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*Annual Report 2018*  
*Murree Brewery Company Limited*

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## **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:

**C**ontinuous improvement

**A**lignment of our missions and goals

**R**esponsibility and respect of our jobs and each other

**E**ducate one another

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**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Chairman

Chief Executive Officer

Directors

Mr. Khurram Muzaffar

Mr. Isphanyar M. Bhandara

Ch. Mueen Afzal

Mr. Aamir H. Sherazi

Mrs. Goshi M. Bhandara

Lt. Gen (Retd.) Zarrar Azim

Mr. Khalid Aziz Mirza

Mr. Shahbaz Haider Agha

**PRINCIPAL OFFICERS**

Chief Financial Officer

Company Secretary

Head of Internal Audit

General Manager (Brewery Division)

Business Manager (Murree Glass)

Plant Manager ( = = )

General Manager (Tops)

Factory Manager (Murree Sparkletts)

Mr. Mazhar Iqbal

Mr. Waqar A. Kahloon

Mr. Malik Saqib Gul Nawaz

Mr. Mohammad Javed

Mr. Arshad Zaheer

Mr. Zaka ud Din

Mr. Talat Yaqoob

Mr. Fayyaz Ahmad

**AUDIT COMMITTEE**

Lt. Gen (Retd.) Zarrar Azim (Chairman)

Ch. Mueen Afzal (Member)

Mr. Khurram Muzaffar (Member)

Mr. Khalid Aziz Mirza (Member)

**HUMAN RESOURCE AND  
REMUNERATION COMMITTEE**

Mr. Shahbaz Haider Agha (Chairman)

Mr. Khurram Muzaffar (Member)

Mrs. Goshi M. Bhandara (Member)

Lt. Gen (Retd.) Zarrar Azim (Member)

**AUDITORS**

M/s KPMG Taseer Hadi & Co.

Chartered Accountants.

6<sup>th</sup> Floor, State Life Bldg,

Jinnah Avenue, Islamabad.

**PRINCIPAL BANKERS**

Askari Commercial Bank Ltd, Islamabad

Standard Chartered Bank, Islamabad

National Bank of Pakistan, Rawalpindi / Hattar

Bank Alfalah Ltd, Rawalpindi

The Bank of Khyber, Hattar.

Allied Bank Ltd, Rwp / Lhr / Gujranw / F.Abad / Multan

Sahiwal / Murree / Sargodha

United Bank Limited, Islamabad.

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**CORPORATE INFORMATION**

**REGISTERED OFFICE**

Murree Brewery Company Limited  
3-National Park Road, Rawalpindi  
Tel: 051-5567041-47, Fax: 051-5584420.  
E-mail: [murree.brewery@murreebrewery.com](mailto:murree.brewery@murreebrewery.com)  
[murbr@cyber.net.pk](mailto:murbr@cyber.net.pk)  
Website: [www.murreebrewery.com](http://www.murreebrewery.com)

**FACTORIES**

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

**DISTRIBUTION OFFICES**

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

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

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

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

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

**SHARE REGISTRAR**

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

**LEGAL ADVISORS**

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

**CORPORATE LEGAL ADVISOR**

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

**TAX ADVISOR**

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

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**MURREE BREWERY COMPANY LIMITED**  
**3-NATIONAL PARK ROAD RAWALPINDI, PAKISTAN**  
**NOTICE OF 151<sup>ST</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 151<sup>st</sup> Annual General Meeting of the Company will be held at its Registered Office 3-National Park Road, Rawalpindi on Thursday, 25<sup>th</sup> October, 2018 at 10:00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To confirm the minutes of the Extra Ordinary General Meeting held on 22<sup>nd</sup> February, 2018.
2. To receive, consider and adopt the audited Financial Statements of the Company together with the Directors' and Auditors' Reports for the year ended 30<sup>th</sup> June, 2018.
3. To approve a final cash dividend of 50% i.e. Rs. 5/- per share of Rs. 10/- each, as recommended by the Board of Directors in addition to the interim dividend of 250% i.e. Rs. 25/- per share already paid to the shareholders thus making a total of 300% i.e. Rs. 30/- per share for the year ended June 30, 2018.
4. To appoint Auditors of the Company for the year ending 30<sup>th</sup> June, 2019 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 if thought fit, to pass the following resolution as an ordinary resolution:

