

MURREE BREWERY COMPANY LIMITED

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MURREE BREWERY COMPANY LIMITED

VISION STATEMENT

Our office is in the market

MISSION STATEMENT

We the people of Murree Brewery Co. Ltd. make our personal commitment to understand our customers' requirement then meet and exceed their expectations, by performing the correct tasks on time and every time through:

Continuous improvement

Alignment of our missions and goals

Responsibility and respect of our jobs and each other

Educate one another

MURREE BREWERY COMPANY LIMITED

BOARD OF DIRECTORS

Chairman
Chief Executive Officer
Directors

Mr. Khurram Muzaffar
Mr. Isphanyar M. Bhandara
Ch. Mueen Afzal
Mr. Aamir H. Sherazi
Mrs. Goshi M. Bhandara
Lt. Gen (R) Zarrar Azim
Mr. Khalid Aziz Mirza
Mr. Shahbaz Haider Agha

PRINCIPAL OFFICERS

Company Secretary
Chief Financial Officer
Head Internal Audit
General Manager (Brewery Division)
Business Manager (Murree Glass)
Plant Manager (/ /)
General Manager (Tops)
Factory Manager (Murree Sparkletts)

Mr. Waqar A. Kahloon
Mr. Mazhar Iqbal
Mr. Malik Saqib Gul Nawaz
Mr. Mohammad Javed
Mr. Arshad Zaheer
Mr. Zaka ud Din
Mr. Talat Yaqoob
Mr. Fayyaz Ahmad

AUDIT COMMITTEE

Ch. Mueen Afzal (Chairman)
Lt. Gen @ Zarrar Azim (Member)
Mr. Khurram Muzaffar (Member)
Mr. Khalid Aziz Mirza (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Lt. Gen @ Zarrar Azim (Chairman)
Mrs. Goshi M. Bhandara (Member)
Mr. Khurram Muzaffar (Member)
Mr. Shahbaz Haider Agha (Member)

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants.
6th Floor, State Life Bldg,
Jinnah Avenue, Islamabad.

PRINCIPAL BANKERS

Askari Commercial Bank Ltd, Islamabad
Standard Chartered Bank, Islamabad
National Bank of Pakistan, Rawalpindi / Hattar
Bank Alfalah Ltd, Rawalpindi
The Bank of Khyber, Hattar
Allied Bank Ltd, Rwp / Lhr / Gujranw / F.Abad / Multan
Sahiwal / Murree / Sargodha

MURREE BREWERY COMPANY LIMITED

ESTABLISHED 1860

CORPORATE INFORMATION

REGISTERED OFFICE

Murree Brewery Company Limited
3-National Park Road, Rawalpindi
Tel: 051-5567041-47, Fax: 051-5584420.
E-mail: murreebrewery@cyber.net.pk
murbr@cyber.net.pk
Website: www.murreebrewery.com

FACTORIES

- (1) **Murree Brewery Company Limited**
National Park Road, Rawalpindi
Tel: 051-5567041-47, Fax 051-5584420
- (2) (a) **Tops Food & Beverages.**
National Park Road, Rawalpindi
Tel: 051-5567041-47, Fax 051-5565461
- (b) Plot No. 14/1, Phase III, Industrial Estate,
Hattar, **District Haripur (K.P.K)**
Tel: 0995-617013, 617493, 617494
- (3) **Murree Sparkletts**
Plot, No. 10/2, Phase-III, Industrial Estate,
Hattar, **District Haripur (K.P.K)**
- (4) **Murree Glass**
Plot No. 24, Phase III, Industrial Estate,
Hattar. **District Haripur (K.P.K)**
Tel: 0995-617233, Fax: 0995-617188

DISTRIBUTION OFFICES

- (i) **Tops Food & Beverages,**
121/3, Industrial Estate, Kot Lakhpat,
Lahore. (Tel: 042-5117501)
- (ii) **Aziz Chowk Pindi Bypass,**
Galla Sonica Industry,
G.T Road, **Gujranwala** (Tele: 055-3891571)
- (iii) **Mansoor Abad**
Near Sant Sing Railway Gate
Jumra Road, **Faisalabad**
Tele: (041-8522182 & 2420580)

(iv) **Mohallah Noorpura,**
Bahawalpur Bypass Road, **Multan**
Ph: 061-4232964
Mob: 0345-8597704

(v) **164/B, Near Winter Time,**
Small Industries Estate, **Sahiwal**
Mob: 0335-5611125
0321-6954001

(vi) **Ratti Gali, Ayoubia Road, Murree**
Mob: 0335-5111047

(vii) **Plot No. 28-B Small**
Industrial Estate Opp.
Siddique Kantawala Main
Lahore Road, **Sargodha**
Mob #: 0335-5611103

SHARE REGISTRAR

M/S Central Depository Company of Pakistan,
CDC, House 99-B, Block 'B' SMCHS, Main
Shar-e-Faisal Karachi-74400.
Tel: +(92-21) 0800-CDCPL(23275), Facsimile:
+(92-21)021-4326053, Email: info@CDCpak.com

LEGAL ADVISORS

- (I) **Hamid Law Associates,**
409-410, Alfalah Building,
Shahrah-e-Quaid-e-Azam,
Lahore. Tel: 042-6301801)
- (II) **Mr. Umer Abdullah (Advocate)**
Chaudhary Law Associates
Advocate High Court
Flats No. 5 & 6, 1st Floor, MICCOP Centre,
1. Mozang Road, Lahore.
Cell # 0300-8430877-0345-8412222

CORPORATE LEGAL ADVISOR

Syed Ahmed Hassan Shah
HASSAN KAUNAIN NAFEEES
Legal Practitioners & Advisors
207, 2nd Floor, Block 8, Shoukat Complex
Markaz F-6 Islamabad. Tel: 051-1112826235

TAX ADVISOR

Naseem Zafar Associates
16-A, First Floor, Sadiq Plaza,
69-Shahrah-e-Quaid-e-Azam, Lahore.
Tel: 042-6360275-6

MURREE BREWERY COMPANY LIMITED

MURREE BREWERY COMPANY LIMITED
3-NATIONAL PARK ROAD RAWALPINDI (PAKISTAN)
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 150th Annual General Meeting of the Company will be held at the Registered Office 3-National Park Road, Rawalpindi on Thursday, 26th October, 2017 at 1100 hours to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 24th July, 2017.
2. To receive, consider and approve the audited Financial Statements of the Company together with the Directors' and Auditors' Reports for the year ended 30th June, 2017.
3. To approve as recommended by the Board of Directors, payment of Final Cash Dividend of Rs.10 (100%) for the year ended 30th June, 2017. This is in addition to an Interim Dividend of 100% cash dividend already paid (Thus making a total of 200% Cash Dividend for FY 2016-17).
4. To appoint Auditors of the Company for the year ending 30th June, 2018 and fix their remuneration as recommended by the Audit Committee and Board of Directors. The present retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants, being eligible have offered themselves for re-appointment.

5. **OTHER BUSINESS:**

To transact any other business with the permission of the Chairman.

Rawalpindi
4th October, 2017

BY ORDER OF THE BOARD



CH. WAQAR A. KAHLOON
Company Secretary

MURREE BREWERY COMPANY LIMITED

NOTES:

PARTICIPATION IN THE ANNUAL GENERAL MEETING

(A) For attending the Meeting.

A member entitled to attend and vote at the meeting is entitled to appoint any other member as his / her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company, Murree Brewery Company Limited, 3-National Park Road, Rawalpindi, Pakistan duly stamped and signed not less than 48 hours before the time of the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan.

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate identity by showing their original National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless, it has been provided earlier) at the time of attending the meeting.

FOR APPOINTING PROXIES:

- i. In case of individuals, the account holder or sub-account holder and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the Proxy Form as per the above requirement.
- ii. Any person who is appointed as a proxy by any individual shareholder must himself be a shareholder of the Company u/s 137(d) of the Companies Act, 2017.
- iii. The proxy form shall be witnessed by two persons whose names, addresses, and CNIC number shall be mentioned on the form.
- iv. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- v. The proxy shall produce his / her original CNIC or passport at the time of meeting.
- vi. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the person nominated to present and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with the Proxy Form to the Company.

DEDUCTION OF INCOME TAX FOR FILER AND NON FILER AT REVISED RATES.

Pursuant to the provisions of the Finance Act, 2017 effective 1st July, 2017, applicable rates on payment of dividend have been amended and the rates of deduction of income tax under section 150 of Income Tax Ordinance, 2001 have been revised as follows:

1.	Rate of tax deduction for filer of income tax returns	15%
2.	Rate of tax deduction for non-filers of income tax returns	20%

In case of joint account, each holder is to be treated individually as either a filer or non filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following details on the registered address of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Ltd (CDC) are requested to send a copy of detail regarding tax payment status also to be relevant member stock exchange and CDC if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio / CDS ID/AC #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding proportion (No. of Shares)

The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

MURREE BREWERY COMPANY LIMITED

EXEMPTION FROM DEDUCTION OF INCOME TAX ZAKAT

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence at the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

SUBMISSION OF COMPUTORIZED NATIONAL IDENTITY CARD (CNIC) FOR PAYMENT OF CASH DIVIDEND

In order to comply with the requirements of Securities & Exchange Commission of Pakistan (SECP) SRO 19(i)/2014 dated 10th January, 2014, those shareholders who have not yet submitted attested copy of their valid CNIC are once again requested to provide the same with their Folio number to the Company Registrar M/s Central Depository Company Of Pakistan, CDC House, 99-B, Block 'B', SMCHS, Main Shahra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-CDCPL(23275), Facsimile: +(92-21) 021-4326053, email: info@CDCpak.com. Members holding shares in CDC / Participants accounts are also requested to provide the attested copy of their CNIC to their CDC Participant / Investor / Account Service.

CLOSURE OF SHARE TRANSFER BOOKS

Share Transfer Books of the Company will remain closed and no transfer of shares will accepted for registration from 19th October, 2017 to 26th October, 2017 (both days inclusive). Transfer received in order at the Shares Department of M/s Central Depository Company Of Pakistan, CDC House, 99-B, Block 'B', SMCHS, Main Shahra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-CDCPL(23275), Facsimile: +(92-21) 021-4326053, email: info@CDCpak.com at the close of business on 18th October, 2017 will be treated in time for the purpose of payment of cash / stock dividend, if approved by the shareholders.

CHANGE OF ADDRESS

Members are requested to promptly notify any change of address to the Company's Share Registrar immediately notify any change of address to the Company's Registrar M/s Central Depository Company Of Pakistan, CDC House, 99-B, Block 'B', SMCHS, Main Shahra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-CDCPL(23275), Facsimile: +(92-21) 021-4326053, email: info@CDCpak.com.

AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE.

The audited financial statements of the Company for the year ended 30th June, 2017 have been made available on the Company's website www.murreebrewery.com in addition to annual and quarterly financial statements for the prior year.

DIVIDEND MANDATE

As per the New Regulatory Requirement it is Mandatory for all existing and new Shareholders (both Physical and CDC) to provide International Bank Account Number (IBAN - 24 digits) In order to ensure compliance of this requirement we would like to request you to kindly provide the following information to our Share Registrar M/s Central Depository Company Of Pakistan, CDC House, 99-B, Block 'B', SMCHS, Main Shahra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-CDCPL(23275), Facsimile: +(92-21) 021-4326053, email: info@CDCpak.com latest by 18th October, 2017.

- a). Bank Account Title: _____
- b). International Bank Account Number (IBAN)
Please contact your Bank for 24 digits IBAN information _____
- c). Bank Name: _____
- d). Branch Name: _____
- e). Branch Address (with city name): _____

MURREE BREWERY COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2017

The Directors take pleasure in presenting their report along with audited financial statements and Auditors' report thereon of the company for the year ended 30th June, 2017.

Murree Brewery has completed over 157 years of continuous operations and is the oldest company quoted on the Stock Exchange in Pakistan. The company follows policies and procedures adjusted to the changing environment and market based salaries and benefits together with back to back labour settlements with the Collective Bargaining Agent provide financial benefits and security to the employees who in turn are devoted in their work and loyal to the Company.

The company continued its policy to renew plant and machinery to improve quality and increase capacity and reduce operating costs without compromising on quality.

Annual Profits:

There has been an annual increase in profits before tax from 2007 to 2015 from Rs.260 million to Rs.1567 million, a six-fold increase. Last year, depreciation on the new glass furnace was charged and the profit before tax was lower but after tax profits were at an all time high of Rs.49.09 per share. Nine years of this exceptional performance is the result of the leadership, planning and team building of the Chief Executive, Mr. Isphanyar Bhandara and the dedication to duty and efforts of all Management staff and workers to whom we are grateful.

The profits for the year ended 30th June 2017 have shown a drop both before and after tax which is mainly on account of two months suspension of liquor sales in the province of Sindh which is our largest market.

Important Developments in the year were:

Ban on Liquor Sale in Sindh

As advised earlier the case is pending before the Sindh High Court and it is hoped that a favourable ruling will be given. This suspension also affected the provinces of Sindh and Punjab who collected lesser amounts of government levies. Meanwhile, sales from 1st July 2017 are progressing satisfactorily and we await the final decision of the Sindh High Court.

Still Head Duty:

The Punjab Government issued a notification # SO(E&M)2-3/2011(P-II) dated 24th June, 2015 by which Still Head Duty was levied from 1st July, 2015 on all Pakistan made Foreign Liquor and Beer meant for consumption outside the Province of Punjab. The Company challenged this notification in the Lahore High Court, Lahore. The notification was set aside by the Honorable High Court on 27th June 2016,

The company is paying this duty and recovering it from the buyer, but this makes Murree Brewery products dearer than competition.

MURREE BREWERY COMPANY LIMITED

The Punjab Government has filed an appeal in the Lahore High Court, Lahore praying the impugned judgment may kindly be set aside and the Notification dated 24th June, 2015 be declared intra vires to the Constitution of Islamic Republic of Pakistan. Punjab Excise has got a stay against Sindh wine dealers and is collecting "extra duty".

Case is pending before the Honourable Lahore High Court, Lahore.

Gas Infrastructure Development Cess (GIDC)

The Company and Industry has challenged the GIDC Act, 2015 and filed a Writ Petition in the Islamabad High Court including retrospective application of the provision of the GIDC Act. The Court has granted a stay under the GIDC Act, 2015. Financial impact is approx Rs. 160.14 Million (30th June, 2016: Rs.117 million).

The company has not made any provision of this liability as the management is confident the eventual decision will be in favour of the company/industry.

GROUP FINANCIAL OVERVIEW & HIGHLIGHTS

		(Rs. Million)	
Sales revenue	increased by 7.2%	from 6,657	to Rs.7,139
Gross Profit	decreased by 3.4%	from 2,243	to Rs.2,167
Profit before Taxation	decreased by 13.8%	from 1,567	to Rs.1,351
Profit after Taxation	decreased by 18.6%	from 1,132	to Rs. 921
Earning per share	decreased by 18.6%	from Rs.49.09	to Rs.39.94

The decrease in profit before and after tax is due to decrease in sale of PMFL & Beer as mentioned above.

DIVISIONAL OPERATING RESULT

The results of our divisions were:

LIQUOR DIVISION

	<u>2017</u> <u>Rs. in million</u>	<u>%</u>	<u>2016</u> <u>Rs. in million</u>	<u>%</u>
Sales exclusive of applicable taxes	5,154	-	5,056	
Cost of sales	(3,832)	(74.4)	(3,618)	(71.6)
Gross profit	1,322	25.6	1,438	28.4
Operating profit	755	14.6	970	19.2

The turnover of the division reflects an increase of Rs.98 million (1.94%) and operating profit decrease of Rs.215 Million (22.16%) over the previous year.

MURREE BREWERY COMPANY LIMITED

GLASS DIVISION

	<u>2017</u> <u>Rs. in million</u>	<u>%</u>	<u>2016</u> <u>Rs. in million</u>	<u>%</u>
Sales exclusive of applicable taxes	1,484	-	1,139	
Cost of sales	(985)	(66.4)	(704)	(61.9)
Gross profit	499	33.6	434	38.1
Operating profit	460	31	403	35.4
Glass Containers sales	33,310	Metric Tons	24,595	Metric Tons

Glass division earned an operating profit of Rs.460 million against Rs.403 million in the previous year due to the operation of the new glass melter from August 2015.

TOPS DIVISION

	<u>2017</u> <u>Rs. in million</u>	<u>%</u>	<u>2016</u> <u>Rs. in million</u>	<u>%</u>
Sales exclusive of applicable taxes	2,146	--	1,899	
Cost of sales	(1,800)	(83.87)	(1,528)	(80.5)
Gross profit	346	16.13	371	19.5
Operating profit	4	0.18	81	4.3

Tops Division gross profit decreased by Rs. 26 million and operating profit by Rs.77 million as compared to the previous year due to increase in costs of material and salaries/wages.

AUDIT COMMITTEE

The Audit Committee performed its functions under the Code of Corporate Governance and comprises of three non executive directors and one independent director who is the Chairman of the Audit Committee. The committee meets at least once every quarter for the approval of the quarterly accounts of the company by Board of Directors. The statutory committee also reviews Internal Audit Reports on the company's financial procedures and system of internal control and determination of compliance with relevant statutory requirements.

The Audit Committee also recommends the appointment of external auditors to the Board of Directors together with their fee. The Committee also considers of any other issue or matter as may be assigned by the Board of Directors.

The Committee also determines appropriate measures to safeguard the company's assets and discuss auditor's major observation arising from interim and final audits with them.

The Committee reviews the scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed. Apart from this consideration of major

MURREE BREWERY COMPANY LIMITED

findings of internal investigation of activities characterized by fraud, corruption and abuse of power and management's response thereto.

The Audit Committee also reviews Company's statement on internal control system prior to endorsement by the Board of Directors and internal audit report.

Audit Committee Meetings held during the year:

<u>Name of Directors</u>		<u>Total No. of meetings</u>	<u>No. of Meetings attended</u>
1. Lt. Gen (R) Zarrar Azim	(Chairman)	4	4
2. Ch. Mueen Afzal	(Member)	4	3
3. Mrs. Goshi M. Bhandara	(Member)	4	1
4. Mr. Khurram Muzaffar	(Member)	4	4

HUMAN RESOURCE AND REMUNERATION (HR &R) COMMITTEE

The Board has a Human Resource and Remuneration Committee comprising three Non-Executive Directors.

The Committee recommends human resource policies to the board.

HR & R Committee Meetings held during the year

<u>Name of Director</u>		<u>Total No. of Meetings</u>	<u>No. of meetings attended</u>
Ch. Mueen Afzal	(Chairman)	1	1
Mrs. Goshi M. Bhandara	(Member)	1	--
Mr. Khurram Muzaffar	(Member)	1	1

SAFETY COMMITTEE

Safety remained one of the focus areas of the Company. The safety committee comprises of Management staff who review and monitor the Company's safety practices. Its oversees the safety planning functions such as fire equipment and fire hydrants of the company and is responsible for safety training and regular drills. During the period under review, seminars / conferences were held in the Company.

ENVIRONMENT, QUALITY, HEALTH & SAFETY MANAGEMENT SYSTEM

The management is strongly committed to sustainable Environment & Quality Management which has been recognized by the society and independent certification authorities. The Company supports environmental issues and promotes greater environmental responsibilities and has achieved Certification of ISO-9001:2008 and OHSAS 18001:2007. The Company continues to test the emissions and effluents through laboratories approved by Pakistan Environment Protection Agency.

The Company seeks to conducts its activities in such a way as to avoid harm to the health of its employees and others.

MURREE BREWERY COMPANY LIMITED

CORPORATE SOCIAL RESPONSIBILITY

Murree Brewery Company is one of the oldest Companies meeting its obligation as a social corporate citizen. The Company always takes constructive interest in social matters which may not be directly related to the business and is giving donations to Charitable Institutions / Hospitals / Trust and also helping needy people through a welfare fund.

