

CONTENTS	Page
Vision & Mission Statement	1
Corporate Information	2-3
Notice of Annual General Meeting	4-6
Directors' Report	7-12
Six Years Financial Summary	13
Pattern of Shareholding	14-19
Code of Conduct	20-26
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	27
Statement of Compliance with the Code of Corporate Governance	28-30
Auditors' Report to the Member	31
Balance Sheet	32
Profit and Loss Account	33
Statement of Comprehensive Income	34
Cash Flow Statement	35
Statement of Changes in Equity	36
Notes to the Financial Statements	37-83
Form of Proxy	-
Dividend Mandated Form	-

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

ESTABLISHED 1860
CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman	Mr. Khurram Muzaffar
Chief Executive Officer	Mr. Isphanyar M. Bhandara
Directors	Ch. Mueen Afzal
	Mr. Aamir H. Sherazi
	Mrs. Goshi M. Bhandara
	Lt. Gen (R) Zarrar Azim
	Mr. Osman Khalid Waheed

PRINCIPAL OFFICERS

Company Secretary	Mr. M. Zaffar Iqbal
Chief Financial Officer	Mr. Mazhar Iqbal
Head Internal Audit	Mr. Malik Saqib Gul Nawaz
General Manager (Brewery Division)	Mr. Mohammad Javed
Business Manager (Murree Glass)	Mr. Arshad Zaheer
General Manager (Tops)	Mr. Talat Yaqoob
Factory Manager (Murree Sparkletts)	Mr. Fayyaz Ahmad

AUDIT COMMITTEE

Lt. Gen @ Zarrar Azim	(Chairman)
Ch. Mueen Afzal	(Member)
Mrs. Goshi M. Bhandara	(Member)
Mr. Khurram Muzaffar	(Member)

**HUMAN RESOURCE AND
REMUNERATION COMMITTEE**

Ch. Mueen Afzal	(Chairman)
Mrs. Goshi M. Bhandara	(Member)
Mr. Khurram Muzaffar	(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 / FAbad / Multan

MURREE BREWERY COMPANY LIMITED

ESTABLISHED 1860
CORPORATE INFORMATION

REGISTERED OFFICE

Murree Brewery Company Limited
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

(iv) Mohallah Noorpura, Bahawalpur
Bypass Road, **Multan**
Ph: 061-4232964
Mob: 0313-7313234

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

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

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

TAX ADVISOR

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

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) Mansoorabad
Near Sant Sing Railway Gate
Jumra Road, **Faisalabad**
Tele: (041-8522182 & 2420580)

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

Notice is hereby given that the 148th Annual General Meeting of the Company will be held at the Registered Office National Park Road, Rawalpindi at 1100 hours on Tuesday, 27th October, 2015 to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 147th Annual General Meeting held on 27th October, 2014.
2. To receive, consider and adopt audited Financial Statements of the Company for the year ended 30th June, 2015 together with the Directors' and Auditors' Reports thereon.
3. To approve recommendation of the Board of Directors for the issue of Cash Dividend @ 65 % (i.e. Rs. 6/50 per share) for the year ended 30th June, 2015 as recommended by the Directors.
4. To appoint Auditors of the Company for the year ending 30th June, 2016 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
28th September, 2015


BY ORDER OF THE BOARD
M. ZAFFAR IQBAL
Company Secretary

Murree Brewery Company Limited

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

Share Transfer Books of the Company will remain closed and no transfer of shares will accepted for registration from **20th October, 2015 to 27th October, 2015 (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 Shakra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-CDCPL(23275), Facsimile: +(92-21) 021-4326053, email: info@CDCpak.com** at the close of business (5 p.m.) on **19th October, 2015** will be treated in time for the purpose of payment of cash dividend, if approved by the shareholders.

PARTICIPATION IN THE ANNUAL GENERAL 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, National Park Road, Rawalpindi-46600, 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 of Pakistan.

(A) For attending the Meeting.

- 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.

(B) 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. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- iii. The proxy shall produce his / her original CNIC or passport at the time of meeting.
- iv. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the person nominated to present any vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) alongwith the Proxy Form to the Company.

CONFIRMATION FOR FILING STATUS OF INCOME TAX RETURN FOR APPLICATION OF REVISED RATES PURSUANT TO THE PROVISIONS OF FINANCE ACT, 2015

Pursuant to the provisions of the Finance Act, 2015, reforms have been made with regards to deduction of income tax. For cash dividend, the rates of deduction of income tax, under section 150 of the Income Tax Ordinance, 2001 have been revised from 1st July, 2015 as follows:

1.	Rate of tax deduction for filer of Income tax returns	12.5%
2.	Rate of tax deduction for non-filers of income tax returns	17.50%

Murree Brewery Company Limited

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.

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 the 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: 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.

CIRCULATION OF ANNUAL AUDITED FINANCIAL STATEMENT TO SHAREHODLER THROUGH EMAIL

The directive of SECP contained in SRO 787(1)/2014 dated 8th September, 2014, whereby Securities & Exchange Commission of Pakistan (SECP) has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc (Audited Financial Statement) alongwith notice of annual general meeting (Notice) to its members through e-mail. Members are requested to provide their email addresses on registered address of the Company.

CDC account holders are requested to provide their email addresses to the relevant member stock exchange and CDC if maintaining CDC investor account

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, 2015 have been made available on the Company's website www.murreebrewery.com In additlon to annual and quarterly financial statements for the prior year.

Murree Brewery Company Limited

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2015

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, 2015.

Murree Brewery has completed 154 years of continuous operations and is the oldest company quoted on the Stock Exchanges in Pakistan. The after tax profit of the year under review to 30th June 2015 is the highest in its history. This has been achieved under difficult operating conditions due to load shedding and disturbed law and order conditions. Competition is also intense in the soft drinks market.

The company is progressing due to its policies and procedures particularly adjusted to the changing environment. 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.

In accordance with the policy to modernize plant & machinery, the company has built a new Furnace at Murree Glass Hattar, (KPK) at a cost of approximately Rs.470M (including a payment of Rs.2.8M on account of delay in shipment) which has been completed satisfactorily and production of bottles started on 19th August, 2015.

The management is constantly reviewing systems and costs, particularly of raw material and studies product demand to improve profitability.

These outstanding results have been achieved by teamwork and the leadership of Mr. Isphanyar M. Bhandara the Chief Executive of the Company.

Important developments In the year were:

Still Head Duty

The Punjab Government issued a notification # SO(E&M)/2-3/2011(P-II) dated 24th June, 2015 through 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 effect is that all our liquor products are dearer than products produced by our competitors in Sindh and Baluchistan. This notification is discriminatory and in violation of Article 151(1) of the Constitution and the Company has challenged the notification in the Lahore High Court. Increase of duty per truck dispatched to Sindh/ Baluchistan / Capital Territory is Rs.550,000/- on PMFL and Rs.80,000/- on Beer.

There was an immediate drop in our liquor sales from 1st July 2015. Currently the Company is paying the duty and licencees have increased the sale price of our products.

Super Tax

Although the Government reduced the rate of Corporate Tax by 1% which is welcomed on the other hand the Federal Government has imposed Super Tax at 3%. This has increased the tax liability of the company on its profit for the year ended 30th June, 2015 by Rs.51million.

Gas Infrastructure Development Cess (GIDC)

In September, 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Honourable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May, 2015, the Government passed the GIDC Act, 2015.

Murree Brewery Company Limited

The Company has challenged the GIDC Act, 2015 and filed Writ Petition in the High Court including retrospective treatment of the provision of the GIDC Act. The Court has granted stay under the GIDC Act, 2015. The company has not made provision of GIDC amounting to Rs.76 M in these Financial Statements as the management is confident the eventual decision will be in favour of the company.

Impositions of sudden and heavy taxation such as Still Head Duty, Super Tax and the GIDC shake investor confidence as budgets are disturbed and companies are involved in expensive and time consuming efforts to obtain relief through the courts. In the long term this has an adverse effect on inflows of capital.

GROUP FINANCIAL OVERVIEW & HIGHLIGHTS

Sales revenue	Increased by	16.1%	To	Rs. 8,378 Million
Gross Profit	****	17.5%	To	Rs. 2,142 Million
Profit before Taxation	****	16.1%	To	Rs. 1,475 Million
Profit after taxation	****	3.5%	To	Rs. 996 Million
Earnings per share	****	3.5%	To	Rs. 43.21

DIVISIONAL OPERATING RESULT

The results of our divisions were:

LIQUOR DIVISION

	<u>2015</u> <u>Rs. In million</u>	<u>%</u>	<u>2014</u> <u>Rs. In million</u>	<u>%</u>
Sales exclusive of applicable taxes	4,886		4,157	
Cost of sales	(3,377)	(69.1)	(2,855)	(68.7)
Gross profit	1,509	30.9	1,301	31.3
Operating profit	1,094	22.4	951	22.9

The turnover of the division reflects an increase of Rs. 729 million (17.6 %) and operating profit increased of Rs.143 million (15.1 %) over the previous year.

GLASS DIVISION

	<u>2015</u> <u>Rs. In million</u>	<u>%</u>	<u>2014</u> <u>Rs. In million</u>	<u>%</u>
Sales exclusive of applicable taxes	944		909	
Cost of sales	(580)	(61.4)	(637)	(70.1)
Gross profit	365	38.6	272	29.9
Operating profit	338	35.8	246	27.1
Glass Containers sales	20,140	Metric Tons	21,532	Metric Tons

Glass division earned an operating profit of Rs. 338 million against Rs. 246 million in the previous year.

Murree Brewery Company Limited

TOPS DIVISION

	<u>2015</u> <u>Rs. in million</u>	<u>%</u>	<u>2014</u> <u>Rs. in million</u>	<u>%</u>
Sales exclusive of applicable taxes	1,556		1317	
Cost of sales	(1,288)	(82.78)	(1,067)	(81.00)
Gross profit	268	17.22	250	19.00
Operating profit	42	2.70	68	5.20

Tops division Gross profit increased by Rs. 18 million. However, due to increases in raw material cost and wages and distribution cost the operating profit decreased as compared to the previous year.

AUDIT COMMITTEE

The Audit Committee performed its functions under the Code of Corporate Governance and comprises of the following non executive directors:

<u>Name of Directors</u>	<u>Total No. of meetings</u>	<u>No. of Meetings attended</u>
1. Lt. Gen @ Zarrar Azim (Chairman)	6	6
2. Ch. Mueen Afzal (Member)	6	5
3. Mrs. Goshi M. Bhandara (Member)	6	2
4. Mr. Khurram Muzaffar (Member)	6	6

The Chairman of the Audit Committee is an independent director. The Committee meets at least once every quarter for the approval of the quarterly accounts of the company by Board of Directors. This statutory committee also reviews Internal Audit Reports on the company's financial procedures and system of internal control.

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 and determination of compliance with relevant statutory requirements.

The Committee also determines appropriate measures to safeguard the company's assets and discuss auditor's major observations 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 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. In addition determination of compliance with relevant statutory requirements.

The Audit Committee also reviews related party transactions before it is placed to the Board for approval.

Murree Brewery Company Limited

HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

The Board has a Human Resource and Remuneration Committee comprising the following Directors.

<u>Name of Directors</u>	<u>Total No of meetings</u>	<u>No of meetings attended</u>
Ch. Mueen Afzal (Chairman)	2	1
Mrs. Goshi M. Bhandara (Member)	2	1
Mr. Khurram Muzaffar (Member)	2	2

The Committee recommends human resource policies to the board.

