

Annual Report 2014
Murree Brewery Company Limited

CONTENTS	Page
Vision & Mission Statement	1
Corporate Information	2-3
Notice of Annual General Meeting	4-7
Directors' Report	8-12
Six Years Financial Summary	13
Pattern of Shareholding	14-17
Code of Conduct	18-24
Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance	25
Statement of Compliance with the Code of Corporate Governance	26-28
Auditors' Report to the Member	29
Balance Sheet	30
Profit and Loss Account	31
Statement of Comprehensive Income	32
Cash Flow Statement	33
Statement of Changes in Equity	34
Notes to the Financial Statements	35-77
Form of Proxy	-
Income Tax Return Filing Status Form	-
Dividend Mandated Form	-

Annual Report 2014
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 Directors	Mr. Isphanyar M. Bhandara Ch. Mueen Afzal Mr. Aamir H. Sherazi Mrs. Goshi M. Bhandara Lt. Gen (R) Zarrar Azim Mr. Osman Khalid Waheed

PRINCIPAL OFFICERS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION (HR & R COMMITTEE)

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

AUDITORS

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

PRINCIPAL BANKERS

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

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

(iv) Mohallah Noorpura, Bahawalpur
Bypass Road, **Multan**
Ph: 081-4232964
Mob: 0313-7313234

(v) 184/B, Near Winter Time,
Small Industries Estate, **Sahiwal**
Mob: 0335-5611125
0321-6954001

FACTORIES

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

LEGAL ADVISORS

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

TAX ADVISOR

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

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

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

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

Notice is hereby given that 147th Annual General Meeting of the Company will be held at the Registered Office National Park Road, Rawalpindi at 1100 hours on Monday, 27th October, 2014 to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 24th July, 2014.
2. To receive, consider and adopt audited Financial Statements of the Company for the year ended 30th June, 2014 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) for the year ended 30th June, 2014 as recommended by the Directors. The Cash Dividend, if approved will be issued to those shareholders, whose names appear in the Register of Members of the Company on 18th October, 2014.
4. To appoint Auditors of the Company for the year ending 30th June, 2015 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 Rs. 4.0 Million per annum remuneration of the Chief Executive Mr. Isphanyar M. Bhandara for 3 years w. e. f. 1st July, 2014. These emoluments are subject to an annual increase up to a maximum of 20% per annum. He will also be entitled to bonus, ex-gratia, provident fund and all other benefits and perquisites from time to time as are applicable to Senior Executives plus traveling expenses at actual on Company business. He will also be provided with fully maintained Company vehicles for official and personal use.

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
29th September, 2014


BY ORDER OF THE BOARD

**M. ZAFFAR IQBAL
Company Secretary**

Annual Report 2014
Murree Brewery Company Limited

NOTES:

- i. The Register of member and the Share Transfer Books of the Company shall remain closed from **20th October, 2014 to 27th October, 2014 (both days inclusive)** and Cash Dividend will be paid to the Shareholders whose names appear in the Register of Members on **18th October, 2014**.
- ii. A member entitled to attend and vote at the meeting may appoint an other person as his/her proxy in writing to attend the meeting and vote on his / her behalf. A proxy must 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 CNIC 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.
- (f) **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**
- (g) **Audited accounts of the Company for the year ended 30th June, 2014 have been provided on the website www.murreebrewery.com.**

Annual Report 2014
Murree Brewery Company Limited

PAYMENT OF CASH DIVIDEND ELECTRONICALLY (OPTIONAL)

In compliance with the SECP's Circular No. 8(4)SM/CDC 2008 dated 5th April, 2013, the company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank, CDC account holders should submit their request directly to their broker (participant) CDC.

SUBMISSION OF COPIES OF CNIC AND NTN CERTIFICATE

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) number of shareholders. Shareholders who hold shares in physical form are therefore requested to fulfill the statutory requirement and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar M/s Central Depository Company Of Pakistan without any delay.

In case of non availability of a valid copy of the CNIC in the record of the company, the company will be constrained to withhold the Dividend Warrant in terms of Section 251(2) of the Companies Ordinance, 1984 which will be released by the Share Registrar only upon compliance with the aforesaid SECP directives.

Additionally, pursuant to the provisions of the Finance Act 2014 effective 1st July, 2014 the rate of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows.

(a)	Rate of tax deduction for filer of income tax returns	10%
(b)	Rate of tax deduction for non-filers of income tax returns	15%

All members / shareholders of the company who hold shares in physical form are therefore requested to send a valid copy of their CNIC and NTN certificate to the Company's Registrar M/s Central Depository Company Of Pakistan to allow the Company to ascertain the status of the shareholder / member

Members / shareholders of the Company who hold share in scrip – less form on Central Depository System (CDS) of Central Depository of Pakistan Limited (CDC) are required to send valid copies of their CNIC and NTN certificates to their CDC Participant / CDC Investor Account Services.

Where the required documents are not submitted, the company will be constrained to treat the non-complying Shareholder / member as a non filer thereby attracting a higher rate of withholding tax

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

This statement sets out the material facts in relation to the Special Business to be transacted at the 147 Annual General Meeting of the Company to be held on 27th October, 2014 at 1100 hours at the registered office, 3-National Park Road, Rawalpindi.

Annual Report 2014
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:

Special Resolution

Agenda Item No. 5 – Remuneration of Chief Executive

The shareholders approval is sought to approve Rs.4.0 Million per annum remuneration for 3 years w.e.f. 1st July, 2014 of Chief Executive Mr. Isphanyar M. Bhandara. These emoluments are subject to an annual increase up to a maximum of 20% per annum. He will also be entitled to bonus, ex-gratia, provident fund and all other benefits and perquisites from time to time as are applicable to Senior Executives plus traveling expenses at actual on Company business. He will also be provided with fully maintained Company vehicles for official and personal use.

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 Rs.4.0 Million per annum remuneration of Chief Executive Mr. Isphanyar M. Bhandara for 3 years w.e.f. 1st July, 2014.

Further resolved that these emoluments are subject to an annual increase up to a maximum of 20% per annum. He will also be entitled to bonus, ex-gratia, provident fund and all other benefits and perquisites from time to time as are applicable to Senior Executives plus traveling expenses at actual on Company business. He will also be provided with fully maintained Company vehicles for official and personal use".

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

Annual Report 2014
Murree Brewery Company Limited

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2014

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, 2014.

Directors

At the Extra Ordinary General Meeting held on 24th July, 2014, the retiring Board was elected for a term of three years as under:

- | | | | | | |
|----|-------------------------|----|---------------------------|----|---------------------------------|
| 1. | Mr. Khurram Muzaffar | 2. | Mr. Isphanyar M. Bhandara | 3. | Ch. Mueen Afzal |
| 4. | Mr. Aamir H. Shirazi | 5. | Mrs. Goshi M. Bhandara | 6. | Lt Gen [®] Zarrar Azim |
| 7. | Mr. Osman Khalid Waheed | | | | |

Murree Brewery has completed 153 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 2014 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 was also severe in the soft drinks market.

The Company invests heavily in state of the art plant and machinery enabling it to enhance efficiencies and reduce costs. The management is constantly reviewing systems and costs, particularly of raw material and studies product demand to improve profitability.

These outstanding results have been achieved by teamwork and the leadership of Mr. Isphanyar M. Bhandara who has completed 6 years as the Chief Executive of the Company.

Important developments in the year were:

Capacity Tax on aerated drinks was imposed by the Federal Government through the Finance Act, 2013. By virtue of this, the company would have been liable to pay over Rs.500 million during the year to 30th June, 2014. The company along with many other producers of aerated drinks applied to the High Court and was granted a Stay and the amount payable was shown as a contingent liability in our accounts. Subsequently the High Court issued an order in favour of the industry and all producers of aerated drinks were exempted from the payment of this tax. This tax which was contrary to the Government policy to encourage small and medium enterprise was withdrawn by the Finance Act, 2014.

The Government in accordance with this policy reduced the rate of corporate tax by a further 1% which is welcomed by the company as it encourages the corporate sector.

The National Accountability Bureau (NAB) case against the Murree Brewery directors pending since 2001 has finally been dismissed by the High Court of Sindh and all the directors have been exonerated.

Gas Infrastructure Development Cess (GIDC) was levied by the Federal Government and the company along with industry went into appeal against this cess and the Supreme Court issued an order rejecting the appeal of the Federation. The company got a Stay Order and did not pay this cess which amounts to approximately Rs.29 million. The Federal Government has issued a fresh Ordinance for re imposing the GIDC and it is shown as a contingent liability in our accounts.

The Federal Finance Act, 2014 has introduced a 5% tax on the value of bonus shares which (as they are issued in kind) has been challenged. The Honourable High Court of Sindh has recently ordered a stay on this tax and a final decision is awaited.

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

Annual Report 2014
Murree Brewery Company Limited

GROUP FINANCIAL OVERVIEW & HIGHLIGHTS

Sales revenue	Increased by	22.0%	to	Rs.7,219 million
Gross Profit	****	24.6%	to	Rs.1,823 million
Profit before Taxation	****	33.2%	to	Rs.1,404 million
Profit after taxation	****	34.1%	to	Rs. 963 million
Earnings per share	****	34.1%	to	Rs. 41.77

DIVISIONAL OPERATING RESULT

The results of our divisions were:

LIQUOR DIVISION

	2014 Rs. in million	%	2013 Rs. in million	%
Sales exclusive of applicable taxes	4,157	---	3,378	---
Cost of sales	(2,855)	(68.70)	(2,270)	(67.20)
Gross profit	1,301	31.30	1,108	32.80
Operating profit	951	22.88	817	24.19

The turnover of the division reflects an increase of Rs.779 million (23.06%) and operating profit increased by Rs.134 million (16.40%) over the previous year.

GLASS DIVISION

	2014 Rs. in million	%	2013 Rs. in million	%
Sales exclusive of applicable taxes	909	---	699	---
Cost of sales	(637)	(70.10)	(573)	(81.88)
Gross profit	272	29.90	126	18.12
Operating profit	246	27.14	105	14.98
Glass Containers sales	21,532	Metric Tons	20,138	Metric Tons

Glass division earned an operating profit of Rs.246 million against Rs.105 million in the previous year with sales increase of 30%.