The Company continues to give the use of property to Association for Special Persons (DARAKHSHAN), presently 55 ladies are getting training in this Vocational Schools for transforming destitute handicapped women located in the peri-urban areas of Rawalpindi to self reliant, computer literate & contributing members of the society.

The above property has been provided free of charge by the company with furniture and fittings and also bears the cost of utilities and maintenance.

The Company also constructed a Social Security Dispensary at a cost of Rs.8 million for the treatment of workers.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your company contributed a sum of Rs.4,196.4 million (previous year Rs.4,143.1 million) to the Government exchequer on account of duty and taxes.

SHAREHOLDING

The total number of Company's shareholders as at 30th June, 2017 was 1634 against 865 on 30th June, 2016. This pattern of shareholding as at 30th June, 2017 is annexed.

EARNING PER SHARE

Earning per share for the current year is Rs.39.94 against Rs.49.09 last year.

DIVIDEND 2016/2017

1. Interim Dividend

The Board in its meeting held on 23rd February, 2017 declared an interim cash dividend of 100% (Rs.10 per share).

2. Final Cash Dividend

Despite the fact that a lower after tax profit should result in a lower dividend for the year the Board has declared final cash dividend of 100% (Rs.10 per share) for the year at its meeting held on 22nd September, 2017 to compensate shareholders for the company's inability to issue bonus shares declared last year.

MURREE BREWERY COMPANY LIMITED

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors state that:

- The financial statements for the year ended 30th June, 2017 prepared by the management of the Company fairly present its state of affairs, the result of operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts about the company's ability to continue as a going concern.
- There are no statutory payments on account of taxes, levies and charges outstanding as on June 30, 2017, except as disclosed in the financial statements.
- All the directors for the year ended 30th June, 2017 were either exempt or have completed the training program.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- Key operating and financial data of the last six years in summarized form are annexed.
- The value of the Provident Fund and Pension Fund investment at June 30, 2017 was Rs.110.9 million (2016: Rs. 98.9 million) and Rs. 39.5 million (2016: Rs. 33.9 million) respectively.
- Board of Directors
The Directors increased their number from 7 to 8 and at an Extra Ordinary General Meeting of the company on 24th July, 2017, 8 directors were unanimously elected on the completion of the term of the existing directors for the next three years. We welcome Mr. Khalid Aziz Mirza and Mr. Shahbaz Haider Agha.
Mr. Osman Khalid Waheed decided not to offer himself for election as he is fully occupied with his family company. We thank him for his valuable contribution as a director of Murree Brewery and wish him every success in the future.
- During the year six meetings of the Board of Directors were held. Attendance of each director is as follows:

BOARD OF DIRECTORS MEETINGS HELD DURING THE YEAR

<u>Name of Director</u>	<u>Total No. of Meeting</u>	<u>No. of meeting attended</u>
Mr. Khurram Muzaffar	6	6
Mr. Isphanyar M. Bhandara	6	6
Ch. Mueen Afzal	6	4
Mr. Aamir H. Sherazi	6	5
Mrs. Goshi M. Bhandara	6	3
Lt. Gen (R) Zarrar Azim	6	5
Mr. Osman Khalid Waheed	6	2

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External Factors:

On the political front, the country has seen a lot of activity since the news in Panama papers that many Pakistanis have off shore investments. This has led to the disqualification of the Prime Minister. His party won the elections by a substantial majority in 2013. Elections are due in 2018.

On the economic front, the country has taken large loans which are presently at an all time high. Whilst the re-payment of these loans together with interest will present problems, the country has also a trade deficit which is aggravating the position despite lower crude oil and imported petroleum product prices. Government has declared that relief will come from the very high investment in the China-Pakistan Economic Corridor (CPEC) for which heavy imports of machinery and equipment have already taken place.

Outlook:

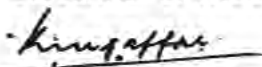
With the economic problems mentioned above, load-shedding and law and order situation, Pakistan has seen a net outflow of foreign investment in the year under review.

All these factors make for very difficult operating conditions. The uninterrupted sale of liquor in the Sindh province is very important for the company. Despite all these problems, the company expects to continue operating profitably in the year to 30th June 2018.

Appreciation:

Our thanks are due to all employees as stated above, our suppliers, customers, Government departments and shareholders for their continuous support in our operations. Thanks are also due to the Directors for their valuable advice on policy issues.

ON BEHALF OF THE BOARD



Khurram Muzaffar
Chairman

Rawalpindi 22nd September, 2017

MURREE BREWERY COMPANY LIMITED

SIX YEARS AT A GLANCE

		RS. "MILLION"					
S. #	PARTICULARS	2017	2016	2015	2014	2013	2012
1	PAID UP CAPITAL	230.5	230.5	230.5	230.5	209.6	190.2
2	RESERVE & SURPLUS	5,819.6	5,548.4	4,571.3	3,667.8	2,824.3	2,162.9
3	FIXED ASSETS (LESS DEPRECIATION)	4,675.5	3,942.9	3,898.9	3,708.2	3,670.4	3,649.7
4	NET SALES	7,139.6	6,657.3	6,029.3	5,163.5	4,334.9	3,628.9
5	COST OF SALES	4,972.8	4,413.9	3,887.1	3,340.4	2,871.7	2,496.0
6	GROSS PROFIT	2,166.8	2,243.4	2,142.2	1,823.1	1,463.1	1,132.8
7	PROFIT BEFORE TAX	1,350.9	1,566.6	1,630.0	1,403.6	1,054.1	802.8
8	CASH DIVIDEND %	200	200	65	60	60	50
9	STOCK DIVIDEND %	-	1500*	-	-	10	10
10	RETURN ON EQUITY %	15.6%	21.3	22.9	27.8	26.6	24.7
11	BREAK-UP VALUE OF SHARE OF RS. 10 EACH	262.4	250.7	208.3	169.1	144.8	123.5
12	EARNINGS PER SHARE (E.P.S)	39.9	49.1	43.2	41.8	31.2	25.1
13	P/E Ratio	24.9	19.8	23.1	19.9	8.4	4.9

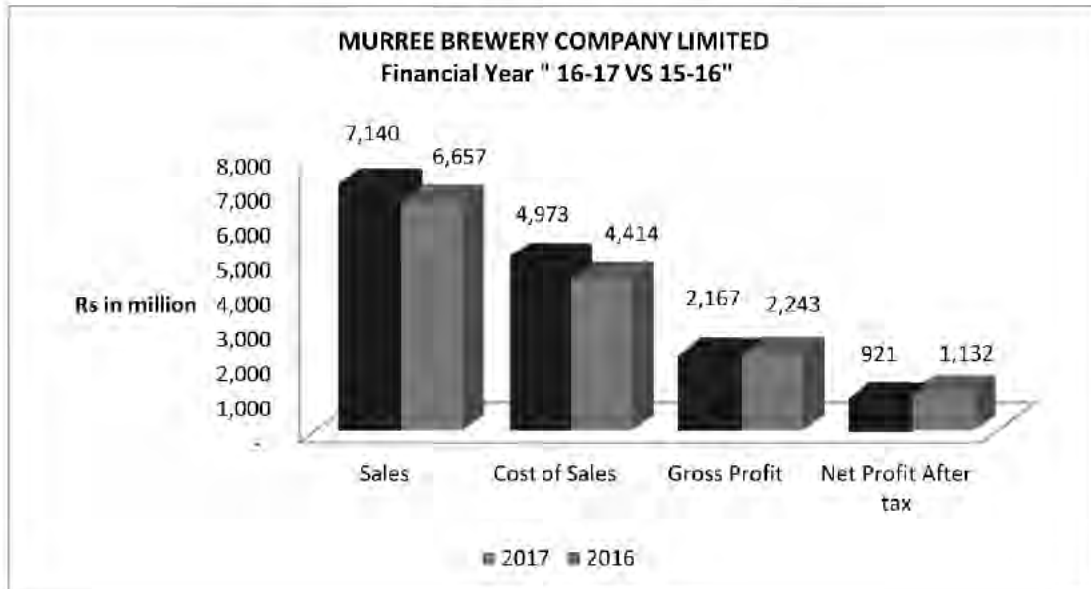
Annual Report, 2017

* Matter is subjudice in Court

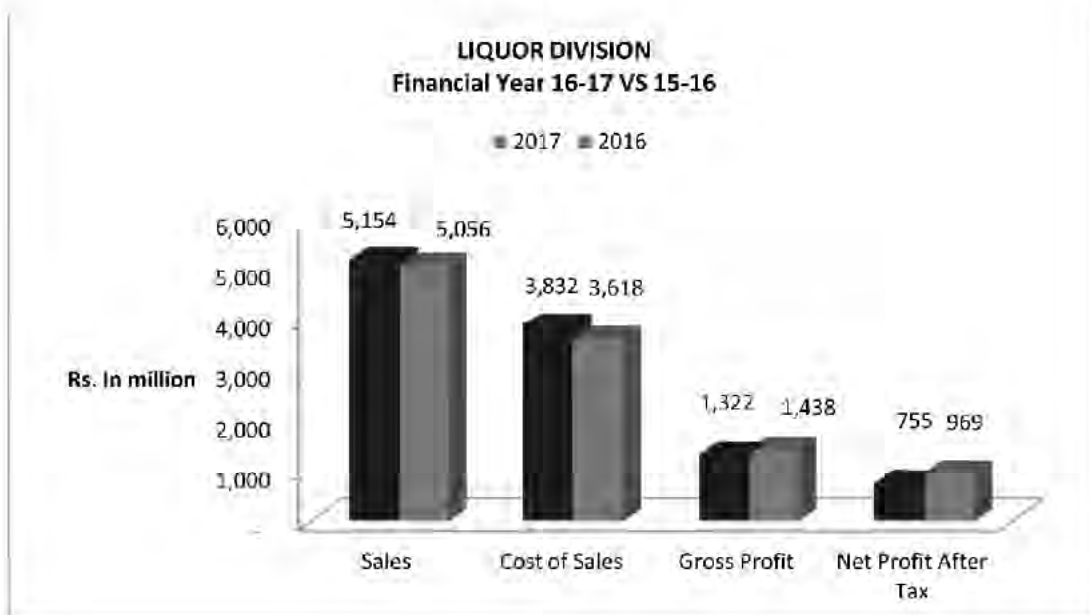
MURREE BREWERY COMPANY LIMITED

SIX YEARS AT A GLANCE (GRAPHICAL PRESENTATION)

SALES AND PROFITABILITY ANALYSIS

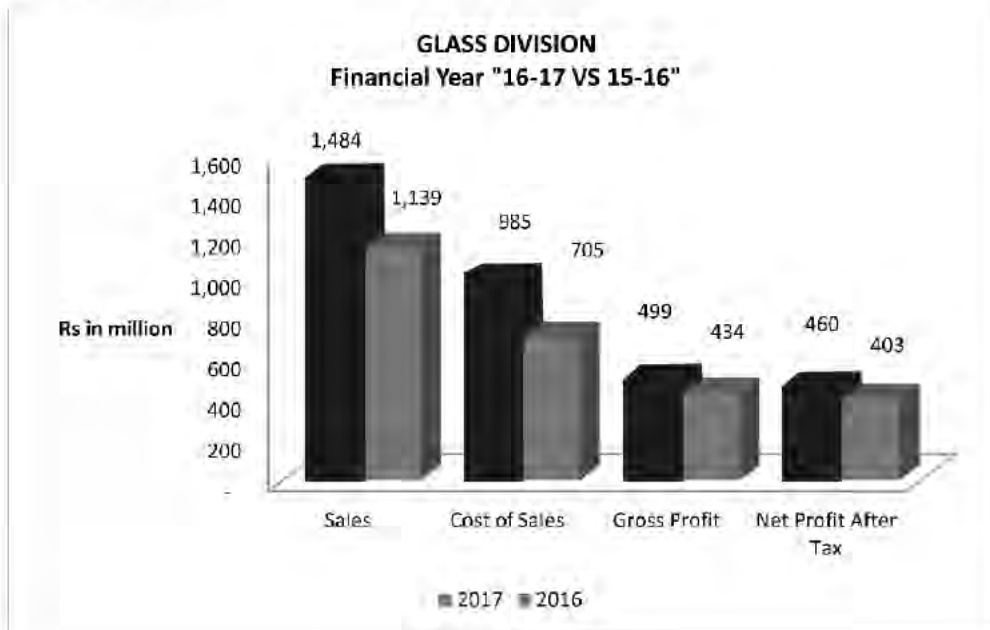


LIQUOR DIVISION

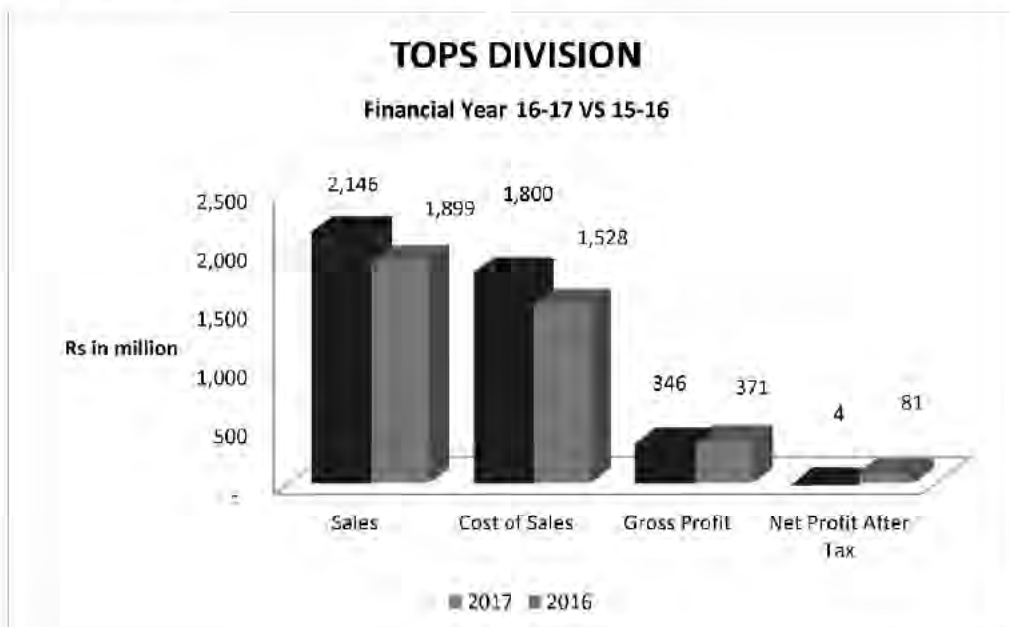


MURREE BREWERY COMPANY LIMITED

GLASS DIVISION



TOPS DIVISION



MURREE BREWERY COMPANY LIMITED

BALANCE SHEET
VERTICAL ANALYSIS

	2017		2016		2015		2014		2013		2012	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	230,530	2.2	230,530	2.4	230,530	2.7	230,530	3.0	209,572	3.2	190,520	3.2
Capital Reserve	30,681	0.3	30,681	0.3	30,681	0.4	30,681	0.4	30,681	0.5	30,681	0.5
Contingency Reserve	20,000	0.2	20,000	0.2	20,000	0.2	20,000	0.3	20,000	0.3	20,000	0.3
General Reserve	327,042	3.2	327,042	3.4	327,042	3.9	327,042	4.3	327,042	4.9	327,042	5.5
Reserve for Bonus Share	3,457,954	33.4	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	1,983,881	19.2	5,170,687	54.5	4,193,571	49.5	3,290,048	43.2	2,463,072	37.0	1,785,127	29.9
	6,050,088	58.4	5,778,940	60.9	4,801,824	56.6	3,898,301	51.2	3,050,367	45.9	2,353,370	39.4
Surplus on revaluation of assets	2,966,369	28.6	2,571,936	27.1	2,605,931	30.7	2,651,945	34.8	2,692,870	40.5	2,785,871	46.6
NON - CURRENT ASSETS												
Liabilities against assets to finance lease	7,988	0.1	12,345	0.1	-	-	1,360	0.0	1,879	0.0	4,096	0.1
Deferred liabilities - staff retirement	182,959	1.8	176,286	1.9	113,042	1.3	71,500	0.9	43,775	0.7	36,307	0.6
Deferred taxation	197,868	1.9	107,778	1.1	106,073	1.3	148,693	2.0	190,377	2.9	231,889	3.9
	388,815	3.8	296,409	3.1	219,115	2.6	221,553	2.9	236,031	3.5	272,292	4.6
CURRENT LIABILITIES												
Current portion of liabilities against assets subject to finance lease	11,467	0.1	8,059	0.1	1,360	0.0	2,791	0.0	2,785	0.0	2,735	0.0
Trade and other payable	940,047	9.1	836,374	8.8	830,068	9.8	781,000	10.3	615,586	9.3	553,115	9.3
Provision for taxation	-	0.0	-	-	21,160	0.2	59,409	0.8	54,564	0.8	4,960	0.1
	951,514	8.9	844,433	8.9	852,588	10.1	843,200	11.1	672,935	10.1	560,810	9.4
	10,356,786	100	9,491,718	100	8,479,458	100	7,614,999	100	6,652,203	100	5,972,343	100
NON - CURRENT ASSETS												
Property, plant and equipment	4,675,502	45.1	3,942,906	41.5	3,898,900	45.98	3,708,169	48.70	3,670,403	55.18	3,649,647	61.1
Advance for Capital Expenditure	45,591	0.4	-	-	-	-	-	-	-	-	-	-
Investment property	288,149	2.8	284,570	3.0	272,274	3.21	262,734	3.45	212,437	3.19	136,152	2.28
Long term advances - consolidated good	13,392	0.1	9,910	0.1	7,516	0.09	4,436	0.06	5,519	0.08	5,790	0.10
Long term investment	526,509	5.1	323,497	3.4	-	-	-	-	-	-	-	-
Long term deposits	25,687	0.2	22,785	0.2	20,473	0.24	19,458	0.26	18,353	0.28	15,781	0.26
	5,574,830	53.8	4,583,668	48.3	4,199,163	49.52	3,994,797	52.46	3,906,712	58.73	3,807,370	63.75
CURRENT ASSETS												
Stores, spare parts and loose tools	118,562	1.1	106,572	1.1	87,212	1.0	74,081	1.0	80,800	1.2	79,444	1.3
Stock in trade	1,416,649	13.7	1,477,354	15.6	994,816	11.7	891,006	11.7	863,675	13.0	811,577	13.6
Trade debts - unsecured	82,342	0.8	57,736	0.6	24,383	0.3	12,148	0.2	34,859	0.5	39,528	0.7
Advances and other receivables	44,830	0.4	45,339	0.5	37,943	0.4	60,520	0.8	48,389	0.7	33,865	0.6
Short term prepayments	31,058	0.3	61,064	0.6	62,179	0.7	7,296	0.1	15,352	0.2	13,613	0.2
Interest Accrued	19,037	0.2	6,786	0.1	-	-	-	-	-	-	-	-
Short term investment	1,221,042	11.8	1,283,131	13.5	43,873	0.5	34,051	0.4	31,619	0.5	82,224	1.4
Advance tax	206,136	2.0	168,372	1.8	16,270	0.2	16,270	0.2	16,270	0.2	-	-
cash and bank balances	1,642,306	15.9	1,701,696	17.9	3,013,619	35.5	2,524,830	33.2	1,654,527	24.9	1,104,722	18.5
	4,781,956	46.2	4,908,050	51.7	4,280,295	50.5	3,620,202	47.5	2,745,491	41.3	2,164,973	36.2
	10,356,786	100	9,491,718	100	8,479,458	100	7,614,999	100	6,652,203	100	5,972,343	100

