

MURREE BREWERY COMPANY LIMITED

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MURREE BREWERY COMPANY LIMITED

VISION STATEMENT

Our office is in the market

MISSION STATEMENT

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

Continuous improvement

Alignment of our missions and goals

Responsibility and respect of our jobs and each other

Educate one another

MURREE BREWERY COMPANY LIMITED

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)

HUMAN RESOURCE AND REMUNERATION (HR & R COMMITTEE)

Ch. Mueen Afzal	(Chairman)
Mr. Aamir H. Sherazi	(Member)
Mrs. Goshi M. Bhandara	(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 / Gujranwala / FAbad

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@isb.paknet.com
murbr@isb.paknet.com.pk
Website: www.murreebrewery.com.pk

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

FACTORIES

- (i) **Murree Brewery Company Limited**
National Park Road, Rawalpindi
Tel: 051-5567041-47, Fax 051-5584420
- (ii) (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
- (iii) **Murree Sparkletts**
Plot, No. 10/2, Phase-III, Industrial Estate,
Hattar, **District Haripur** (K.P.K.)
- (iv) **Murree Glass**
Plot No. 24, Phase III, Industrial Estate,
Hattar. **District Haripur** (K.P.K.)
Tel: 0995-617233, Fax: 0995-617188

TAX ADVISOR

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

CORPORATE ADVISOR

Mr. Javed Panni
Corporate and Capital Market Consultant
House No. 15, Street No. 59,
F-8/4, Islamabad.
Tel: 051-2856087-88

DISTRIBUTION OFFICES

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

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

Notice is hereby given that 146th Annual General Meeting of the Company will be held at the Registered Office National Park Road, Rawalpindi at 1100 hours on Tuesday, 29th October, 2013 to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 145th Annual General Meeting held on 30th October, 2012.
2. To receive, consider and adopt audited Financial Statements of the Company for the year ended 30th June, 2013 together with the Directors' and Auditors' Reports thereon.
3. To approve recommendation of the Board of Directors for the issue of Cash Dividend @ 60% (i.e. Rs.6/- per share) and Stock Dividend (Bonus Shares @10%) in the ratio of one for every ten shares held for the year ended 30th June, 2013 as recommended by the Directors. Bonus Shares so allotted shall rank pari passu in all respects with the existing shares of the Company except for the entitlement for the dividend being declared. The Bonus Shares, if approved will be issued to those shareholders, whose names appear in the Register of Members of the Company on 21st October, 2013.
4. To appoint Auditors of the Company for the year ending 30th June, 2014 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.

SPECIAL BUSINESS:

5. To consider and approve payment of yearly remuneration Rs.3.0 million and other perquisites / benefits in accordance with the rules of the Company to Chief Executive Mr. Isphanyar M. Bhandara be paid from 1st July, 2013 to 30th June, 2014.

6. OTHER BUSINESS:

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

A statement of material facts under Section 160(1)(b) of the Companies Ordinance, 1984 relating to the special businesses to be transacted is sent to all the Shareholders with the Notice of this AGM.

Rawalpindi
26th September, 2013

BY ORDER OF THE BOARD

M. ZAFFAR IQBAL
Company Secretary

MURREE BREWERY COMPANY LIMITED

NOTES:

- i. The Share Transfer Books of the Company shall remain closed from **22nd October, 2013 to 29th October, 2013 (both days inclusive)** and the final Stock and Cash Dividend will be paid to the Shareholders whose names appear in the Register of Members on 21st October, 2013.
- ii. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A proxy need not be a member of the company.
- iii. Duly completed Form of Proxy must be deposited should reach the Registered Office of the Company 48 hours before the time of the meeting.
- iv. CDC Account holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan

(A) For attending the Meeting.

- (a) 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 Regulation, shall authenticate his identity by showing his original National Identity Card or original passport at the time of attending the meeting.
- (b) In case of corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be produced at the meeting.

(B) For appointing proxies:

- (a) 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 Regulation, shall submit the Proxy Form of another member as per the above requirement.
- (b) The Proxy Form shall be witnessed by two persons whose names, address and NIC numbers shall be mentioned on the form.
- (c) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- (d) The proxy shall produce his original NIC or original passport at the time of meeting.
- (e) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted, alongwith Proxy Form to the Company.

Members are requested to 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 Shakra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-CDCPL(23275) Facsimile: +(92-21) 021-4326053

MURREE BREWERY COMPANY LIMITED

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

A statement u/s 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Ordinary Resolution is appended below:

Ordinary Resolution.

Agenda Item No. 3 – Issuance of Bonus Shares

The Board of Directors in their meeting held on 26th September, 2013 had recommended the issue of Bonus Shares in the ratio of one share for every ten shares i.e. 10%, the following Resolution for which is being put before the Shareholders for their approval with or without modification:

“Resolved that as recommended by the Board of a sum of Rs.20,957,290 out of free reserves of the Company be capitalised and applied toward the issue of 2095729 Ordinary Shares as bonus shares in the ratio of one Bonus Share for every ten Ordinary Shares held by the shareholders, whose names appear on the Register of Members on 21st October, 2013. These shares shall rank pari passu in all respect with the existing shares except for the entitlement of the dividend being declared.

Further resolved that in the event of any member holding shares which are not an exact multiple of his / her entitlement, the Directors of the Company be and are hereby authorised to sell in the Stock Market such fractional entitlement till date and to pay the net proceeds of sale to a charitable institution as approved by the Directors.

Further resolved that Company Secretary be and is hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of bonus shares”.

Special Resolution

Agenda Item No. 5 – Remuneration of Chief Executive

The shareholders approval is sought to approve payment of yearly remuneration Rs.3.0 million and other perquisites / benefits in accordance with the rules of the Company to Chief Executive Mr. Isphanyar M. Bhandara be paid from 1st July, 2013 to 30th June, 2014.

For the purpose, it is proposed that the following Resolution be passed, with or without modification, by the Shareholders as an ordinary Resolution.

“Resolved that the Company hereby approves and authorizes payment of yearly remuneration Rs.3.0 million and other perquisites / benefits in accordance with the rules of the Company to Chief Executive Mr. Isphanyar M. Bhandara be paid from 1st July, 2013 to 30th June, 2014”.

The Chief Executive is interested in the resolution to the extent of his remuneration.

MURREE BREWERY COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2013

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, 2013.

Murree Brewery has completed 152 years of continuous operations and is the oldest company quoted on the Stock Exchanges in Pakistan. The after tax profit in the year under review to 30th June 2013 is the highest in its history. This has been achieved under difficult operating conditions due to load shedding, inflation and disturbed law and order conditions. Competition is also severe in the soft drinks market.

Although the company is old it draws strength from its age due to enlightened policies and procedures. Generous 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. Over 42% of the permanent work force have over 20 years service with the company and there are many second and third generation workers.

The Company invests heavily in state of the art plant and machinery enabling it to enhance efficiencies and reduce costs which ensure it remains competitive in the market.

These outstanding results have been achieved by teamwork and the leadership of Mr Isphanyar Bhandara who has completed 5 years as the Chief Executive of the Company.

FINANCIAL OVERVIEW & HIGHLIGHTS

Sales revenue	Increased by	20.7%	to	Rs.5,919 million
Gross Profit	" " "	30.1%	to	Rs.1,474 million
Profit before Taxation	" " "	31.3%	to	Rs.1,054 million
Profit after taxation	" " "	36.7%	to	Rs. 718 million
Earnings per share	" " "	36.7%	to	Rs. 34.26

Increase in overall sales is mainly due to increases in the liquor division with the resolution of the issue of excise duty on the purchase of rectified spirit.

DIVISIONAL OPERATING RESULT

The results of our divisions were:

LIQUOR DIVISION

	<u>2013</u>		<u>2012</u>	
	<u>Rs. In million</u>	<u>%</u>	<u>Rs. in million</u>	<u>%</u>
Sales exclusive of applicable taxes	3,378	---	2,634	---
Cost of sales	<u>2,260</u>	66.89	<u>1,690</u>	64.17
Gross profit	<u>1,119</u>	33.11	<u>944</u>	35.83
Operating profit	817	24.19	684	25.98

The turnover of the division reflects an increase of Rs.744 million (28.25%) over the previous year due to an increase in sales of 5.003 million cases in 2013 against 4.271 million cases in 2012. The company also made capital investments of Rs.150 million in 2012 which resulted in operational efficiencies.

MURREE BREWERY COMPANY LIMITED

GLASS DIVISION

	<u>2013</u> <u>Rs. in million</u>	<u>%</u>	<u>2012</u> <u>Rs. in million</u>	<u>%</u>
Sales exclusive of applicable taxes	699	---	598	---
Cost of sales	573	81.98	539	90.00
Gross profit	126	18.02	59	10.00
Operating profit	105	15.02	39	6.52
Glass Containers sales	20,138	M.Ton	19,999	M.Ton

Glass division earned an operating profit of Rs105 million against Rs39 million in the previous year as sales increased by 14%.

TOPS DIVISION

	<u>2013</u> <u>Rs. in million</u>	<u>%</u>	<u>2012</u> <u>Rs. in million</u>	<u>%</u>
Sales exclusive of applicable taxes	1,124	---	1,004	---
Cost of sales	896	79.69	874	87.05
Gross profit	228	20.31	130	12.95
Operating profit	85	7.54	7	0.71

The new Tetra machines installed last year resulted in operational improvements. The company was also able to secure rebate in buying paper and raw materials at competitive rates.

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)	4	4
2. Ch. Mueen Afzal (Member)	4	3
3. Mrs. Goshi M. Bhandara (Member)	4	4

The Chairman of the Audit Committee is an independent director. The Committee meets at least once every quarter and prior to the approval of the quarterly accounts of the company by the Board of Directors. This statutory committee 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 determines appropriate measures to safeguard the company's assets and discuss auditor's major observations arising from interim and final audits with them.

The appointment of Head of Internal Audit has been made who is working as coordinator with the Audit Committee and Auditors as envisaged in the Code of Corporate Governance.