TOPS DIVISION

	2014 Rs. in million	%	2013 Rs. in million	%
Sales exclusive of applicable taxes	1,317	---	1,124	---
Cost of sales	(1,067)	(81.00)	(896)	(79.69)
Gross profit	250	19.00	228	20.31
Operating profit	68	5.20	85	7.54

Tops division sales increased by 193 million and gross profit increased Rs. 22 million. However, due to increase in freight and other sales expenses, distribution cost increased resulting in decrease in operating profit of Rs.16 million as compared to the previous year.

Annual Report 2014
Murree Brewery Company Limited

AUDIT COMMITTEE

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

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

- Mr. Khurram Muzaffar was appointed as an additional member of the Audit Committee at the Board meeting held on 28th April, 2014.

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 considers any other issue or matter as may be assigned by the Board of Directors and determination of compliance with relevant statutory requirements.

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

HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

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

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

- Mr. Khurram Muzaffar was appointed to this committee as Mr. Aamir H. Shirazi regretted he could not continue due to his preoccupation.

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.

SAFETY COMMITTEE

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

Annual Report 2014
Murree Brewery Company Limited

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your company contributed a sum of Rs.2,496.7 million (previous year Rs1,920 million) to the Government exchequer on account of duty and taxes.

ENVIRONMENT, QUALITY, HEALTH & SAFETY MANAGEMENT SYSTEM

The management is strongly committed to sustainable Environmental & Quality Management which have been recognized by the society and independent certification authorities. The Company supports environmental issues and promotes greater environmental responsibilities and has achieved Certification of ISO-9001:2008 and OHSAS 18001:2007.

The Company ensures that every employee or contractor works under the safest possible conditions and has no child labour.

CORPORATE SOCIAL RESPONSIBILITY

Murree Brewery Company is one of the oldest companies meeting its obligation as a social corporate citizen. The Company delivered goods worth Rs.1.63million and donated one day employees salary of Rs.0.5million to IDPs and flood affectees.

During the year the company gave the use of its property to Muslim Aid (UK) to operate a free dispensary adjacent to the Company premises in Rawalpindi. The company has provided the furniture and fittings required by the dispensary and bears the cost of utilities, repairs and maintenance of the property.

SHAREHOLDING

The total number of Company's shareholders as at 30th June, 2014 was 796 against 870 on 30th June, 2013. The pattern of shareholding as at 30th June, 2014 is annexed.

EARNING PER SHARE

Earning per share for the current year is Rs 41.77 against Rs.31.15 last year.

DIVIDEND / BONUS SHARES

The company has been issuing bonus shares annually for many years. A tax at 5% has been introduced by the Federal Finance Act, 2014 which will cause hardship to the recipients. Representations have been made and the honourable High Court of Sindh has recently ordered a stay on this tax.

The directors have decided to defer consideration for the issue of bonus shares till their taxability is finally decided.

The Board has recommended a cash dividend @ 60%.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The directors state that,

- The financial statements for the year ended 30th June, 2014 prepared by the management of the Company fairly present its state of affairs, the result of its operation, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements except that disclosed in note No. 3.1 of Financial Statements and accounting estimates are based on reasonable and prudent judgement.

Annual Report 2014
Murree Brewery Company Limited

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of all financial statements.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts about the company's ability to continue as a going concern.
- There are no statutory payments on account of taxes, levies and charges outstanding as on June 30, 2014, 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. During the year 2013-14, one of the Director completed this program.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations except for matter disclosed in statement of compliance with the Code of Corporate Governance.
- Key operating and financial data for the last six years in summarized form are annexed.
- The value of the Provident Fund and Pension Fund investment at June 30, 2014 was Rs.75.856 million and Rs.28.333 million respectively.
- As per past practice, the company entered into a settlement with the Collective Bargaining Agent (CBA) for two years i.e. from 1st July 2013 till 30th June 2015. The Company has implemented Provincial Governments instructions (Punjab and KPK) on minimum wages.
- 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	4
Ch. Mueen Afzal	4	4
Mr. Aamir H. Sherazi	4	3
Mrs. Goshi M. Bhandara	4	2
Lt. Gen @ Zarrar Azim	4	3
Mr. Osman Khalid Waheed	4	2

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

FUTURE OUTLOOK

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

ACKNOWLEDGEMENT

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

On behalf of the Board



Khurram Muzaffar
Chairman

Rawalpindi: 29th September, 2014

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

S.#	PARTICULARS	2014	2013	2012	2011	2010	2009
1	PAID UP CAPITAL	230.53	209.57	190.20	173.20	144.33	131.21
2	RESERVE & SURPLUS	3,667.77	2,824.30	2,162.85	1,725.42	1,294.45	1,046.11
3	FIXED ASSETS (LESS DEPRECIATION)	3,708.17	3,670.40	3,649.65	3,074.90	2,997.18	2,946.62
4	NET SALES	5,163.67	4,334.85	3,628.87	3,349.79	2,578.53	2,220.72
5	COST OF SALES	3,340.63	2,871.71	2,496.04	2,216.88	1,747.74	1,591.45
6	GROSS PROFIT	1,823.07	1,463.14	1,132.83	1,132.91	830.80	629.33
7	PROFIT BEFORE TAX	1,463.60	1,054.06	802.81	784.69	524.58	340.85
8	CASH DIVIDEND %	60	60	50	50	50	50
9	STOCK DIVIDEND %	-	10	10	10	10	10
10	RETURN ON EQUITY %	27.78	26.58	24.70	31.15	24.10	19.70
11	BREAK-UP VALUE OF SHARE OF RS.10 EACH	169.10	144.76	123.53	109.62	99.68	89.73
12	EARNING PER SHARE (E.P.S)	41.77	31.15	25.05	30.02	18.21	14.95

MURREE BREWERY COMPANY LIMITED
Pattern of Shareholding
As of June 30, 2014

# Of Shareholders	Shareholdings'Slab			Total Shares Held
261	1	to	100	8,716
159	101	to	500	40,868
80	501	to	1000	58,492
134	1001	to	5000	344,900
54	5001	to	10000	393,586
24	10001	to	15000	301,869
20	15001	to	20000	346,747
13	20001	to	25000	294,695
7	25001	to	30000	185,720
5	30001	to	35000	161,519
5	35001	to	40000	186,989
2	40001	to	45000	84,728
2	45001	to	50000	95,090
1	50001	to	55000	50,394
1	55001	to	60000	55,481
1	60001	to	65000	60,500
3	65001	to	70000	204,652
1	70001	to	75000	74,829
1	85001	to	90000	86,134
1	90001	to	95000	92,890
1	120001	to	125000	122,404
1	130001	to	135000	130,406
1	160001	to	165000	163,691
1	170001	to	175000	170,255
1	175001	to	180000	176,000
1	190001	to	195000	194,186
2	215001	to	220000	440,000
1	235001	to	240000	235,240
1	240001	to	245000	243,080
1	265001	to	270000	266,201
1	320001	to	325000	321,660
1	350001	to	355000	350,194
1	530001	to	535000	531,659
1	565001	to	570000	565,430
1	570001	to	575000	571,868
1	685001	to	690000	687,064
1	870001	to	875000	870,103
1	1895001	to	1900000	1,900,000
1	2660001	to	2665000	2,660,586
1	2910001	to	2915000	2,911,300
1	3050001	to	3055000	3,053,890
1	3355001	to	3360000	3,359,009
798				23,053,025

Annual Report 2014
Murree Brewery Company Limited

Categories of Shareholders

Directors and their spouse(s) and minor children	No. of Shareholders	Shares Held	Percentage
Mr. Isphanyar M. Bhandara	2	3,273,890	14.20
Mr. Khurram Muzaffar	1	3,909	0.02
Ch. Mueen Afzal	1	3,210	0.01
Mr. Aamir H. Shirazi	1	2,570	0.01
Lt. Gen. (R) Zarar Azim	1	1,756	0.01
Mrs. Goshi M. Bhandara *	1	2,660,566	11.54
Mr. Osman Khalid Waheed	1	1,756	0.01
Mrs. Jasmin Bhandara	1	266,201	1.15
Mrs. Naseem Muzaffar	1	11,674	0.05
<ul style="list-style-type: none"> • In Civil Original No.05/2013, title Mr. Isphanyar M. Bhandara S/o M. P. Bhandara vs Mrs. Goshi M. Bhandara W/o M. P. Bhandara and others, the Honourable Lahorer High Court, Rawalpindi bench issued following order: Till then the shares in question to the extent of the petitioner's share shall neither be further alienated nor any dividend shall be apportioned / paid to the respondent (Mrs. Goshi M. Bhandara). • Also the guardian certificate issued in favor of Mrs. Goshi M. Bhandara for Jamshed M. Bhandara was ordered to be revoked by learned Guardian Judge, Rawalpindi. Now Bhandara Foundation (Charity organization) founded by late CEO, M.P. Bhandara, has applied for the appointment of manager before district judge Rawalpindi under Mental Health Ordinance 2002. 			
Associated Companies, undertakings and related parties			
M/s D. P. Eduji & Co. (Pvt) Ltd.,	2	3,368,592	14.61
Public Sector Companies and Corporations	2	861	0.00
Banks, Non Banking, Development, Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds	6	1,145,304	4.97
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	3,800	0.02
CDC - Trustee AKD Index Tracker Fund	1	2,497	0.01
General Public			
a. Local	711	7,268,953	31.54
b. Foreign	30	1,090,891	4.73
Foreign Companies	8	3,901,062	16.92
Others	27	45,513	0.20
TOTAL	798	23,053,025	100.00

Annual Report 2014
Murree Brewery Company Limited

Associated Companies, Undertakings And Related Parties

<u>S.No.</u>	<u>Folio #</u>	<u>Name Of Shareholder</u>	<u>Shares Held</u>	<u>Holding %</u>
1	40029	M/s D.P. Eduji & Co. (Pvt) Ltd.,	3,359,009	14.57
2	00935-12755	M/s D.P. Eduji & Co. (Pvt) Ltd	9,583	0.04
TOTAL			3,368,592	14.61

Public Sector Companies And Corporations

<u>S.No.</u>	<u>Folio #</u>	<u>Name Of Shareholder</u>	<u>Shares Held</u>	<u>Holding %</u>
1	90013	M/S. Investment Corporation Of Pak	359	0.00
2	00083-36	IDBL (ICP Unit)	502	0.00
TOTAL			861	0.00

Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas And Pension Funds

<u>S.No.</u>	<u>Folio #</u>	<u>Name Of Shareholder</u>	<u>Shares Held</u>	<u>Holding %</u>
1	20042	M/s Bank of Bahawalpur Ltd.,	4,835	0.02
2	130068	M/s MCB Bank Limited	9,451	0.04
3	04127-28	MCB Bank Limited – Treasury	23,650	0.10
4	06239-23	First Dawood Investment Bank Ltd	3,841	0.02
5	03277-2184	EFU General Insurance Limited	531,659	2.31
6	13755-21	Adamjee Insurance Company Ltd	571,868	2.48
TOTAL			1,145,304	4.97

Mutual Funds

<u>S.No.</u>	<u>Folio #</u>	<u>Name Of Shareholder</u>	<u>Shares Held</u>	<u>Holding %</u>
1	05520-28	Golden Arrow Selected Stocks Fund	3,800	0.02
2	06411-21	CDC - Trustee AKD Index Tracker Fund	2,497	0.01
TOTAL			6,297	0.03

Annual Report 2014

Murree Brewery Company Limited

Others

<u>S.No.</u>	<u>Folio #</u>	<u>Name Of Shareholder</u>	<u>Shares Held</u>	<u>Holding %</u>
1	20041	M/S. Business Investments Ltd.	68	0.00
2	80037	M/S. H. M. Investments (Pvt) Ltd	96	0.00
3	140075	M/S. N. H. Securities (Pvt) Ltd.,	14	0.00
4	60021	M/S. Fikree Development Corporation,	7,892	0.04
5	180019	M/S. Rawalpindi Electric Power Co. Ltd.	3,140	0.01
6	200006	The Deputy Administrator (A/C Dr. T. H. Khan)	3,999	0.02
7	01552-45	First Capital Equities Limited	2,308	0.01
8	01917-41	Prudential Securities Limited	572	0.00
9	03210-28	Y.S. Securities & Services (Pvt) Ltd.	74	0.00
10	03277-6164	Trustees Kandawalla Trust	16,899	0.08
11	03277-13154	Trustees Hommie & Jamshed Nusserwanjee C.T	4,649	0.02
12	03293-12	S.H. Bukhari Securities (Pvt) Limited	379	0.00
13	03525-57191	Sarfraz Mahmood (Private) Ltd	79	0.00
14	03525-63416	H M Investments (Pvt) Limited	2,366	0.01
15	03525-63817	NH Securities (Pvt) Limited.	324	0.00
16	03525-82219	UHF Consulting (Private) Limited	147	0.00
17	04192-518	NH Securities Pvt. Ltd	1	0.00
18	04192-1615	HM Investments (Pvt.) Ltd.	10	0.00
19	04705-73101	Securities & Exchange Commission Of Pak	1	0.00
20	04952-11579	Adeel & Nadeem Securities (Pvt.) Limited	100	0.00
21	05116-28	Time Securities (Pvt.) Ltd.	209	0.00
22	06601-12279	Horizon Securities (SMC – Pvt.) Limited	400	0.00
23	06882-25	AWJ Securities (Private) Limited.	300	0.00
24	08847-1447	Crescent Standard Business Management (Pvt) Ltd	1	0.00
25	10181-24	Horizon Securities Limited	55	0.00
26	11072-28	Seven Star Securities (Pvt.) Ltd.	1	0.00
27	14241-22	M/s Fikree's (SMC-Pvt) Ltd.	1,429	0.01
TOTAL			45,513	0.20

Share holders holding 5% or more

<u>S. No.</u>	<u>Folio No.</u>	<u>Name</u>	<u>Shares Held</u>	<u>Holding %</u>
1	90022	Mr. Isphanyar M. Bhandara	3,273,890	14.20
2	70021	Mrs. Goshi Minoo M. Bhandara	2,660,586	11.54
3	40029 *	M/s. D.P. Edulji & Co. (Pvt) Ltd.,	3,368,592	14.61
4	00547-9253	THS Kingsway Fund-Frontier Consumer	2,911,300	12.63
5	03277-43962	Mr. Feroze P. Bhandara	2,094,186	9.08
TOTAL			14,308,554	62.06

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

- Also shown under associated companies.

Annual Report 2014
Murree Brewery Company Limited

CODE OF CONDUCT

Table Of contents

Foreword

General Principles

Ethics, Transparency, Fairness, Professionalism

Company Information

Conflict of Interest

Confidentiality

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

Workplace Harassment

Equal Opportunity Environment

Protection of Company Assets and Proprietary Information

Annual Report 2014
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.

Annual Report 2014
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.

Annual Report 2014
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.

Annual Report 2014
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.

Annual Report 2014
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

Annual Report 2014
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

Annual Report 2014
Murree Brewery Company Limited

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Murree Brewery Company Limited (the Company) for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 of Karachi Stock Exchange Limited, Listing Regulation No. 35 of Lahore Stock Exchange Limited and Chapter XI of the Listing Regulations of Islamabad Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

Islamabad
29 September 2014


KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Syed Baqiyar Kazmi

Annual Report 2014
Murree Brewery Company Limited

**STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE.**

Name of Company Murree Brewery Co. Ltd.

Year Ended 30th June, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listing Regulations No. 35 of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors representing minority interest on its Board of Directors. During the year ended 30th June, 2014 the Board had six independent non-executive directors out of a total strength of seven.

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a Development Finance Institution (DFI), or an Non-Banking Finance Institution (NBFi) and non are a member of a stock exchange in Pakistan.
4. No casual vacancy occurred on the Board of Directors during the year ended June 30, 2014.
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.

Annual Report 2014
Murree Brewery Company Limited

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, and other executives directors, have been taken by the Board / Shareholders.
8. The meetings of the Board were presided over by the Chairman or by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. Four Directors of the Company are exempt from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. During the year 2013-14, one director has completed this program.
10. The Company has a Company Secretary, Chief Financial Officer (CFO), and Head of Internal Audit. The Board has approved their appointments including their remuneration and terms & conditions of employment.
11. The Director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee of four members, of whom three are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

Annual Report 2014
Murree Brewery Company Limited

17. The Board has formed a Human Resource and Remuneration Committee. Its comprises three members, of whom all are non executive directors.
18. The Board has outsourced the internal audit function to M/s Ford Rhodes Sidat Hyder & Co. who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through all the stock exchanges.
23. Related party transactions have been placed before the Audit Committee and approved by the Board of Directors to comply with the requirements of listing regulation number 37 of the Karachi Stock Exchange (Guarantee) Limited.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Rawalpindi
29th September, 2014



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 2014 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 except for change as mentioned in Note 3.1 with which we concur;
 - (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 2014 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
29 September 2014


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

Murree Brewery Company Limited
Profit And Loss Account
For the year ended 30 June 2014

Note	Liquor Division		Glass Division		Tops Division		Total	
	2014 (Rs. '000)	2013 (Rs. '000)	2014 (Rs. '000)	2013 (Rs. '000)	2014 (Rs. '000)	2013 (Rs. '000)	2014 (Rs. '000)	2013 (Rs. '000)
TURNOVER								
Third party sales - net	5,561,111	4,461,306	29,108	84,148	1,629,179	1,373,538	7,219,398	5,918,992
Inter divisional sales	304,722	232,468	883,761	626,914	31,222	7,743	-	-
	5,865,833	4,693,774	912,869	711,062	1,660,401	1,381,281	7,219,398	5,918,992
Duties and taxes	(1,706,693)	(1,315,643)	(4,229)	(11,607)	(342,980)	(256,892)	(2,055,902)	(1,584,142)
	4,157,140	3,378,131	908,580	699,455	1,317,421	1,124,389	5,163,496	4,334,850
COST OF SALES								
Third parties	(1,984,830)	(1,675,579)	(636,953)	(572,733)	(718,647)	(623,398)	(3,340,430)	(2,871,710)
Inter divisional	(871,117)	(594,533)	-	-	(348,528)	(272,592)	-	-
	(2,855,947)	(2,270,112)	(636,953)	(572,733)	(1,067,175)	(895,990)	(3,340,430)	(2,871,710)
GROSS PROFIT	1,301,193	1,108,019	271,627	126,722	250,246	228,399	1,823,066	1,463,140
Distribution cost	(214,289)	(174,496)	(3,478)	(2,829)	(140,204)	(110,447)	(357,971)	(287,772)
Administrative expenses	(134,175)	(114,871)	(21,494)	(18,211)	(41,136)	(32,480)	(196,805)	(165,562)
Finance cost	(1,493)	(1,334)	(57)	(934)	(348)	(648)	(1,898)	(2,916)
	(349,957)	(290,701)	(25,029)	(21,974)	(181,688)	(143,575)	(556,674)	(456,250)
Other expenses	951,236	817,318	246,598	104,748	68,558	84,824	1,266,392	1,006,890
Other income							(97,732)	(87,111)
Net profit before taxation	951,236	817,318	246,598	104,748	68,558	84,824	234,943	134,286
Provision for taxation							1,403,603	1,054,065
Net profit after taxation							(440,780)	(336,027)
							962,823	718,038
Earnings per share - basic and diluted (Rupees)							41.77	(Restated) 31.15

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



CHIEF EXECUTIVE



DIRECTOR

Annual Report 2014
Murree Brewery Company Limited
 Statement of Comprehensive Income
For the year ended 30 June 2014

	2014 (Rs.'000)	2013 (Rs.'000)
		Restated
Net profit after taxation	962,823	718,038
Other comprehensive income for the year		
Experience adjustment on defined benefit obligation (Note 3.1)	(20,889)	(8,670)
Tax effect on experience adjustments	7,311	3,035
Total other comprehensive income for the year	(13,578)	(5,635)
Total comprehensive income for the year	949,245	712,403