The Committee is also responsible for recommendation to the board for the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO, Company Secretary, CFO and Head of Internal Audit.

The Committee considers and approves on recommendations of CEO on such matters for key management position who report directly to CEO.

SAFETY COMMITTEE

The safety committee comprised of Management staff review and monitor the Company's safety practices. It oversees the safety planning function such as fire equipment and fire hydrants of the company and is responsible for safety training and regular drills.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your company contributed a sum of Rs.3,081.2 million (previous year Rs.2,540.8 million) to the Government exchequer on account of duty and taxes.

ENVIRONMENT, QUALITY, HEALTH & SAFETY MANAGEMENT SYSTEM

The management is strongly committed to sustainable Environmental & Quality Management which have 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 ensures that every employee or contractor works under the safest possible conditions and has no child labour.

CORPORATE SOCIAL RESPONSIBILITY

Murree Brewery Company is one of the oldest companies meeting its obligation as a social corporate citizen. The Company is giving donations to Charitable Institutions / Hospitals / Trust and also helping needy people through welfare fund

During the year the company gave the use of property previously occupied by Muslim Aid (UK) to, Association for Special Persons (DARAKHSHAN) for transforming destitute handicap women located in the peri-urban areas of Rawalpindi into financially independent. Self Reliant, Computer Literate & Contributing Members of the Society to enroll Trainees having Visual Impairment, Physical Impairment etc.

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

Murree Brewery Company Limited

SHAREHOLDING

The total number of Company's shareholders as at 30th June, 2015 was 768 against 798 on 30th June, 2014. The pattern of shareholding as at 30th June, 2015 is annexed.

EARNING PER SHARE

Earning per share for the current year is Rs 43.21 against Rs.41.77 last year.

DIVIDEND / BONUS SHARES

The Board has recommended cash dividend @ 65 %. Directors consider that issuance of Bonus Shares would cause hardship to the shareholders due to the levy of 5% tax, so have decided to defer this matter for the time being.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The directors state that,

- The financial statements for the year ended 30th June, 2015 prepared by the management of the Company fairly present its state of affairs, the result of its operation, 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 judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of all 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, 2015, except as disclosed in the financial statements.
- Four Directors of the Company are exempt from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. Last year, one director completed this program. During the year training of the sixth director was planned but, due to his commitments he was unable to attend. The management of the company is taking appropriate steps to comply with the requirement as prescribed by clause (xi) of the Code in respect of the other directors
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations except for matter disclosed in statement of compliance with the Code of Corporate Governance.
- Key operating and financial data for the last six years in summarized form are annexed.
- The value of the Provident Fund and Pension Fund investment at June 30, 2015 was Rs.85.1 million and Rs.34.3 million respectively.
- As per past practice, the Collective Bargaining Agent (CBA) has sent a demand notice to the Company for two years effective 1st July, 2015. Negotiations between management and CBA are in process.

Murree Brewery Company Limited

- During the year four meetings of the Board of Directors were held. Attendance of each director is as follows:

<u>Name of Directors</u>	<u>Total No of meetings</u>	<u>No of meetings attended</u>
Mr. Khurram Muzaffar	4	4
Mr. Isphanyar M. Bhandara	4	3
Ch. Mueen Afzal	4	3
Mr. Aamir H. Sherazi	4	1
Mrs. Goshi M. Bhandara	4	2
Lt. Gen @ Zarrar Azim	4	4
Mr. Osman Khalid Waheed	4	1

- Leave of absence was granted to the members not attending the meeting.

FUTURE OUTLOOK

The country is facing the problems, arising from load shedding, terrorism and political unrest, but expects to continue operating profitability.

ACKNOWLEDGEMENT

The outstanding performance of the Chief Executive along with his management, staff and the workers sincere efforts and loyalty have resulted in the growth of the company and the success of its operations. The valuable advice and guidance of the directors is also greatly appreciated. The company is grateful for the support of all stakeholders which include government department, distributors, contractors and shareholders.

On behalf of the Board



Khurram Muzaffar
Chairman

Rawalpindi: 28th September, 2015

MURREE BREWERY COMPANY LIMITED
SIX YEARS AT A GLANCE

RS. IN MILLIONS

S.#	PARTICULARS	2015	2014	2013	2012	2011	2010
1	PAID UP CAPITAL	230.53	230.53	209.57	190.20	173.20	144.33
2	RESERVE & SURPLUS	4,571.294	3,667.77	2,824.30	2,162.85	1,725.42	1,294.45
3	FIXED ASSETS (LESS DEPRECIATION)	3,898.90	3,708.17	3,670.40	3,649.65	3,074.90	2,997.18
4	NET SALES	6,029.29	5,163.47	4,334.85	3,628.87	3,349.79	2,578.53
5	COST OF SALES	3,887.10	3,340.43	2,871.71	2,496.04	2,216.88	1,747.74
6	GROSS PROFIT	2,142.18	1,823.07	1,463.14	1,132.83	1,132.91	830.80
7	PROFIT BEFORE TAX	1,629.97	1,403.60	1,054.06	802.81	784.69	524.58
8	CASH DIVIDEND %	65	60	60	50	50	50
9	STOCK DIVIDEND %	-	-	10	10	10	20
10	RETURN ON EQUITY %	22.90	27.78	26.58	24.70	31.15	24.10
11	BREAK-UP VALUE OF SHARE OF RS.10 EACH	208.29	169.10	144.76	123.53	109.62	99.68
12	EARNING PER SHARE (E.P.S)	43.21	41.77	31.15	25.05	30.02	18.21

**MURREE BREWERY COMPANY LIMITED
Pattern of Shareholding
As of June 30, 2015**

# Of Shareholders	Shareholdings' Slab			Total Shares Held
273	1	to	100	8,311
147	101	to	500	37,777
61	501	to	1000	44,458
138	1001	to	5000	364,750
50	5001	to	10000	357,283
21	10001	to	15000	261,392
21	15001	to	20000	360,963
9	20001	to	25000	198,480
6	25001	to	30000	159,345
7	30001	to	35000	227,971
3	35001	to	40000	108,484
1	40001	to	45000	40,508
2	45001	to	50000	95,102
1	50001	to	55000	50,394
1	60001	to	65000	60,500
2	65001	to	70000	138,210
2	70001	to	75000	147,999
1	85001	to	90000	86,180
1	90001	to	95000	91,184
1	120001	to	125000	122,404
1	130001	to	135000	130,406
1	175001	to	180000	175,800
3	215001	to	220000	659,129
1	235001	to	240000	235,240
1	240001	to	245000	243,080
2	265001	to	270000	532,009
1	275001	to	280000	280,000
1	350001	to	355000	350,194
1	495001	to	500000	500,000
1	530001	to	535000	531,659
1	565001	to	570000	565,430
1	685001	to	690000	687,064
1	870001	to	875000	870,103
1	2660001	to	2665000	2,660,586
1	3050001	to	3055000	3,053,890
1	3355001	to	3360000	3,359,009
1	5255001	to	5260000	5,257,731
768				23,053,025

Murree Brewery Company Limited

CATEGORIES OF SHAREHOLDERS

Directors and their spouses) and minor children

<u>S. No.</u>	<u>FOLIO #</u>	<u>NAME OF SHAREHOLDER</u>	<u>NUMBER OF SHAREHOLDERS</u>	<u>NUMBER OF SHARES</u>	<u>HOLDING %</u>
1	90022	MR. ISPHANYAR M. BHANDARA (PHY & CDC)	2	3,273,890	14.20
2	03459-2042	MR. KHURRAM MUZAFFAR	1	3,909	0.02
3	03525-11880	CH. MUJEEB AFZAL	1	3,210	0.01
4	03277-2966	MR. AAMIR H. SHIRAZI	1	2,570	0.01
5	120025	LT. GEN. (R) ZARAR AZEEM	1	1,756	0.01
6	70021	MRS. GOSHI MINOO BHANDARA	1	2,660,586	11.54
7	261002	OSMAN KHALID WAHEED	1	1,756	0.01
8	261023	JASMIN BHANDARA	1	266,201	1.15
9	140030	MRS. NASEEM MUZAFFAR	1	11,674	0.05

Associated companies, undertakings and related parties

1	40029	M/S. D.P. EDULJI & CO. (PVT) LTD.,	2	3,368,592	14.61
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Executive

1	261064	MAJ * SABIH UR REHMAN	1	10	0.00
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Public sector companies and corporations

1	90013	M/S. INVESTMENT CORPORATION OF PAK	1	359	0.00
2	00083-36	IDBL (ICP UNIT)	1	457	0.00

Banks, development fin institutions, non-banking fin companies,

Insurance companies, takaful, modarabas and pension funds

1	20041	M/S. BUSINESS INVESTMENTS LTD.	1	68	0.00
2	20042	M/S. BANK OF BAHAWALPUR LTD.,	1	4,835	0.02
3	130068	M/S. MCB BANK LIMITED	1	9,451	0.04
4	04127-28	MCB BANK LIMITED – TREASURY	1	3,650	0.02
5	06239-23	FIRST DAWOOD INVESTMENT BANK LIMITED	1	2,941	0.01
6	03277-2184	EFU GENERAL INSURANCE LIMITED	1	531,659	2.31
7	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	1	265,808	1.15
8	10660-25	CDC TRUSTEE JS PENSION SAVINGS FUND-EQUITY ACCOUNT	1	8,500	0.04

Mutual Funds

1	05520-28	GOLDEN ARROW SELECTED STOCKS FUND LTD	1	3,300	0.01
2	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	2,317	0.01
3	06619-26	CDC - TRUSTEE AKD OPPORTUNITY FUND	1	4,840	0.02

General Public Foreign

	A.	LOCAL	679	4,327,115	18.77
	B.	FOREIGN	30	1,090,891	4.73
		FOREIGN COMPANIES	12	7,149,725	31.01
		OTHERS	21	52,955	0.23
		TOTAL	768	23,053,025	100.00

Murree Brewery Company Limited

Associated companies, undertakings and related parties

S. NO.	FOLIO NO.	NAME OF SHAREHOLDER	SHARES HELD	HOLDING %
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.,	9,583	0.04
TOTAL			3,368,592	14.61

Executive

S. NO.	FOLIO NO.	NAME OF SHAREHOLDER	SHARES HELD	HOLDING %
1	261064	MAJ. [®] SABIH UR REHMAN	10	0.00
TOTAL			10	0.00

Public sector companies and corporations

S. NO.	FOLIO NO.	NAME OF SHAREHOLDER	SHARES HELD	HOLDING %
1	90013	M/S. INVESTMENT CORPORATION OF PAKISTAN	359	0.00
2	00083-36	IDBL (ICP UNIT)	457	0.00
TOTAL			816	0.00

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

S. NO.	FOLIO NO.	NAME OF SHAREHOLDER	SHARES HELD	HOLDING %
1	20041	M/S. BUSINESS INVESTMENTS LTD.	68	0.00
2	20042	M/S. BANK OF BAHAWALPUR LTD.,	4,835	0.02
3	130068	M/S. MCB BANK LIMITED	9,451	0.04
4	04127-28	MCB BANK LIMITED - TREASURY	3,650	0.02
5	06239-23	FIRST DAWOOD INVESTMENT BANK LIMITED	2,941	0.01
6	03277-2184	EFU GENERAL INSURANCE LIMITED	531,659	2.31
7	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	265,808	1.15
8	10660-25	CDC - TRUSTEE JS PENSION SAVINGS FUND -EQUITY ACCOUNT	8,500	0.04
TOTAL			826,912	3.59