MURREE BREWERY COMPANY LIMITED

HUMAN RESOURCE AND REMUNERATION (HR & R COMMITTEE)

Under the provisions of the Code of Corporate Governance this committee was formed 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>
Ch. Mueen Afzal (Chairman)	1	1
Mr. Aamir H. Sherazi (Member)	1	-
Mrs. Goshi M. Bhandara (Member)	1	1

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.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your company contributed a sum of Rs1,920 million (previous year Rs1,567 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 ensured abolition of child labour.

CORPORATE SOCIAL RESPONSIBILITY

Murree Brewery Company is one of the oldest companies meeting its obligation as a social corporate citizen with respect to protection and promotion of interest of its shareholders, customers and employees in its operations.

SHAREHOLDING

The total number of Company's shareholders as at 30th June, 2013 was 870 against 893 on 30th June, 2012. The pattern of shareholding as at 30th June, 2013 is annexed. Trading in shares by directors is shown under categories of shareholders.

EARNING PER SHARE

Earning per share for the current year is Rs 34.26 against Rs.25.05 last year.

MURREE BREWERY COMPANY LIMITED

DIVIDEND / BONUS SHARES

The Board has recommended cash dividend @ 60% and 10% bonus shares in the ratio one for ten shares.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The directors state that,

- The financial statements 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.
- In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgement.
- In the preparation of financial statements International Financial Reporting Standards, as applicable in Pakistan, have been followed.
- The system of internal controls are sound in design and are effectively implemented by the management and monitored by the Internal Auditors as well as the Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggest wherever required, further improvement in the internal control systems.
- 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, 2013, except as disclosed in the financial statements.
- Four Directors of the Company are exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. The management of the company is taking appropriate steps to comply with the requirements 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 the matters 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, 2013 was Rs.67.624 million and Rs.24.409 million respectively.
- The company's customary settlement with CBA for the two years from July 2013 to June 2015 is in process. The company has implemented the Provincial Government directions on minimum wages from 1st July, 2013.

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	4
Lt. Gen @ Zarrar Azim	4	4
Mr. Osman Khalid Waheed	4	2

FUTURE OUTLOOK

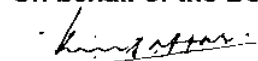
The country is facing many problems such as load shedding, unemployment, inflation and terrorism.

In addition the Federal Board of Revenue has imposed Capacity Tax on beverages companies manufacturing Aerated Waters through SRO 649(1)/2013 dated 9th July, 2013. The company has challenged this SRO in the High Court Lahore who have issued a stay order.

ACKNOWLEDGEMENT

Apart from the outstanding performance of the Chief Executive along with his team of executives, staff and workers mentioned above which has resulted in the growth of the company and assured the success of its operations, the valuable advise and guidance of the directors is greatly appreciated. The company is also grateful for the support of all stakeholders which include government departments, distributors, contractors and shareholders.

On behalf of the Board



Khurram Muzaffar
Chairman

Rawalpindi: 26th September, 2013

MURREE BREWERY COMPANY LIMITED
SIX YEARS AT A GLANCE
RS. IN MILLIONS

S.#	PARTICULARS	2013	2012	2011	2010	2009	2008
1	PAID UP CAPITAL	209.57	190.20	173.20	144.33	131.21	119.20
2	RESERVE & SURPLUS	2,840.80	2,162.85	1,725.42	1,294.45	1,046.11	889.20
3	FIXED ASSETS (LESS DEPRECIATION)	3,670.40	3,649.65	3,074.90	2,997.18	2,946.62	2,906.00
4	NET SALES	4,334.85	3,628.87	3,349.79	2,578.53	2,220.72	1,713.58
5	COST OF SALES	2,861.21	2,496.04	2,216.88	1,747.74	1,591.45	1,206.85
6	GROSS PROFIT	1,473.64	1,132.83	1,132.91	830.80	629.33	506.70
7	PROFIT BEFORE TAX	1,054.06	802.81	784.69	524.58	340.85	296.60
8	CASH DIVIDEND %	60	50	50	50	50	50
9	STOCK DIVIDEND %	10	10	10	10	10	10
10	RETURN ON EQUITY %	26.58	24.70	31.15	24.10	19.70	21.00
11	BREAK-UP VALUE OF SHARE OF RS.10 EACH	145.55	123.53	109.62	99.68	89.73	84.54
12	EARNING PER SHARE (E.P.S)	34.26	25.05	30.02	18.21	14.95	14.93

Murree Brewery Company Limited
Pattern of Shareholding
As at June 30, 2013

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
233	1	100	7,968
191	101	500	49,102
96	501	1000	70,883
159	1001	5000	391,679
59	5001	10000	416,791
34	10001	15000	427,875
17	15001	20000	290,035
19	20001	25000	428,874
6	25001	30000	169,792
7	30001	35000	227,598
2	35001	40000	75,485
6	40001	45000	246,172
2	45001	50000	94,144
3	50001	55000	164,532
2	55001	60000	111,086
2	60001	65000	125,646
1	65001	70000	68,027
2	70001	75000	147,865
1	90001	95000	93,537
1	95001	100000	100,000
1	100001	105000	100,402
2	105001	110000	219,400
1	110001	115000	111,277
1	115001	120000	118,551
1	145001	150000	148,810
1	150001	155000	154,778
1	180001	185000	183,901
1	185001	190000	186,500
1	195001	200000	200,000
1	210001	215000	213,855
1	220001	225000	220,982
2	240001	245000	483,301
1	315001	320000	318,359
1	375001	380000	376,500
1	395001	400000	398,000
1	460001	465000	461,990
1	480001	485000	483,327
1	620001	625000	624,604
1	645001	650000	645,335
1	655001	660000	656,900
1	790001	795000	791,003
1	1900001	1905000	1,903,806
1	2415001	2420000	2,418,715
1	2775001	2780000	2,776,264
1	3050001	3055000	3,053,645
870			20,957,296

MURREE BREWERY COMPANY LIMITED

CATEGORIES OF SHAREHOLDERS

Directors, Chief Executive Officer, their spouse and children

	NO. OF SHAREHOLDERS	SHARE HELD	PERCENTAGE
Mr. Khurram Muzaffar	1	3,554	0.02
Mrs. Naseem Muzaffar	1	10,613	0.05
Mr. Isphanyar M. Bhandara	1	2,976,264	14.20
Mrs. Jasmin Bhandara	1	242,001	1.15
Ch. Mueen Afzal	1	2,919	0.01
Mr. Aamir H. Shirazi	1	2,337	0.01
Mrs. Goshi M. Bhandara	1	2,418,715	11.54
Mr. Jamshed M. Bhandara	1	624,604	2.98
Mr. Jamsheed M. Bhandara & Mrs. Goshi M. Bhandara	1	220,982	1.05
Ms. Munizeh M. Bhandara	1	213,855	1.02
Ms. Munizeh M. Bhandara & Mrs. Goshi M. Bhandara	1	318,359	1.52
Lt. Gen. @ Zarrar Azim	1	1,597	0.01
Mr. Osman Khalid Waheed	1	1,597	0.01
Associated Companies, Undertaking and Related Parties			
D. P. Edulji & Co. (Pvt.) Ltd	1	3,053,645	14.57
D. P. Edulji & Co. (Pvt.) Ltd	1	8,712	0.04
Public Sector Companies	2	847	0.00
Insurance Companies	2	1,128,662	5.39
Banks, Non Banking, Development, Financial Institutions,	4	37,798	0.18
Mutual Fund			
Golden Arrow Selected stock Fund Limited	1	183,901	0.88
CDC-Trustee AKD Index Tracker Fund	1	2,398	0.01
CDC-Trustee Lakson Equity Fund	1	7,900	0.04
Pak Asian Fund	1	1,000	0.00
General Public			
A. Local	770	6,962,529	33.22
B. Foreign	40	2,392,890	11.42
Others	33	139,617	0.67
Total	870	20,957,296	100.00

MURREE BREWERY COMPANY LIMITED

ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES

S. No.	Folio / CDS A/C #	Name	Shares	Holding %
1	40029	D.P. Edulji & Co. (Pvt.) Ltd.,	3,053,645	14.57
2	00935-12755	D.P. Edulji & Co. (Pvt.) Ltd.,	8,712	0.04
TOTAL			3,062,357	14.61

PUBLIC SECTOR COMPANIES AND CORPORATIONS

S. No.	Folio / CDS A/C #	Name	Shares	Holding %
1	90013	M/s Investment Corporation Of Pakistan. IDBL (ICP Unit)	327 520	0.00 0.00
TOTAL			847	0.00

BANKS, DEVELOPMENT, FINANCIAL INSTITUTIONS, NON BANKING INSTITUTIONS

S. No.	Folio / CDS A/C #	Name	Shares	Holding %
1	20042	Bank of Bahawalpur Ltd	4,396	0.02
2	130068	Muslim Commercial Bank Ltd.	8,592	0.04
3	04127-28 06239-23	MCB Bank Limited, Treasury First Dawood Investment Bank Ltd	21,500 3,310	0.10 0.02
TOTAL			37,798	0.18

INSURANCE COMPANIES

S. No.	Folio / CDS A/C #	Name	Shares	Holding %
1	3277-2184	EFU General Insurance Ltd	483,327	2.31
2	03277-3711	Adamjee Insurance Company Ltd	645,335	3.08
TOTAL			1,128,662	5.39

MUTUAL FUNDS

S. No.	Folio/CDS A/C #	Name	Shares	Holding %
1	05520-28	Golden Arrow Selected Stocks Fund Ltd	183,901	0.88
2	06411-21	CDC Trustee AKD Index Tracker Fund	2,398	0.01
3	12336-23	CDC-Trustee Lakson Equity Fund	7,900	0.04
4	11072-7641	Pak Asian Fund Limited	1,000	0.00
TOTAL			195,199	0.93