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



CHIEF EXECUTIVE



DIRECTOR

Annual Report 2014
Murree Brewery Company Limited
Cash Flow Statement

For the year ended 30 June 2014

	Note	2014 (Rs. '000)	2013 (Rs. '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		1,403,603	1,054,065
Adjustments for non cash items:			
Depreciation	13	153,396	162,833
Provision for staff retirement benefits		16,863	11,635
Return on deposits	28	(128,146)	(83,220)
Dividend income	28	(5)	(10)
Finance cost	26	1,898	2,916
Unrealized gain on re-measurement of short term investments	28	(2,431)	(2,433)
Gain on remeasurement of investment property to fair value		(50,297)	-
(Gain) / loss on disposal of property, plant and equipment	28	(690)	4,537
		<u>(9,412)</u>	<u>96,258</u>
Operating profit before working capital changes		1,394,191	1,150,323
Decrease / (increase) in stores, spare parts and loose tools		6,719	(1,356)
Increase in stock in trade		(27,331)	(52,098)
Decrease in trade debts - unsecured		22,711	4,669
Increase in advances - considered good		(21,589)	(15,264)
Decrease / (increase) in short term prepayments		8,056	(1,739)
Decrease / (increase) in other receivables		1,447	(1,014)
Increase in trade and other payables		149,474	77,674
		<u>139,487</u>	<u>10,872</u>
Cash generated from operations		1,533,678	1,161,195
Change in long term advances		1,083	271
Change in long term deposits		(1,105)	(2,572)
Finance cost paid		(1,898)	(2,916)
Staff retirement benefits paid		(7,840)	(6,548)
Income taxes paid	11	(484,914)	(379,372)
Net cash generated from operating activities		1,039,004	770,058
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(193,317)	(225,187)
Purchase of investment property	14	-	(76,285)
Proceeds on disposal of property, plant and equipment	13.6	7,157	37,061
Sale of investments held for trading - net		-	53,038
Return on deposits received	28	128,084	87,355
Dividends received	28	5	10
Net cash used in investing activities		(58,071)	(124,008)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		(4,825)	(2,167)
Dividend paid		(105,805)	(94,078)
Net cash used in financing activities		(110,630)	(96,245)
Net increase in cash and cash equivalents		870,303	549,805
Cash and cash equivalents at beginning of the year		1,654,527	1,104,722
Cash and cash equivalents at end of the year		2,524,830	1,654,527

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


CHIEF EXECUTIVE


DIRECTOR

Annual Report 2014
Murree Brewery Company Limited
Statement of Changes in Equity
For the year ended 30 June 2014

	Share capital (Rs.'000)	Capital reserve (Rs.'000)	General reserve (Rs.'000)	Contingency reserve (Rs.'000)	Unappropriated profit (Rs.'000)	Total equity (Rs.'000)
Balance at 01 July 2012 as previously reported	190,520	30,681	327,042	20,000	1,785,127	2,353,370
Effect of change in accounting policy (Note 3.1)	-	-	-	-	(10,858)	(10,858)
Balance at 01 July 2012 - as restated	190,520	30,681	327,042	20,000	1,774,269	2,342,512
Total comprehensive income for the year	-	-	-	-	712,403	712,403
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
	-	-	-	-	786,622	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 - as stated	209,572	30,681	327,042	20,000	2,446,579	3,033,874
Balance as at 01 July 2013 as previously reported	209,572	30,681	327,042	20,000	2,463,072	3,050,367
Effect of change in accounting policy (Note 3.1)	-	-	-	-	(16,493)	(16,493)
Balance at 01 July 2013 - as restated	209,572	30,681	327,042	20,000	2,446,579	3,033,874
Total comprehensive income for the year	-	-	-	-	949,345	949,345
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	40,438	40,438
Transferred from surplus on revaluation of property, plant and equipment on disposal - net of deferred tax	-	-	-	-	488	488
	-	-	-	-	990,171	990,171
Transactions with owners, recorded directly in equity						
Final dividend for the year ended 30 June 2013 (Rs. 6.0 per share)	-	-	-	-	(125,744)	(125,744)
Bonus shares issued for the year ended 30 June 2013 @ 10%	20,958	-	-	-	(20,958)	-
	20,958	-	-	-	(146,702)	(125,744)
Balance as at 30 June 2014	230,530	30,681	327,042	20,000	3,290,048	3,898,301

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


CHIEF EXECUTIVE


DIRECTOR

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

1 THE COMPANY AND ITS OPERATIONS

Murree Brewery Company Limited ("the Company") was incorporated under the repealed Indian Companies Act (now the Companies Ordinance, 1984) in February 1861 as a public limited company. The shares of the Company are listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at National Park Road in Rawalpindi. The Company is principally engaged in the manufacturing of Pakistan Made Foreign Liquor (PMFL), Alcoholic Beer, Non-Alcoholic Beer (NAB), Non-Alcoholic Products (NAP) which includes juices in tetra packs in Rawalpindi and food products, juices, mineral water, glass bottles and jars in Hattar. The Company is presently operating three divisions namely Liquor Division, Tops Division and Glass Division to carry out its principal activities.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee, which is the Company's functional and presentation currency. All amounts have been rounded off to nearest thousand.

2.4 Significant accounting estimates

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

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.

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

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 realizable value, on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spare parts and loose tools and stock in trade with a corresponding affect on the provision.

(e) Provision against trade debts and other receivables

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

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

(f) Investment at fair value through profit and loss account - held for trading

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

(g) Impairment of financial assets

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

(h) Impairment of non-financial assets

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

(i) Provision and contingencies

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for change as identified in note 3.1 below.

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

- 3.1 IAS 19 (as revised in June 2011) "Employees Benefits" became effective during the year. The amendments to IAS 19 change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The Company has applied IAS 19 (as revised in June 2011) retrospectively in accordance with requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, opening balance sheet of the earliest comparative period presented (01 July 2012) has been restated. This change has resulted in increase in the balance of deferred liabilities - staff retirement benefit, decrease in receivable from pension fund and decrease in deferred tax liability by amounts mentioned below with corresponding effect on equity.

Effect due to change in accounting policy	30 June 2013	01 July 2012
	(Rs. '000)	(Rs. '000)
<i>Deferred liabilities, staff retirement benefit</i>		
Present value of defined benefit obligation - as previously reported	43,775	36,307
Increase due to change in accounting policy	15,210	16,945
Present value of defined benefit obligation - as restated	<u>58,985</u>	<u>53,252</u>
Deferred taxation liability - as previously reported	190,377	231,889
Decrease due to change in accounting policy	(5,324)	(5,931)
Deferred taxation liability - as restated	<u>185,053</u>	<u>225,958</u>
Net effect of change in accounting policy	<u>9,886</u>	<u>11,014</u>
<i>Other receivables, Receivables from pension fund</i>		
Present value of net assets of the fund as previously reported	(8,073)	(5,692)
Decrease / (increase) due to change in accounting policy	10,165	(240)
Present value of net liabilities / (assets) of the fund - as restated	<u>2,092</u>	<u>(5,932)</u>
Deferred taxation liability - as previously reported	190,377	231,889
(Decrease) / increase due to change in accounting policy	(3,558)	84
Deferred taxation liability - as restated	<u>186,819</u>	<u>231,973</u>
Net effect of change in accounting policy	<u>6,607</u>	<u>(156)</u>
Net decrease due to change in accounting policy in:		
- Deferred taxation liability	<u>(8,882)</u>	<u>(5,847)</u>
- Effect recognized in unappropriated profit	<u>16,493</u>	<u>10,858</u>

This change has also resulted in recognition of experience adjustments on defined benefit obligations amounting to Rs. 13.58 million (2013: Rs. 5.64) net of tax in other comprehensive income for the year ended 30 June 2014.

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

As the effect of this change was not considered material therefore third balance sheet was not presented.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

3.3 Employee benefits

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

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

a) Defined contribution plan (Retirement benefit)

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

b) Defined benefit plans (Retirement benefit)

The Company operates pension and gratuity plans for its eligible staff. The Pension Plan is funded while the Gratuity Plan is unfunded. The Pension Fund is managed by trustees of the fund who are responsible for the establishment and oversight of the Fund's risk management framework. The liabilities under the plans are determined on the basis of actuarial valuations carried out by independent actuary using the Projected Unit Credit Method. Latest valuations of pension and gratuity were conducted as of 30 June 2014. Significant actuarial assumptions used for gratuity plan and pension plan are mentioned in notes 8.1.4 and 10.4.8 respectively.

c) Compensated absences

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

3.4 Property, plant and equipment

a) Owned

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

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

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

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

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

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.

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

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.

3.5 Investment property

Investment property is a property held for either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost on initial recognition and subsequently at fair value with change therein recognized in profit and loss account. Cost includes expenditure that is directly attributable to the acquisition of investment property.

3.6 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.

3.7 Stores, spare parts and loose tools

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

3.8 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.

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

3.9 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.

3.10 Revenue recognition

- Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

- Return on deposits is accounted for on a time proportion basis using the effective rate of interest;

- Capital gains or losses on sale of investments are taken to the profit and loss account in the period in which they arise;

- Dividend income is recognized when the Company's right to receive the dividend is established; and

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

3.11 Provisions

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

3.12 Unearned income

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

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

3.13 Foreign currency transactions

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

3.14 Dividend appropriation

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

3.15 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

a) Financial assets

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

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

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

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit and loss account. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

b) Non financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

3.16 Financial instruments

a) Non-derivative financial assets

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

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

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

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

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.

b) *Non-derivative financial liabilities*

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

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

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

3.17 Offsetting of financial assets and financial liabilities

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

3.18 Finance income and finance cost

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

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

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

3.19 Segment Reporting

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

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). 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. The interpretation is not likely to have an impact on the Company's financial statements.
- 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. The amendments are not likely to have an impact on the Company's financial statements.
- 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. The amendments are not likely to have an impact on the Company's financial statements.

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” Continuing hedge accounting after derivative notation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a notation that was not contemplated in the original hedging documentation meets specific criteria. The amendments are not likely to have an impact on the Company’s financial statements.

- Amendments to IAS 19 “Employee Benefits” Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments are not likely to have an impact on the Company’s financial statements.

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

- IFRS 10 ‘Consolidated Financial Statements’ – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 ‘Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called ‘Separate Financial Statements’ and will deal with only separate financial statements. This standard does not have any impact on current transactions of the Company.

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

- IFRS 12 ‘Disclosure of Interest in Other Entities’ (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or structured entities, into one place. This standard does not have any impact on current transactions of the Company.

