-17	30-Jun-16
Particulars	Rate of Interest	Tenor	Repayment Term		
Mercantile Bank Limited-CC Hypo	11.00%	Revolving	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 Limited Agri-SOD(G) -0051	10.00%	3 months	Personal Security of directors		
Industrial and Infrastructure Development Finance	10.00%	3 months	Personal Security of directors		
Company Limited (IIDFC) National Finance Ltd.	10.00%	6 months	Personal Security of directors		
Meghna Bank Ltd.-STL	10.00%	6 months	Personal Security of directors		
Meghna Bank Ltd.-STL	10.00%	6 months	Personal Security of directors		
Mercantile Bank Limited-LATR	10.00%	6 months	Personal Security of directors		
<b>27. Sales revenue</b>					
Sales (Local)				1,526,709,565	1,427,568,390
				<b>1,526,709,565</b>	<b>1,427,568,390</b>
<b>27A. Sales revenue</b>					
Sales (Local-Frozen Unit)				411,641,000	437,127,642
Sales (Local-Dairy Unit)				215,282,856	187,311,015
				<b>626,923,856</b>	<b>624,438,657</b>
<b>28. Cost of goods sold</b>					
Raw and packing materials:					
Opening stock		(Note - 12)		158,654,561	182,308,133
Purchase		(Note - 28.01)		808,983,148	726,485,280
				<b>967,637,709</b>	<b>908,793,413</b>
Closing stock		(Note -12)		(227,740,791)	(158,654,561)
				<b>739,896,918</b>	<b>750,138,852</b>
Manufacturing expenses		(Note -28.02)		149,082,669	120,130,540
Total manufacturing cost				<b>888,979,587</b>	<b>870,269,392</b>
Add: Beginning work in process inventory		(Note - 12)		108,536	271,309
				<b>889,088,123</b>	<b>870,540,701</b>
Less: Ending work in process inventory		(Note - 12)		(481,397)	(108,536)
				<b>888,606,726</b>	<b>870,432,165</b>
Opening stock of finished goods		(Note - 12)		153,557,331	56,138,121
				<b>1,042,164,057</b>	<b>926,570,286</b>
Closing stock of finished goods		(Note - 12)		(213,056,156)	(153,557,331)
				<b>829,107,901</b>	<b>773,012,955</b>
<b>28.01 Purchase</b>					
Raw materials				637,333,904	557,257,039
Packing materials				170,288,473	168,630,711
Foreign currency exchange loss/(gain)				1,360,771	597,530
				<b>808,983,148</b>	<b>726,485,280</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>28.02 Manufacturing expenses</b>			
Salary and allowance		54,928,971	45,604,282
Factory maintenance		4,364,358	4,121,181
Traveling, conveyance, tour		972,928	937,546
Utilities and generator fuel		24,166,461	26,021,597
Office communication		552,650	354,541
Carriage inward		148,262	634,355
Insurance premium		3,255,858	2,960,658
Entertainment		317,212	592,568
Office stationery		410,748	865,008
Cleaning & security services		962,755	608,340
Vehicle fuel		47,383	49,537
Miscellaneous expenses		321,321	70,202
Depreciation of lease assets		837,277	-
Depreciation of fixed assets (Note - 5.1)		57,796,484	37,310,725
		<b>149,082,669</b>	<b>120,130,540</b>
<b>28A. Cost of goods sold</b>			
Raw and packing materials			
Opening stock (Note- 12A)		61,782,644	48,274,868
Purchase (Note - 28A.01)		325,663,039	297,745,657
		<b>387,445,683</b>	<b>346,020,525</b>
Closing stock (Note- 12A)		(95,167,369)	(61,782,644)
		<b>292,278,314</b>	<b>284,237,881</b>
Manufacturing expenses (Note - 28A.02)		58,337,396	58,571,485
Cost of goods manufactured		<b>350,615,710</b>	<b>342,809,366</b>
Opening stock of finished goods (Note- 12A)		57,533,514	35,008,868
		<b>408,149,224</b>	<b>377,818,234</b>
Closing stock of finished goods (Note- 12A)		(87,028,628)	(57,533,514)
		<b>321,120,596</b>	<b>320,284,720</b>
		<b>Frozen Unit</b>	<b>Dairy Unit</b>
Opening stock		61,782,644	-
Purchase		196,008,285	129,654,754
		<b>257,790,929</b>	<b>129,654,754</b>
Closing stock		(95,167,369)	-
		<b>162,623,560</b>	<b>129,654,754</b>
Manufacturing expenses		54,692,978	3,644,418
Cost of goods manufactured		<b>217,316,538</b>	<b>133,299,172</b>
Opening stock of finished goods		57,533,514	-
		<b>274,850,052</b>	<b>133,299,172</b>
Closing stock of finished goods		(87,028,628)	-
		<b>187,821,424</b>	<b>133,299,172</b>
<b>28A.01 Purchase</b>			
Raw materials		288,870,683	261,442,696
Packing materials		36,792,356	36,302,961
		<b>325,663,039</b>	<b>297,745,657</b>
		<b>Frozen Unit</b>	<b>Dairy Unit</b>
Raw materials		160,643,238	128,227,445
Packing materials		35,365,047	1,427,309
		<b>196,008,285</b>	<b>129,654,754</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>28A.02 Manufacturing expenses</b>			
Salary and allowance		27,077,345	26,382,924
Factory maintenance		2,244,641	2,280,780
Traveling, conveyance, tour		237,056	272,828
Utilities and generator fuel		9,971,343	12,397,865
Office communication		141,998	150,057
Insurance premium		1,624,677	1,427,013
Entertainment		150,064	380,453
Office stationery		201,071	295,553
Cleaning & security services		472,065	389,736
Vehicle fuel		46,213	25,481
Miscellaneous expenses		69,068	53,109
Depreciation of fixed assets	(Note - 5A.1)	16,101,854	14,515,686
		<b>58,337,396</b>	<b>58,571,485</b>
		<b>Frozen Unit</b>	<b>Dairy Unit</b>
Salary and allowance		25,506,905	1,570,440
Factory maintenance		2,083,023	161,618
Traveling, conveyance, tour		194,296	42,760
Utilities and generator fuel		9,723,815	247,528
Office communication		137,148	4,850
Insurance premium		1,216,716	407,961
Entertainment		145,509	4,555
Office stationery		196,084	4,987
Cleaning & security services		393,449	78,616
Vehicle fuel		11,310	34,903
Miscellaneous expenses		63,858	5,210
Depreciation of fixed assets		15,020,865	1,080,989
		<b>54,692,978</b>	<b>3,644,418</b>
<b>29. Administrative expenses</b>			
Director remuneration		9,700,000	9,750,000
Salary and allowance		27,276,278	27,804,575
Office maintenance		599,481	622,044
Traveling, conveyance, tour		1,133,580	1,552,766
Utilities and generator fuel		1,520,978	1,823,405
Office communication		1,428,046	1,408,729
Insurance premium		1,287,801	1,101,814
Entertainment		585,676	798,715
Fees, taxes & renewal		3,169,273	3,243,048
Professional & legal fees		956,402	1,543,270
Audit fees		632,500	775,000
Advertisement & publicity		80,258	50,930
Office stationery		991,337	1,062,696
Training & conference		30,350	23,615
AGM expenses		555,920	459,750
Bank charges		524,936	521,388
Vehicle fuel		347,746	421,990
Miscellaneous expenses		353,439	195,684
Depreciation of fixed assets	(Note - 5.1)	3,944,540	8,105,428
Depreciation of lease assets	(Note - 6.1)	1,626,948	1,109,851
Intangible Assets Amortizations	(Note - 7.1)	4,175,491	37,838
		<b>60,920,980</b>	<b>62,412,536</b>

(a) Auditors' fees represents audit fee for auditing the accounts for the period ended 30 June 2017. Auditors were not paid any other fees.

(b) The Company did not pay any remuneration to any Director who was not an officer of the Company.

(c) No board meeting attendance fee was paid to the directors of the Company.

	Amount in BDT	
	30-Jun-17	30-Jun-16
<b>29A. Administrative expenses</b>		
Director remuneration	9,700,000	9,750,000
Salary and allowance	19,162,940	18,996,285
Office maintenance	490,771	593,084
Traveling, conveyance, tour	474,876	631,255
Utilities and generator fuel	1,498,300	1,823,405
Office communication	913,530	1,117,827
Insurance premium	609,830	358,737
Entertainment	313,604	512,565
Fees, taxes & renewal	1,894,480	1,977,634
Professional & legal fees	418,402	927,275
Audit fees	460,000	602,500
Office stationery	612,220	705,037
AGM expenses	555,920	459,750
Bank charges	315,654	198,014
Vehicle fuel	72,200	168,257
Miscellaneous expenses	286,848	93,963
Depreciation of fixed assets (Note - 5A.1)	1,873,262	2,039,702
Depreciation of lease assets (Note - 6A.1)	346,896	580,889
Intangible Assets Amortization (Note - 7A.1)	1,524,084	-
	<b>41,523,817</b>	<b>41,536,179</b>
	<b>Frozen Unit</b>	<b>Dairy Unit</b>
Director remuneration	9,700,000	-
Salary and allowance	18,115,725	1,047,215
Office maintenance	445,487	45,284
Traveling, conveyance, tour	432,471	42,405
Utilities and generator fuel	1,498,300	-
Office communication	913,530	-
Insurance premium	609,830	-
Entertainment	313,604	-
Fees, taxes & renewal	1,894,480	-
Professional & legal fees	418,402	-
Audit fees	460,000	-
Office stationery	612,220	-
AGM expenses	555,920	-
Bank charges	315,654	-
Vehicle fuel	72,200	-
Miscellaneous expenses	286,848	-
Depreciation of fixed assets (Note - 5A.1)	1,873,262	-
Depreciation of lease assets (Note - 6A.1)	346,896	-
Intangible Assets Amortization (Note - 7A.1)	1,524,084	-
	<b>40,388,913</b>	<b>1,134,904</b>

**30. Selling and distribution expenses**

Salary and allowance	
Office maintenance	
Traveling, conveyance, tour	
Utilities and generator fuel	
Office communication	
Carriage outward	
Insurance premium	
Entertainment	
Office rent	
Advertisement & publicity	
Office stationery	
Cleaning & security services	
Training & conference	
Trade promotion expenses	
Trade fair expenses	
Vehicle fuel	
Distribution promotion expenses	
Research & development expenses	
Miscellaneous expenses	
Depreciation of lease assets (Note - 6.1)	
Depreciation of fixed assets (Note - 5.1)	

Amount in BDT	
30-Jun-17	30-Jun-16
30,019,179	30,445,363
1,056,972	985,144
1,467,587	1,628,419
6,691,969	5,890,365
2,862,691	2,720,616
300,152	12,640
1,668,755	1,149,358
536,082	463,287
9,318,448	7,758,062
2,498,247	8,331,020
1,007,614	1,832,837
96,308	74,480
175,447	199,079
3,170,842	3,026,974
5,599,466	6,830,255
7,670,955	7,097,818
6,327,642	6,403,667
82,579	51,294
75,825	66,786
25,768,456	4,439,403
59,706,120	83,272,312
<b>166,101,336</b>	<b>172,679,179</b>

**30A. Selling and distribution expenses**

Salary and allowance	
Office maintenance	
Traveling, conveyance, tour	
Utilities and generator fuel	
Office communication	
Carriage outward	
Insurance premium	
Entertainment	
Office rent	
Advertisement & publicity	
Office stationery	
Training & conference	
Trade promotion expenses	
Trade fair expenses	
Vehicle fuel	
Distribution promotion expenses	
Research & development expenses	
Miscellaneous expenses	
Depreciation of fixed assets (Note - 5A.1)	
Depreciation of lease assets (Note - 6A.1)	

16,240,052	14,028,738
109,648	46,547
101,964	47,779
36,813	33,864
556,862	444,422
4,500	12,640
224,483	227,583
19,705	1,225
83,292	158,692
779,531	679,236
239,056	449,240
15,000	20,429
1,077,994	974,177
3,250,756	4,130,409
2,888,192	2,684,869
3,608,489	3,336,084
42,298	10,264
47,758	40,116
23,675,262	2,323,557
1,387,586	26,303,895
<b>54,389,241</b>	<b>55,953,766</b>

	Amount in BDT	
	30-Jun-17	30-Jun-16
	<b>Frozen Unit</b>	<b>Dairy Unit</b>
Salary and allowance	15,221,404	1,018,648
Office maintenance	90,809	18,839
Traveling, conveyance, tour	78,963	23,001
Utilities and generator fuel	13,000	23,813
Office communication	551,631	5,231
Carriage outward	4,500	-
Insurance premium	224,483	-
Entertainment	16,000	3,705
Office rent	83,292	-
Advertisement & publicity	747,811	31,720
Office stationery	237,090	1,966
Training & conference	7,000	8,000
Trade promotion expenses	581,554	496,440
Trade fair expenses	3,250,756	-
Vehicle fuel	2,351,752	536,440
Distribution promotion expenses	3,513,017	95,472
Research & development expenses	34,342	7,956
Miscellaneous expenses	47,758	-
Depreciation of fixed assets (Note - 5A.1)	23,675,262	-
Depreciation of lease assets (Note - 6A.1)	1,387,586	-
	<b>52,118,010</b>	<b>2,271,231</b>
<b>31. Other operating income</b>		
Scrap sale	13,323,735	10,085,402
Freeze rent	14,933,009	50,571,100
	<b>28,256,744</b>	<b>60,656,502</b>
<b>31A. Other operating income</b>		
Scrap sale	7,984,172	-
Freeze rent	14,868,109	14,674,032
	<b>22,852,281</b>	<b>14,674,032</b>
Scrap sale represents sale of various Scrap and Wastage including Chicken wings, skin, head and leg etc., and factory construction Scrap. Here most of Other operating Income is From sale Chicken wastage.		
<b>32. Finance income</b>		
Interest received from STD	97,808	61,035
Interest received from FDR	1,137,085	2,798,092
	<b>1,234,893</b>	<b>2,859,127</b>
<b>32A. Finance income</b>		
Interest received from STD	91,508	61,035
Interest received from FDR	77,432	324,860
	<b>168,940</b>	<b>385,895</b>
<b>33. Finance expenses</b>		
Interest on Short Term Loan	93,992,006	72,629,239
Interest on Agri Loan	24,499,880	9,230,068
Interest on Term Loan	135,749,863	163,022,451
Interest on Finance Lease	5,372,708	2,496,052
Interest on others	2,472,933	-
Interest against Workers Profit Participation Fund	329,257	418,445
	<b>262,416,647</b>	<b>247,796,255</b>