MURREE BREWERY COMPANY LIMITED

OTHER

S. No.	Folio / CDS A/C #	Name	Shares	Holding %
1	20041	M/S Business Investment Ltd.,	62	0.00
2	80037	M/S H. M. Investment (Pvt.) Ltd.	116	0.00
3	140075	M/S N. H. Securities (Pvt.) Ltd.	16	0.00
4	30028	M/S Security & Exchange Commission Of Pak.	1	0.00
5	60021	M/S Fikree Development Corporation	7,175	0.03
6	180019	M/S Rawalpindi Electric Power Co. Ltd.	2,855	0.01
7	200006	The Deputy Administrator (A/C Dr. T. H.)	3,636	0.02
8	01552-45	First Capital Equities Limited	2,099	0.01
9	01917-41	Prudential Securities Limited	520	0.00
10	03210-28	Y. S. Securities & Services (Pvt.) Ltd.	68	0.00
11	03277-4841	Bulk Management Pakisan (Pvt.) Ltd	600	0.00
12	03277-6164	Trustee Kandawalla Trust	15,363	0.07
13	03277-13154	Trustees Hommie & Jamshed Nusserwanjee C. T.	4,227	0.02
14	03277-22219	Sultan Textile Mills Karachi Limited	141	0.00
15	03293-12	S. H. Bukhari Securities (Pvt.) Ltd.	345	0.00
16	03525-57191	Sarfraz Mahmood (Pvt.) Ltd	72	0.00
17	03525-63416	HM Investments (Pvt.) Ltd.	2,132	0.01
18	03525-63817	NH Securities (Pvt.) Ltd.	293	0.00
19	03525-82219	UHF Consulting (Pvt.) Ltd	134	0.00
20	03939-21	Pearl Securities (Pvt.) Ltd.	55,000	0.26
21	04010-21	Fawad Yusuf Securities (Pvt.) Ltd.	8,100	0.04
22	04184-22	Aze Securities (Pvt.) Ltd	2	0.00
23	04234-25	Rafi Securities (Pvt.) Ltd.	19,000	0.09
24	04952-28	Sherman Securities (Pvt.) Ltd.	5,000	0.02
25	05116-28	Time Securities (Pvt.) Ltd	190	0.00
26	05736-15	NCC-Pre Settlement Delivery Account	1,500	0.01
27	08847-1447	Crescent Standard Business Management (Pvt.) Ltd	1	0.00
28	10181-24	Horizon Securities Limited	50	0.00
29	11072-26	Seven Star Securities (Pvt.) Ltd	17	0.00
30	13417-22	Investment Capital Markets Ltd	7,000	0.03
31	140192686	Pearl Capital Management (Pvt.) Ltd.	12	0.00
32	14233-20377	Trustees , Hommie & Jamshed Nusserwanjee C. T.	3,500	0.02
33	14241-22	Fikree (SMC-PVT) Ltd	390	0.00
		TOTAL	139,617	0.67

Trade in shares by Directors, CEO, CFO, Company Secretary, Executives and their Spouse and minor Children

Name	Designation	No. of shares purchased	No. of shares sold
Mr. Khurram Muzaffar	Chairman & Director	2,000	2000
Mr. Ishphanyar M. Bhandara	Chief Executive	200,000	

Above transactions were not timely reported which were subsequently condoned by SECP

MURREE BREWERY COMPANY LIMITED

Shareholders Holding 5% or more

S. No.	Folio / CDS A/C #	Name	Shares	Holding %
1	70021	Mrs. Goshi M. Bhandara	2,418,715	11.54
2	90022	Mr. Isphanyar M. Bhandara	2,976,264	14.20
3	40029	M/s D. P. Edulji & Co. (Pvt.) Ltd.	3,062,357	14.61
4	03277-43962	Mr. Feroz P. Bhandara	1,903,806	9.08
		Total	10,361,142	49.43

MURREE BREWERY COMPANY LIMITED

CODE OF CONDUCT

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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 DIRECTORS' STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF
CODE OF CORPORATE GOVERNANCE**

We have reviewed the Directors' Statement of Compliance with the best practices ("the Statement") contained in the Code of Corporate Governance prepared by the Board of Directors of Murree Brewery Company Limited, ("the Company") to comply with the Listing Regulation No. 35 of Karachi Stock Exchange Limited, Listing Regulation No. 35 of Lahore Stock Exchange Limited and Chapter XI of the Listing Regulation of Islamabad Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's statement covers all risks or controls, or to form an opinion on the effectiveness of such internal control, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange Limited vide circular KSE / N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval of 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 recording proper justification for using such alternative pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

We draw attention to paragraphs 09, 10 and 22 of the Statement wherein are stated, matters and deviations relating to training of directors, qualification of Chief Financial Officer and instances of transaction in the Company's shares by the Chairman and Chief Executive respectively.

**Islamabad
26 September 2013**

**KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner
Syed Bakhtiyar Kazmi**

MURREE BREWERY COMPANY LIMITED
STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE.

Name of Company Murree Brewery Co. Ltd.

Year Ended 30th June, 2013

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 on its Board of Directors. During the year ended 30th June, 2013 the Board includes six independent non-executive directors out of a total strength of seven members.

Category

Names

Independent / non – executive directors

Mr. Khurram Muzaffar
Ch. Mueen Afzal
Mr. Aamir H. Shirazi
Mrs. Goshi M. Bhandara
Lt. Gen (R) Zarrar Azim
Mr. Osman Khalid Waheed

Executive Director

Mr. Isphanyar M. Bhandara

2. The directors have confirmed that none of them is serving as a director in seven or more 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 an Non-Banking Finance Institution (NBFI) or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of Directors during the year ended June 30, 2013.
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.
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 transaction, 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.

MURREE BREWERY COMPANY LIMITED

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 meet at least once in every quarter. Written notices of the Board meeting, alongwith 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 exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. The management of the company is taking appropriate steps to comply with requirement as prescribed by clause (xi) of the Code in respect of the other directors.
10. The Company has a Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit. The Board has approved their appointments including their remuneration and terms of employment. Re: CFO, the company has approached Securities and Exchange Commission of Pakistan for exemption from requirements of Clause (xiii) of the Code.
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. It comprises of three members, of whom all are non-executive directors including the chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. Its comprises 3 members, of whom all are non executive directors and the Chairman of the committee is an non-executive director.
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.

MURREE BREWERY COMPANY LIMITED

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 directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through all the stock exchanges. During the year Chief Executive purchased and Chairman purchased & sold company shares shown under categories of shareholders.
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
26-09-2013



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 2013 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 2013 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

ISLAMABAD
26 September 2013

KPMG TASEER HADI & Co.
CHARTERED ACCOUNTANTS
Audit Engagement Partner
Syed Bakhtiyar Kazmi

**MURREE BREWERY COMPANY LIMITED
BALANCE SHEET
AS AT 30 JUNE 2013**

	2013 (Rs. '000)	2012 (Rs. '000)	2013 (Rs. '000)	2012 (Rs. '000)
SHARE CAPITAL AND RESERVES				
Authorised share capital	300,000	300,000		
30,000,000 (2012: 30,000,000) ordinary share of Rs. 10 each				
Issued, subscribed and paid up capital	209,572	190,520		
Reserves:				
Capital reserve	30,681	30,681		
Contingency reserve	20,000	20,000		
General reserve	327,042	327,042		
Unappropriated profit	2,463,072	1,785,127		
	2,840,795	2,162,850		
	3,050,367	2,353,370		
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	2,692,870	2,785,871		
NON - CURRENT LIABILITIES				
Liabilities against assets subject to finance lease	1,879	4,096		
Deferred liabilities - staff retirement benefits	43,775	36,307		
Deferred taxation	190,377	231,889		
	236,031	272,292		
CURRENT LIABILITIES				
Current portion of liabilities against assets subject to finance lease	2,785	2,735		
Trade and other payables	615,586	553,115		
Provision for taxation - net	54,564	4,960		
	672,935	560,810		
CONTINGENCIES AND COMMITMENTS	6,652,203	5,972,343		
NON - CURRENT ASSETS				
Property, plant and equipment	3,670,403	3,649,647		
Investment property	212,437	136,152		
Long term advances - considered good	5,519	5,790		
Long term deposits	18,353	15,781		
CURRENT ASSETS				
Stores, spare parts and loose tools	80,800	79,444		
Stock in trade	863,675	811,577		
Trade debts - unsecured	34,859	39,528		
Advances - considered good	38,806	23,542		
Short term prepayments	15,352	13,613		
Interest accrued	63	4,198		
Other receivables	9,520	6,125		
Short term investments	31,619	82,224		
Advance tax	16,270	-		
Cash and bank balances	1,654,527	1,104,722		
	2,745,491	2,164,973		
	6,652,203	5,972,343		

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

Rawalpindi



CHIEF EXECUTIVE



DIRECTOR

MURREE BREWERY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013

	Liquor Division		Class Division		Tops Division		Total	
	2013 (Rs.'000)	2012 (Rs.'000)	2013 (Rs.'000)	2012 (Rs.'000)	2013 (Rs.'000)	2012 (Rs.'000)	2013 (Rs.'000)	2012 (Rs.'000)
TURNOVER								
Third party sales - net	4,461,306	3,465,047	84,148	222,459	1,373,538	1,214,274	5,918,992	4,901,780
Inter divisional sales	232,468	196,702	626,914	406,158	7,743	3,443	-	-
	4,693,774	3,661,749	711,062	628,617	1,381,281	1,217,717	5,918,992	4,901,780
Duties and taxes	(1,315,643)	(1,028,123)	(11,607)	(30,684)	(256,892)	(214,100)	(1,584,142)	(1,272,907)
	3,378,131	2,633,626	699,455	597,933	1,124,389	1,003,617	4,334,850	3,628,873
COST OF SALES								
Third parties	(1,665,076)	(1,320,426)	(572,733)	(538,691)	(623,398)	(636,921)	(2,861,207)	(2,496,038)
Inter divisional	(594,533)	(369,617)	-	-	(272,592)	(236,687)	-	-
	(2,259,609)	(1,690,043)	(572,733)	(538,691)	(895,990)	(873,608)	(2,861,207)	(2,496,038)
GROSS PROFIT	1,118,522	943,583	126,722	59,242	228,399	130,009	1,473,643	1,132,835
Distribution cost	(174,496)	(146,780)	(2,829)	(2,673)	(110,447)	(93,615)	(287,772)	(243,068)
Administrative expenses	(125,374)	(111,733)	(18,211)	(17,360)	(34,480)	(28,708)	(176,065)	(157,801)
Finance cost	(1,334)	(958)	(934)	(603)	(648)	(572)	(2,916)	(2,133)
	(301,204)	(259,471)	(21,974)	(20,636)	(143,575)	(122,895)	(466,753)	(403,002)
	817,318	684,112	104,748	38,606	84,824	7,114	1,006,890	729,833
Other expenses							(87,111)	(55,414)
Other income							134,286	128,390
NET PROFIT BEFORE TAXATION	817,318	684,112	104,748	38,606	84,824	7,114	1,054,065	802,809
Provision for taxation							(336,027)	(277,770)
NET PROFIT AFTER TAXATION							718,038	525,039
								(Restated)
EARNINGS PER SHARE - BASIC and DILUTED (RUPEES)							34.26	25.05