MURREE BREWERY COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

HORIZONTAL ANALYSIS

	Rs. In '000'												
	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
Sales (Net)	7,139,601	7.2	6,657,314	10.4	6,029,292	16.8	5,163,496	19.1	4,334,850	19.5	3,628,873	8.3	3,349,788
Cost of Sales	4,972,774	12.7	4,413,950	13.6	3,887,109	16.4	3,340,430	16.7	2,861,207	14.6	2,496,038	12.6	2,216,880
Gross Profit	2,166,827	(3.4)	2,243,364	4.7	2,142,183	17.5	1,823,066	23.7	1,473,643	30.1	1,132,835	(0.01)	1,132,908
Distribution Cost	595,279	14.0	522,096	23.0	424,442	18.6	357,971	24.4	287,772	18.4	243,068	(1.9)	247,735
Administrative Expenses	336,215	26.8	265,198	10.3	240,391	22.1	196,805	11.8	176,065	11.6	157,801	20.6	130,892
Finance Cost	16,690	725.0	2,023	2.8	1,967	3.6	1,898	(34.9)	2,916	36.7	2,133	(51.0)	4,350
	1,218,643	(16.2)	1,454,047	(1.4)	1,475,383	16.5	1,266,392	25.8	1,006,890	38.0	729,833	(2.7)	749,931
Other Expenses	94,629	(12.5)	108,100	(1.2)	109,412	12.0	97,732	12.2	87,111	57.2	55,414	(1.1)	56,026
Other Income	226,929	2.8	220,748	(16.4)	263,997	12.4	234,943	75.0	134,286	4.6	128,390	41.4	90,781
Net Profit before taxation	1,350,943	(13.8)	1,566,695	(3.9)	1,629,968	16.1	1,403,603	33.2	1,054,065	31.3	802,809	2.3	784,686
Provision for taxation	430,136	(1.1)	435,013	(31.4)	633,885	43.8	440,780	31.2	336,027	21.0	277,770	4.9	264,765
Net profit after taxation	920,807	(18.6)	1,131,682	13.6	996,083	3.5	962,823	34.1	718,038	36.8	525,039	1.0	519,921

VERTICAL ANALYSIS

	Rs. In '000'											
	2017	2016	2015	2014	2013	2012	2011					
	Rs.	%	Rs.	%	Rs.	%	Rs.					
Sales	7,139,601	100	6,657,314	100	6,029,292	100	4,334,850					
Cost of Sales	4,972,774	69.7	4,413,950	66.3	3,887,109	64.7	2,861,207					
Gross Profit	2,166,827	30.3	2,243,364	33.7	2,142,183	35.3	1,473,643					
Distribution Cost	595,279	8.3	522,096	7.8	424,442	6.9	287,772					
Administrative Expenses	336,215	4.7	265,198	4.0	240,391	3.8	176,065					
Finance Cost	16,690	0.2	2,023	0.0	1,967	0.0	2,916					
	1,218,643	17.1	1,454,047	21.8	1,475,383	24.5	1,006,890					
Other Expenses	94,629	1.3	108,100	1.6	109,412	1.8	87,111					
Other Income	226,929	3.2	220,748	3.3	263,997	4.4	234,943					
Net Profit before taxation	1,350,943	18.9	1,566,695	23.5	1,629,968	27.0	1,403,603					
Provision for taxation	430,136	6.0	435,013	6.5	633,885	10.5	440,780					
Net profit after taxation	920,807	12.9	1,131,682	17.0	996,083	16.5	962,823					

MURREE BREWERY COMPANY LIMITED**MURREE BREWERY COMPANY LIMITED****Pattern of Shareholding****As of June 30, 2017**

# Of Shareholders	Shareholdings' Slab			Total Shares Held
680	1	to	100	33,253
466	101	to	500	125,643
144	501	to	1000	106,419
195	1001	to	5000	457,315
53	5001	to	10000	366,945
20	10001	to	15000	251,326
18	15001	to	20000	315,773
9	20001	to	25000	199,696
7	25001	to	30000	186,667
4	30001	to	35000	125,619
3	35001	to	40000	112,474
3	40001	to	45000	126,158
3	45001	to	50000	143,462
2	50001	to	55000	100,422
1	60001	to	65000	60,500
2	65001	to	70000	138,210
2	70001	to	75000	147,999
1	75001	to	80000	75,350
1	85001	to	90000	88,834
1	95001	to	100000	98,600
1	115001	to	120000	120,000
1	120001	to	125000	122,404
1	130001	to	135000	130,406
1	225001	to	230000	227,250
1	235001	to	240000	235,240
1	240001	to	245000	243,080
1	245001	to	250000	249,073
1	265001	to	270000	266,201
1	310001	to	315000	311,850
1	350001	to	355000	350,194
1	390001	to	395000	391,253
1	530001	to	535000	531,659
1	565001	to	570000	565,430
1	685001	to	690000	687,064
1	695001	to	700000	700,000
1	2660001	to	2665000	2,660,586
1	3050001	to	3055000	3,053,890
1	3355001	to	3360000	3,359,009
1	5585001	to	5590000	5,587,771
1634			19	23,053,025

MURREE BREWERY COMPANY LIMITED

Directors and their spouse(s) and minor children

	Shareholders	Shares Held	Percentage
Mr. Isphanyar M. Bhandara	2	3,281,140	14.24
Mr. Khurram Muzaffar	1	3,909	0.02
Ch. Mueen Afzal	1	3,210	0.01
Mr. Aamir H. Shirazi	1	2,570	0.01
Lt. Gen. (R) Zarrar Azeem	2	1,756	0.01
Mrs. Goshi M. Bhandara	1	2,660,586	11.54
Mr. Osman Khalid Waheed	1	1,756	0.01
Mrs. Jasmine Bhandara	2	277,551	1.20
Mrs. Naseem Muzaffar	1	11,674	0.05
Mr. Jamshed M. Bhandara	2	930,144	4.03
Ms. Munizeh M. Bhandara	2	585,434	2.54
Associated Companies, undertakings and related parties			
M/S D. P. Edulji & Co. (Pvt) Ltd..	3	3,444,642	14.94
Executives	1	10	0.00
Public Sector Companies and Corporations	2	738	0.00
Banks, Development Finance Institutions, Non-Banking Finance Companies,			
Insurance companies, Takaful, Modarabas and Pension Funds	5	558,446	2.42
Mutual Funds			
CDC - Trustee Akd Index Tracker Fund	1	2,317	0.01
CDC - Trustee Akd Opportunity Fund	1	36,650	0.16
CDC - Trustee Atlas Stock Market Fund	1	26,600	0.12
General Public			
a. Local	1533	2,963,356	12.86
b. Foreign	30	1,077,139	4.67
Foreign Companies	7	7,067,760	30.66
Others	34	115,637	0.50
Totals	1634	23,053,025	100.00

MURREE BREWERY COMPANY LIMITED

Directors and their spouse(s) and minor children

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	90022	Mr. Isphanyar M. Bhandara	3,053,890	13.25
2	04705-83016	Mr. Isphanyar M. Bhandara	227,250	0.99
3	03459-2042	Mr. Khurram Muzaffar	3,909	0.02
4	03525-11880	Ch. Mueen Afzal	3,210	0.01
5	03277-2966	Mr. Aamir H. Shirazi	2,570	0.01
6	120025	Lt. Gen. (R) Zarrar Azim	159	0.00
7	03350-118790	Lt. Gen. (R) Zarrar Azim	1,597	0.01
8	70021	Mrs. Goshi M. Bhandara	2,660,586	11.54
9	261002	Mr. Osman Khalid Waheed	1,756	0.01
10	261023	Mrs. Jasmine Bhandara	266,201	1.15
11	03350-125894	Mrs. Jasmine Bhandara	11,350	0.05
12	140030	Mrs. Naseem Muzaffar	11,674	0.05
13	100033	Mr. Jamshed M. Bhandara	687,064	2.98
14	100054	Mr. Jamsheed M. Bhandara & Mrs. Goshi M. Bhandara	243,080	1.05
15	130089	Ms. Munizeh M. Bhandara	235,240	1.02
16	130313	Ms. Munizah M Bhandara & Mrs. Goshi M. Bhandara	350,194	1.52
TOTAL			<u>7,759,730</u>	<u>33.66</u>

Associated companies, undertakings and related parties

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	40029	M/S D.P. Edulji & Co. (Pvt.) Ltd.,	3,359,009	14.57
2	00935-12755	M/S D.P. Edulji & Co. (Pvt.) Ltd.,	10,283	0.04
3	10298-4056	M/S D.P. Edulji & Co. (Pvt.) Ltd.,	75,350	0.33
TOTAL			<u>3,444,642</u>	<u>14.94</u>

Executive

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	261064	Maj@ Sabih Ur Rehman	10	0.00
TOTAL			<u>10</u>	<u>0.0</u>

Public sector companies and corporations

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	90013	M/S. Investment Corporation Of Pakistan	359	0.00
2	00083-36	IDBL (ICP Unit)	379	0.00
TOTAL			<u>738</u>	<u>0.0</u>

Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	20042	M/S. Bank Of Bahawalpur Ltd.,	4,835	0.02
2	130068	M/S. MCB Bank Limited	9,451	0.04
3	06239-23	First Dawood Investment Bank Limited	4,501	0.02
4	03277-2184	EFU General Insurance Limited	531,659	2.31
5	13748-501	Adamjee Life Assurance Co. Ltd IMF	8,000	0.03
TOTAL			<u>558,446</u>	<u>2.42</u>

MURREE BREWERY COMPANY LIMITED

Mutual Funds

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	06411-21	CDC - Trustee Akd Index Tracker Fund	2,317	0.01
2	06619-26	CDC - Trustee Akd Opportunity Fund	36,650	0.16
3	05959-27	CDC - Trustee Atlas Stock Market Fund	26,600	0.12
TOTAL			<u>65,567</u>	<u>0.29</u>

General Public Foreign

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	10004	Mr. Ahmad Abdul Rehman Noor Ahmad	7,135	0.03
2	30016	Sir C. C. Garbett	2,029	0.01
3	50006	Mr. Ebrahim Saljee Bera	14,329	0.06
4	50009	Miss. E. M. Wilson	15,928	0.07
5	70018	Dr. G. K. Sawday	25,042	0.11
6	80007	Mr. H. S. Gladestone	14,329	0.06
7	80017	Mr. H. Le. Geyt Kensington	7,134	0.03
8	80035	Mr. H. Lund Christiansen	50,394	0.22
9	90009	Miss. I. M. St. George Brett	2,029	0.01
10	90011	Mr. I. H. R. Moss	1,312	0.01
11	100002	Mr. J. C. Burbidge	21,510	0.09
12	100029	Mr. J. M. Keady	6,638	0.03
13	100053	Mr. John Stuart Oliver	2,344	0.01
14	110020	Mrs. K. M. William	30,138	0.13
15	110022	Mr. Kassim A. Mohammad	4,227	0.02
16	120001	Miss. Lucy Charles	1,117	0.00
17	120004	Mr. W. L. Kirely	632	0.00
18	130006	Mrs. M. M. Cautley	69,103	0.30
19	130048	Mr. M. A. Moghal	9,282	0.04
20	140014	Mr. Najumuddin Mullah Hamjabhai	7,134	0.03
21	160015	Mrs. P. Sawday	14,329	0.06
22	160036	Mr. Peter John Sargent	368	0.00
23	180012	Mr. Richard Anthony B. Scott	7,134	0.03
24	180024	Mr. Ralph John Hamilton Pollock	632	0.00
25	180048	Mr. R. E. A. Cautley	122,404	0.53
26	190041	Mr. Saleh Muhammad Hajee Ayub	47,462	0.21
27	210001	Dr. Una Davison	14,352	0.06
28	260005	Miss. Zubeida Essop Mia	10,494	0.05
29	00521-5550	Gregory Alexander	565,430	2.45
30	03277-95382	Ardesheer P. Kavasji	2,748	0.01
TOTAL			<u>1,077,139</u>	<u>4.66</u>

Foreign Companies

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	00521-2946	Frontier Market Select Fund II, L.P.	46,000	0.20
2	00695-10791	SCB Nominees (CI) Limited	391,253	1.70
3	00547-10301	Kingsway Fund-Frontier Consumer Franchises Extoba	700,000	3.04
4	00547-9253	Kingsway Fund-Frontier Consumer Franchises	5,587,771	24.24
5	00547-8222	Tundra Pakistan Fund	311,850	1.35
6	00695-13563	Coronation Global Frontiers Master Fund	29,377	0.13
7	80077	M/S. Hong Kong Bank Inter (Trustee) Ltd.	1,509	0.01
TOTAL			<u>7,067,760</u>	<u>30.67</u>

MURREE BREWERY COMPANY LIMITED

Other

<u>S. No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
1	80037	M/S. H. M. Investments (Pvt.) Ltd	96	0.00
2	140075	M/S. N. H. Securities (Pvt.) Ltd.,	14	0.00
3	60021	M/S. Fikree Development Corporation,	3,399	0.01
4	180019	M/S. Rawalpindi Electric Power Co. Ltd.	3,140	0.01
5	200006	M/S. The Deputy Administrator (A/C Dr. T. H. Khan)	3,999	0.02
6	01917-41	Prudential Securities Limited	572	0.00
7	03210-28	Y.S. Securities & Services (Pvt.) Ltd.	74	0.00
8	03244-25	Zafar Securities (Pvt.) Ltd.	2,650	0.01
9	03277-6164	Trustees Kandawalla Trust	16,899	0.07
10	03277-13154	Trustees Hommie & Jamshed Nusserwanjee C.T	4,650	0.02
11	03293-12	S.H. Bukhari Securities (Pvt) Limited	379	0.00
12	03525-57191	Sarfraz Mahmood (Private) Ltd	79	0.00
13	03525-63416	H M Investments (Pvt) Limited	2,376	0.01
14	03525-63817	Nh Securities (Pvt.) Limited.	325	0.00
15	04952-28	Sherman Securities (Private) Limited	1,600	0.01
16	08847-1447	Crescent Standard Business Management (Pvt) Limited	1	0.00
17	10181-24	Horizon Securities Limited	55	0.00
18	14241-22	Fikree's (Smc-Pvt.) Ltd.	1,929	0.01
19	20041	M/S. Business Investments Ltd.	68	0.00
20	03277-96529	Fikree Developments Corporation (Private) Limited	4,493	0.02
21	07450-1040	Trustee-First Dawood Inv. Bank Ltd. & Other Employees P. Fund	800	0.00
22	01669-26	Shaffi Securities (Pvt.) Limited	50	0.00
23	03277-61491	M/S Rang Commodities (Pvt.) Ltd	4,250	0.02
24	03277-89566	Liberty Mills Limited	17,600	0.08
25	04804-20205	Fortress Textile Private Limited	1,100	0.00
26	05736-15	NCC - Pre Settlement Delivery Account	2,189	0.01
27	13128-27	Pearl Securities Limited – Mf	550	0.00
28	13128-28	High Land Securities (Pvt.) Limited	50	0.00
29	13128-29	K & I Global Capital (Pvt.) Ltd.	300	0.00
30	13128-30	MRA Securities Limited – Mf	1,350	0.01
31	13128-31	Bawa Securities (Pvt.) Ltd. – Mf	1,400	0.01
32	13128-32	Fawad Yusuf Securities (Private) Limited – Mf	150	0.00
33	13128-33	Golden Arrow Selected Stocks Fund Limited	37,950	0.16
34	13128-34	Pakistan Industrial And Commercial Leasing Ltd.	1,100	0.00
TOTAL			<u>115,637</u>	<u>0.48</u>

Share holders holding 5% or more

	<u>Number of shares</u>	<u>Per%</u>
Kingsway Fund-Frontier Consumer Franchises	6,287,771	27.28
M/S D. P. Edulji & Co. (Pvt) Ltd.,	3,444,642	14.94
Mr. Isphanyar M. Bhandara	3,281,140	14.23
Mrs. Goshi Minoo Bhandara	2,660,586	11.54

Mr. Isphanyar M. Bhandara purchased 7,250 Shares and Mrs. Jasmine Bhandara (Wife of Mr. Isphanyar M. Bhandara) purchased 11,350 Shares during the year (FY 2016-17)

No trade in has been made in Shares of the Company by other Directors, Company Secretary, CFO and their spouses and minor children during the year Except CEO

MURREE BREWERY COMPANY LIMITED

CODE OF CONDUCT

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MURREE BREWERY COMPANY LIMITED

Foreword

Murree Brewery Company Ltd ("MBC") has built a reputation for conducting its business with integrity, in accordance with high standards of ethical behavior, and in compliance with the laws/regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

The MBC code of conduct has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction.

The code of conduct applies to all affiliates, employees and others who act on our behalf countrywide, within all sectors, regions, areas and functions.

The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders viz our customers, our communities, our shareholders and ourselves

It carefully checks for compliance with the code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking creative measures if and as required.

MURREE BREWERY COMPANY LIMITED

General Principles

Compliance with the laws, regulations, statutory, ethical integrity and fairness, is a constant commitment and duty of all MBC employees and its divisions.

MBC business and activities have to be carried out in a transparent, honest and fair way, in good faith, and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgement and safeguarding of the dignity, freedom and equality of human beings.

All MBC employees, without discrimination or exception whatsoever, respect the principles and contents of the code in their actions and behaviors while performing their functions and according to their responsibilities, because compliance with the code is fundamental for the quality of their working and professional performance. Relationships among MBC employees, at all levels, must be characterized by honesty, fairness, cooperation, loyalty and mutual respect.

The belief that one is acting in favor or to the advantage of MBC can never, in anyway, justify –not even in part-any behavior that conflicts with the principles and content of the code.

The MBC Code of Conduct aims at guiding the “MBC Team “with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the company, harm its reputation or diminish its competitive advantage. Every member of the MBC is expected to adhere to, and firmly inculcate in his/her everyday conduct; this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company services and relevant laws.

MURREE BREWERY COMPANY LIMITED

Ethics, Transparency, Fairness, Professionalism

In conducting its business MBC is inspired by and compiles with the principles of loyalty, fairness, transparency, and efficiency.

Any action, transaction and negotiation performed and generally, the conduct of MBC employees in the performance of their duties is inspired by the highest principles of fairness, completeness and transparency of information, clarity and truthfulness of all accounting documents in compliance with the applicable laws in force and internal regulations.

Bribes, illegitimate favors, request for personal benefits of one or others. Either directly or through third parties, is prohibited without any exception.

It is prohibited to pay or offer, directly or indirectly, money and material benefits and other advantages of any kind to third parties, whether representatives of governments, public officers or private employees, in order to influence or remunerate the actions of their office.

Accepting gifts or any other form of hospitality is not allowed as commercial courtesy, as it may compromise the integrity and reputations of either party, and can be constructed by an impartial observer as aimed at obtaining undue advantages. Only company give aways are acceptable.

Company Information

MBC ensures the correctness of company's information, by means of suitable procedures for in-house management and communication to the outside.

MURREE BREWERY COMPANY LIMITED

Conflict of Interest

MBC expects all employees to be free from actual or potential conflicts of interest.

A conflict of interest occurs whenever the prospect of direct or indirect personal gain may influence or appear to influence your judgments or actions while conducting Company's business.

Each member of MBC has a prime responsibility towards the Company and is expected to avoid activities or transactions that clash directly with the interests of the Company. Such situations could arise in a number of ways. Some of the specifically forbidden situations are outlined below. This list is however, neither exhaustive nor all-inclusive. In case of doubt, the advice of the management or Chief Executive should be sought.

Any member of the MBC or any dependent member having an interest in any organization supplying goods or services to the Company.

Any member of the MBC participating in any external activity directly or indirectly that competes with the Company in any manner.

Any member of the MBC having direct, indirect interest or family connection, with an external organization that has business dealings with MBC, without fully disclosing to the management of the Company details of such connections and interests.

Any member of MBC having any relative working with MBC and not disclosing details of the same to the management of the Company.

MURREE BREWERY COMPANY LIMITED

Confidentiality

A member of MBC shall not keep or make copies of correspondence documents, papers and records, list of clients or customers without the prior approval.

A member of MBC shall not disclose or reveal any information on the behalf of the Company to print/electronic media as well as any other information medium. All information shall be released through/by the Marketing department or designated individual (s).