	Amount in BDT	
	30-Jun-17	30-Jun-16
<b>33A. Finance expenses</b>		
Interest on Short Term Loan	52,629,242	33,909,965
Interest on Agri Loan	24,499,880	9,230,068
Interest on Term Loan	14,202,444	47,176,110
Interest on Finance Lease	359,728	204,733
Interest on others	2,472,933	-
Interest against Workers Profit Participation Fund	317,110	319,424
	<b>94,481,337</b>	<b>90,840,300</b>
<b>34. Income tax expenses</b>		
Current tax expense (Note - 34.1)	14,233,669	53,359,784
Deferred tax	38,659,282	(4,086,645)
	<b>52,892,951</b>	<b>49,273,139</b>
Under provision for previous years	-	-
<b>Restated income tax expenses</b>	<b>52,892,951</b>	<b>49,273,139</b>
<b>34.1 Reconciliation of accounting profit to income tax expense</b>		
Profit before tax	238,231,971	225,114,336
Effective tax rate	11%	26%
Tax effect on profit before tax	57,540,493	59,407,317
Tax effect on deductible expense for tax purposes	41,853,337	4,768,973
Tax effect on non deductible expense for tax purposes	(75,447,066)	(22,490,895)
<b>Income tax on current year profit</b>	<b>23,946,764</b>	<b>41,685,395</b>
Tax on Ice Cream Unit on Business income	(2,264,646)	-
(Over) /Under provision for previous years	(11,170,171)	11,674,389
Minimum tax be paid for Ice Cream Unit	3,721,722	-
<b>Income tax charge for the year</b>	<b>14,233,669</b>	<b>53,359,784</b>
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%.		
<b>34.A Income tax expenses</b>		
Current tax expenses (Note - 34A.1)	7,764,462	40,372,359
Deferred tax	7,628,209	(30,383,410)
	<b>15,392,671</b>	<b>9,988,949</b>
<b>34A.1 Reconciliation of accounting profit to income tax expense</b>		
Profit before tax (Frozen Unit)	33,982,335	46,926,240
Effective tax rate	25%	25%
Profit before tax (Dairy Unit)	74,837,258	62,367,392
Effective tax rate	14.71%	15.00%
Tax effect on profit before tax (Frozen Unit)	8,495,584	11,731,560
Effective tax rate	35%	35%
Tax effect on others income (Frozen Unit)	5,755,305	5,270,974
Tax effect on profit before tax (Dairy Unit)	11,005,589	9,355,109
Tax effect on deductible expense for tax purposes	(16,734,439)	(8,374,494)
Tax effect on non deductible expense for tax purposes	10,412,594	10,714,821
<b>Tax effect on total statutory income</b>	<b>18,934,633</b>	<b>28,697,970</b>
(Over) /Under provision for previous years	(11,170,171)	11,674,389
<b>Income tax charge for the year</b>	<b>7,764,462</b>	<b>40,372,359</b>
<b>Under / (Over) tax provision in respect of previous year comprises:</b>		
Income Year 2013-2014	-	11,674,389
Income Year 2014-2015	1,540,751	-
Income Year 2015-2016	(12,710,922)	-
	<b>(11,170,171)</b>	<b>11,674,389</b>
<b>35. Share of profit from subsidiary</b>		
Net profit/Loss after tax during the year (GHICL)	75,718,743	74,084,372
Net profit/Loss after tax during the year (GHDL)	(6,827,866)	(12,907,785)
Non Controlling Interest (GHICL)	(151)	(148)
Non Controlling Interest (GHDL)	1,706,967	3,226,946
	<b>70,597,693</b>	<b>64,403,385</b>

**36. Segmental information:**

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

Particulars	Frozen snacks and dairy Product	Dairy Farm	Ice Cream	Totals
Revenue from sales	626,923,856	22,249,560	877,536,149	1,526,709,565
Expenses	417,033,654	5,054,655	619,802,010	1,041,890,319
<b>Segment result</b>	<b>209,890,202</b>	<b>17,194,905</b>	<b>257,734,139</b>	<b>484,819,246</b>
<b>Capital expenditure</b>				
Additions to property, plant and equipment	173,354,067	33,648,464	439,528,450	646,530,981
Additions to Leased asset	3,824,116	-	20,442,696	24,266,812
Additions to intangible asset	34,850,355	-	3,720,277	38,570,632
<b>Other segment information</b>				
Other operating income	22,852,281	-	5,404,463	28,256,744
Finance income	168,940	-	1,065,953	1,234,893
Finance expenses	94,481,337	23,151,691	144,783,619	262,416,647
Provision for income tax	15,392,671	(517,476)	38,017,756	52,892,951
Share of profit from subsidiaries	70,597,693	-	-	70,597,693
Depreciation expenses	41,650,377	679,639	101,428,937	143,758,953
<b>Segment assets</b>	<b>3,940,953,178</b>	<b>3,064,938,620</b>	<b>2,944,256,419</b>	<b>9,950,148,217</b>
Non-current assets	2,371,207,089	359,093,561	1,999,616,968	4,729,917,618
Current assets	1,569,746,089	3,120,277	944,639,451	2,517,505,817
<b>Segment liabilities</b>	<b>1,741,438,292</b>	<b>1,054,347,434</b>	<b>2,208,416,653</b>	<b>5,004,202,379</b>
Non-current liabilities	737,048,254	139,936,122	874,106,016	1,751,090,392
Current liabilities	1,004,390,038	192,256,602	1,334,310,637	2,530,957,277

		Amount in BDT				
		30-Jun-17	30-Jun-16			
<b>37. Other information</b>						
<b>37.1 Transaction in foreign currency</b>						
	<b>Golden Harvest Agro Industries Ltd.</b>					
	CIF value of import:					
	Raw materials	4,739,115	3,435,723			
	Capital machinery	12,247,170	-			
	FOB value of export	-	-			
	<b>Golden Harvest Ice Cream Ltd.</b>					
	Raw materials	93,623,477	124,364,665			
	Capital machinery	29,092,052	93,926,085			
	FOB value of export	-	-			
	<b>Exchange Rate on June 30, 2017</b>					
	Euro	92.12	86.64			
	USD	80.60	78.40			
	GBP	105.01	111.56			
<b>37.2 Contingent liabilities and commitments</b>						
	<b>Contingent liabilities</b>					
	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 2017.					
	<b>Capital expenditure commitment</b>					
	Capital expenditure commitment for machineries and raw material at 30 June 2017 were as under:					
	<b>Golden Harvest Agro Industries Ltd.</b>	-	602,950			
	<b>Golden Harvest Ice Cream Ltd.</b>	-	343,409			
		-	<b>946,359</b>			
	<b>Term loan commitment</b>	<b>Consolidated</b>	<b>The Company</b>	<b>Ice Cream</b>	<b>Dairy</b>	
	At 30 June 2017 the company had annual commitment under Term Loan as set out below:					
	Term loan principal due within 1 year	263,120,757	101,217,680	132,322,632	29,580,445	
	Term loan principal due within 2 to 5 years	1,507,224,829	641,143,284	726,145,423	139,936,122	
	Term loan principal due above 5 years	-	-	-	-	
	<b>Finance lease commitment</b>	<b>Consolidated</b>	<b>The Company</b>	<b>Ice Cream</b>	<b>Dairy</b>	
	At 30 June 2017 the company had annual commitment under finance lease as set out below:					
	Lease expires within 1 year	13,863,143	1,233,036	12,630,107	-	
	Lease expires within 2 to 5 years	42,488,979	1,863,694	40,625,285	-	
<b>37.3 Related party transactions</b>						
	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 2017 are as follows:					
<b>Name of Company</b>	<b>Relationship</b>	<b>Nature of Transaction</b>	<b>Opening Balance</b>	<b>Addition</b>	<b>Adjustment</b>	<b>Closing Balance</b>
Golden Harvest Ice Cream Ltd.	Subsidiary company	Current account with sister concern	215,892,669	653,919,094	524,331,657	345,480,106
Golden Harvest Dairy Ltd.	Subsidiary company	Current account with sister concern	26,805,975	24,309,422	1,613,186	49,502,211
Golden Harvest Foods Ltd.	Common Director	Current account with sister concern	33,505,643	355,226,822	75,291,932	313,440,533
Golden Harvest InfoTech Ltd.	Common Director	Current account with sister concern	-	88,642,643	1,439,642	87,203,001
Golden Harvest Developers Ltd.	Common Director	Current account with sister concern	-	108,754,111	70,000,000	38,754,111
Golden Harvest QSR Ltd.	Associate company	Current account with sister concern	-	53,320,375	334,198	52,986,177
Samdani Art Foundation	Common Director	Current account with sister concern	4,700,117	1,063,522	-	5,763,639
<b>Total</b>			<b>280,904,404</b>	<b>1,285,235,989</b>	<b>673,010,615</b>	<b>893,129,778</b>

**Transaction with key management personals**

No.	Particulars	30-Jun-17	30-Jun-16
(a)	Managerial remuneration paid or payable during the year to the directors, including managing directors.	9,700,000	9,750,000
(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 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 2016-2017		1,835,827	2,051,797	3,291,511	596,113
For the period 2015-2016		1,622,123	5,548,093	5,334,389	1,835,827
Finished goods:	Kg				
Snacks					
For the period 2016-2017		676,865	1,435,440	1,700,199	412,107
For the period 2015-2016		520,741	3,881,142	3,725,018	676,865

**Golden Harvest Ice Cream Ltd.**

Item	Opening stock		Purchases/ Production	Consumption/ Sales	Closing Stock
	Unit	Kg	Kg	Kg	Kg
Raw Materials:					
For the period 2016-2017	Kg	190,058	2,368,834	2,276,777	282,115
For the period 2015-2016		354,185	1,972,899	2,137,026	190,058
Finished Goods:					
For the period 2016-2017	Kg	482,709	5,117,089	4,531,768	1,068,030
For the period 2015-2016		233,160	4,505,279	4,255,730	482,709

**37.5 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%

**Golden Harvest Ice Cream Ltd.**

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Ice Cream	7,500,000	5,117,089	68.23%

**Golden Harvest Dairy Ltd.**

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Milk Production	1,512,000	278,120	18.39%

**37.6 Un-availed credit facilities**

Un-availed credit facilities to the company as on 30 June 2017 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	210,650,840	89,349,160
	Hire Purchase	90,000,000	26,446,922	63,553,078
	House Building	50,000,000	27,021,536	22,978,464
	LTR	40,000,000	1,010,356	38,989,644
				<b><u>214,870,346</u></b>

**Golden Harvest Ice Cream Ltd.**

Bank & Branch Name	Nature of loan	Credit Limit	Outstanding	Unavailed limit
United Commercial Bank Ltd.	OD(General)	400,000,000	412,745,717	(12,745,717)
	Term Loan	350,000,000	318,487,690	31,512,310
	LC/UPAS	178,000,000	64,815,103	113,184,897
	LTR	90,000,000	-	90,000,000
				<b><u>221,951,490</u></b>

**Golden Harvest Dairy Ltd.**

Bank & Branch Name	Nature of loan	Credit Limit	Outstanding	Unavailed limit
Standard Bank Ltd. (Panthopath Branch, Dhaka)	CC(Hypo)	50,000,000	-	50,000,000
	Term Loan	240,000,000	169,516,567	70,483,433
				<b><u>120,483,433</u></b>

**37.7 Employee details:**

- i) During the year, there were 1093 employees employed in the group & 535 employees employed in the company for the full year and 32 employees in the group & 11 employees in the company less than the full year at a remuneration of
- ii) At the end of the year, there were 1060 employees in the group and 524 employees in the Company.

**37.8 Rounding off**

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

**37.09 Correction of an error**

The Income Tax authority did not considered depreciation on Building and Other Construction Upto 30 June 2014, at the time of assessment for the income year 2013-2014 the DCT considered depreciation Tk. 42,420,347 on Building and other construction as a result Retained Earnings and deferred tax liability has been restated as per BAS 8.