Murree Brewery Company Limited

Foreign Companies

S. NO.	FOLIO NO.	NAME OF SHAREHOLDER	SHARES HELD	HOLDING %
1	00521-3571	COMMONWEALTH OF PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES RTM SYT	8,833	0.04
2	00521-5428	WASATCH FRONTIER EMERGING SMALL COUNTRIES FUND	219,129	0.95
3	00521-5527	GRO BANYAN PARTNERS LP	33,620	0.15
4	00521-5642	AFC UMBRELLA FUND	34,480	0.15
5	00521-6657	CAVENHAM GLOBAL EQUITIES	175,800	0.76
6	00695-10791	SCB NOMINEES (CI) LIMITED	870,103	3.77
7	03533-698	Habib Bank AG Zurich, Zurich, Switzerland	5,000	0.02
8	80077	M/S. HONGKONG BANK INTER (TRUSTEE) LTD.	1,509	0.01
9	00547-9253	THS KINGSWAY FUND-FRONTIER CONSUMER	5,257,731	22.81
10	00547-9527	WASATCH FRONTIER EMERGING SMALL COUNTRIES CIT FUND	35,520	0.15
11	00547-10301	THS KINGSWAY FUND-FRONTIER CONSUMER EXTOBA	500,000	2.17
12	00547-10392	STICHTING BERMONT LIMITED	8,000	0.03
TOTAL			7,149,725	31.01

Murree Brewery Company Limited

Others

<u>S. NO.</u>	<u>FOLIO NO.</u>	<u>NAME OF SHAREHOLDER</u>	<u>SHARES HELD</u>	<u>HOLDING %</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,	7,892	0.03
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	03277-6164	TRUSTEES KANDAWALLA TRUST	16,899	0.07
9	03277-13154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	4,649	0.02
10	03277-86204	INSTITUTE OF BUSINESS & TECHNOLOGY	8,940	0.04
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	03525-82219	UHF CONSULTING (PRIVATE) LIMITED	147	0.00
16	03939-12232	AMCAP SECURITIES PVT LIMITED	300	0.00
17	05116-28	TIME SECURITIES (PVT.) LTD.	209	0.00
18	08847-1447	Crescent Standard Business Management (Pvt) Limited	1	0.00
19	10181-24	HORIZON SECURITIES LIMITED	35	0.00
20	14241-22	FIKREE'S (SMC-PVT) LTD.	1,429	0.01
21	14589-21	STANDARD CAPITAL SECURITIES (PVT) LIMITED - MF	1,400	0.01
TOTAL			52,955	0.22

Share holders holding 5% or more

<u>S. NO.</u>	<u>FOLIO NO.</u>	<u>NAME OF SHAREHOLDER</u>	<u>SHARES HELD</u>	<u>HOLDING %</u>
<u>1</u>	00547-9253	THS KINGSWAY FUND-FRONTIER CONSUMER	5,757,731	24.98
<u>2</u>	40029	M/S. D.P. EDULJI & CO. (PVT) LTD.,	3,368,592	14.61
<u>3</u>	90022	MR. ISPHANYAR M. BHANDARA	3,273,890	14.20
<u>4</u>	70021	MRS. GOSHI MINOO BHANDARA	2,660,586	11.54

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

Maj * Sabih Ur Rehman Executive officer of the company purchased 10 shares during the year.

* Also shown under associated company

Murree Brewery Company Limited

Mutual Funds

<u>S. NO.</u>	<u>FOLIO NO.</u>	<u>NAME OF SHAREHOLDER</u>	<u>SHARES HELD</u>	<u>HOLDING %</u>
1	05520-28	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	3,300	0.01
2	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	2,317	0.01
3	06619-26	CDC - TRUSTEE AKD OPPORTUNITY FUND	4,840	0.02
TOTAL			10,457	0.05

General Public Foreign

<u>S. NO.</u>	<u>FOLIO NO.</u>	<u>NAME OF SHAREHOLDER</u>	<u>SHARES HELD</u>	<u>HOLDING %</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	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	00521-5568	GIRISH BHAKOO	16,500	0.07
TOTAL			1,090,891	4.72

CODE OF CONDUCT

Table Of contents

Foreword

General Principles

Ethics, Transparency, Fairness, Professionalism

Company Information

Conflict of Interest

Confidentiality

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

Workplace Harassment

Equal Opportunity Environment

Protection of Company Assets and Proprietary Information

Murree Brewery Company Limited

Foreword

Murree Brewery Company Ltd 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 four 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 2015 to comply with the requirements of Listing Regulation No 35 of the Karachi Stock Exchange Limited, Listing Regulation No. 35 of Lahore Stock Exchange Limited and Chapter XI of the Listing Regulations of Islamabad 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 if it does not and 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.

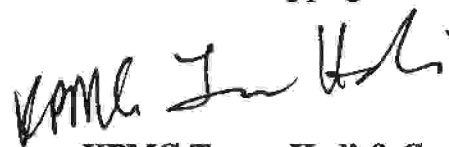
The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail 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 2015.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the note references where these are stated in the Statement of Compliance:

- i. As disclosed in point 9, none of the Directors obtained certification under directors' training program during the year as required under clause XI of the Code.

28 September 2015
Islamabad


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

Murree Brewery Company Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE.

Name of Company Murree Brewery Co. Ltd.

Year Ended 30th June, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulations No. 35 of Karachi, Lahore and Islamabad Stock Exchanges 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 representing minority interest on its Board of Directors. During the year ended 30th June, 2015 the Board had 2 independent and 4 non-executive directors out of a total strength of seven.

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
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 non are a member of a stock exchange in Pakistan.
4. No casual vacancy occurred on the Board of Directors during the year ended June 30, 2015.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company alongwith 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 CEO, and other executives directors, have been taken by the Board / Shareholders.
8. The meetings of the Board were presided over by the Chairman or 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 meeting, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. Four Directors of the Company are exempt from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. Last year, one director completed this program. During the year training of the sixth director was planned but, due to his commitments he was unable to attend. The management of the company is taking appropriate steps to comply with the requirement as prescribed by clause (xi) of the Code in respect of the other directors.
10. The Company has a Company Secretary, Chief Financial Officer (CFO), and Head of Internal Audit. The Board has approved their appointments including their remuneration and terms & conditions of employment.
11. The Director's 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 of 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.

Murree Brewery Company Limited

17. The Board has formed a Human Resource and Remuneration Committee. Its comprises three members, of whom all are non executive directors.
18. The Board has outsourced the internal audit function to M/s Ford Rhodes Sidat Hyder & Co. who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full time basis.
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 stock exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through all the stock exchanges.
23. Related party transactions have been placed before the Audit Committee and approved by the Board of Directors to comply with the requirements of listing regulation number 37 of the Karachi Stock Exchange (Guarantee) Limited.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Rawalpindi
28th September, 2015



Isphanyar M. Bhandara
Chief Executive

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 2015 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 2015 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.

28 September 2015

Islamabad



KPMGTaseerHadi&Co.
Chartered Accountants
Riaz Pesnani

Murree Brewery Company Limited

Balance Sheet
As at 30 June 2015

	2015 (Rs. '000)	2014 (Rs. '000)	2015 (Rs. '000)	2014 (Rs. '000)
Note	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
SHARE CAPITAL AND RESERVES				
Share capital	230,530	230,530		
Reserves:				
Capital reserve	30,681	30,681		
Contingency reserve	20,000	20,000		
General reserve	327,042	327,042		
Unappropriated profit	4,193,571	3,290,048		
	<u>4,571,294</u>	<u>3,667,771</u>		
	4,801,824	3,898,301		
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax				
	2,605,931	2,651,945		
NON - CURRENT LIABILITIES				
Liabilities against assets subject to finance lease	-	1,360		
Deferred liabilities - staff retirement benefits	113,042	71,500		
Deferred taxation	106,073	148,693		
	<u>219,115</u>	<u>221,553</u>		
CURRENT LIABILITIES				
Current portion of liabilities against assets subject to finance lease	1,360	2,791		
Trade and other payables	830,068	781,000		
Provision for taxation - net	21,160	59,409		
	<u>852,588</u>	<u>843,200</u>		
	8,479,458	7,614,999		
CONTINGENCIES AND COMMITMENTS				
			8,479,458	7,614,999
NON - CURRENT ASSETS				
Property, plant and equipment		3,898,900	3,708,169	
Investment property		272,274	262,734	
Long term advances - considered good		7,516	4,456	
Long term deposits		20,473	19,458	
		<u>4,199,163</u>	<u>3,994,797</u>	
CURRENT ASSETS				
Stores, spare parts and loose tools		87,212	74,081	
Stock in trade		994,816	891,006	
Trade debts - unsecured		24,383	12,148	
Advances and other receivables - considered good		37,943	60,520	
Short term prepayments		62,179	7,296	
Short term investments		43,873	34,051	
Advance tax		16,270	16,270	
Cash and bank balances		3,013,619	2,524,830	
		<u>4,280,295</u>	<u>3,620,202</u>	

Kingston
DIRECTOR

Abbas
CHIEF EXECUTIVE

The annexed notes 1 to 41 form an integral part of these financial statements.

Murree Brewery Company Limited

Profit And Loss Account

For the year ended 30 June 2015

	Liquor Division		Glass Division		Tops Division		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
TURNOVER								
Third party sales - net	6,445,148	5,561,111	-	29,108	1,933,249	1,629,179	8,378,397	7,219,398
Inter divisional sales	377,714	304,722	944,242	883,701	35,358	31,222	-	-
	6,822,862	5,865,833	944,242	912,809	1,968,607	1,660,401	8,378,397	7,219,398
Duties and taxes	(1,936,320)	(1,708,693)	-	(4,229)	(412,785)	(342,980)	(2,349,105)	(2,055,902)
	4,886,542	4,157,140	944,242	908,580	1,555,822	1,317,421	6,029,292	5,163,496
COST OF SALES								
Third parties	(2,439,747)	(1,984,830)	(579,604)	(636,953)	(867,758)	(718,647)	(3,887,109)	(3,340,430)
Inter divisional	(937,360)	(871,117)	-	-	(419,954)	(348,528)	-	-
	(3,377,107)	(2,855,947)	(579,604)	(636,953)	(1,287,712)	(1,067,175)	(3,887,109)	(3,340,430)
GROSS PROFIT	1,509,435	1,301,193	364,638	271,627	268,110	250,246	2,142,183	1,823,066
Distribution cost	(244,528)	(214,289)	(3,270)	(3,478)	(176,644)	(140,204)	(424,442)	(357,971)
Administrative expenses	(168,451)	(134,175)	(22,990)	(21,494)	(48,950)	(41,136)	(240,390)	(196,805)
Finance cost	(1,680)	(1,493)	(41)	(57)	(246)	(348)	(1,967)	(1,898)
	(1,094,776)	(951,236)	(26,300)	(25,029)	(225,840)	(181,688)	(666,799)	(556,674)
Other expenses			338,338	246,598	42,270	68,558	1,475,384	1,266,392
Other income							(109,412)	(97,732)
Net profit before taxation	1,094,776	951,236	338,338	246,598	42,270	68,558	1,629,969	1,403,603
Provision for taxation							(633,885)	(440,780)
Net profit after taxation							996,084	962,823
Earnings per share - basic and diluted (Rupees)							43.21	41.77

The annexed notes 1 to 41 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 2015