Agreement with Licenses, Distributors, Agents, Sales Representatives, Suppliers or Consultants

Agreements with above shall clearly specify the services to be performed for the Company, the amount to be paid or receipts and all other relevant terms and conditions.

All payments or receipts and transactions shall be supported by documents.

Workplace Harassment

Every employee has the right to work in an environment that is free from harassment and in which issues of harassment will be resolved without fear of reprisal. Harassment will not be permitted or condoned within MBC whether it is based on a person's race, color, ethnic or national origin, age, gender, real, or suspected sexual orientation, religion or perceived religious affiliation, disability, or other personal characteristic.

MBC demands that there shall be no harassment in personal working relationships either inside or outside the Company. Such behaviors are strictly forbidden and are as follows:

- Creation of an intimidating, hostile, isolating or in any case discriminatory environment for individual employees or groups of employees
- Unjustified interference in the work performed by others
- Placing of obstacles in the way of the work prospects and expectations of others merely for reasons of personal competitiveness or because of other employees
- Proposing private interpersonal relations despite the recipient's explicit or reasonably clear distaste

MURREE BREWERY COMPANY LIMITED

Equal Opportunity Environment

MBC recognizes the value of striving for a balanced work force and is committed to the principles of equal opportunity, equality of treatment, and creating a dynamic climate where diversity is valued as a source of enrichment and opportunity.

All phases of the employment relationship –including, recruitment, hiring, training, promotion, compensation, benefits, transfers, layoffs, and leaves of absences-will be carried out by all managers without regard to race, color, religion, gender, age, ethnic or national origin or disability.

Protection of Company Assets and Proprietary Information

Confidential information is any information that is not publically known and that has value to MBC. It may be in written, electronic, or any other form.

It is duty of each member of the MBC to protect, use and operate all the corporate assets with utmost care, due diligence and honesty. In case it is observed by any member of the MBC that the corporate assets are being misused/ mishandled by some other members / individuals the matter should be immediately reported to the Management of the Company. Corporate assets include moveable and immovable property of the Company.

Dealing in Securities/Shares & Insider Trading

MBC employees must not deal in MBC shares on the basis of privileged information.

MBC employee are forbidden to convey inside information at any time to other person or encourage another person to deal in shares of MBC or any other Company on the basis of such information, even if the employee does not profit directly from the arrangement.

MBC employee should be aware of and comply with any local laws and regulations governing shares dealings, in case any employee or his / her spouse deals in the Company' s shares, he / her must notify the Company Secretary with full particulars within two days from the date of the transaction.

END

MURREE BREWERY COMPANY LIMITED

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Murree Brewery Company Limited** ("the Company") for the year ended 30 June 2017 to comply with the requirements of Listing Regulation No.5.19.24 of the Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report and if it does not, to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.



KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement partner
Riaz Pesnani

Islamabad
22nd September 2017

MURREE BREWERY COMPANY LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE.

Name of Company Murree Brewery Co. Ltd.

Year Ended 30th June, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Lt. Gen (R) Zarrar Azim Mr. Osman Khalid Waheed
Executive Director	Mr. Isphanyar M. Bhandara
Non-Executive Directors	Mr. Khurram Muzaffar Ch. Mueen Afzal Mr. Aamir H. Shirazi Mrs. Goshi M. Bhandara

The independent directors meet the criteria of independence under the clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable)
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a Development Finance Institution (DFI), or a Non-Banking Finance Institution (NBFI), and none are a member of stock exchange.
4. No casual vacancy occurred on the Board of Directors during the year ended June 30, 2017.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

MURREE BREWERY COMPANY LIMITED

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executives and non executive directors, have been taken by the Board / shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the directors for the year ended 30th June, 2017 were either exempt or have completed the training program.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises four members, of whom three are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. Its comprises three members all of whom are non-executive directors and the chairman of the committee is non executive director.
18. The Board has set up an effective internal audit function / or has outsourced the internal audit function to M/s EY Ford Rhodes, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

MURREE BREWERY COMPANY LIMITED

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the stock exchange(s).
23. The company has complied with the requirement relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion of exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



Isphanyar M. Bhandara
Chief Executive Officer

Rawalpindi
22nd September, 2017

MURREE BREWERY COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS OF MURREE BREWERY COMPANY LIMITED

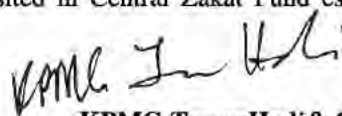
We have audited the annexed balance sheet of **Murree Brewery Company Limited** ("the Company") as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that 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.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Islamabad
22nd September 2017



KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement partner: Riaz Pesnani

MURREE BREWERY COMPANY LIMITED

Balance Sheet As at 30 June 2017

	Note	2017 (Rs. '000)	2016 (Rs. '000)
SHARE CAPITAL AND RESERVES			
Share capital	5	230,530	230,530
Reserves	6	3,835,677	3,777,223
Unappropriated profit		1,983,881	5,170,687
		6,050,088	5,778,940
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	7	2,906,369	2,571,936
NON - CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	8	7,988	12,345
Deferred liabilities	9	380,827	284,054
		388,815	296,409
CURRENT LIABILITIES			
Trade and other payables	10	940,047	836,374
Current portion of liabilities against assets subject to finance lease	8	11,467	8,059
		951,514	844,433
		10,356,786	9,491,718
CONTINGENCIES AND COMMITMENTS	11		

	Note	2017 (Rs. '000)	2016 (Rs. '000)
NON - CURRENT ASSETS			
Property, plant and equipment	12	4,675,502	3,942,906
Advance for capital expenditure	13	45,491	-
Investment property	14	288,149	284,570
Long term advances	15	13,392	9,910
Long term investments	16	526,509	323,497
Long term deposits	17	25,687	22,785
		5,574,830	4,583,668
CURRENT ASSETS			
Stores, spare parts and loose tools	18	118,562	106,572
Stock in trade	19	1,416,643	1,477,354
Trade debts	20	82,342	57,736
Advances and other receivables	21	44,830	43,339
Short term prepayments		31,058	61,064
Interest accrued		19,037	6,786
Short term investments	22	1,221,042	1,283,131
Advance tax - net	23	206,136	168,372
Cash and bank balances	24	1,642,306	1,701,696
		4,781,956	4,998,050
		10,356,786	9,491,718

The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

MURREE BREWERY COMPANY LIMITED**Profit And Loss Account
For the Year ended 30 June 2017**

Note	Liquor Division		Glass Division		Tops Division		Total	
	2017 (Rs.'000)	2016 (Rs.'000)	2017 (Rs.'000)	2016 (Rs.'000)	2017 (Rs.'000)	2016 (Rs.'000)	2017 (Rs.'000)	2016 (Rs.'000)
TURNOVER								
Third party sales - net	7,577,336	7,555,282	478,433	224,050	2,738,348	2,397,787	10,794,117	10,177,119
Inter divisional sales	535,759	460,279	1,074,835	947,203	33,561	29,004	-	-
	8,113,095	8,015,561	1,553,268	1,171,253	2,771,909	2,426,791	10,794,117	10,177,119
Duties and taxes	(2,959,076)	(2,959,259)	(69,553)	(32,554)	(625,887)	(527,992)	(3,654,516)	(3,519,805)
	5,154,019	5,056,302	1,483,715	1,138,699	2,146,022	1,898,799	7,139,601	6,657,314
COST OF SALES								
Third parties	(2,802,957)	(2,680,968)	(985,170)	(704,385)	(1,184,647)	(1,028,397)	(4,972,774)	(4,413,950)
Inter divisional	(1,028,626)	(956,876)	-	-	(615,529)	(499,609)	-	-
	(3,831,583)	(3,637,844)	(985,170)	(704,385)	(1,800,176)	(1,528,006)	(4,972,774)	(4,413,950)
GROSS PROFIT	1,322,436	1,418,458	498,545	434,314	345,846	370,793	2,166,827	2,243,364
Distribution cost	(317,236)	(280,290)	(6,630)	(5,931)	(271,413)	(235,875)	(595,279)	(523,096)
Administrative expenses	(235,544)	(187,257)	(31,033)	(34,306)	(69,638)	(53,640)	(336,215)	(265,198)
Finance cost	(14,901)	(1,028)	(814)	(475)	(975)	(520)	(16,690)	(2,025)
	(567,681)	(468,570)	(38,477)	(30,712)	(342,026)	(290,035)	(948,184)	(789,317)
Other expenses	754,755	969,888	460,068	403,402	3,820	80,758	1,218,643	1,454,047
Other income							(94,629)	(108,100)
Net profit before tax	754,755	969,888	460,068	403,402	3,820	80,758	226,929	220,748
Income tax expense							(430,136)	(566,695)
Profit for the year							920,807	(345,947)
Earnings per share - basic and diluted (Rupees)	33						39.94	49.09

The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

MURREE BREWERY COMPANY LIMITED

Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 (Rs.'000)	2016 (Rs.'000)
Profit for the year		920,807	1,131,682
<i>Items that will not be reclassified to profit and loss account</i>			
Remeasurement on defined benefit obligation - gratuity	9.1	9,266	(50,066)
Remeasurement on defined benefit obligation - pension	10.4.1	(7,474)	(5,243)
Related tax effect		1,792	(55,309)
Total other comprehensive income for the year		(538)	16,593
		1,254	(38,716)
Comprehensive income transferred to equity		922,061	1,092,966
<i>Other comprehensive income not transferred to equity</i>			
<i>Items that will not be reclassified to profit and loss account</i>			
Surplus on revaluation of property, plant and equipment - net		435,110	-
Total comprehensive income for the year		1,357,171	1,092,966

The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

MURREE BREWERY COMPANY LIMITED**Cash Flow Statement***For the year ended 30 June 2017*

	Note	2017 (Rs.'000)	2016 (Rs.'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		1,350,943	1,566,695
Adjustments for non cash items:			
Depreciation	12	284,131	241,967
Provision for staff retirement benefits	9.1.2 and 10.4.1	24,490	21,755
Return on deposit accounts	31	(70,133)	(155,111)
Interest on PIBs	31	(32,786)	-
Dividend income	31	(58,272)	(7)
Finance cost	29	4,464	2,023
Interest on Workers' (Profit) Participation Fund (WPPF)	29	12,226	-
Unrealized gain on re-measurement of short term investments	31	(3,078)	(1,743)
Gain on remeasurment of investment property to fair value	31	(3,579)	(12,296)
Gain on sales of investments	31	(2,886)	(1,511)
(Gain) / loss on disposal of property, plant and equipment	31	(6,275)	9,169
		148,302	104,246
Operating profit before working capital changes		1,499,245	1,670,941
Increase in stores, spare parts and loose tools		(11,990)	(19,360)
Decrease / (increase) in stock in trade		60,711	(482,538)
Increase in trade debts - unsecured		(24,606)	(33,353)
Decrease / (increase) in advances and other receivables - considered good		509	(11,817)
Decrease in short term prepayments		30,006	1,115
Increase in trade and other payables		73,145	13,876
		127,775	(532,077)
Cash generated from operations		1,627,020	1,138,864
Change in long term advances		(3,482)	(2,394)
Change in long term deposits		(2,902)	(2,312)
Finance cost paid		(4,464)	(2,023)
Staff retirement benefits paid		(11,365)	(11,185)
Income taxes paid	23	(541,875)	(589,977)
Net cash generated from operating activities		1,062,932	530,973
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(485,851)	(301,372)
Proceeds on disposal of property, plant and equipment		17,335	6,229
Acquisition of investments		(627,456)	(1,609,516)
Proceeds from sale of investment		499,669	44,995
Return on deposits received		90,668	150,114
Dividends received	31	58,272	7
Net cash used in investing activities		(447,363)	(1,709,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		(11,743)	(7,055)
Dividend paid		(663,216)	(126,298)
Net cash used in financing activities		(674,959)	(133,353)
Net decrease in cash and cash equivalents		(59,390)	(1,311,923)
Cash and cash equivalents at beginning of the year		1,701,696	3,013,619
Cash and cash equivalents at end of the year		1,642,306	1,701,696

The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE

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DIRECTOR

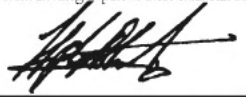
MURREE BREWERY COMPANY LIMITED

Statement of Changes in Equity

For the year ended 30 June 2017

	Share Capital	Capital reserve	General reserve	Contingency reserve	Reserve for issuance of bonus shares	Unappropriated profit	Total equity
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Balance at 01 July 2015	230,530	30,681	327,042	20,000	-	4,193,571	4,801,824
Total comprehensive income for the year	-	-	-	-	-	1,092,966	1,092,966
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	-	28,068	28,068
Transferred from surplus on revaluation of property, plant and equipment on written off/disposal - net of deferred tax	-	-	-	-	-	5,927	5,927
	-	-	-	-	-	1,126,961	1,126,961
Transactions with owners, recorded directly in equity							
Final cash dividend 30 June 2015 (Rs. 6.5 per share)	-	-	-	-	-	(149,845)	(149,845)
Balance at 30 June 2016	230,530	30,681	327,042	20,000	-	5,170,687	5,778,940
Balance at 01 July 2016	230,530	30,681	327,042	20,000	-	5,170,687	5,778,940
Total comprehensive income for the year	-	-	-	-	-	922,061	922,061
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	-	38,974	38,974
Transferred from surplus on revaluation of property, plant and equipment on written off/disposal - net of deferred tax	-	-	-	-	-	1,703	1,703
	-	-	-	-	-	962,738	962,738
Transactions with owners, recorded directly in equity							
Reserve for issue of bonus shares	-	-	-	-	3,457,954	(3,457,954)	-
Interim cash dividend 2016 (Rs. 10 per share)	-	-	-	-	-	(230,530)	(230,530)
Final cash dividend 30 June 2016 (Rs. 10 per share)	-	-	-	-	-	(230,530)	(230,530)
Interim cash dividend 2017 (Rs. 10 per share)	-	-	-	-	-	(230,530)	(230,530)
	-	-	-	-	-	(691,590)	(691,590)
Balance at 30 June 2017	230,530	30,681	327,042	20,000	3,457,954	1,983,881	6,050,088

The annexed notes 1 to 43 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

1. THE COMPANY AND ITS OPERATIONS

Murree Brewery Company Limited ("the Company") was incorporated under the repealed Indian Companies Act (now the Companies Act, 2017) in February 1861 as a public limited Company in Pakistan. The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at National Park Road in Rawalpindi. The Company is principally engaged in the manufacturing of alcoholic beer, non-alcoholic beer, Pakistan Made Foreign Liquor (P.M.F.L), juices in tetra packs in Rawalpindi and food products, juices, mineral water, glass bottles and jars in Hattar. The Company is presently operating three divisions namely Liquor Division, Tops Division and Glass Division to carry out its principal activities.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of or the directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

Details of the Company's accounting policies are included in Note 3.

2.2 Basis of measurement and preparation

During the year, on 30 May 2017, the Companies Act, 2017 ("the Act") was enacted which replaced and repealed the Companies Ordinance, 1984 ("the repealed Ordinance"). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 17 of 2017 dated 20 July 2017 has advised that the Companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

These financial statements have been prepared under historical cost convention except for the following items which are measured on an alternative basis on each reporting date.

- certain classes of property, plant and equipment are measured at revalued amounts;
- investment property is measured at fair value;
- investments held for trading are measured at fair value; and
- liability and assets for defined benefit plans are measured on present values determined through actuarial valuation.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees (Rupee or PKR), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are discussed in the ensuing paragraphs:

2.4.1 Property, plant and equipment and fair value of investment property

The Company reviews the residual values and useful lives of property, plant and equipment on a regular basis. Further, the Company reviews the value of the assets for possible impairment or possible adjustment in revalued amounts, for assets which are carried at revalued amounts on a regular basis. Fair value of the equipment is determined by the independent surveyor on the market value / existing use value method. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge, impairment, revaluation surplus and related deferred tax liability. Further the Company also carries out an exercise to determine fair value of investment property and any change in fair value is recognised in the profit and loss account.

2.4.2 Taxation

The Company takes into account the current income tax laws and decisions taken by the taxation authorities. Instances where the Company's view differs from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.3 Employee benefits

The present value of the obligation for gratuity and pension depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the charge for the year include the discount rate, expected increase in eligible salary and mortality rate. Any changes in these assumptions will impact the carrying amount of obligations for gratuity and pension.

2.4.4 Stores, spare parts and loose tools and stock in trade

The Company reviews the value of stores, spare parts and loose tools and stock in trade including stocks under maturation for possible impairment or to determine adjustment to carry the inventory on net realizable value, on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spare parts and loose tools and stock in trade with a corresponding effect on the provision.

Net realizable value is determined with reference to estimated selling price less estimated cost of completion and expenditure to make the sale.

2.4.5 Provision against trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess the amount of bad debts and provision required there against, on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective assets with a corresponding effect on profit and loss account.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

2.4.6 Impairment of financial assets

In making an estimate of future cash flows of the Company's financial assets, the management considers estimated cash flows and their terminal value for impairment testing.

2.4.7 Investment at fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective assets with a corresponding effect on profit and loss account.

2.4.8 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.4.9 Provision and contingencies

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

2.4.10 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5 Standards, interpretations and amendments to the approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 *Income Taxes* are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7 *Statement of Cash Flows* are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 *Share-based Payment* clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 *Investment Property*-effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
 - Amendments to IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The amendments are not likely to have an impact on Company's financial statements.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

- Amendments to IAS 28 *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognised. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognised. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

In addition, the Companies Act, 2017 was enacted on 30 May 2017 and Securities and Exchange Commission of Pakistan (SECP) vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 01 July 2017 requires certain additional disclosures and changes for certain accounting treatments including accounting for surplus on revaluation of property, plant and equipment which may require change in the relevant accounting policy.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment and advance for capital expenditure

3.1.1 Owned

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses except for:

- Land, which was revalued in 1991, 1992, 1995, 2002, 2007, 2012 and 2017, is stated at revalued figures.
- Buildings, which were revalued in 1991, 1992, 1995, 2002, 2007, 2012 and 2017, are stated at revalued figures less accumulated depreciation and impairment losses, if any.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

- Plant and machinery, which was revalued in 1991, 1992, 1995, 2002, 2007, 2012 and 2017 is stated at revalued amounts less accumulated depreciation and impairment losses, if any.
- Capital work in progress and advance for capital expenditure which are carried at cost less impairment loss, if any.

Surplus on revaluation of property, plant and equipment to the extent of the incremental depreciation charged on the related assets is transferred by the Company to un-appropriated profits (net of deferred tax).

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use.

Capital work in progress and advance for capital expenditure are transferred to the respective item of property, plant and equipment when available for intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised in profit and loss account.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in profit and loss account at rates given in note 12 to these financial statements. Land and capital work in progress are not depreciated.

Depreciation on additions to property, plant and equipment is charged on prorata basis from the date on which the item of property, plant and equipment is acquired or capitalized while no depreciation is charged from the date on which property, plant and equipment is disposed off / derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.1.2 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

Leased assets

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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.

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Company.

3.2 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit and loss account. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognized in profit and loss account.

3.3 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost except for items in transit which are stated at cost incurred up to the balance sheet date less impairment, if any. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spare parts and loose tools.

3.4 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

- Raw materials are valued at weighted average cost;
- Goods in transit are valued at incurred cost, which includes invoice value and other charges incurred thereon; and
- Cost of finished goods, based on weighted average method, includes prime cost and appropriate portion of production overheads.
- Work in process including stocks under maturation are valued at lower of cost and net realizable value. Stocks under maturation and work in process are valued at manufacturing cost which represents direct material, labour and applicable production overhead.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Goods in transit

These are stated at cost, accumulated to the balance sheet date, less impairment losses, if any.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

3.5 Financial instruments

The Company classifies non-derivative financial assets into the following categories: held-for-trading financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets, loans and receivables.

The Company classifies non-derivative financial liabilities as other financial liabilities.