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

	Deferred tax liability The Company	Deferred tax liability Consolidated	Retained earnings
Balance at 01 July 2015, as previously reported	91,572,365	132,749,694	334,401,831
Impact of the correction of under provision for previous years (GHAIL)	20,796,664	20,796,664	(20,796,664)
Impact of the correction of under provision for previous years (GHIL)	-	-	-
<b>Restated balance at 01 July 2015</b>	<b>112,369,029</b>	<b>153,546,358</b>	<b>313,605,167</b>
Balance at 30 June 2016, as previously reported	59,838,515	126,711,069	520,290,272
Impact of the correction of under provision for previous years (GHAIL), at 01 July 2015	20,796,664	20,796,664	(20,796,664)
Impact of the correction of under provision for previous years (GHAIL), during 2014-2015	7,084,252	-	-
Impact of the correction of under provision for previous years (GHIL), during 2014-2015	7,940,903	-	-
<b>Restated balance at 30 June 2016</b>	<b>95,660,334</b>	<b>147,507,733</b>	<b>499,493,608</b>

	30-Jun-16, Restated	1-Jul-15, Restated
<b>Impact on net asset value (increase/decrease) in NAV</b>		
Net asset value, as previously reported (after restated due to bonus share issued)	20.65	18.83
Net asset value, Increase / (Decrease), at 01 July 2015	(0.21)	(0.21)
Net asset value, Increase / (Decrease), during 2015-2016	(0.15)	-
<b>Net impact on Net asset value</b>	<b>20.29</b>	<b>18.62</b>

**37.10 Event after reporting period**

The Board of Director of the Company in their 120 th board meeting held on 02 November 2017 proposed dividend @ 10% stock for the year ended 30 June 2017 for approval by the shareholders in the upcoming 13th 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, 2017

Annex-A

Sl. No.	Name of Bank	Account Name	30-Jun-17	30-Jun-16
<b>Golden Harvest Agro Industries Limited</b>				
1	First Security Islami Bank Ltd.	Current Account	32,048.00	34,728
2	United Commercial Bank Ltd.	Current Account	29,777.00	31,077
3	Marcantial Bank Ltd.	Current Account	-	37,480
4	Bank Asia Ltd.	Current Account	563,909.00	812,731
5	Dutch Bangla Bank Ltd.	Current Account	302,245.00	40,810
6	The City Bank	Current Account	266,834.00	3,527
7	The City Bank	Current Account	5,281,588.00	5,306,623
8	The City Bank	Current Account	-	-
9	United Commercial Bank Ltd.	Current Account	2,385.00	3,535
10	Meghna Bank	Current Account	23,625.00	1,413
11	Mutual Trust Bank Ltd.	Current Account	2,622,731	1,555,204
12	First Security Islami Bank Ltd.	Short Term Deposit	581,292	566,045
13	United Commercial Bank Ltd.	Short Term Deposit	2,537,312	2,437,307
14	Habib Bank Ltd.	Current Account	2,700	4,540
15	Mutual Trust Bank Ltd.	Scrow	15	-
		<b>Sub-Total</b>	<b>12,246,461</b>	<b>10,835,020</b>
1	Social Islami Bank Ltd.	FDR	968,241.00	908,025
		<b>Sub-Total</b>	<b>968,241</b>	<b>908,025</b>
		<b>Total</b>	<b>13,214,702</b>	<b>11,743,045</b>

**Golden Harvest Ice Cream Ltd.**

Sl. No.	Name of Bank	Account Name	30-Jun-17	30-Jun-16
1	First Security Islami Bank Ltd.	Current Account	2,331	4,861
2	United Commercial Bank Ltd.	Current Account	11,614	12,764
3	Marcantial Bank Ltd.	Current Account		-
4	Bank Asia Ltd.	Current Account	81,048	81,773
5	Islami Bank Bangladesh Ltd.	Current Account	12,028,711	4,654,554
6	City Bank	Current Account	5,000	5,000
7	United Commercial Bank Ltd.	Current Account	89,553	224,527
8	Marcantial Bank Ltd.	Current Account	17,006,063	3,023,083
9	NRB Commercial Bank	Current Account	-	110
10	United Commercial Bank Ltd.	Current Account	108,922	174,675
11	Prime Bank Ltd.	Current Account		187
12	Habib Bank Ltd.	Current Account	2,700	3,850
13	Prime Bank Ltd.	Current Account	160	
14	Dutch Bangla Bank Ltd.	Current Account	1,531,981	
15	Sonali Bank Ltd.	Current Account	6,210,885	
16	Mutual Trust Bank Ltd.	Current Account	10,377	
17	Mutual Trust Bank Ltd.	Current Account	51,038	
18	Mutual Trust Bank Ltd.	Current Account	13,975	
19	Mutual Trust Bank Ltd.	Current Account	1,325	
20	Mutual Trust Bank Ltd.	Current Account	425	
21	United Commercial Bank Ltd.	Current Account	448	
22	United Commercial Bank Ltd.	Current Account	9,456	
23	United Commercial Bank Ltd.	Current Account	550	
24	United Commercial Bank Ltd.	Current Account	219	
		<b>Sub-Total</b>	<b>37,166,780</b>	<b>8,185,384</b>
1	UCB	FDR	18,755,517	11,590,000
2	SBL	FDR	1,570,704	-
		<b>Sub-Total</b>	<b>20,326,221</b>	<b>11,590,000</b>
		<b>Total</b>	<b>57,493,001</b>	<b>19,775,384</b>

**Golden Harvest Dairy Ltd.**

Sl. No.	Name of Bank	Account Name	30-Jun-17	30-Jun-16
1	Social Islami Bank Ltd.	Current Account	606,595	212,630
2	Mutual Trust Bank Ltd.	Current Account	613,822	1,768,067
3	Brac Bank Ltd.	Current Account	1,515	-
		<b>Total</b>	<b>1,221,932</b>	<b>1,980,697</b>

TO BOLDLY  
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HAS GONE  
BEFORE

# Auditor's Report & Financial Statements

**Golden Harvest Ice Cream Limited**  
as at and for the year ended 30 June 2017

## AUDITOR'S REPORT TO THE SHAREHOLDERS of 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 2017, 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 explanatory information.

### Management's Responsibility for the Financial Statements:

Management 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 Exchange Rules, 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility:

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

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

### Opinion:

In our opinion, the Financial Statements give a true and fair view of the Financial Position of Golden Harvest Ice Cream Limited as at 30 June 2017 and of the result of its operations and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994, the Securities 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 so far as it appeared from our examination of those books;
- (c) the company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and the expenditures incurred were for the company's business.

Dated: Dhaka;  
02 November 2017



**S. F. Ahmed & Co**  
Chartered Accountants

**Golden Harvest Ice Cream Ltd.  
Statement of Financial Position  
As at June 30, 2017**

	Notes	Amount in BDT	
		30-Jun-17	30-Jun-16
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
		<b>1,999,616,968</b>	<b>1,832,408,525</b>
Property, plant and equipment	5.00	1,819,731,146	1,518,373,441
Leasehold assets	6.00	56,259,935	42,134,544
Intangible assets	7.00	37,139,931	36,071,061
Capital work in progress	8.00	86,485,956	235,829,479
<b>Current Assets</b>			
		<b>944,639,451</b>	<b>837,856,753</b>
Inventories	9.00	265,539,014	198,459,973
Advances, deposits and prepayments	10.00	56,249,187	72,354,190
Trade and other receivables	11.00	563,565,523	546,800,524
Cash and cash equivalents	12.00	59,285,727	20,242,066
<b>TOTAL ASSETS</b>		<b>2,944,256,419</b>	<b>2,670,265,278</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
		<b>735,839,766</b>	<b>659,549,559</b>
Issued, subscribed and paid up capital	13.00	300,000,000	300,000,000
Revaluation surplus	14.00	102,372,252	104,005,005
Retained earnings	15.00	333,467,514	255,544,554
<b>Non-current liabilities</b>			
		<b>874,106,016</b>	<b>806,200,181</b>
Long term loans	16.00	726,145,423	695,960,326
Deferred tax liability	17.00	107,335,308	76,346,780
Lease obligations	18.00	40,625,285	33,893,075
<b>Current liabilities</b>			
		<b>1,334,310,637</b>	<b>1,204,515,538</b>
Accounts and other payables	19.00	401,686,958	354,395,674
Accruals and provisions	20.00	110,110,120	110,478,060
Short term loans	21.00	677,560,820	613,994,094
Current maturity of long term loans	16.00	132,322,632	116,920,945
Current maturity of lease obligations	18.00	12,630,107	8,726,765
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,944,256,419</b>	<b>2,670,265,278</b>
<b>Number of share used to calculate NAV</b>		<b>30,000,000</b>	<b>30,000,000</b>
<b>Net asset value per share</b>		<b>24.53</b>	<b>21.98</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Director



Director



Managing Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
02 November 2017



S. F. Ahmed & Co.  
Chartered Accountants

**Golden Harvest Ice Cream Ltd.**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30 June 2017**

	Notes	Amount in BDT	
		2016-2017	2015-2016
Revenue	22.00	877,536,149	802,193,498
Cost of goods sold	23.00	(489,468,196)	(462,239,854)
<b>Gross profit</b>		<b>388,067,953</b>	<b>339,953,644</b>
<b>Operating expenses</b>		<b>(130,333,814)</b>	<b>(125,395,343)</b>
Administrative expenses	24.00	(19,059,854)	(18,077,471)
Selling and distribution expenses	25.00	(111,273,960)	(107,317,872)
Other operating income	26.00	5,404,463	45,982,470
<b>Profit from operations</b>		<b>263,138,602</b>	<b>260,540,771</b>
Financial income	27.00	1,065,953	2,473,232
Finance expenses	28.00	(144,783,619)	(142,369,942)
<b>Net profit from operations</b>		<b>119,420,936</b>	<b>120,644,061</b>
Provision for workers profit participation fund		(5,684,437)	(5,742,657)
<b>Net profit before tax</b>		<b>113,736,499</b>	<b>114,901,404</b>
Income tax expenses	29.00	(38,017,756)	(40,817,032)
<b>Net profit after tax attributable to ordinary shareholders of the company</b>		<b>75,718,743</b>	<b>74,084,372</b>
<b>Other comprehensive income</b>			
Revaluation surplus of the company		-	-
<b>Total comprehensive income</b>		<b>75,718,743</b>	<b>74,084,372</b>
<b>Number of shares used to calculate EPS</b>		<b>30,000,000</b>	<b>30,000,000</b>
<b>Earnings per share (EPS)</b>		<b>2.52</b>	<b>2.47</b>

*The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.*



Director



Director



Managing Director

*Signed in terms of our separate report of even date annexed.*



S. F. Ahmed & Co.  
Chartered Accountants

Dated, Dhaka;  
02 November 2017

**Golden Harvest Ice Cream Ltd.  
Statement of Changes in Equity  
As at June 30, 2017**

Particulars	Amount in BDT			
	Share capital	Revaluation surplus	Retained earnings	Total
Balance as at 01.07.15	300,000,000	113,664,595	179,139,955	592,804,550
Deferred tax adjustment on WDV of fixed assets	-	-	601,540	601,540
Depreciation on revaluation surplus transferred to retained earnings	-	(1,718,687)	1,718,687	-
Adjustment Deferred tax adjustment on WDV of fixed assets	-	(7,940,903)	-	(7,940,903)
Net profit after tax	-	-	74,084,372	74,084,372
<b>Balance as on 30.06.2016</b>	<b>300,000,000</b>	<b>104,005,005</b>	<b>255,544,554</b>	<b>659,549,559</b>
Balance as on 01.07.16	300,000,000	104,005,005	255,544,554	659,549,559
Adjustment of deferred tax on revaluation surplus	-	-	571,464	571,464
Depreciation on revaluation surplus transferred to retained earnings	-	(1,632,753)	1,632,753	-
Net profit after tax	-	-	75,718,743	75,718,743
<b>Balance as on 30.06.17</b>	<b>300,000,000</b>	<b>102,372,252</b>	<b>333,467,514</b>	<b>735,839,766</b>



Director



Director



Managing Director

Golden Harvest Ice Cream Ltd.  
Statement of Cash Flows  
For the year ended 30 June 2017

	Amount in BDT	
	2016-2017	2015-2016
<b>Cash flows from operating activities</b>		
Collections from customers and others	874,776,176	670,374,418
Payments for operating costs & other expenses	(666,926,451)	(465,958,445)
Tax paid	(24,081,164)	(6,268,292)
<b>Net cash generated from operating activities</b>	<b>183,768,561</b>	<b>198,147,681</b>
<b>Cash flows from investing activities</b>		
Acquisitions of property plant and equipment	(191,471,448)	(365,768,843)
Capital work in progress	(69,968,297)	(102,469,751)
Proceed from disposal of PPE	42,980,918	-
Acquisitions of Intangible assets	(3,720,277)	(35,527,524)
Advance finance to contract farmers & others	4,016,249	99,140,948
<b>Net Cash used in investing activities</b>	<b>(218,162,855)</b>	<b>(404,625,170)</b>
<b>Cash flows from financing activities</b>		
Working capital borrowings from banks / Sister concern	181,511,361	241,792,568
Long term borrowings from / (repayments to) banks	45,586,784	112,881,271
Financial expenses	(143,853,047)	(142,369,942)
Received / (payment) against finance lease	(9,807,144)	(1,133,977)
<b>Net cash (used in) / provided by financing activities</b>	<b>73,437,954</b>	<b>211,169,920</b>
Net changes in cash and cash equivalents	39,043,660	4,692,431
Cash and cash equivalents at the beginning of the year	20,242,066	15,549,635
<b>Cash and cash equivalents at the end of the year</b>	<b>59,285,727</b>	<b>20,242,066</b>
<b>Number of share used to calculate NOCFPS</b>	<b>30,000,000</b>	<b>30,000,000</b>
<b>Operating cash flow per share</b>	<b>6.13</b>	<b>6.60</b>



Director



Director



Managing Director

## Golden Harvest Ice Cream Limited

### Notes to the Financial Statements

### For the year ended 30 June 2017

#### 1.0 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 # 502, 186, Gulshan-Tejgaon Link Road, Tejgaon Industrial Area, Dhaka-1208. The factory is located at Bokran, Monipur, Babanipur, Gazipur Sadar, Gazipur.

###### Nature of business activities

The company is engaged in manufacturing and marketing Ice cream and Dairy based products. The company also maintaining cold chain network to distribute frozen products. It has started commercial production of Ice cream.