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



CHIEF EXECUTIVE



DIRECTOR

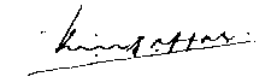
MURREE BREWERY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	2013 (Rs.'000)	2012 (Rs.'000)
Net profit after taxation	718,038	525,039
Other comprehensive income for the year	-	-
Total comprehensive income for the year	718,038	525,039

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



CHIEF EXECUTIVE



DIRECTOR

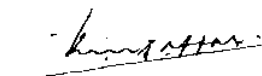
MURREE BREWERY COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 (Rs.'000)	2012 (Rs.'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		1,054,065	802,809
Adjustments for non cash items:			
Depreciation	13	162,833	165,702
Provision for staff retirement benefits		11,635	11,506
Return on deposits	29	(83,220)	(52,273)
Dividend income	29	(10)	(20)
Finance cost	27	2,916	2,133
Unrealized gain on re-measurement of short term investments investment property to fair value	29	(2,433)	(4,853)
Loss / (gain) on disposal of property, plant and equipment	28	4,537	(3,395)
		96,258	93,797
Operating profit before working capital changes		1,150,323	896,606
(Increase) / decrease in stores, spare parts and loose tools		(1,356)	2,791
Increase in stock in trade		(52,098)	(12,235)
Decrease in trade debts - unsecured		4,669	15,757
Increase in advances - considered good		(15,264)	(8,199)
Increase in short term prepayments		(1,739)	(2,861)
Increase in other receivables		(1,014)	(433)
Increase in trade and other payables		77,674	32,034
		10,872	26,854
Cash generated from operations		1,161,195	923,460
Change in long term advances		271	(1,096)
Change in long term deposits		(2,572)	(1,008)
Finance cost paid		(2,916)	(2,133)
Staff retirement benefits paid		(6,548)	(6,681)
Income taxes paid		(379,372)	(294,044)
Net cash generated from operating activities		770,058	618,498
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(225,187)	(196,391)
Purchase of investment property	14	(76,285)	-
Proceeds on disposal of property, plant and equipment	13.6	37,061	15,553
Sale of investments held for trading - net		53,038	6,761
Return on deposits received		87,355	52,581
Dividends received		10	20
Net cash used in investing activities		(124,008)	(121,476)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		(2,167)	(2,994)
Dividend paid		(94,078)	(85,596)
Net cash used in financing activities		(96,245)	(88,590)
Net increase in cash and cash equivalents		549,805	408,432
Cash and cash equivalents at beginning of the year		1,104,722	696,290
Cash and cash equivalents at end of the year		1,654,527	1,104,722

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



CHIEF EXECUTIVE



DIRECTOR

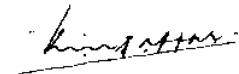
MURREE BREWERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Share capital	Capital reserve	General reserve	Contingency reserve	Unappropriated profit	Total equity
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Balance as at 01 July 2011	173,200	30,681	327,042	20,000	1,347,693	1,898,616
Total comprehensive income for the year	-	-	-	-	525,039	525,039
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	11,161	11,161
Transferred from surplus on revaluation of property, plant and equipment on disposal - net of deferred tax	-	-	-	-	5,154	5,154
	-	-	-	-	16,315	16,315
Transactions with owners, recorded directly in equity						
Final dividend for the year ended 30 June 2011 (Rs. 5.0 per share)	-	-	-	-	(86,600)	(86,600)
Bonus shares issued for the year ended 30 June 2011 @ 10%	17,320	-	-	-	(17,320)	-
	17,320	-	-	-	(103,920)	(86,600)
Balance as at 30 June 2012	190,520	30,681	327,042	20,000	1,785,127	2,353,370
Balance as at 01 July 2012	190,520	30,681	327,042	20,000	1,785,127	2,353,370
Total comprehensive income for the year	-	-	-	-	718,038	718,038
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	38,506	38,506
Transferred from surplus on revaluation of property, plant and equipment on disposal - net of deferred tax	-	-	-	-	35,713	35,713
	-	-	-	-	74,219	74,219
Transactions with owners, recorded directly in equity						
Final dividend for the year ended 30 June 2012 (Rs. 5.0 per share)	-	-	-	-	(95,260)	(95,260)
Bonus shares issued for the year ended 30 June 2012 @ 10%	19,052	-	-	-	(19,052)	-
	19,052	-	-	-	(114,312)	(95,260)
Balance as at 30 June 2013	209,572	30,681	327,042	20,000	2,463,072	3,050,367

The annexed notes 1 to 42 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 2013

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 amount present in Pakistan Rupees 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 2013

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

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.

(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 realisable 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.

(e) Provision against trade debts

The Company reviews its trade debts 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.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

(f) 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. Any change in the estimates in future years might affect the carrying amounts of the respective assets with a corresponding affect on the depreciation / amortization charge and impairment.

(g) 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.

3 SUMMARY OF 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.

(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 recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 recognised 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 utilised. 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 realised.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 Staff retirement 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:

Defined contribution plan

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.

Defined benefit plans

The Company operates pension and gratuity plans for its eligible staff. The Pension Plan is funded while the Gratuity Plan is unfunded. The liabilities under the plans are determined on the basis of actuarial valuations carried out by independent actuary using the Projected Unit Credit Method. The Company has a policy of carrying out actuarial valuations after every two years. Latest valuations of pension and gratuity were conducted as of 30 June 2013 and 30 June 2012 respectively. Significant actuarial assumptions used for gratuity plan and pension plan are mentioned in notes 8.6 and 20.1.7 respectively.

The amount recognized in the balance sheet represents the present value of defined benefits as is adjusted for unrecognized actuarial gains and losses. Unrecognized actuarial gains and losses, exceeding corridor limits defined in International Accounting Standard - 19 "Employee benefits" are amortized over the expected average remaining working lives of the employees participating in the plan.

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.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

- 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 capitalised 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.

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 recognised 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.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.8 Work in process including stocks under maturation

These 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.

3.9 Revenue recognition

- Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when 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 recognised as a reduction of revenue as the sales are recognised.
- 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 recognised as revenue on a straight-line basis over the term of the agreement. Rental income is recognised as other income.

3.10 Provisions

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.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

3.11 Unearned income

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

3.12 Foreign currency transactions

Transactions in foreign currencies are translated to the Pak Rupce 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 amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognised in profit and loss account.

3.13 Dividend appropriation

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

3.14 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.

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 amortised 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 2013

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 amortised 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 recognised in profit and loss account. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

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 recognised 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.

3.15 Financial instruments

Non-derivative financial assets

These are initially recognised 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 derecognised 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 recognised 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 2013

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, 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.

Non-derivative financial liabilities

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

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

3.16 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 realise the asset and settle the liability simultaneously.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

3.17 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 borrowings 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 recognised 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.

3.18 Segment Reporting

The Company has three reportable segments which are the Company's strategic business units. Related disclosures are given in note 34 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 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments will result in recognition of unrecognised gain or loss amounting to Rs. 12.61 million in other comprehensive income.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

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- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- The amendments in IAS 16 would result in reclassification of certain plant specific spares as property, plant and equipment when the amended standard becomes applicable. The amendment does not have a material impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- IFRIC 21- Levies an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

MURREE BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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5 SHARE CAPITAL

5.1 Authorized share capital

This represents 30,000,000 ordinary shares of Rs. 10 each (2012: 30,000,000 ordinary shares of Rs. 10 each).

5.2 Issued, subscribed and paid up capital

2013 Numbers	2012 Numbers		2013 (Rs.'000)	2012 (Rs.'000)
264,000	264,000	Ordinary shares of Rs. 10 each fully paid in cash	2,640	2,640
20,693,296	18,788,088	Ordinary shares of Rs. 10 each issued fully paid as bonus shares	206,932	187,880
20,957,296	19,052,088		209,572	190,520

5.3 M/s D.P. Edulji & Company (Private) Limited ("an associated undertaking") holds 3,062,357 (2012: 2,783,961) ordinary shares of Rs.10 each at the balance sheet date.