“Resolved

- a. that the Board recommends issue of 20% fully paid bonus shares i.e. in proportion of one (1) ordinary share for every five (5) ordinary shares held by the members whose names appear in the Members' Register as at the close of business on October 17, 2018 by capitalization of a sum of Rs. 46,106,050/- out of the free reserves of the Company for the issue of 4,610,605 ordinary shares of Rs. 10 each, subject to approval of the shareholders at their meeting on October 25, 2018.
- b. that the bonus shares shall rank pari passu in all respects with the existing shares of the Company, except these shares will not be eligible for the final dividend declared by the Company for the year ended June 30, 2018.
- c. that in the event of any member holding shares which are not an exact multiple of his / her entitlement, the Directors of the Company be and are authorized to sell such fractions in the Stock Market and pay the net proceeds of sale to a charitable institution as approves by the Directors.
- d. that the Chief Executive and Company Secretary be and are hereby jointly and / or severally authorized to give effect to these resolutions and to do and cause to be done all acts and deeds that may be necessary or required for issue, allotment and distribution of the said bonus shares and sale of the fractions.”

**OTHER BUSINESS:**

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

**BY ORDER OF THE BOARD**



Ch. Waqar A. Kahloon  
Company Secretary

Rawalpindi  
2<sup>nd</sup> October, 2018

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**NOTES:**

**CLOSURE OF SHARE TRANSFER BOOKS**

Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from **18<sup>th</sup> October, 2018 to 25<sup>th</sup> October, 2018 (both days inclusive)**. Transfer received in order at the Shares Department of M/s Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', SMCHS, Main Shakra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-CDCPL(23275), Facsimile: +(92-21) 021-4326053, email: info@CDCpak.com at the **close of business (5 p.m.) on 17<sup>th</sup> October, 2018** will be treated in time for the purpose of payment of cash dividend, if approved by the shareholders.

**FOR ATTENDING THE MEETING:**

- i. In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

**FOR APPOINTING PROXIES:**

- i. A member may appoint any member of the Company (u/s 137 (d) of the Companies Act, 2017) as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
- ii. In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- iii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iv. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- v. The proxies shall produce their original CNIC or original passport at the time of meeting.
- vi. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**DEDUCTION OF INCOME TAX FOR FILER AND NON FILER AT REVISED RATES:**

Pursuant to the provisions of Finance Act, 2018, effective July 01, 2018, applicable rates on payment of dividend have been amended and the rates of deduction of income tax, under Section 150 of Income Tax Ordinance, 2001 have been revised as follows:

1.	Rate of tax deduction for filers of Income Tax Return	15%
2.	Rate of tax deduction for non-filers of Income Tax Return	20%

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In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

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

**EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT**

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

**CHANGE OF ADDRESS**

Members are requested to promptly notify any change of address to the Company's Share Registrar immediately notify any change of address to the Company's Registrar M/s Central Depository Company Of Pakistan, CDC House, 99-B, Block 'B', SMCHS, Main Shakra-e-Faisal, Karachi-74400.

**AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:**

The audited financial statements of the Company for the year ended June 30, 2018 have been made available on the Company's website [www.murreebrewery.com](http://www.murreebrewery.com), in addition to annual and quarterly financial statements for the last ten years.

**PAYMENT OF DIVIDEND THROUGH BANK ACCOUNT OF THE SHAREHOLDER:**

In accordance with the section 242 of the Companies Act, 2017 cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled shareholder. Shareholders are requested to provide their bank account details (IBAN format) directly to our share registrar (for physical shares) or to their respective participant / broker (for CDS shares) as the case may be. The subject Form is available at Company's website i.e. [www.murreebrewery.com](http://www.murreebrewery.com). In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

**CONSENT FOR VIDEO CONFERENCE FACILITY:**

In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please submit such request to the Company Secretary of the Company on given address:

The Company Secretary, Murree Brewery Company Limited, 3-National Park Road, Rawalpindi.

**STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017:**

**ISSUE OF BONUS SHARES:**

The Directors are of the view that with the existing profitability, the Company's financial position justifies capitalization of Rs. 46,106,050/- out of the free reserves as at June 30, 2018, by issuing fully paid bonus shares in the proportion of one share for every five shares held. The Directors of the Company, directly or indirectly, are not personally interested in this issue, except to the extent of their shareholding in the Company.

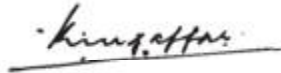
# **Murree Brewery Company Limited**

## **3-National Park Road, Rawalpindi**

### **CHAIRMAN'S REVIEW**

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2017, a formal and effective mechanism was put in place for an annual evaluation of the board's own performance. The purpose was to check the Board's overall performance and effectiveness measured against expectations in the context of the objectives set for the Company which was very satisfactory. We are particularly indebted to Mr. Khalid Aziz Mirza for his input in discussions with Government during the year.

The Board of Directors of your company received agenda and supporting written material including follow-up material in sufficient time prior to the Board and its Committee meetings. The Board meets frequently to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.



Khurram Muzaffar  
Chairman

Rawalpindi 13<sup>th</sup> September, 2018

**DIRECTORS' REPORT TO THE MEMBERS**  
**For the year ended June 30, 2018**

Your Directors have pleasure in submitting their report and financial statements of the Murree Brewery Company Limited for the year ended 30<sup>th</sup> June 2018.

**BUSINESS REVIEW OF THE COMPANY.**

Murree Brewery has completed 158 years of continuous operations and is the oldest company quoted on the stock exchange in Pakistan. The Company is progressing due to its policies and procedures adjusted to the changing environment. Market based salaries provide financial benefits and security to the employees who in turn are devoted in their work and loyal to the Company.

The management is constantly reviewing systems and costs, particularly of raw material and studies product demand to improve profitability without compromising on quality.

**FINANCIAL PERFORMANCE**

**i. Overall Financial Overview & Highlights**

**Rs. in million**

Sales revenue (Net)	increased by 24 %	from 7,139 to	8,861
Gross Profit	increased by 32 %	from 2,167 to	2,869
Profit before Taxation	increased by 35 %	from 1,351 to	1,828
Profit after Taxation	increased by 41 %	from 921 to	1,296
Earnings per share	increased by 41 %	from Rs.39.94 to	Rs.56.23

The profit after tax is the highest ever achieved by the company under challenging operating conditions and is due to the leadership and planning of Mr. Isphanyar M. Bhandara CEO and the dedication and work of all management staff and workers.

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**ii. Divisional Operating Results**

The results of our divisions were:

**a. Liquor Division**

	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
	<b>Rs. in million</b>		<b>Rs. in million</b>	
Sales exclusive of applicable taxes	6,834		5,154	--
Cost of sales	(4,941)	(72.3)	(3,832)	(74.4)
Gross profit	1,893	27.7	1,322	25.6
Operating profit	1,194	17.4	755	14.6

The results reflect a full year's sale of liquor production

**b. Glass Division**

	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
	<b>Rs. in million</b>		<b>Rs. in million</b>	
Sales exclusive of applicable taxes	1,580		1,484	-
Cost of sales	(961)	(60.8)	(985)	(66.4)
Gross profit	619	39.2	499	33.6
Operating profit	579	36.6	461	31
Glass Containers sales	34,156	Metric Tons	33,310	Metric Tons

**c. Tops Division**

	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
	<b>Rs. in million</b>		<b>Rs. in million</b>	
Sales exclusive of applicable taxes	2,480		2,146	--
Cost of sales	(2,123)	(85.6)	(1,800)	(83.9)
Gross profit	357	14.4	346	16.1
Operating profit	(106)	(0.04)	4	0.1

The Company has already identified the reasons for the loss and has taken steps to curtail losses and turnaround this division.

**IMPORTANT ISSUES:**

**Ban on Liquor Sale in Sindh:**

As advised earlier the case is pending before the Sindh High Court. Meanwhile, sales from 1<sup>st</sup> July 2017 were satisfactory.