3.5.1 Non-derivative financial assets and financial liabilities

3.5.1.1 Recognition and derecognition

The Company initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

3.5.1.2 Non-derivative financial assets – Measurement

Held-for-trading financial assets at fair value through profit or loss	A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit and loss account as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit and loss account.
Held-to-maturity financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method less impairment loss, if any.
Loans and receivables	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, as reduced by appropriate provision for impairment. Known impaired assets are written off, while assets considered doubtful of recovery are fully provided for. The provision for these assets is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews assets which remain outstanding past their applicable payment terms and establishes provision and potential write offs by considering factors such as historical experience, credit quality, age of these assets and current economic conditions that may affect a counterparty's ability to pay.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

3.5.1.3 Non-derivative financial liabilities – Measurement

Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3.6 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognised as finance cost.

3.7 Share capital, dividends and reserves

Ordinary shares are classified as equity and recognised at their face value. Dividend distribution to the shareholders is recognised as liability in the period in which it is declared. Reserve movements are recognized in the financial statements in the period in which they are declared or appropriated.

3.8 Employee benefits

The accounting policies for employee benefits are described below:

3.8.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.8.2 Defined contribution plan – Provident fund

The Company operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Company and employees at the rate of 12% of the basic salary, the fund is managed by its Board of Trustees. The contributions of the Company are charged to profit and loss account.

3.8.3 Defined benefit plans

The Company operates the following defined benefit plans:

a. Gratuity and pension plans

The Company operates defined benefit plans comprising a funded pension and an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. The Pension Fund is managed by trustees of the fund who are responsible for the establishment and oversight of the Fund's risk management framework. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to profit and loss account. Actuarial valuations are carried out by a qualified actuarial expert using the Projected Unit Credit (PUC) Actuarial Cost Method. Net interest expense and other expenses related to defined benefit plan is recognised in profit and loss account.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

b. Compensated leave absences

The Company provides for compensated absences according to the Company's rules.

3.9 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity or in OCI.

3.9.1 Current tax

Current tax comprises the expected tax payable or refundable on the taxable income or loss for the year and any adjustment to the tax payable or refundable in respect of previous years. The amount of current tax payable or refundable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset if certain criteria are met. The charge for current taxation is based on taxable income at current rates of taxation enacted or substantially enacted at the reporting date, after taking into consideration available tax credits, rebates and tax losses, if any.

3.9.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

3.10 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Rental income is recognized as revenue on a straight-line basis over the term of the agreement. Rental income is recognized as other income.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short term borrowings under mark-up arrangements, used by the Company in the management of its short-term commitments.

3.12 Foreign currency transactions and translation

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupee at the exchange rate ruling on the balance sheet date and exchange differences, if any, are recognized in profit and loss account. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit and loss account.

3.13 Finance income and finance cost

The Company's finance income and finance costs includes interest income, dividend income, interest expense, gain on sale of investments, gain on measurement of financial assets held for trading, foreign currency gain or loss on financial assets and financial liabilities. Interest income or expense is recognised using the effective interest method. Mark-up, interest and other charges on borrowings used for the acquisition and construction of qualifying assets are capitalized up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related property, plant and equipment acquired/constructed out of the proceeds of such borrowings.

3.14 Impairment

3.14.1 Financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on the terms that the Company would not consider otherwise and indication that a debtor will enter bankruptcy.

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For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. For financial assets measured at amortized cost, the Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss account and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit and loss account.

3.14.2 Non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit and loss account. They are allocated first to reduce the carrying amounts of any goodwill allocated to CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3.15 Unearned income

Rental income received in advance from the tenant is shown as unearned income.

3.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

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For the year ended 30 June 2017

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investment property, investments, tax assets and tax liabilities and other income.

3.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

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5	SHARE CAPITAL	2017 (Rs.'000)	2016 (Rs.'000)
5.1	Authorized share capital	300,000	300,000

This represents 30,000,000 ordinary shares of Rs. 10 each (2016: 30,000,000 ordinary shares). The shareholders passed the resolution, in the Extra Ordinary General Meeting ("EOGM"), as duly held on 29 September 2016, for the increase of authorized capital from Rs. 300 million to Rs. 4 billion. However, a shareholder Kingsway Fund, challenged the said resolution in Lahore High Court ("LHC"). On 19 October 2016, LHC declared the aforementioned EOGM as invalid and directed for holding the meeting afresh. Against the said decision, intercourt appeal has been filed by the Company which is pending for hearing and the matter is subjudice.

5.2 Issued, subscribed and paid up share capital

2017 Number	2016 Number	2017 (Rs.'000)	2016 (Rs.'000)
264,000	264,000	2,640	2,640
22,789,025	22,789,025	227,890	227,890
23,053,025	23,053,025	230,530	230,530

Ordinary shares of Rs. 10 each
fully paid in cash

Ordinary shares of Rs. 10 each
issued as bonus shares

5.3 M/s D.P. Edulji & Company (Private) Limited and M/s Kingsway Fund ("associated undertakings") hold 3,444,642 (2016: 3,368,592) and 6,287,771 (2016: 5,877,731) ordinary shares respectively of Rs.10 each at the balance sheet date. Further, directors hold 5,954,927 (2016: 5,947,677) ordinary shares of Rs.10 each at the reporting date.

6	RESERVES	Note	2017 (Rs.'000)	2016 (Rs.'000)
	Capital reserve		30,681	30,681
	Revenue reserves			
	General reserve		327,042	327,042
	Contingency reserve		20,000	20,000
	Reserve for issuance of bonus shares	6.1	3,457,954	-
			3,804,996	347,042
			3,835,677	377,723

6.1 In pursuance to the resolution passed by the shareholders in their Extra Ordinary General Meeting ("EOGM") as duly held on 29 September 2016, the sum of Rs. 3.46 billion has been appropriated to "Reserve for issuance of bonus shares" and will therefore be capitalized upon the allotment of the bonus shares. However, the allotment of bonus shares is pending since book closure for bonus shares is to be revised as per directions of Lahore High Court. Also refer note 5.1.

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7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax

	2017 (Rs.'000)	2016 (Rs.'000)
Balance at 01 July	2,591,065	2,639,629
Surplus on revaluation during the year - net of deficit	552,730	-
Surplus on disposal of property, plant and equipment	(2,433)	(8,467)
	<u>3,141,362</u>	<u>2,631,162</u>
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year:		
- Surplus - net of deferred tax liability	(38,974)	(28,068)
- Related deferred tax liability	(16,703)	(12,029)
	<u>(55,677)</u>	<u>(40,097)</u>
Surplus on revaluation of property, plant and equipment at 30 June	<u>3,085,685</u>	<u>2,591,065</u>
Related deferred tax liability:		
On revaluation surplus at 01 July	(19,129)	(33,698)
On revaluation surplus during the year	(117,620)	-
On property, plant and equipment disposed off during the year	730	2,540
On incremental depreciation charged during the year	16,703	12,029
	<u>(119,316)</u>	<u>(19,129)</u>
Balance at 30 June	<u>2,966,369</u>	<u>2,571,936</u>

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	<u>2017</u> (Rs.'000)		
Less than one year	11,963	496	11,467
Between one and five years	8,231	243	7,988
	<u>20,194</u>	<u>739</u>	<u>19,455</u>
	<u>2016</u> (Rs.'000)		
Less than one year	8,736	677	8,059
Between one and five years	12,463	118	12,345
	<u>21,199</u>	<u>795</u>	<u>20,404</u>

- 8.1 The Company has leased vehicles from financial institutions. The lease term for these arrangements is 3 years and carries markup ranging from 7.02% to 7.48% (2016: 7.36% to 8.98%) per annum. The rentals are payable in thirty six monthly installments. At the completion of the lease term, the Company has the option to acquire the assets upon complete payment of all installments and adjustment of lease key money. The facility is secured by way of ownership of the leased vehicles by the banking company.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

9 DEFERRED LIABILITIES

Note	2017 (Rs.'000)	2016 (Rs.'000)
Staff retirement benefit - gratuity	182,959	176,286
Deferred tax liability	197,868	107,778
	380,827	284,064

9.1 Staff retirement benefit - gratuity

The Company operates an unfunded gratuity scheme for its employees, details of which are as follows:

Note	2017 (Rs.'000)	2016 (Rs.'000)
Movement in present value of defined benefit obligation		
Opening at 01 July	176,286	113,042
Charge for the year	23,633	21,018
Experience adjustments on defined benefit obligation	(9,266)	50,066
Payments made during the year	(7,694)	(7,840)
Closing at 30 June	182,959	176,286
9.1.1 Reconciliation of liability recognised in the balance sheet		
Present value of defined benefit obligation	182,959	176,286
9.1.2 Charge to profit and loss account		
Current service cost	11,131	10,379
Interest cost	12,502	10,639
	23,633	21,018
9.1.2.1 Expense is recognized in the following line items in profit and loss account:		
Cost of sales	16,543	14,713
Administrative expenses	7,090	6,305
	23,633	21,018
9.1.3 (Credit) / charge to statement of other comprehensive income		
Actuarial gains from changes in financial assumptions	(1,133)	-
Experience adjustments on defined benefit obligation	(8,133)	50,066
	(9,266)	50,066

9.1.4 Key actuarial assumptions

The latest actuarial valuation was carried out on 30 June 2017 using projected unit credit method using the following assumptions;

	2017	2016
Discount rate used for interest cost in profit and loss charge	7.25%	9.75%
Discount rate used for year end obligation	7.75%	7.25%
Salary increase used for year end obligation		
Salary increase FY 2017	N/A	N / A
Salary increase FY 2018 - 2022	7.75%	7.25%
Salary increase FY 2023 onward	7.75%	7.25%
Date of next expected salary increase	01 July 2017	01 July 2016
Mortality rate	9.1.4.1 SLIC 2001-2005	SLIC 2001-2005
Withdrawal rates	Age - Based	Age - Based
Retirement assumption	Age 60	Age 60

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9.1.4.1 Assumption regarding future mortality has been based on State Life Corporation (SLIC 2001-2005), ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).

9.1.5 Sensitivity analysis

For a change of 100 basis points, present value of defined benefit obligation as at 30 June 2017 would have been as follows:

	2017 Increase (Rs.'000)	2017 Decrease (Rs.'000)	2016 Increase (Rs.'000)	2016 Decrease (Rs.'000)
Discount rate	(171,460)	195,987	(164,896)	189,162
Salary increase rate	196,005	(171,227)	189,179	(164,665)

9.1.6 The Company's expected charge for defined benefit gratuity plan for the next year is Rs. 25.99 million.

9.1.7 Risk associated with defined benefit plan

Final Salary Risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Salary Increase Risk

- Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Withdrawal Risk

The risk of actual withdrawals experience is different from the assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2017 (Rs.'000)	2016 (Rs.'000)
Year 1	4,606	3,014
Year 2	5,407	4,606
Year 3	16,368	5,407
Year 4	9,661	16,368
Year 5	8,566	9,661
	2017	2016
9.1.8 Weighted average duration of defined benefit obligation (years)	8	7

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9.2 DEFERRED TAXATION	Note	2017 (Rs.'000)	2016 (Rs.'000)
Taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		119,316	19,129
Accelerated depreciation		141,092	148,073
		<u>260,408</u>	<u>167,202</u>
Deductible temporary differences:			
Provision for employee benefits, finance leases and others		(62,540)	(59,424)
		<u>197,868</u>	<u>107,778</u>
9.2.1 Increase in deferred tax liability		<u>90,090</u>	<u>1,705</u>
Charged to profit and loss account			
		(28,069)	18,298
Charged to other comprehensive income			
		538	(16,593)
Relating to surplus on revaluation of property, plant and equipment			
		<u>117,620</u>	<u>-</u>
		<u>90,089</u>	<u>1,705</u>
10 TRADE AND OTHER PAYABLES			
Creditors		243,648	241,283
Accrued liabilities		70,225	81,230
Advances from customers		116,757	110,493
Contractors' security payable		14,924	12,000
Workers' (Profit) Participation Fund (WPPF)	10.1	106,756	93,351
Workers' Welfare Fund (WWF)	10.2	29,510	32,016
Withholding tax payable		433	1,636
Sales tax payable - net		68,506	1,688
Federal Excise Duty payable		28,980	28,252
Export duty payable on PMFL and beer		110,821	110,821
Unpaid and unclaimed dividend	10.3	113,632	85,258
Payable to pension fund	10.4	6,049	1,389
Zila tax payable		6,871	6,871
Unearned income		2,025	4,693
Other liabilities		20,910	25,393
		<u>940,047</u>	<u>836,374</u>
10.1 Workers' (Profit) Participation Fund (WPPF)			
Balance at 01 July		93,351	111,706
Interest on funds utilised in the Company's business	29	12,226	-
Charge for the year	30	65,122	73,988
Payments during the year		(63,943)	(92,343)
Balance at 30 June		<u>106,756</u>	<u>93,351</u>
10.2 Workers' Welfare Fund (WWF)			
Balance at 01 July		32,016	33,265
Charge for the year	30	27,130	32,016
Advance income tax adjusted against workers' welfare fund	23	(29,636)	(33,265)
Balance at 30 June		<u>29,510</u>	<u>32,016</u>

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- 10.3** This includes unpaid dividend of a Director of the Company amounting to Rs. Nil (2016 : Rs. 22.689 million) against which dividend warrants are on hold due to matter under dispute being family litigation. The Lahore High Court, Rawalpindi Bench has granted stay orders vide civil original no. 5/2013 and 1/2014 directing the Company not to release dividend / bonus shares to Mrs. Goshi M Bhandara to the extent of shareholding of Mr. Isphanyar Bhandara and Mr. Jamsheed M Bhandara. These shares were in name of late Mr. M P Bhandara (Ex-Chief Executive Officer) of which the inheritance has not yet been divided by Mrs. Goshi M Bhandara.

This also includes unpaid dividend of Rs. 36.62 million and unclaimed dividend of Rs. 28.019 million (2016: Rs. 18.43 million) to Mrs. Goshi M Bhandara, Director of the Company and Ms. Munizah Sidya. These dividend warrants remained unrepresented at the year end.

	Note	2017 (Rs.'000)	2016 (Rs.'000)
10.4 Payable to pension fund		6,049	1,389
10.4.1 The movement in net liability recognized is as follows:			
Balance at 01 July		1,389	(1,246)
Remeasurement loss recognized in other comprehensive income		7,474	5,243
Expense for the year	10.4.5	857	737
Contributions by the Company		(3,671)	(3,345)
Balance at 30 June		6,049	1,389
10.4.2 The amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation	10.4.3	45,585	35,344
Fair value of plan assets	10.4.4	(39,536)	(33,955)
Deficit		6,049	1,389
10.4.3 The movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		35,344	33,050
Current service cost		897	1,044
Interest cost		3,091	3,368
Benefits paid during the year		(2,008)	(1,942)
Remeasurement loss / (gain)		8,261	(176)
Present value of defined benefit obligation at end of the year		45,585	35,344
10.4.4 The movement in the present value of plan assets are as follows:			
Fair value of plan assets at beginning of the year		33,955	34,296
Contributions paid into the plan		3,671	3,345
Expected return on plan assets		3,131	3,675
Benefits paid by the plan		(2,008)	(1,942)
Remeasurement gain / (loss)		787	(5,419)
Fair value of plan assets at end of the year	10.4.6	39,536	33,955
10.4.5 Expense recognized in profit and loss account			
Current service cost		897	1,044
Interest cost on defined benefit obligation		3,091	3,368
Interest income on plan assets		(3,131)	(3,675)
		857	737

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10.4.6 Plan assets comprise of	Note	2017 (Rs.'000)	2016 (Rs.'000)
Units in open end funds		11,038	8,479
Defense saving certificates		28,235	24,973
Cash at banks		263	503
		39,536	33,955

10.4.7 Charge to statement of other comprehensive income	2017 (Rs.'000)	2016 (Rs.'000)
Actuarial losses from changes in financial assumptions	4,175	-
Experience adjustments on defined benefit obligation	4,087	(176)
Interest income on plan assets	(788)	5,419
	7,474	5,243

10.4.8 Key actuarial assumptions	2017	2016
Discount rate used for interest cost in profit and loss charge	9.00%	10.50%
Discount rate used for year end obligation	7.75%	9.00%
Salary increase used for year end obligation		
Salary increase FY 2017	N/A	N / A
Salary increase FY 2018-2022	7.75%	9.00%
Salary increase FY 2023 onward	7.75%	9.00%
Next expected salary increase	01 Oct 2017	01 July 16
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rates	Age - Based	Age - Based
Retirement assumption	Age 60	Age 60

10.4.9 The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of a change in respective assumptions by one percent:

	2017 Increase (Rs.'000)	2017 Decrease (Rs.'000)	2016 Increase (Rs.'000)	2016 Decrease (Rs.'000)
Discount rate	40,191	52,210	31,468	40,061
Salary increase rate	48,027	43,393	37,117	33,757

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10.4.10 Risk associated with defined benefit plan

Final Salary Risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Salary Increase Risk

- Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Withdrawal Risk

The risk of actual withdrawals experience is different from the assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Investment Risk

The risk of the investment underperforming and being not sufficient to meet the liabilities.

	2017	2016
Weighted average duration of defined benefit obligation (years)	<u>8</u>	<u>12</u>

11 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

11.1 The Company is contingently liable in respect of guarantees amounting to Rs. 57.51 million (2016: Rs. 48.72 million) issued by banks on behalf of the Company in normal course of business.

11.2 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No.VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultra vires on the ground that GIDC was a 'fee' and not a 'tax'. Government of Pakistan has enacted GIDC Act, 2015 during May 2015 which, including retrospective treatment of the provision of the GIDC Act, has been challenged by the Company through a writ petition in the Lahore High Court. The Court has granted stay against charging of the GIDC under the GIDC Act, 2015. The Company has not made provision of GIDC amounting to Rs.160.14 million (2016: Rs. 116.81 million) in financial statements as the management is confident that the eventual decision will be in favour of the Company.

11.3 For contingencies related to tax matters - Refer note 32.3.

(b) Commitments:

11.4 The Company has opened Letters of Credit amounting to Rs. 227.76 million (2016: Rs. 45.90 million) [inclusive of the amount of contractual commitments given in note 11.5] for the import of machinery and inventory items. For details of guarantee, refer to note 24.3(c), (d) and (e).

11.5 The Company's contracted capital commitments outstanding at the reporting date amounted to Rs. 152 million (2016: Rs. 24.25 million).