	Note	2015 (Rs.'000)	2014 (Rs.'000)
Net profit after taxation		996,084	962,823
<i>Items that will never be reclassified to profit or loss</i>			
Remeasurement on defined benefit obligation - gratuity	8.1	(31,384)	(693)
Remeasurement on defined benefit obligation - pension	19.1.1	19,431	(20,196)
		(11,953)	(20,889)
Related tax effect		3,586	7,311
Total other comprehensive income for the year		(8,367)	(13,578)
Total comprehensive income for the year		987,717	949,245

The annexed notes 1 to 41 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

Murree Brewery Company Limited

Cash Flow Statement

For the year ended 30 June 2015

	Note	2015 (Rs.'000)	2014 (Rs.'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		1,629,969	1,403,603
Adjustments for non cash items:			
Depreciation	13	159,487	153,396
Provision for staff retirement benefits		20,438	16,863
Return on deposits	28	(189,554)	(128,146)
Dividend income	28	(3)	(5)
Asset written off	23	14,040	-
Finance cost	26	(1,967)	1,898
Unrealized gain on re-measurement of short term investments	28	(1,822)	(2,431)
Gain on remeasurment of investment property to fair value	28	(9,540)	(50,297)
Gain on disposal of property, plant and equipment	28	(1,513)	(690)
		<u>(10,434)</u>	<u>(9,412)</u>
Operating profit before working capital changes		1,619,535	1,394,191
(Increase) / decrease in stores, spare parts and loose tools		(13,131)	6,719
Increase in stock in trade		(103,810)	(27,331)
(Increase) / decrease in trade debts - unsecured		(12,235)	22,711
Decrease / (increase) in advances and other receivables- considered good		25,487	(20,142)
(Increase) / decrease in short term prepayments		(54,883)	8,056
Increase in trade and other payables		76,246	149,474
		<u>(82,326)</u>	<u>139,487</u>
Cash generated from operations		1,537,209	1,533,678
Change in long term advances		(3,080)	1,083
Change in long term deposits		(1,015)	(1,105)
Finance cost paid		1,967	(1,898)
Staff retirement benefits paid		(11,584)	(7,840)
Income taxes paid	11	(732,071)	(484,914)
Net cash generated from operating activities		791,426	1,039,004
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(372,627)	(193,317)
Proceeds on disposal of property, plant and equipment		9,883	7,157
Short term investments		(8,000)	-
Return on deposits received		187,890	128,084
Dividends received	28	3	5
Net cash used in investing activities		(182,851)	(58,071)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		(2,791)	(4,825)
Dividend paid		(116,995)	(105,805)
Net cash used in financing activities		(119,786)	(110,630)
Net increase in cash and cash equivalents		488,789	870,303
Cash and cash equivalents at beginning of the year		2,524,830	1,654,527
Cash and cash equivalents at end of the year		3,013,619	2,524,830

The annexed notes 1 to 41 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

Murree Brewery Company Limited
Statement of Changes in Equity
For the year ended 30 June 2015

	Share capital (Rs.'000)	Capital reserve (Rs.'000)	General reserve (Rs.'000)	Contingency reserve (Rs.'000)	Unappropriated profit (Rs.'000)	Total equity (Rs.'000)
Balance at 01 July 2013	209,572	30,681	327,042	20,000	2,446,579	3,033,874
Total comprehensive income for the year	-	-	-	-	949,245	949,245
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	40,438	40,438
Transferred from surplus on revaluation of property, plant and equipment on disposal - net of deferred tax	-	-	-	-	488	488
	-	-	-	-	990,171	990,171
Transactions with owners, recorded directly in equity						
Final dividend for the year ended 30 June 2013 (Rs. 6.0 per share)	-	-	-	-	(125,744)	(125,744)
Bonus shares issued for the year ended 30 June 2013 @ 10%	20,958	-	-	-	(20,958)	-
	20,958	-	-	-	(146,702)	(125,744)
Balance as at 30 June 2014	230,530	30,681	327,042	20,000	3,290,048	3,898,301
Balance at 01 July 2014	230,530	30,681	327,042	20,000	3,290,048	3,898,301
Total comprehensive income for the year	-	-	-	-	987,717	987,717
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	44,999	44,999
Transferred from surplus on revaluation of property, plant and equipment on writt off /disposal - net of deferred tax	-	-	-	-	9,126	9,126
	-	-	-	-	1,041,842	1,041,842
Transactions with owners, recorded directly in equity						
Final dividend for the year ended 30 June 2014 (Rs. 6.0 per share)	-	-	-	-	(138,318)	(138,318)
Balance as at 30 June 2015	230,530	30,681	327,042	20,000	4,193,571	4,801,824

The annexed notes 1 to 41 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 2015

1 THE COMPANY AND ITS OPERATIONS

Murree Brewery Company Limited ("the Company") was incorporated under the repealed Indian Companies Act (now the Companies Ordinance, 1984) in February 1861 as a public limited company. The shares of the Company are listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at National Park Road in Rawalpindi. The Company is principally engaged in the manufacturing of Pakistan Made Foreign Liquor (PMFL), Alcoholic Beer, Non-Alcoholic Beer (NAB), Non-Alcoholic Products (NAP) which includes 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 Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except the following material items in the balance sheet:

- certain classes of property, plant and equipment are measured at revalued amounts;
- investment property is measured at fair values;
- investment held for trading is 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 Pakistan Rupee, which is the Company's functional and presentation currency. All amounts have been rounded off to nearest thousand.

2.4 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in subsequent years are discussed in the ensuing paragraphs:

(a) Income taxes

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

(b) Staff retirement benefits

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years.

(c) Property, plant and equipment and fair value of investment property

The Company reviews the useful life and residual values of property, plant and equipment on 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 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 affect 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.

(d) Stores, spare parts and loose tools and stock in trade including stocks under maturation

The Company reviews the value of inventory 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 affect on the provision.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

(e) Provision against trade debts and other receivables

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

(f) 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 affect on profit and loss account.

(g) Impairment of financial assets

In making an estimate of future cash flows of the Company's financial assets including investments in subsidiaries, associates and joint ventures, the management considers estimated cash flows and their terminal value for impairment testing.

(h) 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.

(i) Provision and contingencies

A provision is recognised 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.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Taxation

Income tax on profit or loss for the year comprises current and deferred taxation. Current and deferred tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity in which case it is recognized in equity or in other comprehensive income.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

(a) Current

Taxation charged in the financial statements is based on taxable income at the current rates of taxation after taking into account tax rebates and tax credits available, if any and any adjustment to tax payable in respect of previous years.

(b) Deferred

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

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 substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. 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.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.2 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by the employees of the Company. The accounting policy for pension, provident fund, gratuity and compensated absences is described below:

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

(a) Defined contribution plan (Retirement benefit)

The Company operates a Provident Fund Trust for which the Company and the employees contribute equally @ 8.33 % of the basic salaries of employees. The Company's contribution is charged to profit and loss account.

(b) Defined benefit plans (Retirement benefit)

The Company operates pension and gratuity plans for its eligible staff. The Pension Plan is funded while the Gratuity Plan is unfunded. 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. The liabilities under the plans are determined on the basis of actuarial valuations carried out by independent actuary using the Projected Unit Credit Method. Latest valuations of pension and gratuity were conducted as of 30 June 2015. Significant actuarial assumptions used for gratuity plan and pension plan are mentioned in notes 8.4 and 19.1.9 respectively.

(c) Compensated absences

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

3.3 Property, plant and equipment

(a) Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for:

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

Depreciation is charged to the profit and loss account using straight line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives at the rates specified in note 13. The Company charges depreciation on items to property, plant and equipment and assets subject to finance lease from the date asset is available for use till the date of its disposal.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred. Gains and losses on disposals of property, plant and equipment are taken to profit and loss account.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

Capital work in progress is stated at cost less impairment losses, if any and are transferred to the respective item of property, plant and equipment when available for intended use.

(b) Leased

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Outstanding obligations under the lease less finance charges allocated to the future periods are shown as liability. Value of leased assets is depreciated over the useful life of the asset using the straight line method at the rates given in note 13 to these financial statements.

3.4 Investment property

Investment property is a property held for 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 on initial recognition and subsequently at fair value with change therein recognized in profit and loss account. Cost includes expenditure that is directly attributable to the acquisition of investment property.

3.5 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowing to that extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to profit and loss account.

3.6 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at invoice price and related expenses incurred up to the balance sheet date. Net realizable value represents the estimated selling price in the ordinary course of business less selling expense.

3.7 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.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

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.

3.8 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 recognized when 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.
- Return on deposits is accounted for on a time proportion basis using the effective rate of interest;
- Capital gains or losses on sale of investments are taken to the profit and loss account in the period in which they arise;
- Dividend income is recognized when the Company's right to receive the dividend is established; and
- Rental income is recognized as revenue on a straight-line basis over the term of the agreement. Rental income is recognized as other income.

3.9 Provisions

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 recognized as finance cost.

3.10 Unearned income

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

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

3.11 Foreign currency transactions

Transactions in foreign currencies are translated to the Pak Rupee at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognized in profit and loss account.

3.12 Dividend appropriation

Dividends and other reserve movements are recognized in the financial statements in the period in which they are declared or appropriated.

3.13 Impairment

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, the assets' recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

(a) Financial assets

Financial asset not classified as at fair value through profit or losses assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortized cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2014

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether 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 in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

(b) Non financial assets

The carrying amounts of the Company's non-financial assets other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. 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 CGUs.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account. Reversal of impairment loss is restricted to the original cost of asset.

3.14 Financial instruments

(a) Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

Investments at fair value through profit or loss - Held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The Company recognizes the regular way purchase or sale of investments using settlement date accounting.

Loans and receivables

Loans and receivables comprise investments classified as loans and receivables, deposits, advances, cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivable are stated initially at the fair value, subsequent to initial recognition these are stated at their fair value as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a customer's ability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

(b) Non-derivative financial liabilities

The Company initially recognizes non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non derivative financial liabilities comprise markup bearing borrowings including obligations under finance lease, and trade and other payables.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

3.15 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.16 Finance income and finance cost

Finance income comprises interest income on funds invested, dividend income, gain on sale of investments and changes in the fair value of investment held for trading. Interest income is recognized in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established which is in the case of quoted securities is ex-dividend date.