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

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Company's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Company's financial statements.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards. The improvements are not likely to have an impact on the Company's financial statements:
 - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
 - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
 - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
 - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
 - IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
 - IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

5 SHARE CAPITAL

5.1 Authorized share capital

This represents 30,000,000 ordinary shares of Rs. 10 each (2013: 30,000,000 ordinary shares of Rs. 10 each).

5.2 Issued, subscribed and paid up capital

2014 Numbers	2013 Numbers		2014 (Rs.'000)	2013 (Rs.'000)
264,000	264,000	Ordinary shares of Rs. 10 each fully paid in cash	2,640	2,640
22,789,025	20,693,296	Ordinary shares of Rs. 10 each issued fully paid as bonus shares	227,890	206,932
<u>23,053,025</u>	<u>20,957,296</u>		<u>230,530</u>	<u>209,572</u>

5.3 M/s D.P. Edulji & Company (Private) Limited ("an associated undertaking") holds 3,368,592 (2013: 3,062,357) ordinary shares of Rs.10 each at the balance sheet date. Further, directors hold 5,947,677 (2013: 5,406,983) ordinary shares of Rs.10 each at the balance sheet date.

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

	2014 (Rs.'000)	2013 (Rs.'000)
Opening balance as on 01 July	2,785,862	2,881,082
Reversal on disposal of property, plant and equipment	(751)	(35,980)
	<u>2,785,111</u>	<u>2,845,102</u>
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year:		
- Net of deferred tax	(40,438)	(38,506)
- Related deferred tax liability	(21,775)	(20,734)
	<u>(62,213)</u>	<u>(59,240)</u>
Surplus on revaluation of property, plant and equipment as at 30 June	<u>2,722,898</u>	<u>2,785,862</u>
Related deferred tax liability:		
On revaluation surplus as on 01 July	(92,992)	(95,211)
Adjustment during the year	-	(18,783)
On property, plant and equipment disposed off during the year	263	268
On incremental depreciation charged during the year	21,775	20,734
	<u>(70,954)</u>	<u>(92,992)</u>
	<u>2,651,945</u>	<u>2,692,870</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

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% (2013: 11.81% to 21%) per annum. The rentals are payable in thirty six monthly installments up to 11 June 2016 (2013: 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	2014 (Rs.'000)	2013 (Rs.'000)
			Restated
Present value of defined benefit obligation - gratuity	8.1.1	<u>71,500</u>	<u>58,985</u>

8.1.1 Movement in net liability recognized

Opening net liability		58,985	53,252
Expense for the year	8.1.2	14,748	11,610
Experience adjustment recognized in other comprehensive income		693	(1,735)
Benefit paid during the year		<u>(2,926)</u>	<u>(4,142)</u>
Closing net liability		<u>71,500</u>	<u>58,985</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	Note	<u>2014</u> (Rs.'000)	<u>2013</u> (Rs.'000) Restated			
8.1.2 Expense recognized in profit and loss account is as follows:						
Current service cost		6,212	5,925			
Interest cost		<u>8,536</u>	<u>5,685</u>			
	8.1.3	<u>14,748</u>	<u>11,610</u>			
8.1.3 Expense is recognized in the following line items in profit and loss account:						
Cost of sales		10,324	8,127			
Administrative expenses		<u>4,424</u>	<u>3,483</u>			
		<u>14,748</u>	<u>11,610</u>			
8.1.4 Key actuarial assumptions						
Discount rate		13.00%	12.50%			
Increase in salary		13.00%	12.50%			
Mortality rate		EFU 61-66	EFU 61-66			
8.1.5 For a change of 100 basis points, present value of defined benefit obligation as at 30 June 2014 would have been as follows:						
		<u>Increase</u> (Rs.'000)	<u>Decrease</u> (Rs.'000)			
Discount rate		<u>65,731</u>	<u>78,095</u>			
Salary increase rate		<u>78,033</u>	<u>65,683</u>			
8.1.6 Comparison of present values of defined benefit obligation for five years is as follows:						
		<u>2014</u> (Rs.'000)	<u>2013</u> (Rs.'000) Restated	<u>2012</u> (Rs.'000)	<u>2011</u> (Rs.'000)	<u>2010</u> (Rs.'000)
Present value of defined benefit obligation		<u>71,500</u>	<u>58,985</u>	<u>36,307</u>	<u>29,619</u>	<u>23,713</u>
Experience adjustments on obligation		<u>693</u>	<u>(1,735)</u>	<u>3,961</u>	<u>-</u>	<u>277</u>
8.1.7 The Company's expected charge for defined benefit gratuity plan for the next year is Rs. 9.16 million.						

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	Note	2014 (Rs.'000)	2013 (Rs.'000) Restated
9 DEFERRED TAXATION			
Taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		70,954	92,993
Accelerated depreciation		122,259	119,044
		<u>193,213</u>	<u>212,037</u>
Deductible temporary differences:			
Provision for employee benefits, finance leases and others		(44,520)	(30,541)
		<u>148,693</u>	<u>181,496</u>
9.1	Charge for the year has been allocated as follows:		
	Profit and loss account	(25,492)	(60,295)
	Other comprehensive income	(7,311)	(3,035)
		<u>(32,803)</u>	<u>(63,330)</u>
10 TRADE AND OTHER PAYABLES			
Creditors	10.1	190,129	177,297
Accrued liabilities		62,129	47,705
Advances from customers		75,415	52,943
Unclaimed and unpaid dividend		40,388	20,449
Workers' (Profit) Participation Fund (WPPF)	10.2	90,474	65,800
With-holding tax payable		517	22
Sales tax payable - net		128,214	83,369
Federal Excise Duty payable		10,634	4,938
Export duty payable on PMFL and beer		110,821	110,821
Workers' Welfare Fund (WWF)	10.3	29,015	23,487
Payable to pension fund	10.4	19,489	2,092
Zila tax payable		6,871	6,871
Unearned income		1,135	2,989
Other liabilities		15,769	18,894
		<u>781,000</u>	<u>617,677</u>

- 10.1** This includes Rs. 43.65 million (2013: Rs. 2.37 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.

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	Note	<u>2014</u> (Rs.'000)	<u>2013</u> (Rs.'000)
10.2 Workers' (Profit) Participation Fund (WPPF)			
Opening balance		65,800	48,842
Charge for the year	27	66,292	57,153
Less: Payments during the year		<u>(41,618)</u>	<u>(40,195)</u>
		<u>90,474</u>	<u>65,800</u>
10.3 Workers' Welfare Fund (WWF)			
Balance at the beginning of the year		23,487	16,384
Charge for the year	27	29,015	23,487
Advance income tax adjusted against workers' welfare fund	11	<u>(23,487)</u>	<u>(16,384)</u>
		<u>29,015</u>	<u>23,487</u>
			Restated
10.4 Payable to pension fund		<u>19,489</u>	<u>2,092</u>
10.4.1 The movement in net liability / (asset) recognized is as follows:			
Opening net liability / (asset)		2,092	(5,932)
Experience adjustment recognized in other comprehensive income		20,196	10,405
Expense for the year	10.4.6	2,115	24
Contributions by the Company		<u>(4,914)</u>	<u>(1,832)</u>
Contribution payable		-	(573)
Closing net liability		<u>19,489</u>	<u>2,092</u>
10.4.2 The amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation	10.4.3	47,822	26,501
Fair value of plan assets	10.4.4	<u>(28,333)</u>	<u>(24,409)</u>
Surplus of the fund		<u>19,489</u>	<u>2,092</u>
10.4.3 The movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		26,501	14,605
Current service cost recognized during the year		1,775	454
Interest cost recognized during the year		3,617	1,924
Benefits paid during the year		<u>(2,833)</u>	<u>(1,707)</u>
Actuarial loss on obligation		<u>18,762</u>	<u>11,225</u>
Present value of defined benefit obligation at end of the year		<u>47,822</u>	<u>26,501</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	Note	<u>2014</u> (Rs.'000)	<u>2013</u> (Rs.'000)
10.4.4 The movement in the present value of plan assets are as follows:			
Fair value of plan assets at beginning of the year		24,409	20,537
Contributions paid into the plan		4,914	1,832
Benefits paid by the plan		(2,833)	(1,707)
Expected return on plan assets		3,277	2,867
Contributions payable		-	574
Actuarial (loss) / gain on assets		(1,434)	306
Fair value of plan assets at end of the year	10.4.7	<u>28,333</u>	<u>24,409</u>

10.4.5 The Company's expected charge for defined benefit pension plan for the next year is Rs. 4.61 million.

	<u>2014</u> (Rs.'000)	<u>2013</u> (Rs.'000)
10.4.6 Expense / (Income) recognized in profit and loss account:		
Current service cost	1,776	557
Net interest cost	339	(533)
	<u>2,115</u>	<u>24</u>

10.4.7 Plan assets comprise of:

Units in open end funds	7,635	5,679
Defense saving certificates	20,410	18,054
Cash at banks	288	102
Contribution payable	-	574
	<u>28,333</u>	<u>24,409</u>

10.4.8 Key actuarial assumptions

Discount rate	13.00%	11.50%
Salary increase rate	13.00%	11.50%

10.4.9 For a change of 100 basis points, present value of defined benefit obligation as at 30 June 2014 would have been as follows

	<u>Increase</u> (Rs.'000)	<u>Decrease</u> (Rs.'000)
Discount rate	<u>42,950</u>	<u>51,845</u>
Salary increase rate	<u>51,368</u>	<u>44,749</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

10.4.10 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:

	<u>2014</u> <u>(Rs.'000)</u>	<u>2013</u> <u>(Rs.'000)</u>	<u>2012</u> <u>(Rs.'000)</u>	<u>2011</u> <u>(Rs.'000)</u>	<u>2010</u> <u>(Rs.'000)</u>
		Restated			
Present value of defined benefit obligation	47,822	26,501	14,605	14,271	16,451
Fair value of plan assets	<u>(28,333)</u>	<u>(24,409)</u>	<u>(20,537)</u>	<u>(18,243)</u>	<u>(18,243)</u>
Deficit / (surplus)	<u>19,489</u>	<u>2,092</u>	<u>(5,932)</u>	<u>(3,972)</u>	<u>(1,792)</u>
Experienced adjustments on obligation	<u>(18,762)</u>	<u>11,225</u>	<u>-</u>	<u>2,652</u>	<u>-</u>
Experienced adjustments on plan assets	<u>(1,434)</u>	<u>306</u>	<u>-</u>	<u>(3,004)</u>	<u>(900)</u>

	Note	<u>2014</u> <u>(Rs.'000)</u>	<u>2013</u> <u>(Rs.'000)</u>
11 PROVISION FOR TAXATION - net			
Tax payable at beginning of the year		54,564	4,960
Provision for taxation - current	29	466,272	396,322
Income tax paid during the year		<u>(484,914)</u>	<u>(363,102)</u>
Income tax adjusted against workers' welfare fund	10.3	<u>23,487</u>	<u>16,384</u>
Tax payable at end of the year		<u>59,409</u>	<u>54,564</u>

12 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

12.1 The Company is contingently liable in respect of guarantees amounting to Rs. 49.47 million (2013: Rs. 47.05 million) issued by banks on behalf of the Company in normal course of business.