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12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land (Note 12.1 & 12.2)	Leasehold land (Note 12.2)	Buildings on freehold land (Note 12.2)	Plant, machinery and equipment (Note 12.3)	Furniture, fixtures, computers and equipment	Owned motor vehicles	Capital work in progress (Note 12.4)	Leased motor vehicles	Total
	(Rs. '000)								
Cost / revalued amount									
Balance at 01 July 2015	2,539,187	30,500	160,762	978,364	20,507	109,922	492,667	5,849	4,337,758
Additions during the year	-	-	20,960	197,479	1,425	10,705	44,713	26,099	301,372
Transfer from leased assets	-	-	-	-	-	1,337	-	(1,537)	-
Transfer from CWIP	-	-	67,271	434,323	-	-	(501,594)	-	-
Disposals	-	-	-	(33,330)	-	(7,221)	-	-	(40,551)
Balance at 30 June 2016	2,539,187	30,500	248,993	1,576,827	21,932	114,943	35,786	30,411	4,598,579
Balance at 01 July 2016	2,539,187	30,500	248,993	1,576,827	21,932	114,943	35,786	30,411	4,598,579
Additions during the year	38,293	-	18,448	221,009	820	4,760	180,933	10,794	475,057
Surplus on revaluation (Note 12.2)	148,659	12,005	73,657	318,409	-	-	-	-	552,730
Transfer from leased assets	-	-	-	-	-	4,312	-	(4,312)	-
Transfer from CWIP	-	-	22,846	3,575	-	-	(26,421)	-	-
Disposals	-	-	-	(18,291)	(1,445)	(22,694)	-	-	(42,430)
Balance at 30 June 2017	2,726,139	42,505	363,944	2,101,529	21,307	101,321	190,298	36,893	5,583,936
Accumulated depreciation									
Balance at 01 July 2015	-	-	44,535	304,767	15,433	70,800	-	3,323	438,858
Charge for the year	-	-	21,172	205,721	1,122	(2,075)	-	1,878	241,968
On transfer from leased assets	-	-	-	-	-	947	-	(947)	-
On disposals	-	-	-	(20,341)	-	(4,812)	-	-	(25,153)
Balance at 30 June 2016	-	-	65,707	490,147	16,555	79,010	-	4,254	653,673
Balance at 01 July 2016	-	-	65,707	490,147	16,555	79,010	-	4,254	653,673
Charge for the year (Note 12.3)	-	-	26,148	238,767	1,310	10,957	-	6,949	284,131
On transfer from leased assets	-	-	-	-	-	2,587	-	(2,587)	-
On disposals	-	-	-	(12,962)	(1,445)	(16,963)	-	-	(31,370)
Balance at 30 June 2017	-	-	91,855	715,952	16,420	75,591	-	8,616	908,434
Carrying value - 2017	2,726,139	42,505	272,089	1,385,577	4,887	25,730	190,298	28,277	4,675,502
Carrying value - 2016	2,539,187	30,500	183,286	1,086,680	5,377	35,933	35,786	26,157	3,942,906
Depreciation rates per annum	5-10%	-	10-20%	10-33%	10-33%	20%	-	20%	20%

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12.1 Land includes 2 kanals and 3 marlas in possession of Military Estate Office (MEO), Army Housing Colony for construction of a housing colony. This has been stated at 2002 revalued amount in these financial statements which amounts to Rs. 2.52 million. The Company had filed a case against MEO for this unauthorized occupation. The court of Civil Judge, Rawalpindi has decreed against MEO for vacating the land. However, the execution of the court decree is in process at the reporting date.

12.2 Surplus on revaluation of property, plant and equipment

The Company had its land and buildings revalued in 1991, 1992, 1995, 2002, 2007, 2012 and 2017 by independent valuers on market value basis and plant and machinery in 1991, 1992, 1995, 2002, 2007, 2012 and 2017 by independent valuers on replacement cost basis. These revaluations resulted in net surplus of Rs. 21.58 million, Rs. 38.48 million, Rs. 15.40 million, Rs. 376.90 million, Rs. 2,107.83 million, Rs. 551.64 million and Rs. 552.73 million respectively.

Had there been no revaluations, related figures of the revalued assets would have been as follows:

	Cost	Accumulated depreciation	Written down value
	(Rs.'000)	(Rs.'000)	(Rs.'000)
Land	80,677	-	80,677
Buildings	274,894	(95,839)	179,055
Plant and machinery	2,068,398	(987,505)	1,080,893
2017	2,423,969	(1,083,344)	1,340,625
2016	2,138,089	(889,501)	1,248,588

12.3 Depreciation charge has been allocated as follows:

	Note	2017 (Rs.'000)	2016 (Rs.'000)
Cost of sales	26	256,875	219,186
Distribution cost	27	3,732	4,157
Administrative expenses	28	23,524	18,625
		284,131	241,968

12.4 Capital work in progress

Plant and machinery	156,154	-
Civil works	31,404	30,428
Others	2,740	5,358
	190,298	35,786

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12.5 Detail of disposals of property, plant and equipment:

	Original cost / revalued amount	Book value	Sale proceeds	Gain / (loss)	Sold to	
Note	(Rs. '000)					
Vehicles						
Suzuki Cultus	12.5.1	1,075	430	660	230	Mr. Shahid Hamced Qazi
Honda Civic	12.5.1	2,563	1,882	2,028	146	Mr. Muhammad Javed
Suzuki Cultus	12.5.1	1,062	230	500	270	Mr. Muhammad Ramzan
Honda Civic	12.5.1	2,533	2,154	2,195	41	Mr. Muhammad Fakhar
Toyota Corolla	12.5.1	1,571	619	972	353	Mr. Yaseen Sadiq
Suzuki Cultus	12.5.1	1,042	417	626	209	Mr. Shahid Hussain
Plant and machinery						
Monobloc machine	12.5.2	12,072	1,559	1,554	(5)	Quice Foods Industries
Plastic jerry cans / drums / trolleys		1,047	101	-	(101)	Written off
Plastic jerry cans		514	50	-	(50)	Written off
UPS with batteries	12.5.2	652	135	-	(135)	Greaves Pakistan (Pvt) Ltd
Bottle washing unit	12.5.2	2,486	825	765	(60)	Siddiqi & Co
Aggregate value of other items with individual book value not exceeding Rs. 50,000		15,813	2,658	8,035	5,377	
2017		42,430	11,060	17,335	6,275	Also refer note 31
2016		40,551	15,398	6,229	(9,169)	Also refer note 31

12.5.1 These disposals are made to executives of the Company as per the Company's policy.

12.5.2 These disposal have been made through tenders.

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13	ADVANCE FOR CAPITAL EXPENDITURE	Note	2017 (Rs.'000)	2016 (Rs.'000)
	Advance for civil works		22,561	-
	Advance for purchase of fixed assets		23,030	-
			<u>45,591</u>	<u>-</u>
14	INVESTMENT PROPERTY			
14.1	Reconciliation of carrying amount:			
	Balance at 01 July		284,570	272,274
	Increase in fair value of investment property - net		3,579	12,296
	Balance at 30 June	14.1.1	<u>288,149</u>	<u>284,570</u>

- 14.1.1** The investment properties are lands and buildings held for capital appreciation and to earn rental income. On 30 June 2017, an exercise was carried out by an independent valuer to ascertain the fair value of investment property. The price of land of the investment property is assessed based on market research carried out in the area where the property is situated. The fair value of the property is based on independent valuer's judgment about average prices prevalent on the said date and has been prepared on openly available / provided information after making relevant inquiries from the market. The valuer holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. Changes in fair value are recognized as gains/losses in profit and loss and included in 'other income'. All increase / (decrease) in fair value of investment property are unrealized.

14.2 Measurement of fair values**14.2.2 Fair value hierarchy**

The fair value of investment property was determined by external, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement of the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. Refer note 14.2.3.

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14.2.3 Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	<p>Land: Instituted site and market inquiries to ascertain the current market value of similar land, which is selling in the near surroundings.</p> <p>Building: Detailed physical inspection of the building with actual measurement and worked out covered area of each building occupation-wise with complete specification of civil works; ascertained the prevailing current cost of construction for the relevant type of civil works carried out thereon. Also considered the nature, quality, standard of construction, its age, finishing standard, material used therein and professional expertise of the surveyors.</p> <p>Machinery and equipments: Physically checked and visually inspected the apparent condition of the plant and machinery including the maintenance standard. Also considered for imports: import documents and for local purchases: invoices obtained. Inquired the values from suppliers and dealers dealing in this trade keeping in view their make, model, year of manufacture and present condition of the machinery. Further, applied depreciation @ 10% per annum on machinery and equipment to arrive at present assessed value of the machinery and equipment.</p>
Significant unobservable input	<ul style="list-style-type: none"> - Depreciation rate - Foreign exchange rate - Availability of similar plot size
Inter-relationship between key unobservable inputs and fair value measurement	<p>The estimated fair value would increase / (decrease) if:</p> <ol style="list-style-type: none"> 1. depreciation rate changes 2. foreign exchange rate changes 3. there is change in availability of similar plot size 4. technological innovations and improvements

	Note	2017 (Rs.'000)	2016 (Rs.'000)
15 LONG TERM ADVANCES - Considered good			
To employees		15,386	11,813
Less: Due within one year, shown under current assets	21	(1,994)	(1,903)
		<u>13,392</u>	<u>9,910</u>

15.1 Long term advances include advances of Rs. 3.59 million (2016: Rs. 4.97 million) to executives. Movement of advances to executives during the year is as follows:

	2017 (Rs.'000)	2016 (Rs.'000)
Balance at 01 July	4,966	4,152
Disbursements during the year	157	1,316
Repayments during the year	(1,531)	(502)
Balance at 30 June	<u>3,592</u>	<u>4,966</u>

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- 15.2** These advances carry interest @ 11% per annum (2016: 11% per annum) and are repayable in periods up to three years. The maximum amount of loans and advances to executives outstanding at the end of any month during the year was Rs. 3.59 million (2016: 4.97 million).

16	LONG TERM INVESTMENTS - held to maturity	Note	2017	2016
			(Rs.'000)	(Rs.'000)
	Pakistan Investment Bonds (PIBs)	16.1	526,509	323,497

- 16.1** This represents investment in Pakistan Investment Bonds (PIBs) having face value of Rs. 300 million and Rs. 200 million respectively. These PIBs carry a coupon rate of 8.75% per annum with profit payable on a half yearly basis. The maturity date of both PIBs is 21 April 2026.

17	LONG TERM DEPOSITS	Note	2017	2016
			(Rs.'000)	(Rs.'000)
	Long term deposits	17.1	25,687	22,785

- 17.1** These represent deposits maintained with the utility companies. These are interest free and refundable on termination of services.

18	STORES, SPARE PARTS AND LOOSE TOOLS	Note	2017	2016
			(Rs.'000)	(Rs.'000)
	Stores		71,903	87,925
	Spare parts and loose tools		46,659	18,647
			118,562	106,572

19 STOCK IN TRADE

Raw material		929,404	909,936
Provision for stock obsolescence		(1,767)	(1,767)
		927,637	908,169
Work in process		68,326	68,666
Stock under maturation	19.1	225,214	250,398
Finished goods		165,603	249,898
Goods in transit		29,863	223
		1,416,643	1,477,354

- 19.1** A substantial portion of malt whisky will not be sold within one year because of the duration of the aging process. All malt whisky is classified as stock under maturation and is included in current assets, although portion of such inventories may be aged for periods greater than one year which is the usual time period. Warehousing, insurance and other carrying charges applicable to malt whisky held for aging is included in inventory cost.

20	TRADE DEBTS - Unsecured	Note	2017	2016
			(Rs.'000)	(Rs.'000)
	Considered good		82,342	57,736
	Considered doubtful		-	2,424
			82,342	60,160
	Less: Provision for doubtful debts	20.1	-	(2,424)
			82,342	57,736

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		2017 (Rs.'000)	2016 (Rs.'000)
20.1	Provision for doubtful debts		
	Balance at 01 July	(2,424)	(2,424)
	Reversal of provision - net	2,424	-
	Balance at 30 June	-	(2,424)
21	ADVANCES AND OTHER RECEIVABLES - Considered good		
	Advances to employees - secured	17,080	9,107
	Current portion of long term advances - secured	1,994	1,903
	Advances to suppliers	25,097	34,329
	Other receivables	659	-
		44,830	45,339
22	SHORT TERM INVESTMENTS		
	Investments at fair value through profit or loss - Held for trading		
	Shares of listed companies	482	370
	Mutual funds	1,220,560	1,251,761
	Loans and receivables		
	Term deposit receipts	-	31,000
		1,221,042	1,283,131
23	ADVANCE TAX - NET		
	Tax receivable / (payable) at beginning of the year	152,102	(4,890)
	Provision for tax - current	(465,171)	(443,117)
	Provision for tax - prior year	6,966	26,402
	Income tax paid during the year	541,875	623,242
	Income tax adjusted against Workers' Welfare Fund	(29,636)	(33,265)
	Tax refundable at end of the year	206,136	168,372

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	Note	2017 (Rs.'000)	2016 (Rs.'000)
24 CASH AND BANK BALANCES			
Cash in hand		5,526	3,874
Cash at banks:			
- local currency current accounts		172,454	471,409
- local currency deposit accounts	24.1	1,431,134	1,193,465
- foreign currency deposit account	24.2	33,192	32,948
		1,636,780	1,697,822
		1,642,306	1,701,696

24.1 These carry interest ranging from 3.75% to 6% (2016: 5% to 6%) per annum.

24.2 This carries interest at the rate of 0.06 % per annum (2016: 0.06% per annum).

24.3 Unavailed financing facilities

At the reporting date, the Company had following unavailed funded and unfunded finance facilities available from scheduled banks as mentioned below:

- (a) Facility amounting to Rs. 35 million (2016: Rs. 35 million) from Bank Alfalah Limited, Rawalpindi. This facility is available till 30 April 2018 and carries mark up at the rate of 6 months' KIBOR plus 1% (2016: 6 months' KIBOR plus 1%) per annum. Principle is payable on expiry or on demand whichever is earlier. It is secured against present and future current assets of the Company registered with Securities and Exchange Commission of Pakistan amounting to Rs. 150 million (2016: Rs. 150 million).
- (b) Facility amounting to Rs. 200 million (2016: Rs. 200 million) from Askari Bank Limited. This facility is available till 31 October 2017 and carries mark up at the rate of 3 months' KIBOR plus 1% (2016: 3 months' KIBOR plus 1%) per annum. It is secured against first hypothecation charge by way of equitable mortgage amounting to Rs. 267 million over four bungalows, two buildings and open land measuring 29 kanals and 13 marlas at National Park Road, Rawalpindi.
- (c) Facilities of letters of guarantee and letters of credit amounting to Rs. 10 million (2016: Rs. 10 million) and Rs. 450 million (2016: Rs. 350 million) from Bank Alfalah Limited respectively are available to the Company. Facilities of letters of guarantee and letters of credit are secured against present and future assets of the Company and lien on import documents respectively.
- (d) Facilities of letters of guarantee, shipping guarantee and letters of credit amounting to Rs. 200 million (2016: Rs. Nil), Rs. 50 million (2016: 50 million) and Rs. 200 million (2016: Rs. 200 million) from Askari Bank Limited respectively are available to the Company. Facilities of letters of guarantee, shipping guarantee and letters of credit are secured against 100% cash margin and lien on import documents.
- (e) Facility of letter of credit amounting to Rs. 300 million (2016: Rs Nil) is available from Allied Bank Limited. This facility is available till 30 September 2017. This facility is secured against lien over valid import documents.

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	Note	2017 (Rs.'000)	2016 (Rs.'000)
27 DISTRIBUTION COST			
Advertisement and publicity		108,900	91,244
Salaries, wages and other benefits	28.1	103,902	93,188
Selling expenses		76,479	74,376
Samples		16,880	13,466
Sales promotion		78,918	83,894
Freight		56,538	23,384
Depreciation	12.3	3,732	4,157
Service charges and commission to M/s D.P. Edulji Limited, a related party		83,365	86,168
Others		66,565	52,219
		595,279	522,096
28 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	28.1	180,466	137,997
Travelling and conveyance		5,914	5,891
Printing and stationery		7,565	5,689
Repairs and maintenance		12,710	12,715
Fuel and power		16,539	16,823
Directors' fees and travelling		1,904	1,027
Communication		7,030	6,318
Entertainment		6,520	7,238
Legal and professional		28,907	5,908
Security		17,962	14,522
Donations	28.2	2,354	2,080
Reversal of provision - net	20.1	(2,424)	-
Insurance		6,252	5,901
Rent, rates and taxes		12,502	9,720
Depreciation	12.3	23,524	18,625
Others		8,490	14,744
		336,215	265,198

28.1 This includes staff retirement benefits amounting to Rs. 24.49 million (2016: Rs. 21.75 million).

28.2 Donations include Rs. 1 million (2016: Rs. 1 million) paid to Bhandara Foundation, located at 10 Commercial Building, Shahrah-e-Quaid-i-Azam, Lahore, in which Chief Executive of the Company is a Trustee.

	Note	2017 (Rs.'000)	2016 (Rs.'000)
29 FINANCE COST			
Finance charge on leased assets		652	631
Bank charges		2,557	1,308
Interest on Workers' (Profit) Participation Fund (WPPF)	10.1	12,226	-
Bank guarantee commission		1,255	84
		16,690	2,023

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Notes to the Financial Statements

For the year ended 30 June 2017

30 OTHER EXPENSES	Note	2017 (Rs.'000)	2016 (Rs.'000)
Workers' (Profit) Participation Fund (WPPF)	10.1	65,122	73,988
Workers' Welfare Fund (WWF)	10.2	27,130	32,016
Auditors' remuneration	30.1	1,200	996
Internal audit fee		1,177	1,100
		<u>94,629</u>	<u>108,100</u>
30.1 Auditors' remuneration			
Annual audit fee		900	770
Half yearly review		200	165
Other certifications		100	61
		<u>1,200</u>	<u>996</u>
31 OTHER INCOME			
Income from financial assets:			
Dividend income		58,272	7
Interest on advances		273	255
Interest on PLBs		32,786	-
Gain on sale of investments		2,886	1,511
Unrealized gain on remeasurement of short term investments		3,078	1,743
Return on deposit accounts		70,133	155,111
Realized exchange gain		505	681
		<u>167,933</u>	<u>159,308</u>
Income from non financial assets:			
Gain / (loss) on disposal of property, plant and equipment	12.5	6,275	(9,169)
Gain on remeasurement of investment property to fair value	14	3,579	12,296
Rental income		13,012	12,598
Sale of by-products		32,387	32,548
Others		3,743	13,167
		<u>226,929</u>	<u>220,748</u>
32 INCOME TAX EXPENSE			
Tax			
Current year	23	465,171	443,117
Prior year	23	(6,966)	(26,402)
		<u>458,205</u>	<u>416,715</u>
Deferred -		(28,069)	18,298
	32.1	<u>430,136</u>	<u>435,013</u>

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	2017 (Rs. '000)	2016 (Rs. '000)
32.1 Reconciliation of tax charge for the year		
Accounting profit before tax	1,350,943	1,566,695
Tax rate	31%	32%
Tax on accounting profit	418,792	501,342
Tax effect of income taxable at lower rates	(3,496)	(1,789)
Prior year charge	(6,966)	(26,402)
Effect of super tax	42,092	44,437
Effect of rebates	(34,893)	(37,061)
Others	14,593	(45,514)
Tax expense for the year	430,122	435,013

32.2 Tax Assessments up to and including Year 2016 have been finalized. However, the tax authorities are empowered to reopen these assessments within five years from the end of the financial year in which the returns were filed.

32.3 The Deputy Commissioner Large Tax Payers Unit (LTU) Islamabad issued an order on 31 October 2016 whereby a demand was raised amounting to Rs. 25.17 million along with a default surcharge and penalty for the tax year 2012, with reference to the provisions of the Sales Tax Act, 1990. Against this Order, the Company filed an appeal before CIR (Appeals), who vide its Order dated 23 May 2017 upheld the aforesaid demand of Rs 25.17 million. Against CIR (Appeals) Order, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on 28 May 2017 and obtained stay from ATIR on 2 June 2017, against the recovery from FBR of the alleged demand. The case is not yet fixed for hearing before ATIR. Management of the Company believes a favourable outcome of this matter and accordingly provision has not been recognised in the financial statements against this demand.

33 EARNINGS PER SHARE - Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2017	2016
Net profit for the year (Rs. '000)	920,807	1,131,682
Weighted average number of shares (Numbers)	23,053,025	23,053,025
Earnings per share (Rupees)	39.94	49.09

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34 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the year for remuneration including benefits and perquisites, to Chief Executive Officer (CEO), Directors and executives were as follows:

	2017		2016	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	Rs.'000		Rs.'000	
Managerial remuneration	5,000	19,908	4,192	14,665
Medical benefit	601	-	547	-
Provident fund contributions	300	650	273	607
House rent allowance	-	4,008	-	3,177
Bonus	5,000	10,208	3,226	6,556
Travelling expense	221	-	231	-
Compensated absences	308	557	243	554
	11,430	35,331	8,712	25,559
Number of persons	1	9	1	8

34.1 In addition to above free furnished accommodation is provided to the CEO and Company maintained vehicles are also provided to the CEO and executives. Gratuity is payable to CEO and executives in accordance with the terms of employment, while contribution for CEO and executives in respect of gratuity and pension are based on actuarial valuation.