Finance costs comprise interest expense on finance lease and bank charges. Mark up, interest and other charges on borrowings are charged to income in the period in which they are incurred. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.17 Segment reporting

The Company has three reportable segments which are the Company's strategic business units. Related disclosures are given in note 33 to the financial statements. Common expenses of the Company are allocated in reportable segments in the ratio of turnover of the respective segments.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO 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 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's financial statements.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on the Company's financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on the Company's financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on the Company's financial statements.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The Company is in process of determining the impact of this adoption.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on the Company's financial statements.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

- **Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41]** (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on the Company's financial statements
- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)** [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on the Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). These amendments are not likely to have an impact on Company's financial statements. The new cycle of improvements contain amendments to the following standards:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.** IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- **IFRS 7 'Financial Instruments- Disclosures'.** IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- **IAS 19 'Employee Benefits'.** IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- **IAS 34 'Interim Financial Reporting'.** IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

5	SHARE CAPITAL		2015	2014
			(Rs.'000)	(Rs.'000)
5.1	Authorized share capital	5.1.1	300,000	300,000
5.1.1	This represents 30,000,000 ordinary shares of Rs. 10 each (2014: 30,000,000 ordinary shares of Rs. 10 each).			
5.2	Issued, subscribed and paid up capital			
	2015	2014	2015	2014
	Numbers	Numbers	(Rs.'000)	(Rs.'000)
	264,000	264,000	2,640	2,640
		Ordinary shares of Rs. 10 each fully paid in cash		
	22,789,025	22,789,025	227,890	227,890
		Ordinary shares of Rs. 10 each issued fully paid as bonus shares		
	23,053,025	23,053,025	230,530	230,530
5.3	M/s D.P. Edulji & Company (Private) Limited and M/s THS Kingsway Fund ("associated undertakings") hold 3,368,592 (2014: 3,368,592) and 5,757,731 (2014: 2,911,300) ordinary shares respectively of Rs.10 each at the balance sheet date. Further, directors hold 5,947,677 (2014: 5,947,677) ordinary shares of Rs.10 each at the balance sheet date.			
6	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
			2015	2014
			(Rs.'000)	(Rs.'000)
	Opening balance as on 01 July		2,722,898	2,785,862
	Reversal on written off/ disposal of property, plant and equipment		(14,040)	(751)
			2,708,858	2,785,111
	Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year:			
	- Net of deferred tax		(44,999)	(40,438)
	- Related deferred tax liability		(24,230)	(21,775)
			(69,229)	(62,213)
	Surplus on revaluation of property, plant and equipment as at 30 June		2,639,629	2,722,898
	Related deferred tax liability:			
	On revaluation surplus as on 01 July		(70,954)	(92,992)
	On property, plant and equipment disposed off during the year		4,914	263
	Effect of tax rate change		8,112	-
	On incremental depreciation charged during the year		24,230	21,775
			(33,698)	(70,954)
			2,605,931	2,651,945

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	<u>Minimum lease payments</u>	<u>Finance charge for future periods</u>	<u>Principal outstanding</u>
	<u>2015 (Rs.'000)</u>	<u>2015 (Rs.'000)</u>	<u>2015 (Rs.'000)</u>
Not later than one year	1,455	95	1,360
Later than one year but not later than five years	-	-	-
	<u>1,455</u>	<u>95</u>	<u>1,360</u>
	<u>2014 (Rs.'000)</u>	<u>2014 (Rs.'000)</u>	<u>2014 (Rs.'000)</u>
Not later than one year	3,127	336	2,791
Later than one year but not later than five years	1,455	95	1,360
	<u>4,582</u>	<u>431</u>	<u>4,151</u>

7.1 The Company has leased vehicles from leasing companies. The lease term for these arrangements is 3 years and carry markup ranging from 11.81% to 12.72% (2014: 11.81% to 21%) per annum. The rentals are payable in thirty six monthly installments up to 11 June 2016 (2014: 11 June 2016). At the end of the lease term, the Company has the option to acquire the assets on payment of all installments and adjustment of lease key money.

8 DEFERRED LIABILITIES - STAFF RETIREMENT BENEFITS

	Note	<u>2015 (Rs.'000)</u>	<u>2014 (Rs.'000)</u>
Present value of defined benefit obligation - gratuity	8.1	<u>113,042</u>	<u>71,500</u>

8.1 Movement in net liability recognized

Opening net liability		71,500	58,985
Expense for the year	8.2	18,480	14,748
Experience adjustment recognized in other comprehensive income		31,384	693
Benefit paid during the year		<u>(8,322)</u>	<u>(2,926)</u>
Closing net liability		<u>113,042</u>	<u>71,500</u>

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rs.'000)	2014 (Rs.'000)
8.2	Expense recognized in profit and loss account is as follows:		
Current service cost		6,606	6,212
Interest cost		11,874	8,536
	8.3	18,480	14,748

8.3 Expense is recognized in the following line items in profit and loss account:

Cost of sales	12,936	10,324
Administrative expenses	5,544	4,424
	18,480	14,748

8.4 Key actuarial assumptions

Discount rate	9.75%	12.50%
Increase in salary	9.75%	12.50%
Mortality rate	SLIC 2001-2005	SLIC 2001-2005

8.5 For a change of 100 basis points, present value of defined benefit obligation as at 30 June 2015 would have been as follows:

	2015 (Rs.'000)	2015 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)
	Increase	Decrease	Increase	Decrease
Discount rate	(103,973)	123,474	(65,731)	78,095
Salary increase rate	123,373	(103,895)	78,033	(65,683)

8.6 Comparison of present values of defined benefit obligation for five years is as follows:

	2015 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)	2012 (Rs.'000)	2011 (Rs.'000)
Present value of defined benefit obligation	113,042	71,500	58,985	36,307	29,619
Experience adjustments on obligation	31,384	693	(1,735)	3,961	-

8.7 The Company's expected charge for defined benefit gratuity plan for the next year is Rs. 17.88 million.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

8.8 Risk associated with defined benefit plan

Longevity Risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

8.9 Expected distribution and timing of benefits payments

Following are the expected distribution and timing of benefit payments at year end;

	2015	2014
	(Rs. '000)	(Rs. '000)
Year 1	3,014	736
Year 2	4,606	6,141
Year 3	5,407	3,964
Year 4	16,368	3,370
Year 5	9,661	8,566
	2015	2014
Weighted average duration of defined benefit obligation (years)	9.13	8.87

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rs.'000)	2014 (Rs.'000)
9 DEFERRED TAXATION			
Taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		33,698	70,954
Accelerated depreciation		117,908	122,259
		151,606	193,213
Deductible temporary differences:			
Provision for employee benefits, finance leases and others		(45,533)	(44,520)
		106,073	148,693
9.1	Charge for the year has been allocated as follows:		
	Profit and loss account	(30,922)	(25,492)
	Other comprehensive income	(3,586)	(7,311)
		(34,508)	(32,803)
10 TRADE AND OTHER PAYABLES			
Creditors	10.1	195,452	190,129
Accrued liabilities		56,175	62,129
Advances from customers		89,381	75,415
Unclaimed and unpaid dividend	10.4	61,711	40,388
Workers' (Profit) Participation Fund (WPPF)	10.2	111,706	90,474
With-holding tax payable		1,461	517
Sales tax payable - net		121,260	128,214
Federal Excise Duty payable		18,121	10,634
Export duty payable on PMFL and beer		110,821	110,821
Workers' Welfare Fund (WWF)	10.3	33,265	29,015
Payable to pension fund		-	19,489
Zila tax payable		6,871	6,871
Unearned income		4,147	1,135
Other liabilities		19,697	15,769
		830,068	781,000

- 10.1** This includes Rs. 5.86 million (2014: Rs. 43.65 million) payable to an associated undertaking on account of services received for the sale of the Company's products. This balance is unsecured, interest free and payable on demand.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rs.'000)	2014 (Rs.'000)
10.2 Workers' (Profit) Participation Fund (WPPF)			
Opening balance		90,474	65,800
Charge for the year	27	74,162	66,292
Less: Payments during the year		(52,930)	(41,618)
		<u>111,706</u>	<u>90,474</u>
10.3 Workers' Welfare Fund (WWF)			
Balance at the beginning of the year		29,015	23,487
Charge for the year	27	33,265	29,015
Advance income tax adjusted against workers' welfare fund	11	(29,015)	(23,487)
		<u>33,265</u>	<u>29,015</u>
10.4	<p>This includes unpaid dividend of a Director of the Company of Rs. 14.850 million (2014 : Rs. 7.175 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 Mr. Isphanyar M Bhandara and Mr. Jamsheed M Bhandara share holdings. These shares were of Mr. M P Bhandara (late Chief Executive Officer) of which the inheritance has not yet been divided by Mrs. Goshi M Bhandara.</p> <p>This also includes unclaimed dividend of Rs. 6.11 million (2014: Rs. 5.88 million) of Mrs. Goshi M Bhandara, Director of the Company and Ms. Munizah Sidva. These dividend warrant remained un presented at the year end.</p>		
11 PROVISION FOR TAXATION - net		2015 (Rs.'000)	2014 (Rs.'000)
Tax payable at beginning of the year		59,409	54,564
Provision for taxation - current	29	623,689	466,272
Provision for taxation - prior year		41,118	-
Income tax paid during the year		(732,071)	(484,914)
Income tax adjusted against workers' welfare fund	10.3	29,015	23,487
Tax payable at end of the year		<u>21,160</u>	<u>59,409</u>

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

12 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

12.1 The Company is contingently liable in respect of guarantees amounting to Rs. 58.3 million (2014: Rs. 49.47 million) issued by banks on behalf of the Company in normal course of business.

12.2 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. 76 million in financial statements as the management is confident of the eventual decision be in favour of the Company.

12.3 For contingencies related to tax matters - Refer note 29.2 and 29.3

(b) Commitments:

12.4 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 92.6 million (2014: Rs. 216.6 million).

12.5 The Company's contracted capital commitments outstanding at the year end amounting to Rs. 7.6 million (2014: Rs. 92.5 million).

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

13 PROPERTY, PLANT AND EQUIPMENT

	Owned						Leased Motor vehicles	Grand Total
	Freehold land (Rs.'000)	Leasehold land (Rs.'000)	Buildings on freehold land (Rs.'000)	Plant, machinery and equipment (Rs.'000)	Furniture, fixtures and equipment (Rs.'000)	Motor vehicles (Rs.'000)		
Original cost / reassessed value								
As at 1 July 2013	2,499,151	30,500	129,811	908,553	17,830	89,619	205,479	3,880,943
Additions	-	-	2,496	33,992	1,636	3,688	149,305	193,317
Transfers / adjustment	-	-	15,753	36,387	-	6,117	(52,140)	6,117
Disposals	-	-	-	(5,837)	(34)	(5,721)	-	(11,592)
As at 30 June 2014	2,499,151	30,500	148,060	975,095	19,432	93,703	302,844	4,068,785
As at 1 July 2014	2,499,151	30,500	148,060	975,095	19,432	93,703	302,844	4,068,785
Additions	40,036	-	12,702	97,607	1,075	26,209	194,998	372,627
Transfers / adjustment	-	-	-	1,710	-	6,597	(5,175)	3,132
Disposals	-	-	-	(140)	-	(16,587)	-	(16,727)
Written off	-	-	-	(95,908)	-	-	-	(95,908)
As at 30 June 2015	2,539,187	30,500	160,762	978,364	20,507	109,922	492,667	4,331,909
Depreciation								
As at 1 July 2013	-	-	15,690	133,352	13,337	54,445	-	216,824
Transfers / adjustment	-	-	-	-	-	3,212	-	3,212
Charge for the year	-	-	13,831	124,568	1,095	11,428	-	130,942
Disposals	-	-	-	(1,617)	(34)	(3,474)	-	(5,125)
As at 30 June 2014	-	-	29,541	256,303	14,398	65,611	-	365,853
As at 1 July 2014	-	-	29,541	256,303	14,398	65,611	-	365,853
Transfers / adjustment	-	-	-	-	-	2,062	-	2,062
Charge for the year	-	-	14,994	130,472	1,035	11,345	-	157,846
Disposals	-	-	-	(140)	-	(9,218)	-	(9,358)
Written off	-	-	-	(81,868)	-	-	-	(81,868)
As at 30 June 2015	-	-	44,535	304,767	15,433	70,800	-	435,535
Carrying amounts								
- 2015	2,539,187	30,500	116,227	673,597	5,074	39,122	492,667	3,896,374
- 2014	2,499,151	30,500	118,519	718,792	5,034	28,092	302,844	3,702,932
Depreciation rates per annum	-	-	5-10%	10-20%	10-33%	20%	-	20%

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

13.1 The Company had its land and buildings revalued in 1991, 1992, 1995, 2002, 2007 and 2012 by independent valuers on market value basis and plant and machinery in 1991, 1992, 1995, 2002, 2007 and 2012 by independent valuers on replacement cost basis. These revaluations resulted in net surplus of Rs. 21.58 million, Rs. 38.48 million, Rs. 15.4 million, Rs. 376.9 million, Rs. 2,107.83 million and Rs. 551.64 million respectively.