12.2 For contingencies related to tax matters - Refer note 29.2.

12.3 Gas Infrastructure Development Cess (GIDC) was levied by the Federal Government and the Company along with the industry went into appeal against GIDC. In August 2014, Honorable Supreme Court of Pakistan issued an order rejecting the appeal of the Federal Government against which the Federal Government has subsequently filed a review petition. Keeping in view the above order of the Honorable Supreme Court, the Company has not recognised liability in respect of GIDC amounting to Rs. 28.7 million.

(b) Commitments:

12.4 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 216.6 million (2013: Rs. 298.5 million).

12.5 The Company's contracted capital commitments outstanding at the year end amounting to Rs. 92.5 million (2013: Rs. 181.57 million).

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2014

13 PROPERTY, PLANT AND EQUIPMENT

	Owned						Leased Motor vehicles	Grand Total (Rs.'000)
	Freehold land (Rs.'000)	Leasehold land (Rs.'000)	Buildings on freehold land (Note 13.1)	Plant, machinery and equipment (Note 13.1)	Furniture, fixtures and equipment	Motor vehicles (Rs.'000)		
Original cost /								
reassessed value								
As at 1 July 2012	2,535,901	30,500	129,656	888,336	16,510	77,912	25,147	3,703,962
Additions	-	-	155	22,147	1,641	20,912	180,332	225,187
Disposals	(36,750)	-	-	(1,930)	(321)	(9,205)	-	(48,206)
As at 30 June 2013	2,499,151	30,500	129,811	908,553	17,830	89,619	205,479	3,880,943
Additions	-	-	2,496	35,992	1,636	3,688	149,505	193,317
Transfers / adjustment	-	-	15,753	36,387	-	6,117	(52,140)	6,117
Disposals	-	-	-	(5,837)	(34)	(5,721)	-	(11,592)
As at 30 June 2014	2,499,151	30,500	148,060	975,095	19,432	93,703	302,844	4,068,785
Depreciation								
As at 1 July 2012	-	-	-	-	12,414	50,128	-	62,542
Charge for the year	-	-	15,690	134,193	1,243	9,764	-	160,890
Disposals	-	-	-	(841)	(320)	(5,447)	-	(6,608)
As at 30 June 2013	-	-	15,690	133,352	13,337	54,445	-	216,824
As at 1 July 2013	-	-	15,690	133,352	13,337	54,445	-	216,824
Transfers / adjustment	-	-	-	-	-	3,212	-	3,212
Charge for the year	-	-	13,851	124,568	1,095	11,428	-	150,942
Disposals	-	-	-	(1,617)	(34)	(3,474)	-	(5,125)
As at 30 June 2014	-	-	29,541	256,303	14,398	65,611	-	365,853
Carrying amounts								
- 2014	2,499,151	30,500	118,519	718,792	5,034	28,092	302,844	3,702,932
- 2013	2,499,151	30,500	114,121	775,201	4,493	35,174	205,479	3,664,119
Depreciation rates per annum	-	-	5-10%	10-20%	10-33%	20%	-	20%

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

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.

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

	Cost (Rs.'000)	Accumulated depreciation (Rs.'000)	Written down value (Rs.'000)
Land	2,348	-	2,348
Buildings	132,667	(52,544)	80,123
Plant and machinery	1,135,334	(573,741)	561,593
2014	1,270,349	(626,285)	644,064
2013	1,185,558	(552,447)	633,111

13.4 Depreciation charge has been allocated as follows:

	Note	2014 (Rs.'000)	2013 (Rs.'000)
Cost of sales	23	133,794	140,661
Distribution cost	24	3,880	4,262
Administrative expenses	25	15,722	17,910
		153,396	162,833

13.5 Detail of capital work in progress is as follows:

Plant and machinery	298,695	189,727
Civil works	4,149	15,752
	302,844	205,479

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

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)					
Plant & machinery						
Wood Boiler	13.6.1	4,680	3,566	3,500	(66)	Pak Traders Lahore
Shrinkwrap Machine	13.6.1	1,158	654	109	(545)	Mr. Israr Kabari
Vehicles						
Toyota Altis	13.6.2	1,814	703	1,114	411	Mr. Muhammad Javed
Honda city	13.6.2	1,304	521	779	258	Mr. Tallat Yaqoob
Suzuki Mehran	13.6.3	340	127	230	103	Mrs. Samina Shahzadi
Suzuki Mehran	13.6.3	494	198	344	146	Mr. Yaseen Bhatti
Suzuki Alto	13.6.3	723	289	444	155	Mr. Muhammad Ajmal
Suzuki Mehran	13.6.3	522	212	311	99	Mr. Khawaja Naveed
Suzuki Mehran	13.6.3	457	169	283	114	Mr. Muhammad Tahir
Aggregate value of other items with individual book value not exceeding Rs. 50,000						
		100	28	43	15	
2014		11,592	6,467	7,157	690	Also refer note 28
2013		48,206	41,598	37,061	(4,537)	Also refer note 28

13.6.1 These disposals are made by negotiations.

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

13.6.3 These disposals are made to employees of the Company as per the Company's policy.

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	Note	2014 (Rs.'000)	2013 (Rs.'000)
14 INVESTMENT PROPERTY			
Opening balance		212,437	136,152
Acquisitions made during the year		-	76,285
Gain on remeasurement of investment property to fair value	28	50,297	-
		<u>262,734</u>	<u>212,437</u>

- 14.1 The investment properties are lands and building held for capital appreciation and to earn rental income. On 28 June 2014, an exercise was carried out by an independent valuer to ascertain the fair value of investment property. Based on the exercise, surplus on remeasurement of investment property of Rs. 50.297 million is recorded during the year.

	Note	2014 (Rs.'000)	2013 (Rs.'000)
15 LONG TERM ADVANCES - CONSIDERED GOOD			
To employees		5,228	6,429
Less: Due within one year, shown under current assets	19	(792)	(910)
		<u>4,436</u>	<u>5,519</u>

- 15.1 Movement of advances to executives is as follows:

Opening balance	905	1,041
Disbursements during the year	100	125
Repayments during the year	(687)	(261)
Closing balance	<u>318</u>	<u>905</u>

- 15.2 These advances carry interest @ 11% per annum (2013: 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. 1 million (2013: 1.1 million).

	2014 (Rs.'000)	2013 (Rs.'000)
16 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	35,028	38,205
Spare parts and loose tools	39,053	42,595
	<u>74,081</u>	<u>80,800</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	Note	2014 (Rs.'000)	2013 (Rs.'000)
17 STOCK IN TRADE			
Raw material		449,099	433,540
Provision for stock obsolescence		(1,767)	(1,767)
		<u>447,332</u>	<u>431,773</u>
Work in process		68,801	86,717
Stock under maturation	17.1	277,291	254,151
Finished goods		97,582	91,034
		<u>891,006</u>	<u>863,675</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	2014 (Rs.'000)	2013 (Rs.'000)
18 TRADE DEBTS - UNSECURED			
Considered good		12,148	34,859
Considered doubtful		2,424	2,424
		<u>14,572</u>	<u>37,283</u>
Less: Provision for doubtful debts		(2,424)	(2,424)
		<u>12,148</u>	<u>34,859</u>

19 ADVANCES - CONSIDERED GOOD			
Advances to employees - secured		6,063	989
Current portion of long term advances - secured	15	792	910
Advances to suppliers		53,540	36,907
		<u>60,395</u>	<u>38,806</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

20	SHORT TERM INVESTMENTS	Note	2014 (Rs.'000)	2013 (Rs.'000)
	Investments at fair value through profit or loss - Held for trading			
	Share of listed companies		84	264
	Open ended mutual funds		31,267	28,655
	Loans and receivables			
	Term deposit receipts	20.1	2,700	2,700
			<u>34,051</u>	<u>31,619</u>

20.1 Effective interest rate on deposit account is 5.6% per annum (2013: 5.6% per annum).

21	CASH AND BANK BALANCES	Note	2014 (Rs.'000)	2013 (Rs.'000)
	Cash in hand		3,972	6,811
	Cash at banks:			
	- local currency current accounts		329,497	352,033
	- local currency saving accounts	21.1	2,159,655	1,263,218
	- foreign currency saving account	21.2	31,706	32,465
			<u>2,520,858</u>	<u>1,647,716</u>
			<u>2,524,830</u>	<u>1,654,527</u>

21.1 This carries interest ranging from 7.0% to 9.5% per annum (2013: 5.5% to 9.0% per annum).

21.2 This carries interest @ 0.06 % per annum (2013: 1.15% per annum).

21.3 Short term running finance facilities - secured

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

- (a) Facility amounting to Rs. 35 million (2013: Rs. 35 million) from Bank Alfalah Limited, Rawalpindi. This facility is available till 30 April 2015 and carries mark up at the rate of 6 months' KIBOR plus 1% per annum (2013: 6 months' KIBOR plus 1% per annum) and is payable on expiry or on demand whichever is earlier. It is secured against first hypothecation charge (2013: first hypothecation charge) on present and future current assets of the Company registered with Securities and Exchange Commission of Pakistan amounting to Rs. 150 million.
- (b) Facility amounting to Rs. 200 million (2013: Rs. 200 million) from Askari Bank Limited. This facility is available till 31 October 2014 and carries mark up at the rate of 3 months' KIBOR plus 1% per annum (2013: 3 months' KIBOR plus 1% per annum). It is secured against first hypothecation charge by way of equitable mortgage amounting to Rs. 267 million over four bungalows, two buildings and open land measuring 263 marlas at National Park Road Rawalpindi.

Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

	Liquor Division		Glass Division		Tops Division		Total 2014 (Rs. '000)	Total 2013 (Rs. '000)
	2014 (Rs. '000)	2013 (Rs. '000)	2014 (Rs. '000)	2013 (Rs. '000)	2014 (Rs. '000)	2013 (Rs. '000)		
22 THIRD PARTY SALES - net	Note							
Sales	5,667,975 (106,864)	4,545,671 (84,365)	29,108 -	84,148 -	1,710,159 (80,980)	1,432,795 (59,257)	7,487,242 (187,844)	6,062,614 (143,622)
Less: Discounts	5,561,111	4,461,306	29,108	84,148	1,629,179	1,373,538	7,219,398	5,918,992
22.1 Interdivisional sales are at normal selling prices.								
22.2 Duties and taxes								
Sales tax	1,306,239	995,187	4,329	11,607	299,875	234,857	1,609,334	1,241,651
Excise duty	482,463	320,456	-	-	44,105	22,035	446,568	342,491
	1,788,693	1,315,643	4,329	11,607	343,980	256,892	2,055,902	1,584,142
23 COST OF SALES								
Raw materials consumed	2,483,484	1,990,572	239,073	237,984	917,578	792,331	3,640,135	3,020,887
Stores and spares consumed	15,639	13,095	67,305	43,263	551	78	83,495	56,436
Fuel and power	153,587	133,122	177,068	176,046	61,430	26,377	382,025	335,545
Salaries, wages and other benefits	119,934	80,843	48,793	35,372	49,353	32,074	219,080	148,289
Repairs and maintenance	34,556	27,043	28,638	22,685	16,293	13,534	79,887	63,262
Depreciation	49,334	59,151	87,620	56,942	26,840	24,568	133,794	140,661
Other manufacturing expenses	14,202	16,042	11,102	10,377	9,527	7,509	34,831	33,928
	2,870,736	2,319,868	629,539	582,669	1,071,872	896,671	4,571,847	3,799,008
Work in process including stock under maturation								
Opening stock as on 01 July	336,720	304,434	765	765	9,383	13,172	340,368	318,371
Closing stock as at 30 June	(341,251)	(330,720)	(765)	(765)	(4,076)	(9,383)	(346,092)	(340,868)
	(4,531)	(26,286)	-	-	5,307	3,789	(5,224)	(22,497)
Cost of goods manufactured	2,866,205	2,293,582	629,539	582,669	1,076,879	900,250	4,566,623	3,776,511
Finished goods								
Opening stock as on 01 July	38,190	14,720	16,118	6,182	36,726	32,456	91,034	53,358
Closing stock as at 30 June	(42,488)	(38,190)	(8,704)	(16,118)	(46,430)	(36,726)	(97,882)	(91,034)
	(4,298)	(23,470)	7,414	(9,936)	(9,704)	(4,270)	(6,548)	(37,676)
Less: Inter divisional transfers	2,855,947	2,270,112	636,953	572,733	1,067,175	895,990	4,260,875	3,738,835
	(871,117)	(594,535)	-	-	(348,528)	(272,592)	(1,219,645)	(867,125)
	1,984,830	1,675,579	636,953	572,733	718,647	623,398	3,041,230	2,871,710
23.1 Raw materials consumed								
Opening stock as on 1 July	283,690	236,381	8,993	14,751	139,090	152,291	431,773	403,423
Purchase	2,501,161	2,037,881	240,695	232,326	913,838	779,130	3,655,694	3,049,237
Closing stock as at 30 June	(301,367)	(283,690)	(10,615)	(8,993)	(135,350)	(139,090)	(447,332)	(431,773)
	2,483,484	1,990,572	239,073	237,984	917,578	792,331	3,640,135	3,020,887

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	Note	2014 (Rs.'000)	2013 (Rs.'000)
24 DISTRIBUTION COST			
Advertisement and publicity		70,681	54,863
Salaries and wages	25.1	59,079	40,917
Selling expenses		61,973	52,225
Samples		8,237	4,193
Sales promotion		41,687	35,616
Freight		10,087	10,788
Depreciation	13.4	3,880	4,262
Service charges and commission to M/s D.P. Edulji Limited, an associated undertaking		79,105	73,194
Others		23,242	11,714
		<u>357,971</u>	<u>287,772</u>
25 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	25.1	108,462	87,042
Travelling and conveyance		3,823	3,125
Printing and stationery		6,497	4,646
Repair and maintenance		10,722	7,602
Fuel and power		16,097	13,982
Directors' fees and travelling		1,581	732
Communication		4,822	4,053
Entertainment		4,082	4,681
Advertisement		393	132
Legal and professional		4,691	3,665
Security		2,397	4,195
Subscriptions and periodicals		254	331
Donations		2,228	1,222
Training		302	121
Insurance		4,535	5,114
Rent, rates and taxes		2,327	1,625
Depreciation	13.4	15,722	17,910
Others		7,870	5,384
		<u>196,805</u>	<u>165,562</u>

25.1 This includes staff retirement benefits amounting to Rs. 16.86 million (2013: Rs. 11.36 million).

Annual Report 2014
Murree Brewery Company Limited
Notes to the Financial Statements
For the year ended 30 June 2014

	Note	2014 (Rs.'000)	2013 (Rs.'000)
26 FINANCE COST			
Finance charge on leased assets		724	656
Bank charges		355	1,106
Bank guarantee commission		819	1,154
		<u>1,898</u>	<u>2,916</u>
27 OTHER EXPENSES			
Workers' (Profit) Participation Fund (WPPF)	10.2	66,292	57,153
Workers' Welfare Fund (WWF)	10.3	29,015	23,487
Auditors' remuneration	27.1	925	900
Internal audit fee		1,000	1,034
Realized exchange loss		500	-
Loss on disposal of property, plant and equipment	13.6	-	4,537
		<u>97,732</u>	<u>87,111</u>
27.1 Auditors' remuneration			
Annual audit fee		670	660
Half yearly review		200	200
Other certifications		55	40
		<u>925</u>	<u>900</u>
28 OTHER INCOME			
Income from financial assets:			
Dividend income		5	10
Interest on advances		189	289
Unrealized gain on remeasurement of short term investments		2,431	2,433
Return on deposit and saving accounts		128,146	83,220
Realized exchange gain		-	1,979
Capital gain on sale of short term investments		-	2,714
		130,771	90,645
Income from assets other than financial assets:			
Gain on disposal of property, plant and equipment	13.6	690	-
Gain on reemeasurment of investment property to fair value	14	50,297	-
Rental income		11,514	7,800
Miscellaneous receipts		32,843	30,135
Sale of by products		8,828	5,706
		<u>234,943</u>	<u>134,286</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	Note	<u>2014</u> (Rs.'000)	<u>2013</u> (Rs.'000)
29 PROVISION FOR TAXATION			
Current taxation			
Current year	11	466,272	396,322
Deferred		(25,492)	(60,295)
	29.1	<u>440,780</u>	<u>336,027</u>
29.1 Reconciliation of tax charge for the year			
Accounting profit before taxation		<u>1,403,603</u>	<u>1,054,065</u>
Tax rate		34%	35%
Tax on accounting profit		477,225	368,923
Tax effect of lower rate on certain incomes		(2,044)	(5,065)
Tax effect of other permanent differences		(34,401)	(27,831)
Tax expense for the year		<u>440,780</u>	<u>336,027</u>

29.2 Tax Assessments up to and including Year 2013 have been finalized. However, the tax authorities are empowered to reopen these assessments within five years from the end of the financial year in which the returns were filed.

30 EARNINGS PER SHARE - Basic and diluted

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

	<u>2014</u>	<u>2013</u> Restated
Net profit for the year (Rs.'000)	<u>962,823</u>	<u>718,038</u>
Weighted average number of shares (Numbers)	<u>23,053,025</u>	<u>23,053,025</u>
Earnings per share (Rupees)	<u>41.77</u>	<u>31.15</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.

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

31 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

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

	2014 Rs.'000	2013 Rs.'000
Managerial remuneration	3,144	1,906
Re-imbursable expenses	418	232
Provident fund contributions	6	6
Other perquisites and benefits:		
Bonus	2,385	1,394
Travelling expense	1,271	491
Compensated absences	75	121
	7,299	4,150

- In addition to above free furnished accommodation and the Company maintained cars are also provided to the Chief Executive Officer. Gratuity is payable to the chief executives and directors in accordance with the terms of employment while contribution for the chief executives and directors in respect of gratuity and pension are based on actuarial valuation.
- Directors of the Company were not paid any remuneration during the year except for the meeting fee of Rs. 310,000 (2013: Rs. 185,000), number of Directors: 6 (2013: 6).

32 REMUNERATION OF EXECUTIVES

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

	2014 (Rs.'000)	2013 (Rs.'000)
Managerial remuneration	14,582	11,108
Provident fund contribution	444	355
House rent allowance	2,125	1,855
Compensated absences	471	478
Bonus	6,015	5,146
	23,637	18,942
Number of executives	8	8

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

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

33 SEGMENT INFORMATION

33.1 Operating segments

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

Liquor Division: Alcoholic and Non-Alcoholic beverage
 Tops Division: Food products, juices and mineral water.
 Glass Division: Glass bottles and jars.

There are varying levels of integration between the three segments. This integration includes transfers of raw material and finished goods respectively. The accounting policies of the reportable segments are the same as described in note 3.19.