34.2 Directors of the Company were not paid any remuneration during the year except for the meeting fee of Rs. 1,460,000 (2016: Rs. 330,000), number of Directors: 6 (2016: 6).

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35 SEGMENT INFORMATION

35.1 Operating segments

The Company has three reportable segments, as described below, which are the Company's strategic business units. These strategic business units offer different products and are managed separately because of the requirement of different technologies and marketing strategies. For each of the business unit, the audit committee of the Board of Directors and the Company's Chief Executive Officer (CEO) along with the Chief Financial Officer (CFO) reviews internal management reports on at least quarterly basis. These segments have been identified on the basis of business namely Liquor Division, Glass Division and Tops Division. The main products of each segment are as follows:

Liquor Division:	Alcoholic and non-alcoholic beverages
Tops Division:	Food products, juices and mineral water
Glass Division:	Glass bottles and jars

There are varying levels of integration between the three segments. This integration includes transfers of raw material and finished goods respectively. The accounting policies of the reportable segments are the same as described in note 3.16.

Information regarding the results of each reportable segment is given in the profit and loss account and related notes. Performance is measured on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's CEO along with the CFO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

35.2 Information about reportable segments

(a) The detail of utilization of the Company's assets and related liabilities of the reportable segments is as follows:

		Liquor Division	Glass Division	Tops Division	Corporate office	Total
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Assets	2017	6,032,522	974,427	1,098,654	2,251,183	10,356,786
	2016	6,258,337	763,089	887,257	1,583,035	9,491,718
Liabilities	2017	846,053	66,421	171,878	255,977	1,340,329
	2016	790,608	59,793	181,852	108,589	1,140,842

(b) Other details of reportable segments are as follows:

		Liquor Division	Glass Division	Tops Division	Corporate office	Total
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)

(i) Non current assets - additions

Property, plant and equipment	2017	132,015	205,017	138,025	-	475,057
	2016	228,259	49,075	24,038	-	301,372

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		Liquor Division (Rs.'000)	Glass Division (Rs.'000)	Tops Division (Rs.'000)	Corporate office (Rs.'000)	Total (Rs.'000)
(ii)	Other material items					
	External revenue					
	2017	7,577,336	478,433	2,738,348	-	10,794,117
	2016	7,555,282	224,050	2,397,787	-	10,177,119
	Inter-segment revenue					
	2017	535,759	1,074,835	33,561	-	1,644,155
	2016	460,279	947,203	29,004	-	1,436,486
	Other income					
	2017	-	-	-	226,929	226,929
	2016	-	-	-	220,748	220,748
	Depreciation					
	2017	99,706	145,310	39,115	-	284,131
	2016	76,030	130,968	34,970	-	241,968

(c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items are as under:

	2017 (Rs.'000)	2016 (Rs.'000)
(i)	Revenues	
	Total revenue for reportable segments	12,438,272
	Elimination of inter-segment revenue	(1,644,155)
	Consolidated revenue	10,794,117
		10,177,119
(ii)	Profit and loss before tax	
	Total profit or loss for reportable segments	1,218,643
	Unallocated amounts - Other expenses	(94,629)
	Unallocated amounts - Other operating income	226,929
	Net profit before tax	1,350,943
		1,566,696
(iii)	Assets	
	Total assets for reportable segments	8,105,603
	Other unallocated amounts	2,251,183
	Consolidated total assets	10,356,786
		9,491,718
(iv)	Liabilities	
	Total liabilities for reportable segments	1,084,352
	Other unallocated amounts	255,977
	Consolidated total liabilities	1,340,329
		1,140,842

(d) **Geographical segments**

All the assets of the Company are held in Pakistan and substantially all the revenues of the Company are generated in Pakistan.

MURREE BREWERY COMPANY LIMITED

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36 FINANCIAL INSTRUMENTS

A FAIR VALUES

36.1 Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

On-balance sheet financial instruments

	Note	Carrying amount		Fair value			
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
		(Rs. '000)		(Rs. '000)			
10 June 2017							
Financial assets measured at fair value							
Shares of listed companies	22	482	-	-	482	-	482
Mutual funds	22	1,220,560	-	-	1,220,560	-	1,220,560
		1,221,042	-	-	1,221,042	-	1,221,042
Financial assets not measured at fair value							
Long term advances	15	-	13,392	-	-	-	13,392
Long term investments	16	-	526,509	-	-	-	526,509
Long term deposits		-	25,687	-	-	-	25,687
Trade debts	20	-	82,342	-	-	-	82,342
Advances and other receivables	21 and 36.2	-	19,733	-	-	-	19,733
Interest accrued		-	19,037	-	-	-	19,037
Cash and bank balances	24	-	1,642,306	-	-	-	1,642,306
		-	2,329,006	-	-	-	2,329,006
Financial liabilities not measured at fair value							
Liabilities against assets subject to finance lease	8	-	-	19,455	-	-	19,455
Trade and other payables	10 and 36.3	-	-	578,169	-	-	578,169
		-	-	597,624	-	-	597,624

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

On-balance sheet financial instruments	Carrying amount			Fair value				
	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2016								
Financial assets measured at fair value								
Shares of listed companies	370	-	-	370	370	-	-	370
Mutual funds	1,251,761	-	-	1,251,761	1,251,761	-	-	1,251,761
	1,252,131	-	-	1,252,131	1,252,131	-	-	1,252,131
Financial assets not measured at fair value								
Long term advances	-	9,910	-	9,910	-	-	-	-
Long term investments	-	323,497	-	323,497	-	-	-	-
Long term deposits	-	22,785	-	22,785	-	-	-	-
Trade debts	-	57,726	-	57,736	-	-	-	-
Advances and other receivables	-	11,010	-	11,010	-	-	-	-
Term deposit receipts	-	31,000	-	31,000	-	-	-	-
Interest accrued	-	6,786	-	6,786	-	-	-	-
Cash and bank balances	-	1,791,696	-	1,791,696	-	-	-	-
	-	2,164,420	-	2,164,420	-	-	-	-
Financial liabilities not measured at fair value								
Liabilities against assets subject to finance lease	8	-	20,404	20,404	-	-	-	-
Trade and other payables	10 and 36.3	-	544,597	544,597	-	-	-	-
		-	565,001	565,001	-	-	-	-

(Rs.'000)

(Rs.'000)

Note

36.2 It excludes advances to suppliers.

36.3 It excludes advances from customers, withholding tax payable, sales tax payable - net, Federal Excise Duty (FED) payable, export duty payable on PMFEL and beer, Worker's Welfare Fund (WWF) and Zila tax payable.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

36.4 Measurement of fair values

All financial assets and financial liabilities are initially recognized at fair value of consideration paid or received, net of transaction costs as appropriate. The financial assets and liabilities of the Company approximate their carrying values. A number of Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

i. Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

ii. Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

B FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from its use of financial instruments:

- Credit risk (Note 36.6)
- Liquidity risk (Note 36.7)
- Market risk (Note 36.8)

36.5 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

36.6 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of credit and monitoring of exposures against these credits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The Company's credit risk exposures is categorized under the following headings:

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

i. Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references.

ii. Concentration of credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2017 (Rs.'000)	2016 (Rs.'000)
Long term advances	15	13,392	9,910
Long term investments	16	526,509	323,497
Long term deposits		25,687	22,785
Trade debts - unsecured	20	82,342	57,736
Advances and other receivables - considered good	21 and 36.2	19,733	11,010
Term deposit receipts	22	-	31,000
Interest accrued		19,037	6,786
Bank balances	24	1,636,780	1,697,822
		<u>2,323,480</u>	<u>2,160,546</u>

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	2017 (Rs.'000)	2016 (Rs.'000)
From government institutions	527,168	323,497
Banks and financial institutions	1,655,817	1,735,608
Others	140,495	101,441
	<u>2,323,480</u>	<u>2,160,546</u>

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

iii. Impairment losses

The aging of trade debts at the reporting date was:

	2017		2016	
	Gross (Rs.'000)	Impairment	Gross (Rs.'000)	Impairment
Less than one year	82,342	-	57,736	-
Over one year	-	-	2,424	2,424
	<u>82,342</u>	<u>-</u>	<u>60,160</u>	<u>2,424</u>

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	Note	2017 (Rs.'000)	2016 (Rs.'000)
Balance at 01 July		2,424	2,424
Reversal of provision	28	(2,424)	-
Balance at 30 June		-	2,424

The doubtful account in respect of trade debts are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

The Company has no collateral in respect of financial assets exposed to credit risk. Based on past experience, management believes that except as already provided for in these financial statements, no further impairment is required to be recognized against any financial assets of the Company.

Credit quality of financial assets

The credit quality of companies financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

An analysis of the credit quality of financial assets that are neither past due nor impaired is as follows:

	Rating	Note	2017 (Rs.'000)	2016 (Rs.'000)
Long term advances		15		
Counterparties without external credit rating			13,392	9,910
			13,392	9,910
Long term investments		16		
Counterparties with external credit rating	B3		526,509	323,497
			526,509	323,497
Long term deposits				
Counterparties without external credit rating			25,687	22,785
			25,687	22,785
Trade debts - unsecured		20		
Counterparties without external credit rating			82,342	57,736
			82,342	57,736
Advances and other receivables - considered good		21 and 36.2		
Counterparties with external credit rating	B3		659	-
Counterparties without external credit rating			19,074	11,010
			19,733	11,010

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

	Rating	Note	2017 (Rs.'000)	2016 (Rs.'000)
Term deposit receipts		22		
Counterparties with external credit rating	A1+		-	31,000
			-	31,000
Interest accrued				
Counterparties with external credit rating	B3		7,702	-
	A1+		11,335	6,786
			19,037	6,786
Bank balances		24		
Counterparties with external credit rating	A1+		1,620,722	1,686,674
	A1		6,249	6,268
	A-1		9,809	4,880
			1,636,780	1,697,822
			2,323,480	2,160,546

36.7 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the balance sheet date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Finance lease liabilities	Expected future interest payments	Other financial liabilities	Total
30 June 2017				
		(Rs.'000)		
Maturity up to one year	11,467	496	578,169	590,132
Maturity after one year and up to five years	7,988	243	-	8,231
	19,455	739	578,169	598,363
Carrying amount	19,455	-	578,169	597,624
30 June 2016				
Maturity up to one year	8,059	677	544,597	553,333
Maturity after one year and up to five years	12,345	118	-	12,463
	20,404	795	544,597	565,796
Carrying amount	20,404	-	544,597	565,001

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flows relating to long term financing, liabilities against assets subject to finance lease and short term borrowings have been determined on the basis of expected mark up rates. The markup rates have been disclosed in notes to these financial statements.

36.8 Market risk

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

36.8.1 Foreign Currency risk

The Pakistani Rupee (PKR) is the functional currency of the Company and as a result currency exposures arise from transactions and balances in currencies other than PKR. The Company's potential foreign currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

i. Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

ii. Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as part of overall risk management strategy. The Company does not enter into forward exchange contracts.

iii. Exposure to foreign currency risk on year end monetary balances

	2017		2016	
	Rs.	USD	Rs.	USD
	in '000		in '000	
Bank balances	33,192	317	32,948	314
	33,192	317	32,948	314

The following significant exchange rates were applied during the year:

	Average rate		Reporting date mid spot rate	
	2017	2016	2017	2016
	Rs.		Rs.	
PKR per US Dollar	104.33	103.73	104.58	104.80

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

iv. Foreign currency sensitivity analysis

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of USD applied to assets and liabilities as at the reporting date represented in foreign currency, with all other variables held constant, of the Company's profit before tax.

	2017 (Rs.'000)	2016 (Rs.'000)
Increase in 10% USD rate	(3,275)	(3,250)
Decrease in 10% USD rate	3,275	3,250

36.8.2 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company has liabilities against assets subject to finance lease at variable rates. The local currency loans have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR).

i. Exposure to interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

Interest rate risk	Effective interest rate		Note	Carrying amounts	
	2017 (%)	2016 (%)		2017 (Rs.'000)	2016 (Rs.'000)
Fixed rate instruments					
Financial assets	7.95% to 8.40% per annum	7.95% per annum	16	526,509	323,497
Financial liabilities	7.02% to 7.48% per annum	7.36% to 8.98% per annum	8	19,455	20,404
				545,964	343,901

ii. Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Other market price risk

The primary goal of the Company's investment strategy is to maximize investment returns on surplus funds. The Company adopts a policy of ensuring to minimize its price risk by investing in securities having sound market performance. Certain investments are designated as held for trading because their performance is actively monitored and these are managed on a fair value basis. Equity price risk arises from investments at fair value through profit and loss.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

Sensitivity analysis – equity price risk

For quoted investments classified as held for trading, 100 basis point increase in market price at reporting date would have increased profit by Rs. 12.21 million (2016: Rs. 12.25 million); an equal change in the opposite direction would have decreased profit by the same amount. The analysis is performed on the same basis for 2016 and assumes that all other variables remain the same.

Assets carried at fair value	Level 1	Level 2 (Rs.'000)	Level 3
30 June 2017			
Financial assets at fair value through profit or loss	<u>1,221,042</u>	<u>-</u>	<u>-</u>
30 June 2016			
Financial assets at fair value through profit or loss	<u>1,252,131</u>	<u>-</u>	<u>-</u>

The carrying value of financial assets and liabilities reflected in financial statements approximate their respective fair values.

36.9 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure which comprises of capital and reserves by monitoring the return on net assets and makes adjustments, if required, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves or / and issue new shares. There was no change in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

37 CAPACITY AND PRODUCTION	Measurement basis	2017	2016
37.1 Liquor Division			
(a) Capacity of industrial unit			
Beer and Non Alcoholic Beverages (NAB)	Liters	29,952,000	19,800,000
PMFL	Cases (2 B.G)	2,490,509	1,000,000
Non Alcoholic Products (NAP)	Liters	44,928,000	36,480,000
(b) Actual production			
Beer and Non Alcoholic Beverages (NAB)	Liters	22,569,441	20,968,906
PMFL	Cases (2 B.G)	1,217,187	1,252,162
Non Alcoholic Products (NAP)	Liters	40,539,111	38,256,619
37.2 Tops Division			
(i) Rawalpindi			
(a) Capacity of industrial unit			
Tetra pack juices	Liters	33,580,000	33,580,000
(b) Actual production			
Tetra pack juices	Liters	22,684,985	22,951,702
(ii) Hattar			
(a) Capacity of industrial unit			
Food products	Cartons	375,000	375,000
Juice (NR & Ret)	Liters	4,500,000	4,500,000
Mineral water	Liters	22,000,000	22,000,000
(b) Actual production			
Food products	Cartons	78,399	88,999
Juice (NR & Ret)	Liters	4,113,784	3,386,702
Mineral water	Liters	20,607,919	15,967,414
37.3 Glass Division - Hattar			
(a) Melting capacity	M. Tons	40,150	40,150
(b) Actual production - Glass melted	M. Tons	37,172	33,864

37.4 Normal capacity is based on one shift of 8 hours per day. Actual production represents multiple shifts undertaken keeping in view the market demand.

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

For the year ended 30 June 2017

38 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, staff retirement funds and key management personnel. Balances with related parties are shown in notes 5, 10.3 and 10.4 to the financial statements. The transactions with related parties, other than remuneration and benefits to Chief Executive Officer, directors and key management personnel as per the terms of their employment which are disclosed in note 34 to the financial statements, are as follows:

	2017 (Rs.'000)	2016 (Rs.'000)
Transactions with associated companies		
Sales commission	71,365	74,168
Services acquired	12,000	12,000
Dividend paid	253,291	59,320
Transactions with other related parties		
Contribution to staff provident fund	4,546	3,451
Contribution to staff pension fund	3,671	3,345
Dividend paid	184,583	40,466
Donation	1,000	1,000

39 EMPLOYEES PROVIDENT FUND TRUST

Size of the fund - total assets - (Rupees'000)	120,258	102,591
Cost of investments made (Rupees'000)	41,480	41,480
Percentage of investments made (%)	34.49	40.43
Fair value of investments (Rupees'000)	110,914	98,877

39.1 Detail of investments of the fund

	2017		2016	
	(Rs.'000)	%	(Rs.'000)	%
Defense savings certificates	110,914	100	98,877	100

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

40 SUBSEQUENT EVENTS

The Board of Directors of the Company in the meeting held on 22nd September 2017 proposed final cash dividend 100% i.e. Rs. 10 per share (2016 : 100% i.e. Rs 10 per share).

MURREE BREWERY COMPANY LIMITED

Notes to the Financial Statements

*For the year ended 30 June 2017***41 GENERAL**

- 41.1 Dividend payable to the Muslim shareholders is deemed to be appropriated from income arising from the Company's investments, non-alcoholic profits and rental income.

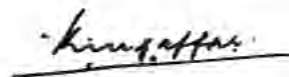
	<u>2017</u> (Number)	<u>2016</u> (Number)
41.2 Number of persons employed		
Employees at year end	<u>1,808</u>	<u>1,650</u>
Average employees during the year	<u>1,729</u>	<u>1,583</u>

42 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 22nd September 2017



 CHIEF EXECUTIVE



 DIRECTOR

MURREE BREWERY COMPANY LIMITED

بیرونی عوامل:

سیاسی محاذ پر، ملک میں پانامہ بیچرز کی خبروں سے کافی سرگرمی دیکھی گئی کہ کئی پاکستانیوں کی آف شور (غیر ملکی) کمپنیوں میں سرمایہ کاری ہے۔ اس کے نتیجے میں وزیر اعظم بھی نا اہل قرار دیے گئے۔ 2013ء میں ان کی جماعت نے انتخابات میں قاتلی ڈکرامہ مابی حاصل کی تھی۔ اگلے انتخابات 2018ء میں متعقد ہونگے۔

اقتصادی محاذ پر، ملک نے بھاری قرضہ جات اٹھالیے ہیں جو کہ فی الوقت کسی بھی زمانے میں لیے گئے قرضہ جات سے زیادہ ہیں۔ ان قرضہ جات کی سود سمیت ادائیگیاں ایک بڑے مسئلے سے دوچار کریں گی۔ ملک میں تجارتی خسارہ بھی موجود ہے جو صورت حال کو خراب کر رہا ہے۔ باوجود اس کے یہ کہ خام تیل اور درآمدی پیٹرولیم مصنوعات کی قیمتیں کافی کم ہیں، حکومت نے واضح کیا ہے کہ کسی پیک میں بھاری بھر کم سرمایہ کاری سے کچھ سکون حاصل ہوگا جس کیلئے مشینری اور سازہ سامان کی بھاری درآمدات پہلے ہی عمل میں آ چکی ہیں۔

توقع:

درج بالا بیان کردہ اقتصادی و معاشی مسائل، بوڈی شیڈنگ اور امن و امان کی صورتحال کے ساتھ زبرد جانہ سال میں پاکستان سے غیر ملکی سرمایہ کاری کے باہر نکل جانے کا مشاہدہ بھی کیا گیا ہے۔ ان تمام عوامل کی موجودگی میں عملی صورتحال بہت مشکل بن جائے گی۔ صوبہ سندھ میں بلا تھل شراب کی فروخت کبھی کیلئے بہت اہم ہے۔ ان تمام مسائل کے باوجود کبھی توقع کرتی ہے کہ 30 جون 2018ء تک سال بھر عملی منافع کے تسلسل کو جاری رکھے گی۔

اظہار تشکر:

ہم اپنے ملازمین جیسا کہ اوپر بیان کیا گیا ہے، ہمارے سپلائرز، صارفین، حکومتی شعبہ جات اور شیئر ہولڈرز کے ہماری سرگرمیوں میں ان کے مسلسل تعاون کیلئے بے حد شکر گزار ہیں۔ ہم اپنے ڈائریکٹرز سے بھی اظہار تشکر کرتے ہیں جنہوں نے پالیسی مسائل پر اپنے گرانقدر مشوروں سے نوازا۔