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

	2013 (Rs.'000)	2012 (Rs.'000)
Opening balance as on 01 July	2,881,082	2,354,539
Surplus on revaluation during the year - net of deficit	-	551,643
Reversal on disposal of property, plant and equipment	(35,980)	(7,929)
	2,845,102	2,898,253

Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year:

- Net of deferred tax	(38,506)	(11,161)
- Related deferred tax liability	(20,734)	(6,010)
	(59,240)	(17,171)

Surplus on revaluation of property, plant and equipment as at 30 June

2,785,862 2,881,082

Related deferred tax liability:

On revaluation surplus as on 01 July	(95,211)	(19,924)
On revaluation surplus during the year	-	(84,072)
Adjustment during the year	(18,783)	-
On property, plant and equipment disposed off during the year	268	2,775
Transferred to profit and loss account in respect of incremental depreciation charged during the year	20,734	6,010
	(92,992)	(95,211)
	2,692,870	2,785,871

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7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Minimum lease payments	Finance charge for future periods	Principal outstanding
	2013 (Rs.'000)	2013 (Rs.'000)	2013 (Rs.'000)
Not later than one year	3,121	336	2,785
Later than one year but not later than five years	2,160	281	1,879
	<u>5,281</u>	<u>617</u>	<u>4,664</u>
	2012 (Rs.'000)	2012 (Rs.'000)	2012 (Rs.'000)
Not later than one year	3,544	809	2,735
Later than one year but not later than five years	4,598	502	4,096
	<u>8,142</u>	<u>1,311</u>	<u>6,831</u>

- 7.1** The Company has leased vehicles from banking companies. The lease term for these arrangements is 3 years and carry markup ranging from 11.81% to 21% (2012: 14.5% to 21%) per annum. The rentals are payable in thirty six monthly installments upto 11 May 2015 (2012: 11 May 2015). 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	2013 (Rs.'000)	2012 (Rs.'000)
Provision for gratuity	8.1	<u>43,775</u>	<u>36,307</u>

8.1 Reconciliation of payable to defined benefit plan

Present value of defined benefit obligation	8.2	58,985	53,252
Unrecognized actuarial loss		(3,067)	(4,802)
Non vested past service cost		(12,143)	(12,143)
Net liability at end of the year	8.3	<u>43,775</u>	<u>36,307</u>

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	Note	2013 (Rs.'000)	2012 (Rs.'000)		
8.2 Movement in the present value of defined benefit obligation is as follows:					
Present value of defined benefit obligation at beginning of the year		53,252	42,603		
Charge for the year	8.4	11,610	9,978		
Benefits paid during the year		(4,142)	(3,290)		
Actuarial (gain) / loss on obligation		(1,735)	3,961		
Present value of defined benefit obligation at end of the year		<u>58,985</u>	<u>53,252</u>		
8.3 Movement in net liability recognized					
Opening net liability		36,307	29,619		
Expense for the year	8.4	11,610	9,978		
Benefit paid during the year		(4,142)	(3,290)		
Closing net liability		<u>43,775</u>	<u>36,307</u>		
8.4 Expense recognised in profit and loss account is as follows:					
Current service cost		5,925	5,944		
Interest cost		5,685	4,034		
	8.5	<u>11,610</u>	<u>9,978</u>		
8.5 Expense is recognised in the following line items in profit and loss account:					
Cost of sales		8,127	6,968		
Administrative expenses		3,483	3,010		
		<u>11,610</u>	<u>9,978</u>		
8.6 Key actuarial assumptions					
Discount rate		12.50%	12.50%		
Increase in salary		12.50%	12.50%		
Mortality rate		EFU 61-66	EFU 61-66		
8.7 Comparison of present values of defined benefit obligation for five years is as follows:					
	2013	2012	2011	2010	2009
	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>
Present value of defined benefit obligation	<u>43,775</u>	<u>36,307</u>	<u>29,619</u>	<u>23,713</u>	<u>15,769</u>
Experienced adjustments on obligation	<u>(1,735)</u>	<u>3,961</u>	<u>-</u>	<u>(277)</u>	<u>(713)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	Note	2013 (Rs.'000)	2012 (Rs.'000)
9 DEFERRED TAXATION			
Taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		92,993	95,211
Accelerated depreciation		119,044	156,071
		<u>212,037</u>	251,282
Deductible temporary differences:			
Provision for employee benefits and finance leases		(21,660)	(19,393)
		<u>190,377</u>	<u>231,889</u>
10 TRADE AND OTHER PAYABLES			
Creditors	10.1	177,297	145,260
Accrued liabilities		47,705	46,882
Advances from customers		52,943	49,011
Unclaimed dividend		20,449	19,267
Workers' (Profit) Participation Fund (WPPF)	10.2	65,800	48,842
Workers' Welfare Fund (WWF)	10.3	23,487	16,384
Withholding tax payable		22	101
Sales tax payable - net		83,369	89,297
Federal excise duty payable		4,938	4,956
Export duty payable on PMFL and beer		110,821	110,821
Zila tax payable		6,871	6,871
Unearned income		2,989	612
Other liabilities		18,895	14,811
		<u>615,586</u>	<u>553,115</u>

- 10.1** This includes Rs.2.37 million (2012: Rs. 3.91 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.

	Note	2013 (Rs.'000)	2012 (Rs.'000)
10.2 Workers' (Profit) Participation Fund (WPPF)			
Opening balance		48,842	39,102
Interest for the year	27	-	547
Charge for the year		57,153	37,075
Less: Payments during the year		(40,195)	(27,882)
		<u>65,800</u>	<u>48,842</u>

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	Note	2013 (Rs.'000)	2012 (Rs.'000)
10.3 Workers' Welfare Fund (WWF)			
Balance at the beginning of the year		16,384	16,014
Charge for the year	28	23,487	16,384
Advance income tax adjusted against workers' welfare fund	11	(16,384)	(16,014)
		<u>23,487</u>	<u>16,384</u>
11 PROVISION FOR TAXATION - net			
Tax payable at beginning of the year		4,960	15,421
Provision for taxation - current	30	396,322	267,569
Income tax paid during the year		(363,102)	(294,044)
Income tax adjusted against workers' welfare fund	10.3	16,384	16,014
Tax payable at end of the year		<u>54,564</u>	<u>4,960</u>

12 CONTINGENCIES AND COMMITMENTS**(a) Contingencies:**

12.1 As a result of investigations by the National Accountability Bureau ("NAB"), relating to vend fee payments, a fine of Rs. 20 million was imposed by the Accountability Court on an employee of the Company. The Honorable High Court of Sindh in its order dated 29 May 2003 acquitted the employee, however, NAB preferred an appeal in the Honorable Supreme Court of Pakistan. Supreme Court of Pakistan in its order dated 21 April 2005 finally dismissed NAB appeal in employees' favour. The Accountability Court has also held that reference be filed against certain directors and the General Manager of the Company. The case is currently pending with the Honorable High Court of Sindh.

In the opinion of the management and on the basis of legal opinion, the Company is not exposed to any liability on account of the above matter

12.2 The Company is contingently liable in respect of guarantees amounting to Rs. 47.05 million (2012: Rs. 69.43 million) issued by banks on behalf of the Company in normal course of business.

12.3 For contingencies related to tax matters - Refer note 30.2

(b) Commitments:

12.4 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 298.5 million (2012: Rs. 159.82 million).

12.5 The Company's contracted capital commitments outstanding at the year end amounting to Rs. 181.57 million (2012: Rs. 40.23 million).

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13 PROPERTY, PLANT AND EQUIPMENT

	Owned						Leased		Grand Total (Rs. '000)
	Freehold land (Note 13.1 & 13.2)	Leasehold land (Note 13.1)	Buildings on freehold land (Note 13.1)	Plant, machinery and equipment (Note 13.1)	Furniture, fixtures and equipment	Motor vehicles	Capital work in progress (Note 13.5)	Sub total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Original cost / reassessed value									
Balance as at 01 July 2011	2,220,740	34,223	190,025	1,172,015	15,356	68,815	51,825	3,752,999	9,061
Revaluation surplus / (deficit)	315,161	(3,723)	518	239,687	-	-	-	551,643	-
Additions	-	-	13,883	154,088	1,154	7,545	19,721	196,391	4,571
Transfers	-	-	35,204	11,195	-	1,957	(46,399)	1,957	(1,957)
Disposals	-	-	-	(36,659)	-	(405)	-	(37,064)	(889)
Adjustment on revaluation	-	-	(109,974)	(651,990)	-	-	-	(761,964)	-
Balance as at 30 June 2012	2,535,901	30,500	129,656	888,336	16,510	77,912	25,147	3,703,962	10,786
Balance as at 01 July 2012	2,535,901	30,500	129,656	888,336	16,510	77,912	25,147	3,703,962	10,786
Additions	-	-	155	22,147	1,641	20,912	180,332	225,187	-
Disposals	(36,750)	-	-	(1,930)	(321)	(9,205)	-	(48,206)	-
Balance as at 30 June 2013	2,499,151	30,500	129,811	908,553	17,830	89,619	205,479	3,880,943	10,786
Depreciation									
Balance as at 01 July 2011	-	-	93,339	540,557	11,174	40,534	-	685,604	1,554
Charge for the year	-	-	16,635	136,545	1,240	9,499	-	163,919	1,783
Transfers	-	-	-	-	-	500	-	500	(500)
Disposals	-	-	-	(25,112)	-	(405)	-	(25,517)	(278)
Adjustment on revaluation	-	-	(109,974)	(651,990)	-	-	-	(761,964)	-
Balance as at 30 June 2012	-	-	-	-	12,414	50,128	-	62,542	2,559
Balance as at 01 July 2012	-	-	-	-	12,414	50,128	-	62,542	2,559
Charge for the year	-	-	15,690	134,193	1,243	9,764	-	160,890	1,943
Disposals	-	-	-	(841)	(320)	(5,447)	-	(6,608)	-
Balance as at 30 June 2013	-	-	15,690	133,352	1,337	54,445	-	216,824	4,502
Carrying amounts - 2012	2,535,901	30,500	129,656	888,336	4,096	27,784	25,147	3,641,420	8,227
Carrying amounts - 2013	2,499,151	30,500	114,121	775,201	4,493	35,174	205,479	3,664,119	6,284
Rates of depreciation per annum	-	-	5-10%	10-20%	10-33%	20%	-	-	20%

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 revalued 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 given to Army Housing Colony by the Military Estate Office (MEO) 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.