13.2 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 comes to Rs. 2,523,240. 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 as at the balance sheet date.

13.3 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	42,384	-	42,384
Buildings	145,369	(66,446)	78,923
Plant and machinery	1,234,511	(635,935)	598,576
2015	1,422,264	(702,381)	719,883
2014	1,270,349	(626,285)	644,064

13.4 Depreciation charge has been allocated as follows:

		2015	2014
	Note	(Rs.'000)	(Rs.'000)
Cost of sales	23	139,095	133,794
Distribution cost	24	3,524	3,880
Administrative expenses	25	16,868	15,722
		159,487	153,396

13.5 Detail of capital work in progress is as follows:

Plant and machinery	472,985	298,695
Civil works	19,682	4,149
	492,667	302,844

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

13.6 Detail of property, plant and equipment disposed off during the year:

		Original cost / revalued amount	Book value	Sale proceeds	Gain / (loss)	Sold to
Note	(Rs. '000)					
Vehicles						
	13.6.2	1,200	431	737	306	Mr. Muhammad Khalid
	13.6.2	1,398	559	858	300	Mr. Fakhar-E-Mahmood
	13.6.2	1,524	609	936	327	Mr. Khalid Akbar
	13.6.2	735	294	451	157	Mr. Tanveer H. Kazmi
	13.6.1	10,850	6,189	5,818	(371)	Mr. Pervaiz Ahmed
	13.6.2	649	260	386	127	Mr. Waseem Babar
Aggregate value of other items with individual book value not exceeding Rs. 50,000						
		371	28	696	668	
2015		16,727	8,370	9,883	1,513	Also refer note 28
2014		11,592	6,467	7,157	690	Also refer note 28

13.6.1 This disposal is made through tender.

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

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

			2015 <u>(Rs.'000)</u>	2014 <u>(Rs.'000)</u>
14	INVESTMENT PROPERTY	Note		
	Opening balance		262,734	212,437
	Gain on remeasurment of investment property to fair value	28	<u>9,540</u>	<u>50,297</u>
			<u>272,274</u>	<u>262,734</u>

14.1 The investment properties are lands and building held for capital appreciation and to earn rental income. On 26 June 2015, an exercise was carried out by an independent valuer to ascertain the fair value of investment property. Based on the exercise, surplus on remeasurment of investment property of Rs. 9.54 million is recorded during the year.

			2015 <u>(Rs.'000)</u>	2014 <u>(Rs.'000)</u>
15	LONG TERM ADVANCES - CONSIDERED GOOD	Note		
	To employees		10,805	5,228
	Less: Due within one year, shown under current assets	19	<u>(3,289)</u>	<u>(792)</u>
			<u>7,516</u>	<u>4,436</u>

15.1 Long term advances includes advances of Rs. 4,152 thousand (2014: Rs. 318 thousand) to executives. Movement of advances to executives during the year is as follows:

			2015 <u>(Rs.'000)</u>	2014 <u>(Rs.'000)</u>
	Opening balance		318	905
	Disbursements during the year		5,626	100
	Repayments during the year		<u>(1,792)</u>	<u>(687)</u>
	Closing balance		<u>4,152</u>	<u>318</u>

15.2 These advances carry interest @ 11% per annum (2014: 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. 4.15 million (2014: 1 million).

			2015 <u>(Rs.'000)</u>	2014 <u>(Rs.'000)</u>
16	STORES, SPARE PARTS AND LOOSE TOOLS			
	Stores		41,237	35,028
	Spare parts and loose tools		<u>45,975</u>	<u>39,053</u>
			<u>87,212</u>	<u>74,081</u>

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rs.'000)	2014 (Rs.'000)
17 STOCK IN TRADE			
Raw material		495,884	449,099
Provision for stock obsolescence		(1,767)	(1,767)
		<u>494,117</u>	<u>447,332</u>
Work in process		76,668	68,801
Stock under maturation	17.1	265,100	277,291
Finished goods		99,846	97,582
Goods in transit		59,085	-
		<u>994,816</u>	<u>891,006</u>

17.1 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.

	Note	2015 (Rs.'000)	2014 (Rs.'000)
18 TRADE DEBTS - UNSECURED			
Considered good		24,383	12,148
Considered doubtful		2,424	2,424
		<u>26,807</u>	<u>14,572</u>
Less: Provision for doubtful debts		(2,424)	(2,424)
		<u>24,383</u>	<u>12,148</u>

19 ADVANCES AND OTHER RECEIVABLES- CONSIDERED GOOD

Advances to employees - secured		5,384	6,063
Current portion of long term advances - secured	15	3,289	792
Advances to suppliers		26,235	53,540
Interest accrued		1,789	125
Receivable from pension fund	19.1	1,246	-
		<u>37,943</u>	<u>60,520</u>

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rs. '000)	2014 (Rs. '000)
19.1	Receivable from / (payable to) pension fund	1,246	(19,489)
19.1.1	The movement in net (asset) / liability recognized is as follows:		
	Opening net liability	(19,489)	(2,092)
	Experience adjustment recognized in other comprehensive income	19,431	(20,196)
	Expense for the year 19.1.7	(1,958)	(2,115)
	Contributions by the Company	3,262	4,914
	Closing net asset/ (liability)	<u>1,246</u>	<u>(19,489)</u>
19.1.2	The amount recognized in the balance sheet is as follows:		
	Present value of defined benefit obligation 19.1.3	(33,050)	(47,822)
	Fair value of plan assets 19.1.4	34,296	28,333
	Surplus / (deficit)	<u>1,246</u>	<u>(19,489)</u>
19.1.3	The movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation at beginning of the year	47,822	26,501
	Current service cost recognized during the year	911	1,775
	Interest cost recognized during the year	4,547	3,617
	Benefits paid during the year	(1,894)	(2,833)
	Actuarial loss on obligation	(18,336)	18,762
	Present value of defined benefit obligation at end of the year	<u>33,050</u>	<u>47,822</u>
19.1.4	The movement in the present value of plan assets are as follows:		
	Fair value of plan assets at beginning of the year	28,333	24,409
	Contributions paid into the plan	3,263	4,914
	Benefits paid by the plan	(1,894)	(2,833)
	Expected return on plan assets	3,500	3,277
	Actuarial gain / (loss) on assets	1,094	(1,434)
	Fair value of plan assets at end of the year 19.1.8	<u>34,296</u>	<u>28,333</u>
19.1.5	The Company's expected charge to contribute to defined benefit pension plan during the next year is Rs. 0.833 million.		
19.1.6	Actual return on plan assets during the year was Rs. 4,595 million(2014: Rs. 2,815 million)		

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 (Rs.'000)	2014 (Rs.'000)
19.1.7 Expanse recognized in profit and loss account:		
Current service cost	911	1,776
Net interest cost	1,047	339
	1,958	2,115

19.1.8 Plan assets comprise of:

Units in open end funds	7,702	7,635
Defense saving certificates	26,434	20,410
Cash at banks	160	288
	34,296	28,333

19.1.9 Key actuarial assumptions

Discount rate	10.50%	13.00%
Salary increase rate	10.50%	13.00%
Expected return of plan assets	10.50%	13.00%
Pension Indexation Rate	0.00%	0.00%

19.1.10 For a change of 100 basis points, present value of defined benefit obligation as at 30 June 2015 would have been as follows:

	2015 Increase (Rs.'000)	2015 Decrease (Rs.'000)	2014 Increase (Rs.'000)	2014 Decrease (Rs.'000)
Discount rate	29,981	36,778	42,950	51,845
Salary increase rate	34,762	31,522	51,368	44,749

19.1.11 Comparison of present values of defined benefit obligation, fair value of plan assets and surplus or deficit of pension fund for five years is as follows:

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)	2012 (Rs.'000)	2011 (Rs.'000)
Present value of defined benefit obligation	(33,050)	(47,822)	26,501	14,605	14,271
Fair value of plan asset	34,296	28,333	(24,409)	(20,537)	(18,243)
Surplus/ (deficit)	1,246	(19,489)	2,092	(5,932)	(3,972)
Experienced adjustments on obligation	18,336	(18,762)	11,225	-	2,652
Experienced adjustments on plan assets	1,094	(1,434)	306	-	(3,004)

19.1.12 Risk associated with defined benefit plan

Longevity Risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

19.1.13 Expected distribution and timing of benefits payments

Following are the expected distribution and timing of benefit payments at year end:

	2015 (Rs.'000)	2014 (Rs.'000)
Year 1	199	410
Year 2	203	1,649
Year 3	208	410
Year 4	221	1,448
Year 5	245	404
Weighted average duration of defined benefit obligation (years)	12.02	11.84

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

20	SHORT TERM INVESTMENTS	Note	2015 (Rs.'000)	2014 (Rs.'000)
	Investments at fair value through profit or loss - Held for trading			
	Share of listed companies		388	84
	Open ended mutual funds		32,785	31,267
	Loans and receivables			
	Term deposit receipts	20.1	10,700	2,700
			43,873	34,051

20.1 Effective interest rate on deposit account is 10% per annum (2014: 5.6% per annum).

21	CASH AND BANK BALANCES	Note	2015 (Rs.'000)	2014 (Rs.'000)
	Cash in hand		4,202	3,972
	Cash at banks:			
	- local currency current accounts		380,298	329,497
	- local currency saving accounts	21.1	2,596,597	2,159,655
	- foreign currency saving account	21.2	32,522	31,706
			3,009,417	2,520,858
			3,013,619	2,524,830

21.1 This carries interest ranging from 5.5% to 7% per annum (2014: 7.0% to 9.5% per annum).

21.2 This carries interest @ 0.06 % per annum (2014: 0.06% per annum).

Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2015

21.3 Unavailed financing facilities

At the year end, the Company has two unavailed short term finance facilities available from scheduled banks as mentioned below:

- (a) Facility amounting to Rs. 35 million (2014: Rs. 35 million) from Bank Alfalah Limited, Rawalpindi. This facility is available till 30 April 2016 and carries mark up at the rate of 6 months' KIBOR plus 1% per annum (2014: 6 months' KIBOR plus 1% per annum) and 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.
- (b) Facility amounting to Rs. 200 million (2014: Rs. 200 million) from Askari Bank Limited. This facility is available till 31 October 2015 and carries mark up at the rate of 3 months' KIBOR plus 1% per annum (2014: 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 263 marlas at National Park Road Rawalpindi.
- (c) Facilities of letters of guarantee and letters of credit amounting to Rs. 10 million (2014: Rs.10 million) and Rs. 165 million (2014: Rs. 165 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 and letters of credit amounting to Rs. 50 million (2014: Rs.50 million) and Rs. 200 million (2014: Rs. 200 million) from Askari Bank Limited respectively are available to the Company. Facilities of letters of guarantee and letters of credit are secured against 100% cash margin and lien on import documents respectively.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Liquor Division		Glass Division		Tops Division		Total	
	2015 (Rs.'000)	2014 (Rs.'000)	2015 (Rs.'000)	2014 (Rs.'000)	2015 (Rs.'000)	2014 (Rs.'000)	2015 (Rs.'000)	2014 (Rs.'000)
22 THIRD PARTY SALES - net								
Sales	6,537,128	5,638,788	-	29,108	2,014,454	1,710,159	8,551,582	7,378,055
Less: Discounts	(91,980)	(77,677)	-	-	(81,205)	(80,980)	(173,185)	(158,657)
	<u>6,445,148</u>	<u>5,561,111</u>	<u>-</u>	<u>29,108</u>	<u>1,933,249</u>	<u>1,629,179</u>	<u>8,378,397</u>	<u>7,219,398</u>
22.1 Interdivisional sales are at normal selling prices.								
22.2 Duties and taxes								
Sales tax	1,481,926	1,306,230	-	4,229	357,026	298,875	1,838,952	1,609,334
Excise duty	454,394	402,463	-	-	55,759	44,105	510,153	446,568
	<u>1,936,320</u>	<u>1,708,693</u>	<u>-</u>	<u>4,229</u>	<u>412,785</u>	<u>342,980</u>	<u>2,349,105</u>	<u>2,055,902</u>
22.3 This includes freight of Rs. 101.8 million (2014 : Rs. 91.8 million) as the Company sold products on delivered basis as per market practices of the comparable industries.								
23 COST OF SALES								
23.1 Raw materials consumed	2,974,808	2,483,484	200,955	239,073	1,145,649	917,578	4,321,412	3,640,135
Stores and spares consumed	21,149	15,639	41,492	67,305	343	551	62,984	83,495
Fuel and power	143,154	153,587	166,573	177,008	32,520	51,430	342,247	382,025
Salaries, wages and other benefits	135,129	119,934	53,481	48,793	58,174	49,353	246,784	218,080
Repairs and maintenance	32,702	34,556	23,840	28,638	27,539	16,293	84,081	79,487
Property, plant and equipment written off	-	-	14,040	-	-	-	14,040	-
Depreciation	54,087	49,334	58,030	57,620	26,978	26,840	139,095	133,794
Other manufacturing expenses	14,159	14,202	12,684	11,102	4,877	9,527	31,720	34,831
	<u>3,375,188</u>	<u>2,870,736</u>	<u>571,095</u>	<u>629,539</u>	<u>1,296,080</u>	<u>1,071,572</u>	<u>5,242,363</u>	<u>4,571,847</u>
Work in process including stock under maturation								
Opening stock as on 01 July	341,251	330,720	765	765	4,076	9,383	346,092	340,868
Closing stock as at 30 June	(337,721)	(341,251)	-	(765)	(4,047)	(4,076)	(341,768)	(346,092)
	<u>3,530</u>	<u>(10,531)</u>	<u>765</u>	<u>-</u>	<u>29</u>	<u>5,307</u>	<u>4,324</u>	<u>(5,224)</u>
Cost of goods manufactured	<u>3,378,718</u>	<u>2,860,205</u>	<u>571,860</u>	<u>629,539</u>	<u>1,296,109</u>	<u>1,076,879</u>	<u>5,246,687</u>	<u>4,566,623</u>
Finished goods								
Opening stock as on 01 July	42,448	38,190	8,704	16,118	46,430	36,726	97,582	91,034
Closing stock as at 30 June	(44,959)	(42,448)	(960)	(8,704)	(54,827)	(46,430)	(99,846)	(97,582)
	<u>(1,611)</u>	<u>(4,258)</u>	<u>7,744</u>	<u>7,414</u>	<u>(8,397)</u>	<u>(9,704)</u>	<u>(2,264)</u>	<u>(6,548)</u>
Less: Inter divisional transfers	<u>3,377,107</u>	<u>2,855,947</u>	<u>579,604</u>	<u>636,953</u>	<u>1,287,712</u>	<u>1,067,175</u>	<u>5,244,423</u>	<u>4,560,075</u>
	<u>(937,360)</u>	<u>(871,117)</u>	<u>-</u>	<u>-</u>	<u>(419,954)</u>	<u>(348,528)</u>	<u>(1,357,314)</u>	<u>(1,219,645)</u>
	<u>2,439,747</u>	<u>1,984,830</u>	<u>579,604</u>	<u>636,953</u>	<u>867,758</u>	<u>718,647</u>	<u>3,887,109</u>	<u>3,340,430</u>
23.1 Raw materials consumed								
Opening stock as on 1 July	301,367	283,690	10,615	8,993	135,350	139,090	447,332	431,773
Purchases	2,964,494	2,501,161	205,164	240,695	1,198,539	913,838	4,368,197	3,655,694
Closing stock as at 30 June	(291,053)	(301,367)	(14,824)	(10,615)	(188,240)	(135,350)	(494,117)	(447,332)
	<u>2,974,808</u>	<u>2,483,484</u>	<u>200,955</u>	<u>239,073</u>	<u>1,145,649</u>	<u>917,578</u>	<u>4,321,412</u>	<u>3,640,135</u>

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rs.'000)	2014 (Rs.'000)
24 DISTRIBUTION COST			
Advertisement and publicity		86,140	70,681
Salaries and wages	25.1	65,252	59,079
Selling expenses		63,596	61,973
Samples		11,464	8,237
Sales promotion		55,224	41,687
Freight		12,647	10,087
Depreciation	13.4	3,524	3,880
Service charges and commission to M/s D.P. Edulji Limited, an associated undertaking		88,899	79,105
Others		37,696	23,242
		424,442	357,971
25 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	25.1	136,168	108,462
Travelling and conveyance		5,360	3,823
Printing and stationery		6,515	6,497
Repair and maintenance		12,455	10,722
Fuel and power		14,915	16,097
Directors' fees and travelling		943	1,581
Communication		5,204	4,822
Entertainment		5,418	4,082
Advertisement		1,044	393
Legal and professional		6,357	4,691
Security		3,788	2,397
Subscriptions and periodicals		292	254
Donations	25.2	3,871	2,228
Training		107	302
Insurance		4,166	4,535
Rent, rates and taxes		8,300	2,327
Depreciation	13.4	16,868	15,722
Others		8,619	7,870
		240,390	196,805

25.1 This includes staff retirement benefits amounting to Rs. 22.5 million (2014: Rs. 18.82 million).

25.2 Donations includes Rs. 2 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.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 (Rs.'000)	2014 (Rs.'000)
26 FINANCE COST			
Finance charge on leased assets		327	724
Bank charges		580	355
Bank guarantee commission		1,060	819
		<u>1,967</u>	<u>1,898</u>
27 OTHER EXPENSES			
Workers' (Profit) Participation Fund (WPPF)	10.2	74,162	66,292
Workers' Welfare Fund (WWF)	10.3	33,265	29,015
Auditors' remuneration	27.1	955	925
Internal audit fee		1,030	1,000
Realized exchange loss		-	500
		<u>109,412</u>	<u>97,732</u>
27.1 Auditors' remuneration			
Annual audit fee		670	670
Half yearly review		200	200
Other certifications		85	55
		<u>955</u>	<u>925</u>
28 OTHER INCOME			
Income from financial assets:			
Dividend income		3	5
Interest on advances		585	189
Unrealized gain on remeasurement of short term investments		1,822	2,431
Return on deposit and saving accounts		189,554	128,146
Realized exchange gain		1,104	-
		<u>193,068</u>	<u>130,771</u>
Income from assets other than financial assets:			
Gain on disposal of property, plant and equipment	13.6	1,513	690
Gain on remeasurment of investment property to fair value	14	9,540	50,297
Rental income		11,301	11,514
Sale of by products		13,066	8,828
Miscellaneous receipts		35,509	32,843
		<u>263,997</u>	<u>234,943</u>

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	Note	2015 <u>(Rs.'000)</u>	2014 <u>(Rs.'000)</u>
29 PROVISION FOR TAXATION			
Current taxation			
Prior year		41,118	-
Current year	11	623,689	466,272
Deferred		<u>(30,922)</u>	<u>(25,492)</u>
	29.1	<u>633,885</u>	<u>440,780</u>

29.1 Reconciliation of tax charge for the year

Accounting profit before taxation		<u>1,629,969</u>	<u>1,403,603</u>
Tax rate		33%	34%
Tax on accounting profit		537,890	477,225
Tax effect of lower rate on certain incomes		(1,069)	(2,044)
Prior year charge		41,118	-
Effect of super tax		51,166	-
Effect of change in tax rates		(5,154)	
Tax effect of other permanent differences		9,933	(34,401)
Tax expense for the year		<u>633,885</u>	<u>440,780</u>

29.2 Tax Assessments up to and including Year 2014 have been finalized except assesment for Tax year 2013 which has been selected for audit. 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.

29.3 The Deputy Commissioner LTU Islamabad issued show cause notice dated 09 June 2015 stating therein the Company allegedly made inadmissible, unlawful, illegal adjustments of input tax and short deposit of sales tax amounting to Rs. 92.28 million along with the default surcharge and penalty. The Company requested for adjournment to submit proper record of factories/depots based in Punjab/ KPK. Mean while the deputy Commissioner issued orders on 29 July 2015 against the Company. Against this Order, the Company filed an appeal before CIR(Appeals) on the grounds that the department did not provide proper opportunity to the Company. On 14 September 2015 after hearing of the case, CIR(A) remanded the case back to the adjudicating authority. Management of the Company believes a favourable outcome of this matter and accordingly provision has not been recorded in the financial statements against this demand.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

30 EARNINGS PER SHARE - Basic and diluted

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

	<u>2015</u>	<u>2014</u>
Net profit for the year (Rs.'000)	<u>996,084</u>	<u>962,823</u>
Weighted average number of shares (Numbers)	<u>23,053,025</u>	<u>23,053,025</u>
Earnings per share (Rupees)	<u>43.21</u>	<u>41.77</u>

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

31 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in the year for remuneration including benefits and perquisites, to Chief Executive were as follows:

	2015 Rs.'000	2014 Rs.'000
Managerial remuneration	5,122	3,144
Medical benefit	450	418
Provident fund contributions	6	6
Other perquisites and benefits:		
Bonus	3,226	2,385
Travelling expense	385	1,271
Compensated absences	208	75
	9,397	7,299

- In addition to above free furnished accommodation and the Company maintained cars are also provided to the Chief Executive Officer. Gratuity is payable to the chief executive in accordance with the terms of employment while contribution for the chief executive in respect of gratuity and pension are based on actuarial valuation.
- Directors of the Company were not paid any remuneration during the year except for the meeting fee of Rs. 370,000 (2014: Rs. 310,000), number of Directors: 6 (2014: 6).

32 REMUNERATION OF EXECUTIVES

Remuneration paid to executives of the Company during the year is as follows:

	2015 (Rs.'000)	2014 (Rs.'000)
Managerial remuneration	14,752	14,971
Provident fund contribution	374	357
House rent allowance	3,070	3,046
Compensated absences	656	408
Bonus	6,371	6,015
	25,222	24,797
Number of executives	8	8

In addition to the above executives are provided with Company maintained vehicles and medical expenses as per the Company's policy. Gratuity is payable to executives in accordance with the terms of employment while contribution for executives in respect of gratuity and pension are based on actuarial valuation.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

33 SEGMENT INFORMATION

33.1 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 units, 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. Main products of each segment are as follows:

Liquor Division: Alcoholic and Non-Alcoholic beverage
 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 3.17.

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.