##### 1.2 Date of Authorization for issue

The financial statements of Golden Harvest Ice Cream Limited for the year ended 30 June 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 02 November 2017.

##### 1.3 Reporting Period

The reporting period of the Company covers one year from 1st July 2016 to 30th June 2017.

#### 2.0 Basis of Preparation of Financial Statements

##### 2.1 Statement on Compliance with Local Laws

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant local laws as applicable.

##### 2.2 Statement on Compliance of Financial Reporting Standards

The financial statements have been prepared in accordance with 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 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

## 2.10 Use of Estimates and Judgments

The preparation of 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 2017;
- ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2017;
- iii) Statement of changes in equity for the year ended 30 June 2017;
- iv) Statement of cash flows for the year ended 30 June 2017; and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2017.

## 3.0 Summary of Significant Accounting Policies

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Golden Harvest Ice Cream Limited.

### 3.1 Property, plant and equipment

#### Initial recognition and measurement

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

Property, plant and equipment are initially recognized at cost and subsequently land & land development, buildings & other constructions and plant & machineries are stated at fair value. The property, plant and equipment are presented at cost/fair value, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term debt availed for the construction/Implementation of the PPE, if the recognition criteria are met.

#### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the GHICL and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss account as 'repair and maintenance' when it is incurred.

#### Subsequent measurement

Property, Plant and equipment are disclosed at cost less accumulated depreciation consistently over years. On 30 June 2009, 30 June 2011 and 30 June 2013. Land and Land Developments, Building and other constructions and Plant and Machinery have been revalued to reflect fair value (prevailing market price) thereof following "Current Cost Method".

#### Depreciation on property, plant and equipment

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of 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 Ice Cream Limited**

The GHICL made revaluation of the GHICL's Land and Land developments and Plant and Machinery as of 30 June 2009, 30 June 2011 and 30 June 2013 to reflect fair value thereof in terms of Depreciated current cost thereof.

The increase in the carrying amount of revalued assets is recognized in other comprehensive income under the head Revaluation Surplus. Other Fixed Assets were kept outside the scope of revaluation works. These are expected to be realizable at written down value (WDV) thereof mentioned in the statement of financial position of the GHICL.

**3.2 Capital work-in-progress:**

Capital work in progress represents the cost incurred for acquisition and construction of items of property, plant and equipment that were not ready for use at the end of 30 June 2017 and these were stated at cost. In case of import components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the GHICL, i.e. at the time of shipment is confirmed by the supplier.

**3.3 Intangible Assets****Recognition**

The recognition of an item as an intangible asset requires GHICL to demonstrate that the item meets the definition of an intangible asset and the recognition criteria. An intangible asset is recognized as an asset if, and only if it is probable that expected future economic benefits that are attributable to the asset will flow to GHICL and the cost of the item can be measured reliably.

**Measurement**

An intangible asset is measure at cost less any accumulated amortisations and any accumulated impairment losses. Expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset is usually recognised in profit or loss as incurred. This is because such expenditure cannot be distinguished from expenditure to develop the business as a whole.

**Separately acquired intangibles**

The cost of a separately acquired intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

**Internally generated intangible assets**

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

**Research Phase**

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

**Development Phase**

An intangible asset arising from development (or from the development phase of an internal project) is recognised in accordance with BAS-38, "Intangible assets". The GHICL's intangible assets include computer software development (ERP), Design, construction and development of products, Augmented Reality. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

**Recognition of an expense**

In some cases, expenditure are incurred to provide future economic benefits to an entity, but no intangible asset or other asset is acquired or created that can be recognised. For example, expenditure on research is recognised as an expense when it is incurred, except when it is acquired as part of a business combination. Other examples of expenditure that is recognised as an expense when it is incurred include:

- > expenditure on start-up activities i.e. start-up costs/ pre-operating cost.
- > expenditure on training activities.
- > expenditure on advertising and promotional activities.
- > expenditure on relocating or reorganizing part or all of an entity.

#### Past expenses

Expenditure on an intangible item that was initially recognised as an expense is not recognized as part of the cost of an intangible asset at a later date.

#### Revaluation of intangibles

The revaluation model requires an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses. However, fair value shall be measured by reference to an active market. The revaluation model does not allow the revaluation of intangible assets that have not previously been recognised as assets; or the initial recognition of intangible assets at amounts other than cost.

#### Amortization

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortisation begin when the asset is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. An intangible asset with an indefinite useful life is not amortised. Amortisation of the intangible asset with a finite useful life is calculated using the reducing balance method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Particulars	Rate
Software (at development stage)	0%
Design, construction and development of products	10%
Augmented Reality	10%

#### Derecognition of intangible assets

The carrying amount of an item of intangible assets is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of intangible assets is included as other income in profit or loss when the item is de-recognised. When the revalued assets are disposed off, the respective revaluation surplus is transferred to retained earnings.

### 3.4 Impairment of Assets

#### Recognising and measuring impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

GHICL assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, GHICL estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, GHICL tests:

- > an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually

### 3.5 Accounting for lease

#### Finance lease

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

#### Initial recognition

At the commencement of the lease term, GHICL recognises finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset.

**Subsequent measurement**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, and the depreciation recognised is calculated in accordance with 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 /GHICL units and BPDB/BREB can be said to contain a lease arrangement. This could be interpreted as resulting in the transfer of substantially all of the risks and rewards incidental to the ownership to the underlying assets (power plant) to the off taker (BPDB/BREB) who would effectively be the lessee. However, management concluded that the PPA does not transfer substantially all risks incidental to ownership as per the requirement of para 17 of BAS 17. As such, all these lease arrangements are considered as an operating lease.

**3.6 Capitalization of borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are recognised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur in accordance with 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 capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. GHICL recognises other borrowing costs as an expense in the period in which it incurs them.

**Borrowing costs eligible for capitalisation**

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. To the extent that GHICL borrows funds specifically for the purpose of obtaining a qualifying asset, GHICL determines the amount of borrowing costs eligible for capitalisations as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings

**3.7 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for sale financial assets.

**Financial assets at fair value through profit or loss**

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or upon initial recognition it is designated by the entity as at fair value through profit or loss.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in the active market other than held to maturity investments, available for sale financial assets and loans and receivables.

**Financial liabilities**

Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

#### **Financial liabilities at fair value through profit or loss**

A financial liability is classified as fair value through profit or loss if it is classified as held-for-trading or upon initial recognition it is designated by the entity as at fair value through profit or loss.

#### **Other financial liabilities**

Other financial liabilities include bank overdrafts, short-term and long-term loans.

#### **Recognition of financial asset and liability**

A financial asset or a financial liability is recognised by GHICL in its statement of financial position when GHICL becomes a party to the contractual provisions of the financial asset or financial liability.

#### **Derecognition of financial asset and liability**

A financial asset or financial liability is derecognised; that is, removed, from GHICL's statement of financial position, when GHICL ceases to be a party to the financial instruments contractual provisions.

#### **Impairment**

At each year end, an entity should assess whether there is any objective evidence that a financial asset or GHICL of assets is impaired. Where there is objective evidence of impairment, the entity should determine the amount of any impairment loss.

#### **Financial assets carried at amortized cost**

The impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses which have not been incurred) discounted at the financial instrument's original effective interest rate. Note that it is the original rate of interest which is used. Using market rates current at the time of the impairment would result in a fair value approach being adopted for the measurement of financial assets carried at amortised cost. The amount of the loss should be recognised in profit or loss.

#### **Financial assets carried at cost**

The impairment loss on unquoted equity instruments carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial instrument. Such impairment losses should not be reversed.

### **3.8 Inventories**

#### **Measurement**

Inventories are measured at the lower of cost and net realizable value.

#### **Cost of inventories**

The cost of inventories are comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned by using the first-in, first-out (FIFO) cost formula. GHICL shall use the same cost formula for all inventories having a similar nature and use to the entity.

#### **Recognition as an expense**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **3.9 Trade and other receivables**

Trade and other receivables are stated at their estimated realisable amounts inclusive of provisions for bad and doubtful debts

### **3.10 Cash and cash equivalents**

Cash and cash equivalents consists of cash in hand and with banks on current deposit accounts and short term investments (FDR for the period of 1 to 3 months) which are held and available for use by the GHICL without any restriction. There is insignificant risk of change in value of the same.

### **3.11 Calculation of recoverable amount**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset GHICL that generates cash flows that are largely independent from other assets and GHICLs.

### 3.12 Provisions, accruals and contingencies

#### Provisions

A provision is recognised when GHICL has a present obligation (legal or constructive) as a result of a past event; and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If these conditions are not met, no provision is recognized.

#### Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

#### Contingent liabilities

GHICL does not recognise a contingent liability. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

#### Contingent asset

GHICL does not recognise a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to GHICL.

#### Measurement

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

#### Changes and uses of provisions

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. A provision is used only for expenditures for which the provision was originally recognised. Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognised for another purpose would conceal the impact of two different events.

### 3.13 Events after the reporting period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified: Adjusting Events: - those that provide evidence of conditions that existed at the end of the reporting period. Non adjusting Events: - those that are indicative of conditions that arose after the reporting period. All material events after the statement of financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the note no. 30.11 of Financial Statements.

### 3.14 Earnings Per Share (EPS)

#### Basic EPS

GHICL calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity. Basic earnings per share has been calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

GHICL presents basic earnings per share in the statement of profit or loss and other comprehensive income. The company presents basic earnings per share with equal prominence for all periods presented. GHICL presents basic earnings per share, even if the amounts are negative (i.e. a loss per share). The GHICL's Diluted earnings per share is same as Basic earnings per share.

### 3.15 Income statement

For the purpose of presentation of income statement, the function of expenses method is adopted, as it represents fairly the elements of the GHICL's performance.

### 3.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the GHICL and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized:

#### **Income from sales**

Revenue from the local sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### **Interest and other income**

Interest and other income are recognised on accrual basis.

#### **3.17 Expenses**

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

#### **3.18 Employee benefits**

The company maintains provident fund for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds. The company has accounted for and disclosed employee benefits in compliance with the provision of BAS 19: "Employee Benefits". The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

#### **3.19 Workers' profit participation fund (WPPF)**

The GHICL provides applicable rate of its profit before Tax after charging contribution to WPPF in accordance with the Bangladesh Labour Act, 2006.

#### **3.20 Taxation**

The tax expense for the period comprises current tax and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

##### **Current tax**

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **Deferred tax**

###### **Principle of recognition**

Deferred tax is recognised as income or an expense amount within the tax charge, and included in the net profit or loss for the period. Deferred tax relating to items dealt with as other comprehensive income (such as a revaluation) is recognised as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income. Deferred tax relating to items dealt with directly in equity (such as the correction of an error or retrospective application of a change in accounting policy) is recognised directly in equity.

###### **Taxable temporary difference**

A deferred tax liability is recognised for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

###### **Revaluations to fair value – property, plant and equipment**

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore give rise to a deferred tax liability.

###### **Non-depreciated revalued assets**

Deferred tax is recognized even where non-current assets are not depreciated e.g. land. This is because the carrying value will ultimately be recovered on disposal. Deferred tax assets and liabilities and assets are measured considering the tax consequence of recovering the carrying amount of the non-depreciable assets i.e. the tax rate applicable to the taxable amount derived from the sale of an asset

###### **Deductible temporary difference**

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

### 3.21 Statement of cash flows

The Statement of cash flows has been prepared in accordance with the requirements of 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

Relationships between a parent and its subsidiaries is disclosed irrespective of whether there have been transactions between them. GHICL discloses key management personnel compensation. The company discloses the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. The GHICL carried out a number of transactions with related parties. The information as required by BAS 24: "Related party Disclosure" has been disclosed in a separate notes to the accounts (Note-30.3).

### 3.23 Operating segment

An operating segment is a component of GHICL that engages in business activities from which it earns revenues and incur expenses and whose operating results are regularly reviewed by the GHICL's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### Reportable segments

GHICL reports separately information about each operating segment that has been identified as an operating segment and exceeds the quantitative thresholds.

Segmental information is provided for the different business segments of the GHICL. Business segmentation has been determined based on the nature of goods provided by the GHICL after considering the risk and rewards of each type of product.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described on notes 30.09 in the Notes to the Financial Statements. The GHICL transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilization, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

### 3.24 Reporting foreign currency transactions

#### Initial recognition

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### Subsequent measurement

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities is translated into GHICL's functional currency at each reporting date.

#### Monetary items

Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in profit or loss in the period in which they arise.

#### **Non-monetary items**

Non-monetary items carried at historic cost are translated using the exchange rate at the date of the transaction when the asset arose (historical rate). They are not subsequently retranslated in the individual financial statements of GHICL. Non-monetary items carried at fair value are translated using the exchange rate at the date when the fair value was determined. The foreign currency fair value of a non-monetary asset is determined. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

#### **Financial assets**

Financial assets can be monetary or non-monetary and may be carried at fair value or amortized cost. At each year end, the foreign currency amount of financial instruments carried at amortized cost is translated into the functional currency using either the closing rate (if it is a monetary item) or the historical rate (if it is a non-monetary item). Financial instruments carried at fair value are translated to the functional currency using the closing spot rate.

The entire change in the carrying amount of a non-monetary available-for-sale financial asset, including the effect of changes in foreign currency rates, is reported as other comprehensive income at the reporting date. A change in the carrying amount of monetary available-for-sale financial assets on subsequent measurements is analyzed between the foreign exchange component and the fair value movement. The foreign exchange component is recognised in profit or loss and the fair value movement is recognised as other comprehensive income. The entire change in the carrying amount of financial instruments measured at fair value through profit or loss, including the effect of changes in foreign currency rates, is recognised in profit or loss.