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

33.2 Information about reportable segments

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

		Liquor Division	Glass Division	Tops Division	Unallocated	Total
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Assets	2014	6,254,035	578,985	747,928	34,051	7,614,999
	2013	5,266,949	511,410	823,186	42,585	6,644,130
Liabilities	2014	750,635	45,208	120,217	148,693	1,064,753
	2013	492,569	27,174	123,487	274,157	917,387

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

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

		Liquor Division (Rs.'000)	Glass Division (Rs.'000)	Tops Division (Rs.'000)	Unallocated (Rs.'000)	Total (Rs.'000)
(i) Non current assets - additions						
Property, plant	2014	52,780	137,258	7,591	-	197,629
and equipment	2013	75,609	137,377	12,201	-	225,187
Investment property	2014	-	-	-	262,734	262,734
	2013	-	-	-	212,437	212,437
(ii) Other material items						
External revenue	2014	5,561,111	29,108	1,629,179	-	7,219,398
	2013	4,461,306	84,148	1,373,538	-	5,918,992
Inter-segment revenue	2014	304,722	883,701	31,222	-	1,219,645
	2013	232,468	626,914	7,743	-	867,125
Interest income	2014	-	-	-	128,146	128,146
	2013	-	-	-	83,141	83,141
Depreciation	2014	61,668	57,802	33,926	-	153,396
	2013	73,940	57,130	31,763	-	162,833

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

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

	2014 (Rs. '000)	2013 (Rs. '000)
(i) Revenues		
Total revenue for reportable segments	8,439,043	6,786,117
Elimination of inter-segment revenue	(1,219,645)	(867,125)
Consolidated revenue	7,219,398	5,918,992
(ii) Profit or loss		
Total profit or loss for reportable segments	1,266,392	1,006,890
Unallocated amounts - Other expenses	(97,732)	(87,111)
Unallocated amounts - Other operating income	234,943	134,286
Net profit before taxation	1,403,603	1,054,065
(iii) Assets		
Total assets for reportable segments	7,580,948	6,601,545
Other unallocated amounts	34,051	42,585
Consolidated total assets	7,614,999	6,644,130
(iv) Liabilities		
Total liabilities for reportable segments	916,060	643,230
Other unallocated amounts	148,693	274,157
Consolidated total liabilities	1,064,753	917,387
(v) Other material items		
Interest income	128,146	83,141
Interest expense	724	656
Property, plant and equipment - additions	197,629	225,187
Depreciation	153,396	162,833

(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.

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

34 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

34.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals. The Company has placed funds in financial institutions with high credit worthiness and assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts. The Company believes that it is not exposed to major concentration of credit risk.

(i) Exposure to credit risk

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

	2014 (Rs.'000)	2013 (Rs.'000)
Advances - considered good	5,228	6,429
Long term deposits	19,458	18,353
Trade debts - unsecured	12,148	34,859
Interest accrued	125	63
Other receivables	-	1,447
Short term investments	2,700	2,700
Cash at banks	2,520,858	1,647,716
	2,560,517	1,711,567

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

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

	2014 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)	2013 (Rs.'000)
	Gross debts	Impaired	Gross debts	Impaired
Not past due	-	-	4	-
Past due 0-30 days	12,148	-	11,432	-
Past due 31-180 days	-	-	23,423	-
Past due 181-360 days	-	-	-	-
More than 360 days	2,424	2,424	2,424	2,424
	<u>14,572</u>	<u>2,424</u>	<u>37,283</u>	<u>2,424</u>

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

34.2 Liquidity risk

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

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

	Carrying amounts	Contractual cash flows	Maturity up to one year	1 year to 2 years	2 years to 5 years
	2014 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)	2014 (Rs.'000)
Finance lease liabilities	4,151	4,582	3,127	1,455	-
Trade and other payables	308,415	308,415	308,415	-	-
	<u>312,566</u>	<u>312,997</u>	<u>311,542</u>	<u>1,455</u>	<u>-</u>
	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	-	-
	<u>269,010</u>	<u>269,627</u>	<u>267,467</u>	<u>2,160</u>	<u>-</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

34.3 Market risk

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

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

(a) Interest rate risk management

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

	Carrying amounts	
	2014 (Rs.'000)	2013 (Rs.'000)
(i) Fixed rate instruments		
Financial assets		
Cash at bank	2,191,361	1,295,683
Short term investment	2,700	2,700
	2,194,061	1,298,383
(ii) Variable rate instruments		
Financial liabilities - Liabilities against assets subject to finance lease	4,151	4,664

(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. 41,510 (2013: Rs. 46,640). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

(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:

	2014 (Rs.'000)	2014 (USD'000)	2013 (Rs.'000)	2013 (USD'000)
Financial assets - cash at bank	31,706	320	32,465	322

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

	Average rates		Balance sheet rates	
	2014	2013	2014	2013
United States Dollar (USD)	99.98	97.67	99.20	100.75

(iii) **Sensitivity analysis**

A 10% strengthening of the functional currency against foreign currencies at 30 June 2014 would have decreased profit or loss by Rs. 3.171 million (2013: Rs. 3.25 million). A 10% weakening of the functional currency against foreign currencies at 30 June 2014 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

34.4 Fair value

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

	2014 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)	2013 (Rs.'000)
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets carried at fair value				
Short term investments - quoted prices	31,351	31,351	28,919	28,919
Assets carried at amortized cost				
Advances - considered good	5,228	5,228	6,429	6,429
Long term deposits	19,458	19,458	18,353	18,353
Trade debts - unsecured	12,148	12,148	34,859	34,859
Interest accrued	125	125	63	63
Short term investments	2,700	2,700	2,700	2,700
Cash and bank balances	2,524,830	2,524,830	1,654,527	1,654,527
	<u>2,564,489</u>	<u>2,564,489</u>	<u>1,716,931</u>	<u>1,716,931</u>

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

	2014 (Rs.'000)	2014 (Rs.'000)	2013 (Rs.'000)	2013 (Rs.'000)
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities carried at amortized cost				
Liabilities against assets subject to finance lease	4,151	4,151	4,664	4,664
Trade and other payables	308,415	308,415	264,346	264,346
	312,566	312,566	269,010	269,010

(ii) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non – financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non – derivative financial assets

The fair value of non – derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. Fair value of short term investments quoted at fair value is based on quoted market prices.

Non – derivative financial liabilities

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

35 CAPITAL RISK MANAGEMENT

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

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

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

36 CAPACITY AND PRODUCTION	Measurement basis	2014	2013
36.1 Liquor Division			
(a) Capacity of industrial unit			
Beer and Non Alcoholic Beverages (NAB)	Liters	19,800,000	19,800,000
PMFL	Cases (2 B.G)	1,000,000	1,000,000
Non Alcoholic Products (NAP)	Liters	24,000,000	24,000,000
(b) Actual Production			
Beer and Non Alcoholic Beverages (NAB)	Liters	17,810,159	15,347,346
PMFL	Cases (2 B.G)	1,324,840	1,112,003
Non Alcoholic Products (NAP)	Liters	16,790,802	14,913,507
36.2 Tops Division			
(i) Rawalpindi			
(a) Capacity of industrial unit			
Tetra pack Juices	Liters	33,580,000	33,580,000
(b) Actual production			
Tetra pack Juices	Liters	18,816,760	17,416,941
(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	106,357	106,022
Juice (NR & Ret)	Liters	2,388,473	2,327,731
Mineral water	Liters	6,976,364	5,837,311
36.3 Glass Division - Hattar			
(a) Melting capacity	M. Tons	27,375	27,375
(b) Actual production - Glass melted	M. Tons	24,791	24,070
36.4 Normal capacity is based on one shift of 8 hours per day. Actual production represents multiple shifts which are run keeping in view the market demand.			

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

37 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, staff retirement funds, executives and key management personnel. Balances with related parties are shown in notes 5, 10.1, 15 and 20.1 to the financial statements. The transactions with related parties, other than remuneration and benefits to Chief Executive and directors and key management personnel as per the terms of their employment which are disclosed in notes 31 and 32 respectively to the financial statements, are as follows:

	2014 (Rs.'000)	2013 (Rs.'000)
Transactions with associated companies under common directorship		
Sales commission	68,305	63,594
Services acquired	10,800	9,600
Bonus shares issued	3,062	2,784
Dividend paid	16,537	13,920
Transactions with other related parties		
Contribution to staff provident fund	1,957	1,786
Contribution to staff pension fund	4,914	2,406
Bonus shares issued	5,395	2,524
Dividend paid	16,072	12,619
Remuneration of key management personnel	7,299	4,150
Donation	-	1,000

38 EMPLOYEES PROVIDENT FUND TRUST

Size of the Fund (Rupees'000)	79,682	70,700
Cost of investments made (Rupees'000)	41,480	41,480
Percentage of investments made (%)	52.06	58.67
Fair value of investments (Rupees'000)	75,856	67,624

Annual Report 2014
Murree Brewery Company Limited
 Notes to the Financial Statements
 For the year ended 30 June 2014

38.1 Detail of investments of the Fund

	2014		2013	
	Rupees'000	%	Rupees'000	%
Defense Saving Certificates	41,480	55	41,480	61
Accrued markup	34,376	45	26,144	39
	75,856	100	67,624	100

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

39 POST BALANCE SHEET EVENT

The Board of Directors of the Company in the meeting held on 29 September 2014 proposed cash dividend of 60% (i.e. Rs. 6 per share).

40 GENERAL

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

40.2 Number of persons employed

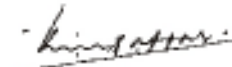
	2014 (Number)	2013 (Number)
Employees at year end	1,435	1,359
Average employees during the year	1,362	1,300

41 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 29th September, 2014.



CHIEF EXECUTIVE



DIRECTOR

**AFFIX
CORRECT
POSTAGE**

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

INCOME TAX RETURN FILING STATUS FORM

Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2014

The Company Secretary
Murree Brewery Company Limited
National Park Road, Rawalpindi

I, Mr / Mrs / Ms..... S/o, D/o, W/o hereby confirm that I am registered as National Tax Payer. My relevant detail is given below:

Folio/CDC ID/ A/C #	Name	National Tax #	CNIC # (In case of individual) **	Income Tax Return for the year 2013 filed (Yes or No.)***

It is stated that the above mentioned information is correct.

Signature of the Shareholder

The Shareholders having their accounts with Central Depository Company (CDC) have also to communicate confirmation of tax payment status information to relevant Member Stock Exchange in addition to the Company Secretary

** Please attach photocopy of the CNIC

*** Please attach attested photocopy of the receipt of income tax return.

DIVIDEND MANDATE FORM

To, *

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

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

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

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

Signature of the Shareholder

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

Murree Brewery Company Limited
National Park Road, Rawalpindi

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

** Please attach attested photocopy of CNIC.

*** Please attach attested photocopy of the Passport.