**Still Head Duty:**

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

The company is paying this duty and recovering it from the buyers which makes Murree Brewery products dearer than our competitors.

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

The case is pending before the Honorable Lahore High Court, Lahore.

**Gas Infrastructure Development Cess (GIDC):**

The Company and Industry has challenged the GIDC Act, 2015 and filed a Writ Petition in the Lahore High Court including retrospective application of the provision of the GIDC Act. Earlier, the Court has been granting a stay under the GIDC Act 2015. Financial impact is Rs.167.06 Million (30<sup>th</sup> June, 2017: Rs.160.14 million). The Company has not made any provision of this liability as the management is confident the eventual decision will be in favour of the company.

From August, 2017 the company is paying GIDC on current billings only which is being borne by the company. The case relating to aforesaid arrears Rs.167.06 million is pending before the court and the stay is available to that extent.

**FINAL DIVIDEND / BONUS SHARES:**

**i. Final Dividend**

The Board of Directors of the company has recommended a final cash dividend of Rs. 5 per share for the year ended June 30, 2018 bringing the full year payout to Rs.30 per share(300%. previous year 200%). This shall be subject to the approval of Shareholders at their meeting scheduled on October 25, 2018.

**ii. Bonus Shares**

The Board has also recommended 20% bonus shares in the ratio of 1share for every 5 ordinary shares held by the members, which is also subject to Shareholders approval at their meeting on October 25, 2018.

**RISK AND UNCERTAINTIES**

The only material risk or uncertainty to which the company is exposed is devaluation of the rupee.

**PATTERN OF SHAREHOLDING**

The total number of Company's shareholders as at June 30, 2018 was 1,408 against 1,634 on June 30, 2017. The pattern of shareholding as on June 30, 2018 and its disclosure is annexed.

**EARNING PER SHARE**

Earning per share for the year ended June 30, 2018 is Rs. 56.23 as against Rs.39.94 of preceding year.

**INTERNAL AUDIT AND CONTROL**

The internal audit function has been outsourced to a renowned firm of Chartered Accountants and an officer has been appointed to coordinate with them who reports to the Audit Committee.

**INCREASE IN AUTHORIZED CAPITAL**

The shareholders approved increase in authorized share capital from Rs.300 million to Rs. 4000,000,000/- (Rupees four billion) for issuance of 1500% bonus shares at the Extraordinary General Meeting held on September 29, 2016. This was challenged by a shareholder in the honourable Lahore High Court which ordered that the company should first raise its authorized share capital and thereafter issue bonus shares.

In accordance with the orders of the honorable High Court, an Extraordinary General Meeting was held on February 22, 2018 in which shareholders did not approve the increase of the Authorized Share Capital.

## COMPOSITION OF THE BOARD

The Company conforms to the regulatory requirements on the composition and qualification of the Board of Directors. The total number of directors is eight (08). Category wise composition of the Board is;

- a. Male : 07
- b. Female : 01

i.	<b>Category</b>	<b>Name of Director</b>
	Independent Directors	Lt. Gen. (Retd.) Zarrar Azim Mr. Khalid Aziz Mirza Mr. Shahbaz Haider Agha
	Non-executive Directors	Mr. Khurram Muzaffar Ch. Mueen Afzal Mr. Aamir H. Shirazi Mrs. Goshi M. Bhandara
	Executive Director	Mr. Isphanyar M. Bhandara

## COMMITTEES OF THE BOARD

### i. Audit Committee

The Audit Committee performed its functions under the Code of Corporate Governance and comprises of two non-executive directors and two independent directors. One of the independent directors, is the chairman.

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

### ii. HR& Remuneration Committee:

The HR& Remuneration Committee constituted under the Code of Corporate Governance comprises of two non-executive directors and two independent directors. One of the independent directors is the chairman.