### **4.0 Risk exposure**

#### **4.1 Financial risk management**

GHICL's activities are exposed to a variety of financial risks. The Company's financial risk management centered upon using various tools and to manage exposure to risk, particularly credit risk, liquidity risk, market risk, currency risk and interest rate risk. Similar to general risk management, financial risk management requires identifying its sources, measuring it, and plans to address them. Taking risk is in the core of the financial business, and operational risk is an inevitable consequence of being in business. GHICL's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on GHICL's financial performance.

GHICL's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of prudent risk management policies and application of reliable and up-to-date information systems. GHICL regularly reviews its risk management policies and systems to reflect changes in products, markets, and emerging best practices.

#### **4.2 Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The senior management of GHICL carefully manages its exposure to credit risk. Credit exposures arise principally in receivables from customers' existing in GHICL's asset portfolio. The credit risk management and control are controlled through the credit policies of GHICL's which are updated regularly. The company is also exposed to other credit risks arising from balances with banks which are controlled through board approved counterparty limits.

#### **4.3 Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash balances or liquid and marketable assets to meet its liabilities when fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/ fund to make the expected payment within due date.

#### **4.4 Industry risks**

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business,

financial condition and results of operation. Frozen foods industry in Bangladesh is an emerging sector with vast local demand for its different product lines. Locally produced frozen products now play a significant role in this sector, which has been dominated by imports in the past.

**However, the infrastructure required for this industry is inadequate in Bangladesh, as can be noted below:**

- No organized collection centers for agricultural produce exist in Bangladesh; as a result, there is a high fluctuation in prices both for the growers and for processors.
- Absence of Cold Storage or Cold Chains although the whole process of collection, processing and distribution depends on cold temperature maintenance due to the nature of the finished product.

#### **4.5 Market risk**

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



5. Property, plant and equipment

Particulars	Cost/Valuation				Rate of dep. (%)	Depreciation			Written Down Value as of 30.06.17
	Balance as on 01.07.2016	Addition for the year	Disposal for the year	Balance as on 30.06.17		Charged for the year	Disposal for the year	Balance as on 30.06.17	
<b>At historical cost:</b>									
Land and land development	158,734,808	163,721,401	-	322,456,209	0%	-	-	322,456,209	
Building & other structure	24,888,597	219,855,047	-	244,743,644	2.5%	1,265,088	1,627,756	243,115,888	
Plant and machinery	396,819,119	44,930,244	-	441,749,363	5%	18,271,689	68,747,467	373,001,896	
Office equipment	18,325,693	4,257,807	-	22,583,500	10%	2,283,918	5,833,059	16,750,441	
Furniture and fixture	9,063,358	452,550	-	9,515,908	10%	670,397	3,387,675	6,128,233	
Vehicle	182,252,721	1,450,000	-	183,702,721	10%	16,445,117	36,313,376	147,389,345	
Freezer	729,334,400	4,861,401	44,520,000	689,675,801	10%	62,914,975	7,778,192	578,078,458	
<b>A. Sub total as on 30.06.2017</b>	<b>1,519,418,696</b>	<b>439,528,450</b>	<b>44,520,000</b>	<b>1,914,427,146</b>		<b>99,796,184</b>	<b>7,778,192</b>	<b>1,686,920,470</b>	
<b>At revaluation:</b>									
Land and land development	101,788,368	-	-	101,788,368	0%	-	-	101,788,368	
Plant and machinery	43,451,953	-	-	43,451,953	5%	1,632,753	12,429,645	31,022,308	
<b>B. Sub total as on 30.06.2017</b>	<b>145,240,321</b>	<b>-</b>	<b>-</b>	<b>145,240,321</b>		<b>1,632,753</b>	<b>12,429,645</b>	<b>132,810,676</b>	
<b>Total (A+B) as on 30.06.2017</b>	<b>1,664,659,017</b>	<b>439,528,450</b>	<b>44,520,000</b>	<b>2,059,667,467</b>		<b>101,428,937</b>	<b>7,778,192</b>	<b>239,936,321</b>	
<b>Total as on 30.06.16</b>	<b>1,203,014,847</b>	<b>461,644,170</b>	<b>-</b>	<b>1,664,659,017</b>		<b>85,676,227</b>	<b>-</b>	<b>1,518,373,441</b>	

5.1 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of dep. (%)	General and admin.	Rate of dep. (%)	Selling & distribution	Rate of dep. (%)	Total
<b>At historical cost</b>							
Factory & office building	-	0%	-	0%	1,265,088	100%	1,265,088
Plant & machinery	18,271,689	100%	-	0%	-	0%	18,271,689
Furniture & fixture	114,459	50%	91,567	40%	22,892	10%	228,918
Office equipments	234,639	35%	335,199	50%	100,560	15%	670,397
Vehicles	8,222,558	50%	1,644,512	10%	6,578,047	40%	16,445,117
Freezer	12,582,995	20%	-	0%	50,331,980	80%	62,914,975
<b>Sub Total</b>	<b>39,426,340</b>		<b>2,071,278</b>		<b>58,298,567</b>		<b>99,796,184</b>
<b>At revaluation</b>							
Buildings and other constructions	-	0%	-	0%	-	0%	-
Plant & machinery	1,632,753	100%	-	0%	-	0%	1,632,753
<b>Sub total</b>	<b>1,632,753</b>		<b>-</b>		<b>-</b>		<b>1,632,753</b>
<b>Grand total</b>	<b>41,059,093</b>		<b>2,071,278</b>		<b>58,298,567</b>		<b>101,428,937</b>

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 their lands, buildings, and plant & machinery as of 30 June 2009, 2011 and 2013 by the valuer, Ata Khan & Co, chartered accountants following "Current cost method", resulting the following surplus:

Note : The Company (GHICL) revalued their lands and plant and machinery as of 30 June 2009, 30 June 2011 and 30 June 2013 by their Valuer, Ata Khan & Co, Chartered Accountants following "Current Cost Method", resulting the following surplus:

Particulars	Land & land development	Plant and machinery	Total
<b>Depreciated original cost:</b>			
2008-09	12,263,392	43,900,668	56,164,060
2010-11	46,000,000	73,284,835	119,284,835
2012-13	84,948,240	81,670,022	166,618,262
<b>Depreciated current cost:</b>			
2008-09	46,000,000	63,776,758	109,776,758
2010-11	69,000,000	90,493,099	159,493,099
2012-13	130,000,000	88,037,621	218,037,621
<b>Revaluation surplus:</b>			
2008-09	33,736,608	19,876,090	53,612,698
2010-11	23,000,000	17,208,264	40,208,264
2012-13	45,051,760	6,367,599	51,419,359
	<b>101,788,368</b>	<b>43,451,953</b>	<b>145,240,321</b>

**6. Leased assets (finance lease)**

Particulars	Cost/Valuation		Depreciation	Written Down Value as of 30.06.17				
	Balance as on 01.07.2016	Balance as on 30.06.17			Disposal for the year	Charged for the year	Balance as on 30.06.17	
Vehicle	45,416,415	63,089,887	10%	3,281,871	4,186,387	638,306	6,829,952	56,259,935
<b>Total as on 30.06.2017</b>	<b>45,416,415</b>	<b>20,442,696</b>	<b>2,769,224</b>	<b>63,089,887</b>	<b>4,186,387</b>	<b>638,306</b>	<b>6,829,952</b>	<b>56,259,935</b>
<b>Balance as on 30.06.2016</b>	<b>7,479,735</b>	<b>37,936,680</b>	<b>-</b>	<b>637,063</b>	<b>2,644,808</b>	<b>-</b>	<b>3,281,871</b>	<b>42,134,544</b>

**6.1 Depreciation has been charged on different cost centers as under :**

Particulars	Factory	Rate of Dep. (%)	General and Admn. (%)	Selling & Distribution	Rate of Dep. (%)	Total
Vehicles	837,277	20%	1,255,916	2,093,194	50%	4,186,387
<b>Total</b>	<b>837,277</b>		<b>1,255,916</b>	<b>2,093,194</b>		<b>4,186,387</b>

7. Intangible Assets

Particulars	Cost/Valuation			Rate	Depreciation			Written Down Value as of 30.06.17
	Balance as on 01.07.2016	Addition for the year	Disposal for the year		Balance as on 30.06.17	Charged for the year	Disposal for the year	
Software (at development stage)	11,417,129	-	-	0%	-	-	-	11,417,129
Design, construction and development of products	24,313,395	3,720,277	-	10%	2,617,353	-	2,617,353	25,416,319
Augmented Reality	378,375	-	-	10%	34,054	-	71,892	306,483
<b>Total as on 30.06.2017</b>	<b>36,108,899</b>	<b>3,720,277</b>	<b>-</b>		<b>2,651,407</b>	<b>-</b>	<b>2,689,245</b>	<b>37,139,931</b>
<b>Balance as on 30.06.2016</b>	<b>581,375</b>	<b>35,527,524</b>	<b>-</b>		<b>37,838</b>	<b>-</b>	<b>37,838</b>	<b>36,071,061</b>

7.1 Amortization has been charged on different cost centers as under :

Particulars	Rate of Dep. (%)		Total
	General and Admn.	Selling & Distribution	
Software	-	-	-
Design, construction and Augmented Reality	2,617,353	-	2,617,353
<b>Total</b>	<b>2,651,407</b>	<b>-</b>	<b>2,651,407</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>8.00</b>	<b>Capital work in progress</b>		
	Opening balance	235,829,479	229,235,055
	Add: Addition during the year	69,968,297	102,469,751
	Less : Transferred to property plant and equipment	(219,311,820)	(95,875,327)
	Closing balance	<b>86,485,956</b>	<b>235,829,479</b>
<b>9.00</b>	<b>Inventories</b>		
	Finished goods	126,027,528	96,023,817
	Raw materials	91,077,214	61,357,697
	Packing materials	40,975,964	35,412,315
	Work in progress	481,397	108,536
	Store in transit	6,976,911	5,557,608
		<b>265,539,014</b>	<b>198,459,973</b>
<b>10.00</b>	<b>Advances, deposits and prepayments</b>		
	Advances to suppliers & service providers	5,036,749	9,052,998
	Advance against land	-	28,745,182
	Advance taxes	39,092,907	19,011,743
	Advance VAT	2,867,800	4,411,787
	Advance office rent	6,789,000	8,709,000
	Other deposits	1,123,386	1,298,238
	Lease deposits	1,339,345	1,125,242
		<b>56,249,187</b>	<b>72,354,190</b>
	<b>This is unsecured and considered good.</b>		
	(a) The maximum amount due from the suppliers & service providers.		
	(b) No amount was due by the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.		
<b>11.00</b>	<b>Trade and other receivables</b>		
	Trade receivable (Note 11.01)	262,476,247	257,301,853
	Other receivable (Note 11.02)	301,089,276	289,498,671
		<b>563,565,523</b>	<b>546,800,524</b>

**11.01 Trade receivable**

Local sales receivables

Amount in BDT	
30-Jun-17	30-Jun-16
262,476,247	257,301,853
<b>262,476,247</b>	<b>257,301,853</b>

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

SL	Particulars	Amount in BDT 2017	Amount in BDT 2016
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	262,476,247	257,301,853
III	Accounts receivable considered doubtful or bad	-	-
IV	Accounts receivable due by any director or other officer of the company	-	-
V	Accounts receivable due by Common management	-	-
VI	The maximum amount of receivable due by any director or other officer of the company	-	-
	<b>TOTAL</b>	<b>262,476,247</b>	<b>257,301,853</b>

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:**

Interest receivable	211,897	264,094
Inter Company Transaction (Note- 11.02.1)	300,877,379	289,234,577
	<b>301,089,276</b>	<b>289,498,671</b>

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

**11.02.1 Inter Company Transaction**

Golden Harvest Foods Ltd.	190,081,375	175,510,330
Golden Harvest Dairy Ltd.	110,796,004	113,724,247
	<b>300,877,379</b>	<b>289,234,577</b>

**12.00 Cash at bank balance**

Cash in hand:	1,792,726	466,682
Head office	43,661	14,684
Factory & depot	1,749,065	451,998
Cash at bank	37,166,780	8,185,384
Fixed Deposits with Banks	20,326,221	11,590,000
	<b>59,285,727</b>	<b>20,242,066</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>13.00 Share capital</b>			
<b>Authorized share capital</b>			
100,000,000 ordinary Shares of BDT 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>

**Issued, subscribed and paid up capital**

Name	Designation	% of Shares	Value of shares in BDT	
			2017	2016
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
		<b>100%</b>	<b><u>300,000,000</u></b>	<b><u>300,000,000</u></b>

**14.00 Revaluation surplus**

Opening balance	104,005,005	113,664,595
Adjustment for deferred tax	-	(7,940,903)
Transferred to retained earnings	(1,632,753)	(1,718,687)
Closing balance	<b><u>102,372,252</u></b>	<b><u>104,005,005</u></b>

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	255,544,554	179,139,955
Deferred tax adjustment on revalued amount of PPE	571,464	601,540
Depreciation on revaluation surplus transferred	1,632,753	1,718,687
Net profit after tax	75,718,743	74,084,372
Closing balance	<b><u>333,467,514</u></b>	<b><u>255,544,554</u></b>

**16.00 Long term loans**

Syndicated loan	539,980,365	660,826,390
United Commercial bank	318,487,690	152,054,881
Less: Current maturity of long term loan	(132,322,632)	(116,920,945)
	<b><u>726,145,423</u></b>	<b><u>695,960,326</u></b>

**Syndicated loan:**

United Commercial Bank Ltd.	539,980,365	660,826,390
Standard Bank Ltd.	176,234,365	222,968,318
Less: Current maturity of long term loan	363,746,000	437,858,072
	(132,322,632)	(116,920,945)
	<b><u>407,657,733</u></b>	<b><u>543,905,445</u></b>

Golden Harvest Ice Cream Ltd. has taken syndicated term loan facility amounting Tk.70 crore for establishment of Ice Cream project and will utilise the loan amount to imported machineries and meet other expenditure for implementation of the project.