بورڈ کی جانب سے

- King Affar -
چرم مظفر
چیئر مین

راولپنڈی

سورجی 22 ستمبر 2017ء

MURREE BREWERY COMPANY LIMITED

منافع منقسمہ 2016-2017:

1- عبوری منافع منقسمہ:

بورڈ نے 23 فروری 2017ء کو منصفہ اجلاس میں 100% (10 روپے فی حصص) کے نقد عبوری منافع منقسمہ کا اعلان کیا تھا۔

2- حتمی منافع منقسمہ:

بادجواں حقیقت کے رواں مالی سال میں ہمارے بعد از ٹیکس منافع میں کمی واقع ہوئی ہے۔ بورڈ نے پچھلے سال کمپنی کے اعلان کردہ نوٹس شیئر اوائٹ کر سکنے پر حصص داران کی سلامتی کے لیے رواں مالی سال میں اپنے 22 ستمبر 2017ء کو منصفہ اجلاس میں حتمی منافع منقسمہ سوئی صد (دس روپے فی حصص) کا اعلان کیا ہے۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک پر بیان:

ڈائریکٹرز کا کہنا ہے کہ:

- 30 جون 2017ء کو ختم ہونے والے مالی سال کیلئے کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارہ جات اپنے امور کارسرمگرمیوں کے نتائج، نقد بہاؤ اور حصص میں تبدیلی کو ایمانداری سے پیش کیا گیا ہے
- کمپنی کے حسابات کی مناسب اندراج کاری برقرار رکھی گئی ہیں
- مناسب حکمت ہائے عملی برائے حسابات مالیاتی گوشواروں اور حساباتی تخمینہ جات کی تیاری میں مستفاد پروئے کار لائی گئی ہیں جو محفوظ اور جھٹاؤ آراء پر مبنی ہیں
- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں لاگو ہیں مالیاتی گوشواروں کی تیاری میں ان کی پیروی کی گئی ہے
- انٹرنل کنٹرول کا نظام اپنی تشکیل میں بہترین ہے اور اسے مؤثر طور پر نافذ کیا گیا ہے
- بطور ایک جاری ادارہ کمپنی کی تسلسل کی صلاحیت پر ذرہ برابر بھی شک نہیں ہے
- بمطابق 30 جون 2017ء، سیکسز، لیویز اور چارجز کی مد میں قانونی ادائیگیاں بالکل واجب الادا نہیں ہیں سوائے ان کے جو مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں
- بمطابق 30 جون 2017ء تمام ڈائریکٹرز نے ڈائریکٹرز ایک پروگرام کی تربیت حاصل کر لی ہے یا وہ اس پروگرام سے مستثنیٰ ہیں
- جیسا کہ ضابطوں میں تفصیل درج ہے کے مطابق ادارہ جاتی نظم کے بہترین طور طریقوں سے ذرہ برابر بھی انحراف نہیں کیا گیا۔
- پچھلے 06 برسوں کی بنیادی عملی اور مالیاتی معلومات خلاصے کی شکل میں منسلک ہیں (98.9 ملین روپے 2016)
- پروویڈنٹ فنڈ اوریشن فنڈ انویسٹمنٹ کی مالیت بمطابق 30 جون 2017ء 110.9 ملین روپے اور 39.5 ملین (33.9 ملین روپے 2016) عملی الترتیب ہیں۔

بورڈ آف ڈائریکٹرز

ڈائریکٹرز نے 24 جولائی 2017ء کو منصفہ غیر معمولی عام اجلاس میں کمپنی کے بورڈ آف ڈائریکٹرز کے تعداد 7 سے بڑھا کر 8 کر لی ہے اور گزشتہ تین سال کے عرصہ برائے ڈائریکٹرشپ کے مکمل ہونے کے بعد 8 ڈائریکٹرز کا اتفاق رائے سے اگلے تین سال کے لیے منتخب کر لیا گیا ہے۔ ہم کمپنی کے نئے منتخب ہونے والے ڈائریکٹرز جناب خالد عزیز مرزا اور جناب شہباز حیدر آغا کو خوش آمدید کہتے ہیں۔ جناب عثمان خالد حیدر جنہوں نے ایکشن میں اپنی محنت و مصروفیات کی وجہ سے حصص نہیں لیا تھا کہ شکر گزار ہیں۔ کراہوں نے بطور مری بریوری ڈائریکٹرز اپنی قیمتی آراء سے مستفید کیا۔ ہم ان کی آئندہ زندگی کے لیے نیک خواہشات کا اظہار کرتے ہیں۔

دوران سال بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ ہر ڈائریکٹرز کی حاضری مندرجہ ذیل ہے۔

دوران سال منعقدہ بورڈ آف ڈائریکٹرز اجلاس:

ڈائریکٹرز کا نام	اجلاس کی تعداد	اجلاس میں گل حاضری
جناب ترم مظفر	6	6
جناب اسفین یار ایم جیڈرا	6	6
جناب چوہدری معین افضل	6	4
جناب عامر ایچ شیرازی	6	5
ٹیگم گوٹی ایم جیڈرا	6	3
لیفٹ جنرل (ریٹائرڈ) سزرا عظیم	6	5
جناب عثمان خالد حیدر	6	2

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سال کے دوران منعقدہ آڈٹ کمیٹی اجلاس:

تعداد اجلاس حاضری	اجلاس کی کل تعداد	نمبر شمار ڈائریکٹرز کے نام	سال کے دوران منعقدہ آڈٹ کمیٹی اجلاس:
تعداد اجلاس حاضری	اجلاس کی کل تعداد	نمبر شمار ڈائریکٹرز کے نام	سال کے دوران منعقدہ آڈٹ کمیٹی اجلاس:
4	4	1- ایفٹن جنرل (ریٹائرڈ) عزیز عظیم (جنیئر مین)	نمبر شمار ڈائریکٹرز کے نام
3	4	2- چوہدری مبین افضل (ممبر)	1- ایفٹن جنرل (ریٹائرڈ) عزیز عظیم (جنیئر مین)
1	4	3- نجیم گوٹھی ایم پیڈا (ممبر)	2- چوہدری مبین افضل (ممبر)
4	4	4- خرم مظفر (ممبر)	3- نجیم گوٹھی ایم پیڈا (ممبر)

انسانی وسائل اور معاوضے کی کمیٹی (ایچ آراینڈ آر کمیٹی)

بورڈ کے پاس ایک انسانی وسائل اور معاوضے کی کمیٹی بھی ہے جو تین غیر انتظامی ڈائریکٹرز پر مشتمل ہے۔ کمیٹی بورڈ کو انسانی وسائل پالیسی (حکمت ہائے عملی) کی سفارش کرتی ہے۔

سال کے دوران منعقدہ ایچ آراینڈ آر کمیٹی اجلاس:

تعداد اجلاس حاضری	اجلاس کی کل تعداد	ڈائریکٹرز کے نام
1	1	چوہدری مبین افضل (جنیئر مین)
-	1	نجیم گوٹھی ایم پیڈا (ممبر)
1	1	خرم مظفر (ممبر)

حفظ کمیٹی (سیفٹی کمیٹی)

حفظ/ حفاظت کمیٹی کے سب سے زیادہ توجہ طلب شعبوں میں سے ایک رہا ہے۔ حفظ کمیٹی انتظامی عملے پر مشتمل ہے جو کہ کمیٹی کے حفظ اور حفاظتی طور پر لیٹیوں کا جائزہ لیتی اور اس کی نگرانی کرتی ہے۔ یہ حفاظتی منصوبہ بندیوں کے فعال حصے آگ بجھانے کا ساز و سامان اور کمیٹی کے فائر ہائیڈرنٹس کی دیکھ بھال اور نگرانی کرتی ہے اور یہ حفاظتی تربیت اور باقاعدہ مشقوں کی ذمہ داری بھی ہے۔ زیر جائزہ عرصہ کے دوران کمیٹی میں بی بی بیٹا راز کا تفرسز کا بھی انعقاد کیا گیا۔

نظام برائے نظم کاری ماحول، معیار، صحت اور تحفظ:

انتظامیہ پائیدار ماحول اور معیاری انتظام کاری کے لیے انتہائی پُر عزم ہے جسے معاشرے اور خودی راسدرا انہم کنندہ حکام کی جانب سے تسلیم کیا گیا ہے۔ کمیٹی ماحولیاتی مسائل میں بھرپور تعاون کرتی ہے اور وسیع تر ماحولیاتی ذمہ داریوں کا فروغ چاہتی ہے اور اس سلسلے میں ISO-9001:2008 اور OHSAS 18001:2007 کی اسناد بھی حاصل کر چکی ہے۔ کمیٹی پاکستان انوائیرمنٹ پرولیکشن ایجنسی کی جانب سے منظور کردہ لیبارٹری ٹیسٹس برائے اخراج اور اثرات تسلسل کے ساتھ جاری رکھے ہوئے ہے۔ کمیٹی اپنی سرگرمیوں کو اس طرح جاری رکھنا چاہتی ہے کہ وہ اس کے ملازمین اور دیگر افراد کی صحت کیلئے خطرات کو قطعی طور پر دور رکھے۔

ادارہ جاتی سماجی ذمہ داری (CSR):

مری بریوری ان ٹیم اداروں میں سے ایک ہے جو اپنے فرائض ایک ادارہ جاتی سماجی شہری کے طور پر انجام دیتا ہے۔ کمیٹی سماجی امور میں ہمیشہ تعمیری دلچسپی کا مظاہرہ کرتی ہے جن کا براہ راست ہمارے کاروبار سے تعلق ممکن نہیں ہے اور یہ خیراتی تعلیمی اداروں/ہسپتال/ ٹرسٹ (وقف اداروں) کو عطیات فراہم کرتی ہے اور ایک بہبودی فنڈ کے ذریعے ضرورت مند افراد کی مدد بھی کرتی ہے۔

کمیٹی ایسوسی ایشن فار ایتھلیٹس پرنسز (ورزشاں) کو اپنے الماک کے استعمال کی سلسلہ اجازت دینے ہوئے ہے، نئی اوقات 55 خواتین، غریب و نادار معذور عورتوں کو جو راولپنڈی کے نواحی علاقوں میں رہتی ہیں کو اس پیشہ وارانہ اسکولز برائے تھمپلی میں تربیت دی جا رہی ہے تاکہ وہ خودی راکھیٹر خواندہ اور معاشرے کا ایک فعال فرد بن جائیں۔

درج بالا کمیٹی نے مفت فراہم کر رکھی ہے جس میں فرنیچر اور دیگر ساز و سامان موجود ہے اور اس کی دیکھ بھال، مرمت اور استعمال کی تمام لاگت کمیٹی برداشت کرتی ہے۔

کمیٹی نے ملازمین کے علاج معالجے کیلئے ایک سوشل سکیورٹی ڈیپنڈنسی بھی تیار کر رکھی ہے جس پر آٹھ ملین روپے لاگت آئی ہے۔

قومی خزانے میں شراکت:

آپ کی کمیٹی نے ڈیوٹی اور ایکسٹرنڈ کی مددیں سرکاری خزانے میں 4,196.4 ملین روپے (چھپٹے سال 4,143.1 ملین روپے) کی رقم جمع کرائی۔

شیر ہولڈنگ:

برطانیہ 30 جون 2017، کمیٹی کے شیر ہولڈرز کی کل تعداد 1634 رہی جبکہ 30 جون 2016 پر 865 رہی۔ شیر ہولڈنگ کا اسلوب 30 جون 2017 کے مطابق منک ہے۔

آمدن فی شخص:

سال رواں کیلئے پچھلے سال کے 49.09 روپے کے مقابلے میں آمدن فی شخص 39.94 روپے رہی۔

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30 جون 2017 کو ختم ہونے والے سال کیلئے ڈائریکٹر رپورٹ

ڈائریکٹرز 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے کمپنی کی رپورٹ کے ہمراہ آڈٹ شدہ مالیاتی گوشوارہ جات اور اس پر آڈیٹرز رپورٹ پیش کرتے ہوئے سمزرت کا اظہار کرتے ہیں۔ مری بریوری نے اپنی کاروباری سرگرمیوں کے 157 سال سے زائد کا عرصہ مکمل کر لیا ہے اور اس کا شمار پاکستان کے اندر اسٹاک ایکسچینج پر درج سب سے پرانی کمپنیوں میں ہوتا ہے۔ کمپنی بدلتے ماحول اور مارکیٹ پر مبنی تحفظ اور مراعات سے ہم آہنگ پالیسیز اور طریقے کار کی پیروی کرتی ہے اور کوئٹہ بارگین ایجنٹ اس کے ساتھ مل کر مسلسل مزید معاہدات کے ذریعے ملازمین کو مالی فوائد اور تحفظ وضمانت بھی فراہم کرتی ہے اور ملازمین بھی اس کے نتیجے میں اپنا کام پوری گت سے انجام دیتے ہیں اور کمپنی سے وفاداری کا رویہ اختیار کرتے ہیں۔

کمپنی اس پالیسی پر مسلسل عمل پیرا ہے جس کے تحت پلانٹ اور مشینری کی کوآپری کو بہتر بنایا جائے تاکہ پیداواری گنجائش کو بڑھایا اور آہٹ لگتے کم کیا جائے وہ بھی بغیر کوآپری پر سمجھوتہ کیے۔

سالانہ منافع جات 2007ء سے 2015ء تک سالانہ منافع جات قبل از ٹیکس 260 ملین روپے سے بڑھ کر 1567 ملین ہوئے ہیں، جو کہ 6 گنا اضافے کو ظاہر کرتے ہیں گزشتہ سال سے گلاس فرینس (شمشے کی بجٹی) پر تخفیف کی وجہ سے منافع قبل از ٹیکس کم ہو گیا لیکن بعد از ٹیکس 49.9 روپے فی حصص منافع تاریخ کی بلند ترین سطح پر رہا 09 سال کی یہ بے مثال کارکردگی جناب اسد یار بھنڈرا انٹنیشنل اعلیٰ کی قیادت، منصوبہ بندی اور تشکیل ٹیم اور ہمارے انتظامی عملے اور ملازمین کی کاوشات اور فرض شناسی کا نتیجہ ہے جس کیلئے ہم ان کے شکر گزار ہیں۔

30 جون 2017 کو ختم ہونے والے مالی سال کیلئے منافع جات قبل اور بعد از ٹیکس دونوں میں کمی نظر آ رہی ہے جس کی بڑی وجہ سمزرت سندھ میں شراب کی فروخت پر دو ماہ کی تعطیل تھی جو کہ ہماری سب سے بڑی فروخت مارکیٹ ہے۔

سال بھر میں ہونے والی اہم پیش رفت:

سندھ میں شراب کی فروخت پر پابندی

جیسا کہ پہلے عرض کیا جا چکا ہے کہ یہ معاملہ سندھ عدالت عالیہ میں زیر التواء ہے اور توقع کی جاتی ہے کہ فیصلہ ساز گاہی دیا جائے گا۔ اس تعطیل نے صوبہ سندھ اور پنجاب کو بھی متاثر کیا ہے جس کی وجہ سے ان صوبوں میں سرکاری محصولات میں کمی کی واقع ہوئی ہے دریں اثناء، یکم جولائی 2017ء سے فروخت اطمینان بخش انداز سے بڑھ رہی ہے اور ہم عدالت عالیہ سندھ کے حتمی فیصلے کا انتظار کر رہے ہیں۔

سٹیل ہیڈ ڈیوٹی (Still Head Duty):

حکومت پنجاب نے مورخہ 24 جون 2015ء کو ایک نوٹیفیکیشن #SO(E&M)2-3/2011(P-II) جاری کیا جس کے تحت پاکستان میں تیار کردہ تمام قسم کی بیئر اور لیکور مصنوعات جو صوبہ پنجاب سے باہر استعمال ہوتی ہے پر یکم جولائی 2015ء سے سٹیل ہیڈ ڈیوٹی عائد کر دی گئی کمپنی نے اس نوٹیفیکیشن کو لاہور عدالت عالیہ لاہور میں چیلنج کر دیا۔ معزز عدالت عالیہ نے نوٹیفیکیشن کو 27 جون 2016ء کو منسوخ کر دیا۔ کمپنی یہ ڈیوٹی ادا کر رہی ہے اور اسے خریدار سے وصول کر رہی ہے۔ لیکن اس اضافی ڈیوٹی کی وجہ سے کمپنی پر ڈکٹس اپنے مد مقابل سے تسبیح منگی ہو گئی ہیں۔

حکومت پنجاب نے لاہور عدالت عالیہ، لاہور میں ایک اپیل (درخواست) داخل کی ہے جس میں درخواست کی گئی ہے کہ متاثرہ فیصلہ مہربانی فرماتے ہوئے منسوخ کیا جائے اور مورخہ 24 جون 2015ء کے ڈیٹیفیکیشن کو کین اسلام آباد میں لاہور عدالت عالیہ، لاہور میں چیلنج کر دیا جائے۔ پنجاب ایکسائز نے سندھ وائن ڈیلرز کے خلاف حکم اقامتی حاصل کر رکھا ہے اور قاضی (ایکسٹرا) ڈیوٹی وصول کر رہا ہے۔ معاملہ معزز عدالت عالیہ، لاہور میں زیر التواء ہے۔

گیس انفراسٹرکچر ڈویلپمنٹ سیس (جی آئی ڈی سی):

کمپنی اور انڈسٹری نے (GIDC) ایکٹ 2015ء کو چیلنج کر رکھا ہے اور اسلام آباد عدالت عالیہ میں ایک تحریری درخواست بشمول جی آئی ڈی سی ایکٹ کی شرط کی بااثر رجسٹری درخواست بھی جمع کروا رکھی ہے۔ عدالت نے جی آئی ڈی سی ایکٹ 2015ء کے تحت ایک امتناع بھی مرحمت کر دیا ہے۔ مالی اثرا/دھچکہ تقریباً 160.14 ملین روپے (30 جون 2016ء: 117 ملین روپے) ہے۔ کمپنی نے اس واجب الادا (ڈئے واری) کیلئے کسی قسم کی مقررات نہیں کی ہیں کیونکہ انتظامیہ کو پھر ورس ہے کہ فیصلہ بل آخر کمپنی انڈسٹری کے حق میں ہوگا۔

گروپ کا مالیاتی جائزہ اور اس کی جھلکیاں:

نوٹس فروخت آمدن	7.2%	6,657	7,139	ملین روپے سے بڑھ کر
مجموعی منافع جات	3.4%	2,243	2,167	ملین روپے سے کم ہو کر
منافع قبل از ٹیکس	13.8%	1,567	1,351	ملین روپے سے کم ہو کر
منافع بعد از ٹیکس	18.6%	1,132	921	ملین روپے سے کم ہو کر
آمدنی حصص	18.6%	49.09	39.94	روپے فی حصص کم ہو کر

**AFFIX
CORRECT
POSTAGE**

**The Company Secretary
Murree Brewery Co. Ltd.
National Park Road,
Rawalpindi.**

DIVIDEND MANDATE FORM

As per the New Regulatory Requirement it is **Mandatory** for all existing and new Shareholders (both Physical and CDC) to provide **International Bank Account Number (IBAN - 24 digits)** In order to ensure compliance of this requirement we would like to request you to kindly provide the following information to our Share Registrar M/s Central Depository Company Of Pakistan, CDC House, 99-B, Block 'B', SMCHS, Main Shakra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-CDCPL(23275), Facsimile: +(92-21) 021-4326053, email: info@CDCpak.com latest by 18th October, 2017.

- a). Shareholder Name: _____
- b). Folio/Account Number _____
- c). Bank Account Title: _____
- d). **International Bank Account Number (IBAN)**
Please contact your Bank for **24 digits IBAN Information** _____
- e). Bank Name: _____
- f). Branch Name: _____
- g). Branch Address (with city name): _____
- h). Shareholder's Mobile Number _____

Signature of Shareholder

(Sample IBAN = PK 36 SCBL 0000 0011 2345 6702)