33.2 Information about reportable segments

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

		Liquor Division	Glass Division	Tops Division	Unallocated	Total
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Assets	2015	<u>6,928,667</u>	<u>698,561</u>	<u>808,358</u>	<u>43,873</u>	<u>8,479,458</u>
	2014	<u>6,254,035</u>	<u>578,985</u>	<u>747,928</u>	<u>34,051</u>	<u>7,614,999</u>
Liabilities	2015	<u>793,756</u>	<u>39,862</u>	<u>132,011</u>	<u>106,073</u>	<u>1,071,703</u>
	2014	<u>750,635</u>	<u>45,208</u>	<u>120,217</u>	<u>148,693</u>	<u>1,064,753</u>

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

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

		Liquor Division	Glass Division	Tops Division	Unallocated	Total
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
(i) Non current assets - additions						
Property, plant	2015	157,848	186,205	19,930	-	363,983
and equipment	2014	52,780	137,258	7,591	-	197,629
Investment	2015	-	-	-	272,274	272,274
property	2014	-	-	-	262,734	262,734
(ii) Other material items						
External revenue	2015	6,445,148	-	1,933,249	-	8,378,397
	2014	5,561,111	29,108	1,629,179	-	7,219,398
Inter-segment	2015	377,714	944,242	35,358	-	1,357,314
revenue	2014	304,722	883,701	31,222	-	1,219,645
Interest income	2015	-	-	-	189,554	189,554
	2014	-	-	-	128,146	128,146
Depreciation	2015	67,609	58,127	33,752	-	159,488
	2014	61,668	57,802	33,926	-	153,396

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

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

	2015 (Rs.'000)	2014 (Rs.'000)
(i) Revenues		
Total revenue for reportable segments	9,735,711	8,439,043
Elimination of inter-segment revenue	(1,357,314)	(1,219,645)
Consolidated revenue	8,378,397	7,219,398
(ii) Profit or loss		
Total profit or loss for reportable segments	1,475,383	1,266,392
Unallocated amounts - Other expenses	(109,412)	(97,732)
Unallocated amounts - Other operating income	263,997	234,943
Net profit before taxation	1,629,968	1,403,603
(iii) Assets		
Total assets for reportable segments	8,435,585	7,580,948
Other unallocated amounts	43,873	34,051
Consolidated total assets	8,479,458	7,614,999
(iv) Liabilities		
Total liabilities for reportable segments	965,630	916,060
Other unallocated amounts	106,073	148,693
Consolidated total liabilities	1,071,703	1,064,753
(v) Other material items		
Interest income	189,554	128,146
Interest expense	327	656
Property, plant and equipment - additions	363,983	197,629
Depreciation	159,487	153,396
(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

Notes to the Financial Statements

For the year ended 30 June 2015

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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 Company's 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.

34.1 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. The Company has placed funds in financial institutions with high credit worthiness and assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts. The Company believes that it is not exposed to major concentration of credit risk.

(i) Exposure to credit risk

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

	2015 (Rs.'000)	2014 (Rs.'000)
Advances and other receivables - considered good	13,840	5,228
Long term deposits	20,473	19,458
Trade debts - unsecured	24,383	12,148
Short term investments	10,700	2,700
Cash at banks	3,009,417	2,520,858
	3,078,813	2,560,392

Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2015

(ii) The aging of trade debts at the reporting date was:

	2015 (Rs.'000)	2015 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)
	Gross debts	Impaired	Gross debts	Impaired
Not past due	-	-	-	-
Past due 0-30 days	24,383	-	12,148	-
Past due 31-180 days	-	-	-	-
Past due 181-360 days	-	-	-	-
More than 360 days	2,424	2,424	2,424	2,424
	<u>26,807</u>	<u>2,424</u>	<u>14,572</u>	<u>2,424</u>

The Company believes that except as already provided for in these financial statements, no impairment allowance is necessary in respect of trade debts. Trade debts are essentially due from hotels and authorized distributors and the Company is actively pursuing for recovery of debts and accordingly does not expect these companies to fail to meet their obligations.

34.2 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.

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

	Carrying amounts	Contractual cash flows	Maturity up to one year	1 year to 2 years	2 years to 5 years
	2015 (Rs.'000)	2015 (Rs.'000)	2015 (Rs.'000)	2015 (Rs.'000)	2015 (Rs.'000)
Finance lease liabilities	1,360	1,455	1,455	-	-
Trade and other payables	333,035	333,035	333,035	-	-
	<u>334,395</u>	<u>334,490</u>	<u>334,490</u>	<u>-</u>	<u>-</u>
	2014 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)
Finance lease liabilities	4,151	4,582	3,127	1,455	-
Trade and other payables	308,415	308,415	308,415	-	-
	<u>312,566</u>	<u>312,997</u>	<u>311,542</u>	<u>1,455</u>	<u>-</u>

Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2015

34.3 Market risk

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

- (a) Interest rate risk management; and
- (b) Currency rate risk management.

(a) Interest rate risk management

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short term running finance, liabilities against assets subject to finance lease and balances in deposit and saving accounts. At the balance sheet date the interest rate risk profile of the Company's interest bearing financial instruments are as follows:

	Carrying amounts	
	2015 (Rs.'000)	2014 (Rs.'000)
(i) Fixed rate instruments		
Financial assets		
Cash at bank	2,629,119	2,191,361
Short term investment	10,700	2,700
	2,639,819	2,194,061
(ii) Variable rate instruments		
Financial liabilities - Liabilities against assets subject to finance lease	1,360	4,151

(iii) 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 and loss. Therefore, a change in interest rates at the reporting date would not effect profit and loss account.

(iv) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased accumulated profit by Rs. 13,600 (2014: Rs. 41,510). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

(b) Currency risk management

(i) Exposure to currency risk

The Company is exposed to currency risk on bank balances which is denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2015 (Rs.'000)	2015 (USD'000)	2014 (Rs.'000)	2014 (USD'000)
Financial assets - cash at bank	32,522	317	31,706	320

(ii) The following significant exchange rate applied during the year:

	Average rates		Balance sheet rates	
	2015	2014	2015	2014
United States Dollar (USD)	100.93	99.98	102.65	99.20

(iii) Sensitivity analysis

A 10% strengthening of the functional currency against foreign currencies at 30 June 2015 would have decreased profit or loss by Rs. 3.252 million (2014: Rs. 3.171 million). A 10% weakening of the functional currency against foreign currencies at 30 June 2015 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

34.4 Fair value

(i) The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2015 (Rs.'000)	2015 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets carried at fair value				
Short term investments - quoted prices	33,173	33,173	31,351	31,351
Assets carried at amortized cost				
Advances and other receivables	13,840	13,840	5,228	5,228
Long term deposits	20,473	20,473	19,458	19,458
Trade debts - unsecured	24,383	24,383	12,148	12,148
Short term investments	10,700	10,700	2,700	2,700
Cash and bank balances	3,013,619	3,013,619	2,524,830	2,524,830
	3,083,015	3,083,015	2,564,364	2,564,364

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

	2015	2015	2014	2014
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
	Carrying	Fair	Carrying	Fair
	Value	Value	Value	Value
Liabilities carried at amortized cost				
Liabilities against assets subject to				
finance lease	1,360	1,360	4,151	4,151
Trade and other payables	333,035	333,035	308,415	308,415
	334,395	334,395	312,566	312,566

(ii) Determination of fair values

A number of the 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.

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. Fair value of short term investments quoted at fair value is based on quoted market prices.

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.

35 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 businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it 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 paid to shareholders and/or issue new shares. There were no changes to 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 2015

36 CAPACITY AND PRODUCTION	Note	Measurement basis	2015	2014
36.1 Liquor Division				
(a) Capacity of Industrial unit				
Beer and Non Alcoholic Beverages (NAB)		Liters	19,800,000	19,800,000
PMFL		Cases (2 B.G)	1,000,000	1,000,000
Non Alcoholic Products (NAP)		Liters	36,480,000	24,000,000
(b) Actual Production				
Beer and Non Alcoholic Beverages (NAB)		Liters	19,673,164	17,810,159
PMFL		Cases (2 B.G)	1,406,646	1,324,840
Non Alcoholic Products (NAP)		Liters	24,527,321	16,790,802
36.2 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	20,616,045	18,816,760
(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	7,200,000	7,200,000
(b) Actual production				
Food products		Cartons	104,475	106,357
Juice (NR & Ret)		Liters	2,941,661	2,388,473
Mineral water		Liters	9,483,976	6,976,364
36.3 Glass Division - Hattar				
(a) Melting capacity	36.5	M. Tons	-	27,375
(b) Actual production - Glass melted		M. Tons	23,519	24,791

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

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

- 36.5** On 17 June 2015, Old furnace exhausted its life, the melting capacity of plant was not operational. However, subsequent to the year end on 17 September 2015 the melting capacity of the plant has been restored with the functioning of new furnace having capacity of 40,150 M Tons. The melting capacity of the old furnace was 27,375 M. Tons.

37 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, executives and key management personnel. Balances with related parties are shown in notes 5, 10.1 and 15 to the financial statements. The transactions with related parties, other than remuneration and benefits to Chief Executive and directors and key management personnel as per the terms of their employment which are disclosed in notes 31 and 32 respectively to the financial statements, are as follows:

	2015 (Rs.'000)	2014 (Rs.'000)
Transactions with associated companies		
Sales commission	76,899	68,305
Services acquired	12,000	10,800
Bonus shares issued	-	3,062
Dividend paid	53,862	18,374
Transactions with other related parties		
Contribution to staff provident fund	2,166	1,957
Contribution to staff pension fund	3,262	4,914
Bonus shares issued	-	5,395
Dividend paid	28,583	25,984
Remuneration of key management personnel	34,619	32,096
Donation	2,000	-

38 EMPLOYEES PROVIDENT FUND TRUST

Size of the Fund (Rupees'000)	87,693	79,382
Cost of investments made (Rupees'000)	41,480	41,480
Percentage of investments made (%)	47.30	52.06
Fair value of investments (Rupees'000)	85,091	75,856

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2015

38.1 Detail of investments of the Fund

	2015		2014	
	Rupees'000	%	Rupees'000	%
Defense Saving Certificates	41,480	55	41,480	61
Accrued markup	43,611	45	34,376	39
	85,091	100	75,856	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.

39 POST BALANCE SHEET EVENT

The Board of Directors of the Company in the meeting held on 28 September 2015 proposed cash dividend of 65% (i.e. Rs. 6.50 per share).

40 GENERAL

40.1 Dividend payable to Muslim Shareholders is deemed to be appropriated from income arising from the Company's investments and rental income.

40.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50 percent of its paid up capital, whichever is less, within six months of the end of the tax year. The Board of Directors in their meeting held on 28 September 2015 has recommended sufficient cash dividend for the year ended 30 June 2015 (refer note 39) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 30 June 2015.

	2015	2014
	(Number)	(Number)
40.3 Number of persons employed		
Employees at year end	1,515	1,435
Average employees during the year	1,427	1,362

41 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 28 September 2015.



CHIEF EXECUTIVE



DIRECTOR

**AFFIX
CORRECT
POSTAGE**

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

DIVIDEND MANDATE FORM

To, *

I, Mr / Mrs / Ms..... S/o, D/o, W/o hereby authorize Murree Brewery Company Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account:

i. Shareholder's Detail	
Name of the Shareholder	
Folio No. / CDC Participants ID A/C No.	
CNIC No.**	
Passport No. (in case of foreign Shareholder)***	
Land Line Phone Number	
Cell Number	

II. Shareholder's Bank Detail	
Title of Bank Account	
Bank Account Number	
Bank Name	
Branch Name and Address	

It is stated that the above mentioned information is correct and that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of the Shareholder

* The Shareholders having physical shares have to address the Company Secretary, Murree Brewery Company Limited, on the address given below

Murree Brewery Company Limited
National Park Road, Rawalpindi

and Shareholders having their accounts with Central Depository Company (CDC) have to communicate mandate information to relevant Member Stock Exchange.

** Please attach attested photocopy of CNIC.

*** Please attach attested photocopy of the Passport.