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

	Cost	Accumulated	Written down value
	(Rs.'000)	(Rs.'000)	(Rs.'000)
Land	2,348	-	2,348
Buildings	114,418	(40,190)	74,228
Plant and machinery	1,068,792	(512,257)	556,535
2013	1,185,558	(552,447)	633,111
2012	1,162,838	(459,527)	703,311

13.4 Depreciation charge has been allocated as follows:

	Note	2013 (Rs.'000)	2012 (Rs.'000)
Cost of sales	24	140,661	146,930
Distribution cost	25	4,262	4,732
Administrative expenses	26	17,910	14,040
		162,833	165,702

13.5 Detail of capital work in progress is as follows:

Plant and machinery	189,727	25,147
Civil works	15,752	-
	205,479	25,147

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

	Original cost / revalued amount	Book value	Sale proceeds	(Loss) / gain	Sold to
Note	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	
Land					
Land	36,750	36,750	28,000	(8,750)	Cantonment Board RWP
Plant & machinery					
UPS 100 KVA	1,638	1,068	1,449	381	Gen Nct (Private) Limited
Vehicles					
Toyota land cruiser	5,791	2,669	5,100	2,431	Sardar M. Naseem Abbasi
Toyota corolla	500	200	307	107	Mr. Adnan CM
Honda city	645	258	396	138	Mr. Sadiq Jawad Engineer
Toyota corolla	1,485	613	1,089	476	Mr. Muhammad Tariq Sr. Manager
Aggregate value of other items with individual book value not exceeding Rs. 50,000	1,397	40	720	680	
2013	48,206	41,598	37,061	(4,537)	Also refer note 29
2012	37,953	12,157	15,552	3,395	Also refer note 29

13.6.1 These disposals are made by negotiations.

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

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	Note	2013 (Rs.'000)	2012 (Rs.'000)
14 INVESTMENT PROPERTY			
Opening balance		136,152	111,149
Acquisitions made during the year		76,285	-
Surplus on remeasurment of investment property to fair value	29	-	25,003
		<u>212,437</u>	<u>136,152</u>

The investment properties are lands and building held for capital appreciation and to earn rental income. On 30 June 2013, an exercise was carried out by an independent valuer to calculate the fair value of investment property. Based on the exercise, management of the Company ascertained that there is no change in the valuation of investment property.

	Note	2013 (Rs.'000)	2012 (Rs.'000)
15 LONG TERM ADVANCES - CONSIDERED GOOD			
To employees		6,429	6,717
Less: Due within one year, shown under current assets	19	(910)	(927)
		<u>5,519</u>	<u>5,790</u>

15.1 These advances carry interest @ 11% per annum (2012: 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. 7.16 million (2012: 7.34 million)

	2013 (Rs.'000)	2012 (Rs.'000)
16 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	38,205	39,532
Spare parts and loose tools	42,595	39,912
	<u>80,800</u>	<u>79,444</u>

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	Note	2013 (Rs.'000)	2012 (Rs.'000)
17 STOCK IN TRADE			
Raw material		433,540	405,190
Provision for stock obsolescence		(1,767)	(1,767)
		<u>431,773</u>	<u>403,423</u>
Work in process		86,717	56,459
Stock under maturation	17.1	254,151	261,912
Finished goods		91,034	53,358
Stock in transit		-	36,425
		<u>863,675</u>	<u>811,577</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	2013 (Rs.'000)	2012 (Rs.'000)
18 TRADE DEBTS - UNSECURED			
Considered good		34,859	39,528
Considered doubtful		2,424	2,424
		<u>37,283</u>	<u>41,952</u>
Less: Provision for doubtful debts		(2,424)	(2,424)
		<u>34,859</u>	<u>39,528</u>
19 ADVANCES - CONSIDERED GOOD			
Advances to employees - secured		989	1,419
Current portion of long term advances - secured	15	910	927
Advances to suppliers		36,907	21,196
		<u>38,806</u>	<u>23,542</u>

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	Note	2013 (Rs. '000)	2012 (Rs. '000)
20 OTHER RECEIVABLES			
Receivable from pension fund	20.1	8,073	5,692
Others		1,447	433
		<u>9,520</u>	<u>6,125</u>

20.1 Receivable from pension fund

The amount recognized in the balance sheet is as follows:

Present value of defined benefit obligation	20.1.2	26,501	14,605
Fair value of plan assets	20.1.3	(24,409)	(20,537)
Surplus of the fund		2,092	(5,932)
Unrecognized actuarial gain		(9,541)	968
Past service cost not recognized		(624)	(728)
Net assets at end of the year	20.1.1	<u>(8,073)</u>	<u>(5,692)</u>

20.1.1 The movement in net asset recognized is as follows:

Opening net asset		(5,692)	(3,836)
Expense/(Income) for the year	20.1.5	25	(37)
Contributions by the Company		(1,832)	(1,819)
Contribution Payable		(574)	-
Closing net asset		<u>(8,073)</u>	<u>(5,692)</u>

20.1.2 The movement in the present value of defined benefit obligation are as follows:

Present value of defined benefit obligation at beginning of the year		14,605	14,271
Current service cost recognised during the year		454	163
Interest cost recognised during the year		1,924	1,878
Benefits paid during the year		(1,707)	(1,707)
Actuarial loss on obligation		11,225	-
Present value of defined benefit obligation at end of the year		<u>26,501</u>	<u>14,605</u>

20.1.3 The movement in the present value of plan assets are as follows:

Fair value of plan assets at beginning of the year		20,537	18,243
Contributions paid into the plan		1,832	1,819
Benefits paid by the plan		(1,707)	(1,707)
Expected return on plan assets		2,457	2,182
Contributions Payable		574	-
Actuarial gain on assets		716	-
Fair value of plan assets at end of the year	20.1.6	<u>24,409</u>	<u>20,537</u>

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20.1.4 The Company expects to contribute Rs. 2.85 million to its defined benefit pension plan in next year.

20.1.5 **Expense / (income) recognized in profit and loss account:**

	2013	2012
	(Rs.'000)	(Rs.'000)
Current service cost	454	163
Interest cost	1,924	1,878
Expected return on plan assets	(2,457)	(2,182)
Past service cost recognized	104	104
	25	(37)

20.1.6 **Plan assets comprise of:**

Units in open end funds	5,679	6,499
Defence saving certificates	18,054	14,004
Cash at banks	102	34
Contribution payable	574	-
	24,409	20,537

20.1.7 **Key actuarial assumptions**

Discount rate	11.50%	14.00%
Salary increase rate	11.50%	14.00%
Expected return on plan assets	11.50%	12.00%

20.1.8 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:

	2013	2012	2011	2010	2009
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Present value of defined benefit obligation	26,501	14,605	14,271	16,451	16,451
Fair value of plan assets	(24,409)	(20,537)	(18,243)	(18,243)	(19,543)
Deficit / (surplus)	2,092	(5,932)	(3,972)	(1,792)	(3,092)
Experienced adjustments on obligation	(11,225)	-	2,652	-	4,176
Experienced adjustments on plan assets	716	-	(3,004)	(900)	(1,618)

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21	SHORT TERM INVESTEMENTS	Note	2013 (Rs.'000)	2012 (Rs.'000)
	Investments at fair value through profit or loss - Held for trading			
	Share of listed companies		264	575
	Open ended mutual funds		28,655	78,949
	Loans and receivables			
	Term deposit receipts	21.1	2,700	2,700
			<u>31,619</u>	<u>82,224</u>

21.1 Effective interest rate on deposit account is 5.6% per annum (2012: 5.6% per annum).

22 CASH AND BANK BALANCES

Cash in hand		6,811	1,523
Cash at banks:			
In local currency:			
- in current accounts		352,033	142,367
- in saving accounts	22.1	1,263,218	931,244
In foreign currency - saving account	22.2	32,465	29,588
		<u>1,647,716</u>	<u>1,103,199</u>
		<u>1,654,527</u>	<u>1,104,722</u>

22.1 This carries interest ranging from 5.5% to 9.0% per annum (2012: 6% to 10.5% per annum).

22.2 This carries interest @ 1.15% per annum (2012: 0.25% per annum).

22.3 Short term running finance facilities - secured

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

- (a) Facility amounting to Rs. 35 million (2012: Rs. 35 million) from Bank Alfalah Limited, Rawalpindi. This facility is available till 30 April 2014 and carries mark up at the rate of 6 months' KIBOR plus 1% per annum (2012: 6 months' KIBOR plus 1% per annum) and is payable on expiry or on demand whichever is earlier. It is secured against first charge (2012: second hypothecation charge) on current assets of the Company amounting to Rs. 150 million and lien on import documents.
- (b) Facility amounting to Rs. 200 million (2012: Rs. 200 million) from Askari Bank Limited. This facility is available till 31 July 2013 and carries mark up at the rate of 3 months' KIBOR plus 1% per annum (2012: 3 months' KIBOR plus 1% per annum). It is secured against following charge/hypothecation. First 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.