Amount in BDT	
30-Jun-17	30-Jun-16

**Terms & conditions of term loan:**

Particulars	Rate of Interest	Tenure	Repayment Term	Security
United Commercial Bank Ltd. A/C # 095CTLN141710501	9.50%	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. A/C # 01781100001	10.50%	5 Years	20 Quarterly installment starting from 31 May 2016.	
United Commercial Bank Ltd. A/C #095CTLN153570001	9.75%	5 Years	Quarterly (Starting from March 2017)	

**17.00 Deferred tax liability**

Opening balance	76,346,780	41,177,329
Add : Adjustment during the year on fixed assets	-	-
Add: Adjustment during the year on revaluation surplus	-	7,940,903
Add : During the year on cost of fixed Assets	31,559,992	27,830,088
Less : During the year on revaluation	(571,464)	(601,540)
Closing balance	<b>107,335,308</b>	<b>76,346,780</b>

**18.00 Lease obligations**

IDLC Finance Ltd Ls	2,221,284	3,513,207
Union Capital Limited	8,453,499	10,965,619
Industrial Promotion and Development Company Ltd. (IPDC)	13,304,663	4,922,471
BD Finance Investment Ltd.	18,319,007	23,218,543
National Finance Limited	10,956,939	-
	53,255,392	42,619,840
Current maturity of lease obligation	(12,630,107)	(8,726,765)
	<b>40,625,285</b>	<b>33,893,075</b>

**19.00 Accounts and other payables**

Sundry creditors for goods, service & machineries	29,570,422	115,518,892
Security deposits for freezer	17,708,723	14,797,441
Withholding tax and VAT	7,997,135	7,492,214
Bank interest payable	930,572	694,458
Inter company transaction (Note - 19.01)	345,480,106	215,892,669
	<b>401,686,958</b>	<b>354,395,674</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>19.01</b>	<b>Inter company transaction</b>		
	Golden Harvest Agro Ind. Ltd.	345,480,106	215,892,669
		<b>345,480,106</b>	<b>215,892,669</b>
<b>20.00</b>	<b>Accruals &amp; provisions</b>		
	Salary & allowances	2,506,196	1,220,418
	Utility bills	1,539,866	2,194,661
	Audit fees	115,000	200,000
	Mobile phone Bill	108,571	213,292
	TA/DA & Incentive	882,216	-
	Provision for tax (Note- 20.01)	98,623,082	96,165,318
	Provision for WPPF (Note- 20.02)	5,858,541	7,161,957
	Provision for others	476,648	3,322,414
		<b>110,110,120</b>	<b>110,478,060</b>
<b>20.01</b>	<b>Provision for tax</b>		
	Opening balance	96,165,318	85,178,374
	Under provision for previous years	-	-
		96,165,318	85,178,374
	Tax for the year	6,457,764	12,986,944
	Paid during the year	(4,000,000)	(2,000,000)
	Closing balance	<b>98,623,082</b>	<b>96,165,318</b>
<b>20.02</b>	<b>Provision for workers profit participation fund</b>		
	Opening balance	7,161,957	9,320,279
	Addition during the year	5,684,437	5,742,657
	Interest charged for the year	12,147	99,021
	Paid During the year	(7,000,000)	(8,000,000)
	Closing balance	<b>5,858,541</b>	<b>7,161,957</b>
<b>21.00</b>	<b>Short term loans</b>		
	United Commercial Bank Ltd.-SOD	412,745,717	296,557,724
	Fareast Finance & Investment Ltd.	200,000,000	200,000,000
	United Commercial Bank; UPAS LC	64,815,103	117,436,370
		<b>677,560,820</b>	<b>613,994,094</b>

Terms & conditions of Short Term Loan:

Particulars	Rate of Interest	Tenor	Security
United Commercial Bank Ltd.-SOD	11.00%	Revolving	a. Hypothecation of raw materials, work in process & finished products duly insured covering Fire & RSD under Bank's Mortgage clause, b, Up to date receivable statement to be provided on quarterly basis
Fareast Finance & Investment Ltd.	10.00%	Revolving (3 months)	Personal Security of directors
United Commercial Bank Ltd.-UPAS LC	10.00%	As per each LC	a. Lien of Shipping documents & title of the goods, b. Your acceptance against UPASS LC

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>22.00 Revenue</b>			
	Sales (Icecream unit)	613,816,544	592,132,089
	Sales (Dairy unit)	263,719,605	210,061,409
		<b>877,536,149</b>	<b>802,193,498</b>
<b>23.00 Cost of goods sold</b>			
	<b>Raw materials:</b>		
	Opening stock (Note - 9)	96,770,012	134,033,265
	Purchases (Note - 23.01)	468,661,873	428,307,602
		<b>565,431,885</b>	<b>562,340,867</b>
	Closing stock (Note - 9)	(132,053,178)	(96,770,012)
	Consumption	<b>433,378,707</b>	<b>465,570,855</b>
	Add: Manufacturing expenses (Note - 23.02)	86,466,061	71,400,790
	<b>Total manufacturing cost</b>	<b>519,844,768</b>	<b>536,971,645</b>
	<b>Work In Process Inventory:</b>		
	Add: Beginning stock (Note - 9)	108,536	271,309
		<b>519,953,304</b>	<b>537,242,954</b>
	Less: Ending stock (Note - 9)	(481,397)	(108,536)
	<b>Cost of Goods Manufactured</b>	<b>519,471,907</b>	<b>537,134,418</b>
	<b>Finished Goods:</b>		
	Opening stock (Note - 9)	96,023,817	21,129,253
		<b>615,495,724</b>	<b>558,263,671</b>
	Closing stock (Note - 9)	(126,027,528)	(96,023,817)
	<b>Cost of goods sold</b>	<b>489,468,196</b>	<b>462,239,854</b>
		<b>Ice Cream unit</b>	<b>Dairy unit</b>
	Opening stock	96,770,012	-
	Purchases	308,968,103	159,693,770
		<b>405,738,115</b>	<b>159,693,770</b>
	Closing stock	(132,053,178)	-
	Consumption	<b>273,684,937</b>	<b>159,693,770</b>
	Add: Manufacturing expenses	77,823,772	8,642,289
	<b>Total manufacturing cost</b>	<b>351,508,709</b>	<b>168,336,059</b>
	<b>Work In Process Inventory:</b>		
	Add: Beginning stock	108,536	-
		<b>351,617,245</b>	<b>168,336,059</b>
	Less: Ending stock	(481,397)	-
	<b>Cost of Goods Manufactured</b>	<b>351,135,848</b>	<b>168,336,059</b>
	<b>Finished Goods:</b>		
	Opening stock	96,023,817	-
		<b>447,159,665</b>	<b>168,336,059</b>
	Closing stock	(126,027,528)	-
	<b>Cost of goods sold</b>	<b>321,132,137</b>	<b>168,336,059</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>23.01</b>	<b>Purchases</b>		
	Raw materials	333,804,985	295,382,322
	Packing materials	133,496,117	132,327,750
	Foreign currency exchange gain/(loss)	1,360,771	597,530
		<b>468,661,873</b>	<b>428,307,602</b>
		<b>Ice Cream unit</b>	<b>Dairy unit</b>
	Raw materials	182,166,212	151,638,773
	Packing materials	125,441,120	8,054,997
	Foreign currency exchange gain/(loss)	1,360,771	
		<b>308,968,103</b>	<b>159,693,770</b>
<b>23.02</b>	<b>Manufacturing expenses</b>		
	Salary and allowance	25,040,146	18,145,023
	Factory maintenance	1,973,288	1,820,004
	Traveling, conveyance, tour	688,871	664,718
	Utility, generator fuel	14,047,788	13,621,382
	Office communication	381,156	188,309
	Insurance premium	1,631,181	1,533,645
	Entertainment	158,403	212,115
	Office stationery	151,928	569,455
	Cleaning & security services	409,878	216,840
	Vehicle fuel and maintenance	1,170	24,056
	Miscellaneous expenses	23,165	14,939
	Depreciation of fixed assets (Note - 5.1)	41,059,093	33,861,342
	Depreciation of Leased assets (Note - 6.1)	837,277	528,962
		<b>86,466,061</b>	<b>71,400,790</b>
		<b>Ice Cream unit</b>	<b>Dairy unit</b>
	Salary and allowance	21,875,511	3,164,635
	Factory maintenance	1,380,659	592,629
	Traveling, conveyance, tour	578,923	109,948
	Utility, generator fuel	12,992,910	1,054,878
	Office communication	346,587	34,569
	Insurance premium	1,631,181	-
	Entertainment	109,932	48,471
	Office stationery	128,540	23,388
	Cleaning & security services	313,551	96,327
	Vehicle fuel and maintenance	1,170	-
	Miscellaneous expenses	23,165	-
	Depreciation of fixed assets (Note - 5.1)	37,894,458	3,164,635
	Depreciation of leased assets (Note - 6.1)	547,185	290,092
		<b>77,823,772</b>	<b>8,642,289</b>

	Amount in BDT	
	30-Jun-17	30-Jun-16
<b>24.00 Administrative expenses</b>		
Salary and allowance	8,096,338	8,808,290
Office maintenance	108,710	28,960
Traveling, conveyance, tour	600,019	763,911
Office communication	505,352	288,704
Insurance premium	677,971	743,077
Entertainment	270,742	280,850
Fees, taxes & renewal	1,198,418	1,184,889
Professional & legal fees	538,000	615,995
Audit fees	115,000	115,000
Advertisement & publicity	75,258	50,500
Office stationery	368,871	357,659
Training & conference	28,720	23,615
Bank charges	157,615	243,379
Vehicle fuel and maintenance	275,546	253,733
Miscellaneous expenses	64,693	87,721
Depreciation of lease assets (Note - 6.1)	1,255,916	793,442
Depreciation of fixed assets (Note - 5.1)	2,071,278	3,399,908
Amortization of Intangible assets (Note - 7.1)	2,651,407	37,838
	<b>19,059,854</b>	<b>18,077,471</b>

Auditors' fees represents audit fee for auditing the accounts for the year ended 30 June, 2017

	Ice Cream unit	Dairy unit
Directors remuneration		
Salary and allowance	6,074,788	2,021,550
Office maintenance	76,040	32,670
Traveling, conveyance, tour	493,841	106,178
Office communication	334,044	171,308
Insurance premium	474,225	203,746
Entertainment	193,920	76,822
Fees, taxes & renewal	838,110	360,308
Professional & legal fees	426,566	111,434
Audit fees	80,440	34,560
Advertisement & publicity	52,641	22,617
Office stationery	324,132	44,739
Training & conference	28,720	-
Bank charges	110,594	47,021
Vehicle fuel and maintenance	192,882	82,664
Miscellaneous expenses	45,285	19,408
Depreciation of lease assets (Note - 6.1)	783,892	472,024
Depreciation of fixed assets (Note - 5.1)	1,460,385	610,893
Amortization of Intangible assets (Note - 7.1)	1,854,599	796,808
	<b>13,845,104</b>	<b>5,214,750</b>

**25.00 Selling & distribution expenses**

		Amount in BDT	
		30-Jun-17	30-Jun-16
Salary and allowance		13,779,127	16,416,625
Office maintenance		947,324	938,597
Traveling, conveyance, tour		1,315,168	1,519,980
Utility, generator fuel		6,655,156	5,856,501
Office communication		2,305,691	2,276,194
Insurance premium		1,444,272	921,775
Entertainment		516,377	462,062
Office rent		9,235,156	7,599,370
Advertisement & publicity		1,718,716	7,651,784
Office stationery		768,558	1,383,597
Cleaning & security services		96,308	74,480
Training & conference		160,447	178,650
Trade Promotion Expenses		2,092,848	2,052,797
Trade fair expenses		2,348,710	2,699,846
Vehicle fuel and maintenance		4,715,137	4,412,949
Distribution promotion expenses		2,719,153	3,067,583
R & D expenses		35,984	41,030
Miscellaneous expenses		28,067	26,670
Depreciation of lease assets	(Note - 6.1)	2,093,194	1,322,404
Depreciation of fixed assets	(Note - 5.1)	58,298,567	48,414,978
		<b>111,273,960</b>	<b>107,317,872</b>

		Ice Cream unit	Dairy unit
Salary and allowance		9,283,181	4,495,946
Office maintenance		661,365	285,959
Traveling, conveyance, tour		964,428	350,740
Utility, generator fuel		4,866,696	1,788,460
Office communication		1,619,669	686,022
Insurance premium		1,070,340	373,932
Entertainment		366,649	149,728
Office rent		6,459,781	2,775,375
Advertisement & publicity		1,523,516	195,200
Office stationery		331,933	436,625
Cleaning & security services		67,365	28,943
Training & conference		105,431	55,016
Trade Promotion Expenses		1,464,994	627,854
Trade fair expenses		1,644,097	704,613
Vehicle fuel and maintenance		3,400,596	1,314,541
Distribution promotion expenses		1,789,971	929,182
R & D expenses		23,591	12,393
Miscellaneous expenses		16,378	11,689
Depreciation of lease assets	(Note - 6.1)	1,306,487	786,707
Depreciation of fixed assets	(Note - 5.1)	42,877,168	15,421,399
		<b>79,843,636</b>	<b>31,430,324</b>

		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>26.00</b>	<b>Other operating income</b>		
	Scrap sale	5,339,563	10,085,402
	Freeze Rent	64,900	35,897,068
		<b>5,404,463</b>	<b>45,982,470</b>
<b>27.00</b>	<b>Financial income</b>		
	Interest from STD	6,300	-
	Interest from FDR	1,059,653	2,473,232
		<b>1,065,953</b>	<b>2,473,232</b>
<b>28.00</b>	<b>Finance expenses</b>		
	Interest on Term Loan	98,395,728	101,260,328
	Interest on Short Term Loan	41,362,764	38,719,274
	Interest on Finance Lease	5,012,980	2,291,319
	Interest against Workers Profit Participation Fund	12,147	99,021
		<b>144,783,619</b>	<b>142,369,942</b>
		<b>Ice Cream unit</b>	<b>Dairy unit</b>
	Interest on Term Loan	88,825,570	9,570,158
	Interest on Short Term Loan	31,932,311	9,430,453
	Interest on Finance Lease	3,506,465	1,506,515
	Interest against Workers Profit Participation Fund	12,147	-
		<b>124,276,493</b>	<b>20,507,126</b>
<b>29.00</b>	<b>Income tax expenses</b>		
	Current tax (Note-29.01)	6,457,764	12,986,944
	Deferred tax	31,559,992	27,830,088
		<b>38,017,756</b>	<b>40,817,032</b>
<b>29.01</b>	<b>Reconciliation of accounting profit to income tax expense</b>		
	Profit before tax (Icecream unit)	77,210,484	114,901,404
	Effective tax rate (Icecream unit)	35%	35%
	Profit before tax (Dairy unit)	36,526,014	-
	Effective tax rate (Dairy unit)	14.37%	15%
	Tax effect on profit before tax (Icecream unit)	27,023,670	40,215,491
	Tax effect on profit before tax (Dairy unit)	5,248,902	-
	Tax effect on deductible expense for tax purposes	31,440,743	29,986,679
	Tax effect on non deductible expense for tax purposes	(58,712,627)	(57,215,227)
	<b>Tax effect on total Operating Income</b>	<b>5,000,688</b>	<b>12,986,944</b>
	Less: Tax on Ice Cream Unit on Business income	(2,264,646)	-
	<b>Effective tax rate for minimum tax</b>	0.60%	-
	Gross receipt attributable to tax	620,286,960	-
	Tax effect on gross receipt	3,721,722	-
	<b>Income tax charge for the year</b>	<b>6,457,764</b>	<b>12,986,944</b>

		<i>Amount in BDT</i>	
		2016-2017	2015-2016
<b>30.00 Other information</b>			
<b>30.01 Transaction in foreign currency</b>			
<b>    CIF value of import:</b>			
Capital machinery		29,092,052	93,926,085
Raw materials		93,623,477	124,364,665
FOB value of export		-	-
<b>    Exchange rate on June 30, 2017</b>			
	Euro	92.12	86.64
	USD	80.60	78.40
	GBP	105.01	111.56

**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 2017.

**Capital expenditure commitment**

Capital expenditure commitment for machineries at 30 June 2017. were as under:

Machineries & vehicle	26,692,150	343,409
	<b>26,692,150</b>	<b>343,409</b>

**Term loan commitment**

At 30 June 2017 the company had annual commitment under Term Loan as set out below:

Term loan principal due within 1 year	132,322,632	116,920,945
Term loan principal due within 2 to 5 years	726,145,423	695,960,326
Term loan principal due above 5 years	-	-

**Finance lease commitment**

At 30 June 2017 the company had annual commitment under finance lease as set out below:

Lease expires within 1 year	12,630,107	8,726,765
Lease expires within 2 to 5 years	40,625,285	33,893,075
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 2017 are as follows:

Name of Company	Relationship	Opening balance	Addition	Adjustment	Closing balance
Golden Harvest Agro Ind Ltd.	Parents Company	215,892,669	653,919,094	524,331,657	345,480,106
Golden Harvest Foods Ltd.	Common Director	175,510,330	15,594,855	1,023,810	190,081,375
Golden Harvest Dairy Ltd.	Common Director	113,724,247	50,627,502	53,555,745	110,796,004
		<b>505,127,246</b>	<b>720,141,451</b>	<b>578,911,212</b>	<b>646,357,485</b>

**30.04 Transaction with key management personnel's**

Particulars	30-Jun-17	30-Jun-16
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
<b>Raw materials:</b>				
For the year 2016-2017	190,058	2,368,834	2,276,777	282,115
For the year 2015-2016	354,185	1,972,899	2,137,026	190,058
<b>Finished goods:</b>				
For the year 2016-2017	482,709	5,117,089	4,531,768	1,068,030
For the year 2015-2016	233,160	4,505,279	4,255,730	482,709

**30.06 Capacity utilization**

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Ice Cream Production	7,500,000	5,117,089	68.23%

**30.07 Claim not acknowledged as debt**

There was no claim against the company not acknowledged as debt as on 30 June 2017

**30.08 Un-availed credit facilities**

Un-availed credit facilities to the company as on 30 June 2017 are as under:

**Golden Harvest Ice Cream Ltd.**

Name of Bank	Branch	Nature of loan	Credit Limit	Outstanding	Unavailed limit
United Commercial Bank Ltd.	Gulshan	OD(General)	400,000,000	412,745,717	(12,745,717)
	Gulshan	Term Loan	350,000,000	318,487,690	31,512,310
	Gulshan	LC/UPAS	178,000,000	64,815,103	113,184,897
	Gulshan	LTR	90,000,000	-	90,000,000
					<b>221,951,490</b>

**30.09 Segmental information:**

The companies operational segments are ice cream & dairy . The operational segments results are as follows:

Particulars	Ice Cream unit	Dairy unit	Total
Revenue from sales	613,816,544	263,719,605	877,536,149
Expenses	414,820,877	204,981,133	619,802,010
<b>Segment result</b>	<b>198,995,667</b>	<b>58,738,472</b>	<b>257,734,139</b>

Particulars	Ice Cream unit	Dairy unit	Total
<b>Capital expenditure</b>			
Additions to property, plant and equipment	439,528,450	-	439,528,450
Additions to Leased asset	20,442,696	-	20,442,696
Additions to intangible asset	3,720,277	-	3,720,277
<b>Other segment information</b>			
Other operating income	5,404,463	-	5,404,463
Finance income	1,065,953	-	1,065,953
Finance expenses	124,276,493	20,507,126	144,783,619
Provision for income tax	30,994,251	7,023,504	38,017,756
Depreciation expenses	82,232,011	19,196,927	101,428,938
<b>Segment assets</b>	<b>2,395,259,538</b>	<b>548,996,881</b>	<b>2,944,256,419</b>
Non-current assets	1,619,689,744	379,927,224	1,999,616,968
Current assets	775,569,794	169,069,657	944,639,451
<b>Segment liabilities</b>			
Non-current liabilities	751,731,174	122,374,842	874,106,016
Current liabilities	1,147,507,148	186,803,489	1,334,310,637

### 30.10 Employee details:

- i) During the year, there were 556 employees employed for the full year and 21 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 514 employees in the Company.

### 30.11 Rounding off

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

### 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 2017



**S F AHMED & CO.**  
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## **Independent Auditor's 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 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements of the group and the separate financial statements of the company give a true and fair view of the consolidated financial position of the group and the separate financial position of the company as at 30 June 2017, 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;  
02 November 2017

A handwritten signature in black ink, appearing to read "S. F. Ahmed".

**S. F. Ahmed & Co**  
Chartered Accountants

**Golden Harvest Dairy Ltd.**  
Statement of Financial Position  
As at June 30, 2017

	Notes	Amount in BDT	
		30-Jun-17	30-Jun-16
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>359,093,561</b>	<b>347,429,435</b>
Property, plant and equipment	5.00	240,517,161	207,548,337
Biological assets	6.00	78,293,068	74,887,804
Deffered tax assets	7.00	2,062,242	1,533,323
Capital work in progress	8.00	38,221,089	63,459,971
<b>Current Assets</b>		<b>3,120,277</b>	<b>6,898,433</b>
Inventories	9.00	530,424	350,150
Advances, deposits and prepayments	10.00	619,985	4,080,035
Trade and other receivables	11.00	619,241	461,152
Cash and cash equivalents	12.00	1,350,627	2,007,096
<b>TOTAL ASSETS</b>		<b>362,213,838</b>	<b>354,327,868</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>		<b>30,021,114</b>	<b>36,848,980</b>
Issued, subscribed and paid up capital	13.00	50,000,000	50,000,000
Retained earnings	14.00	(19,978,886)	(13,151,020)
<b>Non-current liabilities</b>		<b>139,936,122</b>	<b>166,129,771</b>
Long term loan	15.00	139,936,122	166,129,771
<b>Current liabilities</b>		<b>192,256,602</b>	<b>151,349,117</b>
Accounts and other payables	16.00	162,468,484	142,794,079
Accruals and provisions	17.00	207,673	67,877
Current portion of long term loan	15.00	29,580,445	8,487,161
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>362,213,838</b>	<b>354,327,868</b>
<b>Number of share used to calculate NAV</b>		<b>5,000,000</b>	<b>5,000,000</b>
<b>Net asset value per share</b>		<b>6.00</b>	<b>7.37</b>

*The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.*



Director



Director



Managing Director

*Signed in terms of our separate report of even date annexed.*

Dated, Dhaka;  
02 November 2017



S. F. Ahmed & Co.  
Chartered Accountants

## Golden Harvest Dairy Ltd.

### Statement of Profit or Loss and other Comprehensive Income

#### For the year ended 30 June 2017

	Notes	Amount in BDT	
		2016-2017	2015-2016
Revenue	18.00	22,249,560	936,235
Cost of goods sold	19.00	(18,519,108)	(2,225,485)
<b>Gross profit</b>		<b>3,730,452</b>	<b>(1,289,250)</b>
<b>Operating expenses</b>		<b>(775,444)</b>	<b>(469,323)</b>
Administrative expenses	20.00	(337,309)	(403,618)
Selling and distribution expenses	21.00	(438,135)	(65,705)
Fair value adjustments of biological assets		12,851,341	1,903,959
Other operating income		-	-
<b>Profit from operation</b>		<b>15,806,349</b>	<b>145,386</b>
Financial income		-	-
Finance expenses	22.00	(23,151,691)	(14,586,013)
<b>Net profit from operation</b>		<b>(7,345,342)</b>	<b>(14,440,627)</b>
Provision for workers profit participation fund		-	-
<b>Net profit before tax</b>		<b>(7,345,342)</b>	<b>(14,440,627)</b>
Income tax expenses	23.00	517,476	1,532,842
<b>Net profit after tax attributable to ordinary shareholders of the company</b>		<b>(6,827,866)</b>	<b>(12,907,785)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(6,827,866)</b>	<b>(12,907,785)</b>
<b>Number of share used to calculate EPS</b>		<b>5,000,000</b>	<b>5,000,000</b>
<b>Earnings per share (EPS)</b>		<b>(1.37)</b>	<b>(2.58)</b>

The accompanying notes form an integral part of this financial statement and are to be read in conjunction therewith.



Director



Director



Managing Director

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
02 November 2017



S. F. Ahmed & Co.  
Chartered Accountants

Golden Harvest Dairy Ltd.  
Statement of Changes in Equity  
For the year ended 30 June 2017

Particulars	Amount in BDT		
	Share capital	Retained earnings	Total
Balance as on 01.07.15	50,000,000	(243,235)	49,756,765
Net profit after tax	-	(12,907,785)	(12,907,785)
<b>Balance as at 30.06.2016</b>	<b>50,000,000</b>	<b>(13,151,020)</b>	<b>36,848,980</b>
Balance as on 01.07.16	50,000,000	(13,151,020)	36,848,980
Net Loss after tax	-	(6,827,866)	(6,827,866)
<b>Balance as at 30.06.2017</b>	<b>50,000,000</b>	<b>(19,978,886)</b>	<b>30,021,114</b>



Director



Director



Managing Director

**Golden Harvest Dairy Ltd.  
Statement of Cash Flows  
For the year ended 30 June 2017**

	Amount in BDT	
	2016-2017	2015-2016
<b>Cash flows from operating activities</b>		
Collections from customers and others	22,091,471	475,083
Payments for operating costs & other expenses	(15,300,371)	94,611,713
Interest paid	-	-
Tax paid	-	-
<b>Net cash generated from operating activities</b>	<b>6,791,100</b>	<b>95,086,796</b>
<b>Cash flows from investing activities</b>		
Acquisitions of property plant and equipment	(33,648,464)	(207,701,290)
Acquisitions / proceed from Biological assets	9,446,076	(72,983,845)
Capital work in progress	25,238,882	(61,576,976)
<b>Net Cash used in investing activities</b>	<b>1,036,494</b>	<b>(342,262,111)</b>
<b>Cash flows from financing activities</b>		
Working capital borrowings from banks / Sister concern	14,667,628	213,722,634
Financial expenses	(23,151,691)	(14,586,013)
Issue of ordinary shares	-	-
Received /(payment) against finance lease	-	-
<b>Net cash (used in) / provided by financing activities</b>	<b>(8,484,063)</b>	<b>199,136,621</b>
Net changes in cash and cash equivalents	(656,469)	(48,038,694)
Cash and cash equivalents at the beginning of the year	2,007,096	50,045,790
<b>Cash and cash equivalents at the end of the year</b>	<b>1,350,627</b>	<b>2,007,096</b>
<b>Number of share used to calculate NOCFPS</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Operating cash flow per share</b>	<b>1.36</b>	<b>19.02</b>



Director



Director



Managing Director

# Golden Harvest Dairy Limited

## Notes to the Financial Statements

### For the year ended 30 June 2017

#### 1.0 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 Agro industries Ltd. for the year ended 30 June 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 01 November 2017.

#### 1.3 Reporting Period

The reporting period of the Company covers one year from 1st July 2016 to 30th June 2017.