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23 **THIRD PARTY SALES - net**

Note	Liquor Division		Glass Division		Tops Division		Total	
	2013 (Rs. '000)	2012 (Rs. '000)	2013 (Rs. '000)	2012 (Rs. '000)	2013 (Rs. '000)	2012 (Rs. '000)	2013 (Rs. '000)	2012 (Rs. '000)
Sales	4,545,671	3,518,057	84,148	222,459	1,432,795	1,260,877	6,062,614	5,001,393
Less: Discounts	(84,365)	(53,010)	-	-	(59,257)	(46,603)	(143,622)	(99,613)
	4,461,306	3,465,047	84,148	222,459	1,373,538	1,214,274	5,918,992	4,901,780

23.1 Interdivisional sales are at normal selling prices.

23.2 Duties and taxes

Sales tax	995,187	753,196	11,607	30,684	234,857	196,630	1,241,651	980,510
Excise duty	320,456	274,927	-	-	22,035	17,470	342,491	292,397
	1,315,643	1,028,123	11,607	30,684	256,892	214,100	1,584,142	1,272,907

24 **COST OF SALES**

Raw materials consumed	1,990,572	1,467,394	237,984	198,998	792,331	783,682	3,020,887	2,450,074
Stores and spares consumed	13,095	12,641	43,263	43,011	78	334	56,436	55,986
Fuel and power	133,122	130,835	176,046	160,846	26,377	28,799	335,545	320,480
Salaries, wages and other benefits	80,843	57,178	35,372	37,557	32,074	32,846	148,289	127,581
Repairs and maintenance	27,043	21,214	22,685	14,739	13,534	12,889	63,262	48,842
Depreciation	59,151	46,196	56,942	66,916	24,568	33,818	140,661	146,930
Other manufacturing expenses	5,539	8,221	10,377	10,825	7,509	8,381	23,425	27,427
	2,309,365	1,743,679	582,669	532,892	896,471	900,749	3,788,505	3,177,320

Work in process including stock under maturation

Opening stock as on 01 July	304,434	256,451	765	765	13,172	5,172	318,371	262,388
Closing stock as at 30 June	(330,720)	(304,434)	(765)	(765)	(9,383)	(13,172)	(340,868)	(318,371)
	(26,286)	(47,983)	-	-	3,789	(8,000)	(22,497)	(55,983)
Cost of goods manufactured	2,283,079	1,695,696	582,669	532,892	900,260	892,749	3,766,008	3,121,337

Finished goods

Opening stock as on 01 July	14,720	9,067	6,182	11,981	32,456	13,315	53,358	34,363
Closing stock as at 30 June	(38,190)	(14,720)	(16,118)	(6,182)	(36,726)	(32,456)	(91,034)	(53,358)
	(23,470)	(5,653)	(9,936)	5,799	(4,270)	(19,141)	(37,676)	(18,995)
Less: Inter divisional transfers	2,259,609	1,690,043	572,733	538,691	895,990	873,608	3,728,332	3,102,342
	(594,533)	(369,617)	-	-	(272,592)	(236,687)	(867,125)	(606,304)
	1,665,076	1,320,426	572,733	538,691	623,398	636,921	2,861,207	2,496,038

24.1 **Raw materials consumed**

Opening stock as on 01 July	236,381	306,282	14,751	10,593	152,291	137,257	403,423	454,132
Purchases	2,037,881	1,397,493	232,226	203,156	779,130	798,716	3,049,237	2,399,365
Closing stock as at 30 June	(283,690)	(236,381)	(8,993)	(14,751)	(139,090)	(152,291)	(431,773)	(403,423)
	1,990,572	1,467,394	237,984	198,998	792,331	783,682	3,020,887	2,450,074

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	Note	2013 (Rs. '000)	2012 (Rs. '000)
25 DISTRIBUTION COST			
Advertisement and publicity		54,863	57,219
Salaries and wages	26.1	40,917	34,313
Selling expenses		52,225	91,013
Commission to M/s D.P. Edulji Limited, an associated undertaking		73,194	28,610
Samples		4,193	3,169
Sales promotion		35,616	4,622
Freight	25.1	10,788	9,954
Depreciation	13.4	4,262	4,732
Others		11,714	9,436
		<u>287,772</u>	<u>243,068</u>
25.1	Amount of Rs. 73.33 million (2012: Rs. 61.89 million) has been reclassified to trade discount for better presentation.		
26 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	26.1	89,483	87,609
Travelling and conveyance		3,125	1,637
Printing and stationery		4,646	4,298
Repair and maintenance		7,602	11,252
Fuel and power		13,982	20,310
Directors' fees and travelling		732	933
Communication		4,053	3,600
Entertainment		4,681	1,566
Advertisement		132	273
Legal and professional		3,665	2,805
Security		1,754	1,381
Subscriptions and periodicals		331	279
Donations	26.2	1,222	341
Training		121	91
Insurance		15,617	4,227
Rent, rates and taxes		1,625	1,086
Depreciation	13.4	17,910	14,040
Others		5,384	2,073
		<u>176,065</u>	<u>157,801</u>

26.1 This includes staff retirement benefits amounting to Rs. 13.54 million (2012: Rs. 11.62 million)

26.2 Donations includes Rs. 1 million paid to Bhandara Foundation, located 10 Commercial Building, Shahrah-e-Quaid-i-Azam, Lahore in which Chief executive of the Company is a Trustee.

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	Note	2013 (Rs.'000)	2012 (Rs.'000)
27 FINANCE COST			
Finance charge on leased assets		656	798
Interest on Workers' (Profit) Participation Fund	10.2	-	547
Bank charges		1,106	747
Bank guarantee commission		1,154	41
		2,916	2,133
28 OTHER EXPENSES			
Workers' (Profit) Participation Fund (WPPF)	10.2	57,153	37,075
Workers' Welfare Fund (WWF)	10.3	23,487	16,384
Auditors' remuneration	28.1	900	1,035
Internal audit fee		1,034	920
Loss on disposal of property, plant and equipment	13.6	4,537	-
		87,111	55,414
28.1 Auditors' remuneration			
Annual audit fee		660	660
Half yearly review		200	200
Other certifications		40	175
		900	1,035
29 OTHER INCOME			
Income from financial assets:			
Dividend income		10	20
Interest on advances		289	130
Unrealized gain on remeasurement of short term investments		2,433	4,853
Return on deposit and saving accounts		83,220	52,273
Realized exchange gain		1,979	2,499
Capital gain on sale of short term investments		2,714	4,125
		90,645	63,900
Income from assets other than financial assets:			
Gain on disposal of property, plant and equipment	13.6	-	3,395
Surplus on remeasurment of investment property to fair value	14	-	25,003
Scrap sales		9,534	8,999
Service charges		17,206	12,915
Rental income		7,800	6,386
Miscellaneous receipts		3,395	3,066
Sale of by products		5,706	4,726
		134,286	128,390

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	Note	2013 (Rs.'000)	2012 (Rs.'000)
30 PROVISION FOR TAXATION			
Current taxation			
Current year	11	396,322	267,569
Deferred		(60,295)	10,201
	30.1	336,027	277,770
30.1 Reconciliation of tax charge for the year			
Accounting profit before taxation		1,054,065	802,809
Tax rate		35%	35%
Tax on accounting profit		368,923	280,983
Tax effect of lower rate on certain incomes		(5,065)	(1,636)
Tax effect of change in rate		(6,625)	-
Tax effect of other permanent differences		(21,206)	(1,577)
Tax expense for the year		336,027	277,770

30.2 Tax status and tax matters

- (i) Tax Returns for the Tax Years 2004 to 2012 stand assessed in terms of section 120 of the Income Tax Ordinance 2001. However, the tax authorities are empowered to reopen these assessments within five (5) years from the end of the financial year in which the returns were filed.
- (ii) Income for the Assessment Year 2002-03 (year ended 30 June 2002) was re-assessed by the taxation officer whereby he repeated the add-backs made to income as per the principal assessment order. The Company's appeal against the re-assessment order was accepted by the Commissioner (Appeals) [CIR(A)] where against the Department has filed second appeal to the Appellate Tribunal which is pending decision.
- (iii) For the Tax Year 2009, the taxation officer amended the assessment of the Company and raised tax demand of Rs. 25 million by partially disallowing salary expense and not allowing credit for tax payments made by the Company. The Company's appeal was partially accepted by CIR(A) where against the Department has filed appeal to the Appellate Tribunal which is pending decision.
- (iv) Income Tax authorities have recovered Rs. 26.78 million through the Company's bank accounts in Withholding Tax Case (Tax Year 2010), while the Company's appeal was pending before CIR (Appeals), Islamabad. The Company has filed an appeal before Appellate Tribunal (Inland Revenue) Islamabad against CIR (A) orders and is confident of a favourable outcome.

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31 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>2013</u>	<u>2012</u> Restated
Net profit for the year (Rs.'000)	<u>718,038</u>	<u>525,039</u>
Weighted average number of shares (Numbers)	<u>20,957,296</u>	<u>20,957,296</u>
Earnings per share (Rupees)	<u>34.26</u>	<u>25.05</u>

For the purpose of computing earnings per share, the number of shares for the previous year have been adjusted for the effect of bonus shares issued during the year.

32 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

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

	<u>2013</u> Rs.'000	<u>2012</u> Rs.'000
Managerial remuneration	1,906	1,830
Re-imbursable expenses	232	232
Provident fund contributions	6	6
Other perquisites and benefits in cash or in kind:		
Bonus	1,394	1,394
Travelling expense	491	805
Gratuity	1,165	1,066
Leave salary	121	121
	<u>5,315</u>	<u>5,454</u>

- In addition to above of free furnished accommodation and Company maintained cars are also provided to the Chief Executive Officer.

- Directors of the Company were not paid any remuneration during the year except for the meeting fee of Rs. 185,000 (2012: Rs. 80,000), number of Directors: 6 (2012: 6).

33 REMUNERATION OF EXECUTIVES

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

	<u>2013</u> (Rs.'000)	<u>2012</u> (Rs.'000)
Managerial remuneration	10,136	14,394
Provident fund contribution	307	332
Other perquisites and benefits in cash or in kind	6,026	7,965
	<u>16,469</u>	<u>22,691</u>
Number of executives	6	12

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34 SEGMENT INFORMATION**34.1 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 3.18.

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.