#### 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 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 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.

## **2.10 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 2017;
- ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2017;
- iii) Statement of changes in equity for the year ended 30 June 2017;
- iv) Statement of cash flows for the year ended 30 June 2017; and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2017.

### 3.0 Summary of Significant Accounting Policies

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Golden Harvest Dairy Limited.

#### 3.1 Property, Plant and Equipment

##### Initial Recognition and Measurement

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

##### 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%

##### 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 2017 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

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

GHDH 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 GHDH 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

GHDH 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

### **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.

### **3.0 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).

## **4.0 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.

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.

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.

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

Particulars	Cost/Valuation				Rate of Dep.	Depreciation			Written Down Value as of 30.06.2017
	Balance as on 01.07.2016	Addition for the year	Disposal for the year	Balance as on 30.06.17		Charged for the year	Disposal for the year	Balance as on 30.06.2017	
<b>At Historical Cost:</b>									
Land and Land Development	185,844,147	28,639,914	-	214,484,061	0%	-	-	-	214,484,061
Cow	-	-	-	-	-	-	-	-	-
Building and Other Structure	20,590,328	3,730,671	-	24,320,999	2.5%	555,191	-	683,881	23,637,118
Plant and machinery	592,605	1,249,759	-	1,842,364	5.0%	57,473	-	64,881	1,777,483
Office Equipment	405,480	22,320	-	427,800	10%	40,438	-	50,575	377,225
Furniture and Fixture	-	-	-	-	10%	-	-	-	-
Vehicle	268,730	5,800	-	274,530	10%	26,538	-	33,256	241,274
Freezer	-	-	-	-	10%	-	-	-	-
<b>Total of 30.06.2017</b>	<b>207,701,290</b>	<b>33,648,464</b>	<b>-</b>	<b>241,349,754</b>		<b>152,953</b>	<b>679,639</b>	<b>832,592</b>	<b>240,517,161</b>
<b>Total of 30.06.2016</b>		<b>207,701,290</b>		<b>207,701,290</b>		<b>152,953</b>		<b>152,953</b>	<b>207,548,337</b>

5.1 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admn.	Rate of Dep. (%)	Selling & Distribution	Rate of Dep. (%)	Total
<b>At Historical Cost</b>							
Land & Land Development	-	-	-	-	-	0%	-
Factory & Office Building	555,191	100%	-	-	-	0%	555,191
Plant & Machinery	57,473	100%	-	-	-	0%	57,473
Office Equipment	20,219	50%	16,175	40%	4,044	10%	40,438
Vehicles	2,654	10%	7,961	30%	15,923	60%	26,538
<b>Sub Total</b>	<b>635,537</b>		<b>24,136</b>		<b>19,967</b>		<b>679,639</b>

		<i>Amount in BDT</i>	
		30-Jun-17	30-Jun-16
<b>6.00</b>	<b>Biological Assets:</b>		
	Dryer	2,114,500	-
	Milkable Cows	25,559,254	6,516,531
	Heifers	49,454,434	63,425,197
	Calves	1,164,880	4,946,076
		<b>78,293,068</b>	<b>74,887,804</b>
<b>6.01</b>	<b>Details are as follows:</b>		
		<b>Calves</b>	<b>Heifers</b>
		<b>Milkable Cows</b>	<b>Dryer</b>
	Carrying amount	4,946,076	63,425,197
	Add: Purchase Costs	-	-
	Less: Transfer/ Sales	(4,946,076)	(21,125,404)
	Add /		
	(Less):		
	Fair value adjustments	1,164,880	7,154,641
		<b>1,164,880</b>	<b>49,454,434</b>
		<b>25,559,254</b>	<b>2,114,500</b>
<b>6.01.01</b>	<b>Fair value adjustments</b>		
		<b>Calves</b>	<b>Heifers</b>
		<b>Milkable Cows</b>	<b>Dryer</b>
	Changes in Fair Value	1,164,880	7,767,200
	Less: Cost to sell	-	(612,559)
		<b>1,164,880</b>	<b>7,154,641</b>
<b>7.00</b>	<b>Deferred tax asset</b>		
	Opening balance	1,533,323	-
	Add : During the year on business loss	1,101,801	2,166,094
	Add : During the year on cost of fixed Assets	(572,882)	(632,771)
		<b>2,062,242</b>	<b>1,533,323</b>
<b>8.00</b>	<b>Capital work in progress</b>		
	Opening balance	63,459,971	1,882,995
	Add: Addition during the year	1,406,095	61,576,976
	Less : Transferred to Property Plant and Equipment	(26,644,977)	-
		<b>38,221,089</b>	<b>63,459,971</b>
<b>9.00</b>	<b>Inventories</b>		
	Raw Material	473,960	37,016
	Medicine	46,284	64,889
	Store in Transit	10,180	248,245
		<b>530,424</b>	<b>350,150</b>
<b>10.00</b>	<b>Advances, deposits and prepayments</b>		
	Advances to suppliers & service providers	619,985	4,080,035
		<b>619,985</b>	<b>4,080,035</b>
<b>11.00</b>	<b>Trade and other receivables</b>		
	Trade receivable(Note:11.01)	619,241	461,152
		<b>619,241</b>	<b>461,152</b>

		<i>Amount in BDT</i>	
		30-Jun-17	30-Jun-16
<b>11.01 Trade receivable</b>			
Local sales receivables		619,241	461,152
		<b>619,241</b>	<b>461,152</b>
<b>12.00 Cash at cash equivalents</b>			
Cash in hand:		128,695	26,399
Head office		4,031	-
Factory & depot		124,664	26,399
Cash at bank		1,221,932	1,980,697
Fixed Deposits with Banks		-	-
		<b>1,350,627</b>	<b>2,007,096</b>
<b>13.00 Share capital</b>			
<b>Authorized share capital</b>			
10,000,000 ordinary Shares of BDT 10 each		<b>100,000,000</b>	<b>100,000,000</b>
<b>Issued, subscribed and paid up capital</b>			
<b>Name</b>	<b>Designation</b>	<b>% of Shares</b>	<b>Value of shares in BDT</b>
		<b>2017</b>	<b>2017</b>
Mr. Ahmed Rajeeb Samdani	Managing Director	25.00%	12,500,000
Golden Harvest	Parent company	75.00%	37,500,000
		<b>100%</b>	<b>50,000,000</b>
			<b>2016</b>
			12,500,000
			37,500,000
			<b>50,000,000</b>
<b>14.00 Retained earnings</b>			
Opening balance		(13,151,020)	(243,235)
Net profit or loss after tax		(6,827,866)	(12,907,785)
		<b>(19,978,886)</b>	<b>(13,151,020)</b>
<b>15.00 Long term loans</b>			
Standard Bank Ltd., Term Loan-1		60,843,280	67,708,950
Standard Bank Ltd., Term Loan-2		108,673,287	106,907,982
		169,516,567	174,616,932
Current maturity of long term loan		(29,580,445)	(8,487,161)
		<b>139,936,122</b>	<b>166,129,771</b>
<b>Terms and Conditions:</b>			
<b>Rate of interest :</b>		11.00%	
<b>Tenor :</b>		5 years ( Excluding Moratorium Period)	
<b>Moratorium period :</b>		1 year	
<b>Repayment term:</b>		60 Monthly installment.	
<b>Security :</b>		The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company .	
<b>16.00 Accounts and other payables</b>			
Sundry creditors for goods & service		2,043,094	2,228,868
Security deposits		100,000	-
With holding tax and VAT		27,175	34,989
Inter company transaction (Note - 16.01)		160,298,215	140,530,222
		<b>162,468,484</b>	<b>142,794,079</b>

		<i>Amount in BDT</i>	
		30-Jun-17	30-Jun-16
<b>16.01 Inter company transaction</b>			
	Golden Harvest Agro Ind. Ltd.	49,502,211	26,805,975
	Golden Harvest Ice Cream Ltd.	110,796,004	113,724,247
		<b>160,298,215</b>	<b>140,530,222</b>
<b>17.00 Accruals &amp; provisions</b>			
	Salary & allowances	116,997	-
	Audit fees	57,500	57,500
	Mobile Phone Bill	2,602	2,896
	Provision for tax (Note- 17.01)	11,924	481
	Provision for others	18,650	7,000
		<b>207,673</b>	<b>67,877</b>
<b>17.01 Provision for tax</b>			
	Opening balance	481	-
	Tax for the year	11,443	481
		<b>11,924</b>	<b>481</b>
<b>18.00 Revenue</b>			
	Sales (Local)	22,249,560	936,235
		<b>22,249,560</b>	<b>936,235</b>
<b>19.00 Cost of goods sold</b>			
	Raw materials:		
	Opening stock (Note - 9)	101,905	-
	Purchases (Note - 19.01)	14,658,236	432,021
		<b>14,760,141</b>	<b>432,021</b>
	Closing stock (Note - 9)	(520,244)	(101,905)
	<b>Consumption</b>	<b>14,239,897</b>	<b>330,116</b>
	Add: Manufacturing expenses (Note - 19.02)	4,279,212	1,895,369
	<b>Total manufacturing cost</b>	<b>18,519,108</b>	<b>2,225,485</b>
	<b>Finished Goods:</b>		
	Opening stock (Note - 9)	-	-
		18,519,108	2,225,485
	Closing stock (Note - 9)	-	-
		<b>18,519,108</b>	<b>2,225,485</b>
<b>19.01 Purchases</b>			
	Raw materials	14,495,489	298,330
	Processing materials	162,747	133,691
		<b>14,658,236</b>	<b>432,021</b>
<b>19.02 Manufacturing expenses</b>			
	Salary and allowance	2,811,480	1,076,335
	Repair & maintenance	146,429	20,397
	Traveling, conveyance, tour	47,001	-
	Utility, generator fuel	147,330	2,350
	Office communication	29,496	16,175
	Carriage inward	85,545	634,355
	Entertainment	8,745	-
	Printing & stationery	57,749	-
	Cleaning & security services	80,812	1,764
	Miscellaneous expenses	229,088	2,154
	Depreciation of fixed assets (Note - 5.1)	635,537	141,839
		<b>4,279,212</b>	<b>1,895,369</b>



		Amount in BDT	
		30-Jun-17	30-Jun-16
<b>24.00</b>	<b>Other information</b>		
<b>24.01</b>	<b>Transaction in foreign currency</b>		
	<b>CIF value of import:</b>		
	Capital machinery	-	-
	Raw materials	-	-
	FOB value of export	-	-
	<b>Exchange rate on 30 June 2017</b>		
	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 2017.

**Capital expenditure commitment**

Capital expenditure commitment for machineries and raw material at 30 June 2017 were as under:

Machineries & vehicle	-	-
Raw material	-	-
	<b>-</b>	<b>-</b>

**Term loan commitment**

At 30 June 2017 the company had annual commitment under Term Loan as set out below:

Term loan principal due within 1 year	29,580,445	-
Term loan principal due within 2 to 5 years	139,936,122	-
Term loan principal due above 5 years	-	-

**Finance lease commitment**

At 30 June 2017 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 2017 are as follows:

Name of Company	Relation ship	Opening balance	Addition	Adjustment	Closing balance
Golden Harvest Agro Industries Ltd.	Parents Company	26,805,975	24,309,422	1,613,186	49,502,211
Golden Harvest Ice Cream Ltd.	Common Director	113,724,247	50,627,502	53,555,745	110,796,004
		<b>140,530,222</b>	<b>74,936,924</b>	<b>55,168,931</b>	<b>160,298,215</b>

**24.04 Transaction with key management personnel's**

Particulars	30-Jun-17	30-Jun-16
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	-	-

**24.05 Quantitative details of opening stock, purchases/ production, consumption/sales and closing stock of raw materials and finished goods:**

Item	Opening	Purchases/ Production	Consumption/ Sales	Closing Stock
	Kg	Kg	Kg	Kg
<b>Raw materials:</b>				
For the year 2016-2017	-	-	-	-
For the year 2015-2016	-	-	-	-
<b>Finished goods:</b>				
For the year 2016-2017	-	278,120	278,120	-
For the year 2015-2016	-	15,690	15,690	-

**24.06 Capacity utilization**

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Milk Production	1,512,000	278,120	18.39%

**24.07 Claim not acknowledged as debt**

There was no claim against the company not acknowledged as debt as on 30 June 2017

**24.08 Un-availed credit facilities**

Un-availed credit facilities to the company as on 30 June 2017 are as under:

Bank	Branch	Nature of loan	Credit Limit	Outstanding	Unavailed limit
Standard Bank Ltd.	Gulshan	CC(Hypo)	50,000,000	-	50,000,000
	Gulshan	Term Loan	240,000,000	169,516,567	70,483,433
					<b>120,483,433</b>

**24.09 Employee details:**

- i) During the year, there were 22 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 22 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

## 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 13th Annual  
General Meeting of the Company to be held on 21 December 2017 Thursday at 11.30 am at Registered Office & Factory:  
Bokran, Monipur, Bobanipur, GazipurSadar, Gazipur, Bangladesh or at any adjournment thereof or any ballot to be taken  
in consequence thereof.

Signed this ..... day of December 2016

Signature of the proxy



BO ID No. No .....

of shares being held .....

Signature of the Shareholder (s)

**Notes:**

- 1. This form of Proxy, duly completed must be deposited at least 48 hours before the meeting, 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 13th Annual General Meeting of the Company to be held on 21 December 2017 Thursday at 11.30 am at Registered Office & Factory: Bokran, Monipur, Bobanipur, GazipurSadar, Gazipur, Bangladesh

Name of the Shareholder (s) / Proxy Block Letters) .....

BO ID NO .....

Signature of the Shareholder (s)/Proxy

~~N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance Slip and deposit the same at the entrance of the meeting hall.~~