34.2 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	2013	5,276,469	511,410	823,186	41,138	6,652,203
	2012	4,717,730	433,965	735,433	85,215	5,972,343
Liabilities	2013	475,267	27,174	123,487	283,038	908,966
	2012	479,438	40,338	111,141	202,185	833,102

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

(i) Non current assets - additions

Property, plant and equipment	2013	75,609	137,377	12,201	-	225,187
	2012	91,967	21,424	87,571	-	200,962
Investment property	2013	76,285	-	-	-	76,285
	2012	-	-	-	-	-

(ii) Other material items

External revenue	2013	4,461,306	84,148	1,373,538	-	5,918,992
	2012	3,465,047	222,459	1,214,274	-	4,901,780
Inter-segment revenue	2013	232,468	626,914	7,743	-	867,125
	2012	196,706	406,158	3,443	-	606,307

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		Liquor Division	Glass Division	Tops Division	Unallocated	Total
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
(ii) Other material items (continued)						
Interest income	2013	83,141	-	-	-	83,141
	2012	52,273	-	-	-	52,273
Interest expense	2013	-	-	-	-	-
	2012	-	-	798	-	798
Depreciation	2013	73,940	57,130	31,763	-	162,833
	2012	57,745	67,090	40,867	-	165,702

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

	2013 (Rs.'000)	2012 (Rs.'000)
(i) Revenues		
Total revenue for reportable segments	6,786,117	5,508,083
Elimination of inter-segment revenue	(867,125)	(606,303)
Consolidated revenue	<u>5,918,992</u>	<u>4,901,780</u>
(ii) Profit or loss		
Total profit or loss for reportable segments	1,006,890	729,832
Unallocated amounts - Other expenses	(87,111)	(55,414)
Unallocated amounts - Other operating income	134,286	128,390
Net profit before taxation	<u>1,054,065</u>	<u>802,808</u>
(iii) Assets		
Total assets for reportable segments	6,611,065	5,887,128
Other unallocated amounts	41,138	85,215
Consolidated total assets	<u>6,652,203</u>	<u>5,972,343</u>
(iv) Liabilities		
Total liabilities for reportable segments	625,928	630,917
Other unallocated amounts	283,038	202,185
Consolidated total liabilities	<u>908,966</u>	<u>833,102</u>
(v) Other material items		
Interest income	83,220	52,273
Interest expense	656	798
Property, plant and equipment - additions	225,187	200,962
Depreciation	162,833	165,702

(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.

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35 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.

35.1 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:

	2013	2012
	(Rs.'000)	(Rs.'000)
Advances - considered good	6,429	6,717
Long term deposits	18,353	15,781
Trade debts - unsecured	34,859	39,528
Interest accrued	63	4,198
Other receivables	1,447	433
Short term investments	2,700	2,700
Cash at banks	1,647,716	1,103,199
	1,711,567	1,172,556

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

	2013 (Rs.'000)	2013 (Rs.'000)	2012 (Rs.'000)	2012 (Rs.'000)
	Gross debts	Impaired	Gross debts	Impaired
Not past due	4	-	7,048	-
Past due 0-30 days	11,432	-	31,141	-
Past due 31-180 days	23,423	-	1,329	-
Past due 181-360 days	-	-	10	-
More than 360 days	2,424	2,424	2,424	2,424
	37,283	2,424	41,952	2,424

The Company believes that except as already provided 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.

35.2 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
	2013 (Rs.'000)	2013 (Rs.'000)	2013 (Rs.'000)	2013 (Rs.'000)	2013 (Rs.'000)
Finance lease liabilities	4,664	5,281	3,121	2,160	-
Trade and other payables	264,346	264,346	264,346	-	-
	269,010	269,627	267,467	2,160	-
	2012 (Rs.'000)	2012 (Rs.'000)	2012 (Rs.'000)	2012 (Rs.'000)	2012 (Rs.'000)
Finance lease liabilities	6,831	8,142	3,544	3,706	892
Trade and other payables	226,220	226,220	226,220	-	-
	233,051	234,362	229,764	3,706	892

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35.3 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	
	2013	2012
	(Rs.'000)	(Rs.'000)
(i) Fixed rate instruments		
Financial assets		
Cash at bank	1,647,716	1,103,199
Short term investment	31,619	82,224
	1,679,335	1,185,423
(ii) Variable rate instruments		
Financial liabilities - Liabilities against assets subject to finance lease	4,664	6,831

(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. 46,640 (2012: Rs. 68,310). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(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:

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	2013 (Rs.'000)	2013 (USD'000)	2012 (Rs.'000)	2012 (USD'000)
Financial assets - cash at bank	32,465	322	29,588	313

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

	Average rates		Balance sheet rates	
	2013	2012	2013	2012
United States Dollar (USD)	97.67	89.93	100.75	94.59

(iii) **Sensitivity analysis**

A 10% strengthening of the functional currency against foreign currencies at 30 June 2013 would have decreased profit or loss by Rs. 3.25 million (2012: Rs. 2.94 million). A 10% weakening of the functional currency against foreign currencies at 30 June 2013 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

35.4 Fair value

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

	2013 (Rs.'000)	2013 (Rs.'000)	2012 (Rs.'000)	2012 (Rs.'000)
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets carried at fair value				
Short term investments - quoted prices	28,919	28,919	79,524	79,524
Assets carried at amortized cost				
Advances - considered good	6,429	6,429	6,717	6,717
Long term deposits	18,353	18,353	15,781	15,781
Trade debts - unsecured	34,859	34,859	39,528	39,528
Other receivables	9,520	9,520	6,125	6,125
Interest accrued	63	63	4,198	4,198
Short term investments	2,700	2,700	2,700	2,700
Cash at bank	1,647,716	1,647,716	1,103,199	1,103,199
	1,719,640	1,719,640	1,178,248	1,178,248
Liabilities carried at amortized cost				
Liabilities against assets subject to finance	4,664	4,664	6,831	6,831
Trade and other payables	264,346	264,346	226,220	226,220
	269,010	269,010	233,051	233,051

**MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(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.

36 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
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37 CAPACITY AND PRODUCTION	Measurement basis	2013	2012
37.1 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	24,000,000	24,000,000
(b) Actual Production			
Beer and Non Alcoholic Beverages (NAB)	Liters	15,347,346	13,269,045
PMFL	Cases (2 B.G)	1,112,003	814,498
Non Alcoholic Products (NAP)	Liters	14,913,507	13,403,996
37.2 Tops Division			
(i) Rawalpindi			
(a) Capacity of industrial unit			
Tetra pack Juices	Liters	33,580,000	27,000,000
Malt Extract	Kgs	210,000	210,000
(b) Actual production			
Tetra pack Juices	Liters	17,416,941	17,680,216
Malt extract	Kgs	-	44,155
(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	106,022	105,294
Juice (NR & Ret)	Liters	2,327,731	2,719,179
Mineral water	Liters	5,837,311	4,454,676
37.3 Glass Division - Hattar			
(a) Melting capacity	M. Tons	27,375	27,375
(b) Actual production - Glass melted	M. Tons	24,070	23,636

37.4 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 2013

38 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, staff retirement funds, executives and key management personnel. Balances with related parties are shown in notes 8, 10.1 and 20.1 to the financial statements. The transactions with related parties, other than donations, remuneration and benefits to Chief Executive and directors and key management personnel as per the terms of their employment which are disclosed in notes 26, 32 and 33 respectively to the financial statements, are as follows:

	2013	2012
	(Rs.'000)	(Rs.'000)
Transactions with associated companies under common directorship		
Sales commission	63,594	28,610
Purchase of raw materials	-	96,737
Services acquired	9,600	7,680
Bonus shares issued	2,784	2,452
Dividend paid	13,920	12,694
Transactions with other related parties		
Contribution to staff provident fund	1,786	1,678
Contribution to staff pension fund	2,406	1,819
Bonus shares issued	2,524	2,294
Dividend paid	12,619	11,472
Remuneration of key management personnel	5,315	5,454
39 EMPLOYEES PROVIDENT FUND TRUST		
Size of the Fund (Rupees'000)	70,700	68,040
Cost of investments made (Rupees'000)	41,480	44,980
Percentage of investments made (%)	58.67	66.11
Fair value of investments (Rupees'000)	67,624	63,984

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

39.1 Detail of investments of the Fund

	2013		2012	
	Rupees'000	%	Rupees'000	%
Defence Saving Certificates	41,480	61	41,480	65
Term deposits in different banks	-	-	3,500	5
Accrued markup	26,144	39	19,004	30
	67,624	100	63,984	100

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

40 POST BALANCE SHEET EVENT

The Board of Directors of the Company in the meeting held on 26 September 2013 proposed cash dividend of 60% (i.e., Rs. 6 per share) and stock dividend (bonus shares) of 10% (i.e., 01 bonus share for every 10 shares held by the shareholders).

41 GENERAL

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

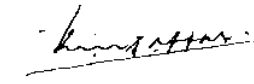
	2013	2012
41.2 Number of persons employed		
Employees on year end (Number)	1,359	1,302
Average employees during the year	1,300	1,272

42 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 26 September, 2013.



CHIEF EXECUTIVE



DIRECTOR

MURREE BREWERY COMPANY LIMITED
NATIONAL PARK ROAD, RAWALPINDI



FORM OF PROXY

146TH ANNUAL GENERAL MEETING

I/ we, _____ of _____ being a Member of the Murree Brewery Company Ltd and holder of (_____) Ordinary Shares as per Shares Register Folio / CDC Account No. _____

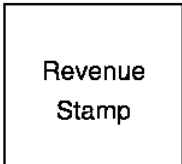
CNIC No. - - Or Passport No. _____

For beneficial owners as per CDC List.

CDC Participant I. D. No. _____ **Sub Account No.** _____

CNIC No. - - Or Passport No. _____

Hereby appoint _____ of _____ failing him / her _____ of _____ as my / our / proxy to vote and act for me / our behalf at the **146th Annual General Meeting of the Company to be held at 1100 Hours, on Tuesday, 29th October, 2013 at Registered Office, National Park Road, Rawalpindi or at any adjournment thereof.**



(Signature should agree with the specimen signature registered with the Company).

Date: This _____ day of October, 2013 Signature of Shareholder _____

Signature of Proxy _____

Witnesses

Signature _____
 Name _____
 Address _____
 CNIC or Passport # _____

Signature _____
 Name _____
 Address _____
 CNIC or Passport # _____

Signature _____
 Name _____
 Address _____
 CNIC or Passport # _____

Signature _____
 Name _____
 Address _____
 CNIC or Passport # _____

Note:

- Proxies in order to be effective must be received by the Company, Murree Brewery Co. Ltd., National Park Road, Rawalpindi not less than forty eight hours before the time of the meeting.
- CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC / Passport is required to be produced at the time of the meeting).
- In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provide earlier) alongwith proxy form to the Company

**AFFIX
CORRECT
POSTAGE**

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