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

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors state that:

- The financial statements for the year ended 30<sup>th</sup> June, 2018 prepared by the management of the Company fairly present its state of affairs, the result of operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts about the company's ability to continue as a going concern.
- There are no statutory payments on account of taxes, levies and charges outstanding as on June 30, 2018, except as disclosed in the financial statements.
- The directors who have to take training or seek exemption are within the prescribed limits.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- Key operating and financial data of the last six years in summarized form are annexed.
- The value of the un-Audited Provident Fund and un-Audited Pension Fund investment at June 30, 2018 was Rs. 124.4 million (2017: Rs. 110.9 million) and Rs. 46.7 million (2017: Rs. 39.5 million) respectively.
- During the year 2017-18, seven Board meetings, five Audit Committee meetings and one Human Resource and Remuneration Committee meeting were held. Attendance of Directors was as per following detail:

<u>Name of Director</u>	<u>Board of Directors</u>	<u>Audit Committee</u>	<u>HR&amp; R Committee</u>
Mr. Khurram Muzaffar	7/7	5/5	1/1
Mr. Isphanyar M. Bhandara	6/7	--	--
Ch. Mueen Afzal	5/7	3/5	--
Mr. Aamir H. Shirazi	3/7	--	--
Mrs. Goshi M. Bhandara	6/7	--	0/1
Lt. Gen (R) Zarrar Azim	7/7	5/5	0/1
Mr. Khalid Aziz Mirza	6/7	3/5	--
Mr. Shahbaz Haider Agha	5/7	--	1/1

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company continues to give the use of its property to Association for special persons (DARAKHSHAN). Presently 60 disabled women are getting training in this vocational school for transforming destitute handicapped women located in the Rawalpindi area to be self-reliant, computer literate and contributing members of the society.

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

The Company also donated Rs. 3.2 million towards various charities and hospitals.

## **ENVIRONMENT, QUALITY, HEALTH & SAFETY MANAGEMENT SYSTEM**

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

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

## **CONTRIBUTION TO NATIONAL EXCHEQUER**

Your company contributed a sum of Rs.5,212 million (previous year Rs. 4,196 million) to the Government exchequer on account of duty and taxes.

## **DIRECTOR'S REMUNERATION**

As per the requirements of the Code of Corporate Governance, there is a formal and transparent procedure in place for fixing the remuneration packages of individual directors. No director is involved in deciding his/her own remuneration.

## **AUDITORS**

Statutory Audit of the Company for the financial year ended June 30, 2018 has been concluded and the Auditors have issued their Audit Reports on the Company's Financial Statements and Review Report on the Statement of Compliance with the Code of Corporate Governance. The Auditors M/s. KPMG TaseerHadi& Co. shall retire at the conclusion of the Annual General Meeting, and being eligible have offered themselves for re-appointment for the year 2018-19. The Board proposes their appointment as Auditors for the financial year ending June 30, 2019 on the recommendation of the Audit Committee. This shall be subject to the approval of the shareholders at the Annual General Meeting on October 25, 2018.

## **EXTERNAL FACTORS**

The country elections were held as planned on 25<sup>th</sup> July 2018 when Pakistan Tehrek-e-Insaf (PTI) won for the first time. They have presented a mandate of reduction in Government expenditure, removal of poverty, reduction of unemployment and illiteracy and finding ways and means to repay loans, tackle the current account deficit and improve relations with neighboring countries. This could entail a slowing down of the economy and lower GDP growth in the medium term.

## **OUTLOOK**

Despite the challenging environment the Company aims to capitalize on favorable market conditions through customer engagement and new business development initiatives. We will continue to focus on cost optimization and improve process efficiencies to ensure business sustainability.

## **EVENTS AFTER 30<sup>TH</sup> JUNE 2018**

### **1. Distribution to Shareholders:**

The Board has made their recommendation as stated above.

### **2. Dam Fund:**

The Chief Justice of Pakistan introduced this fund with a personal donation of Rs. 1 million to build two dams to overcome the shortage of water forecast by the Government. The Company staff and workers contributed Rs.2.1 million to the fund.

Subsequently the Prime Minister has emphasized the importance of building dams and appealed for donations especially from overseas Pakistanis. The fund has received a positive response.

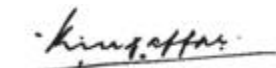
## **APPRECIATION**

The Directors would like to record their appreciation of all stakeholders for their cooperation and support during the year and to the shareholders for the confidence reposed in the company of their investment.

The Directors would also like to express their appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Company as recorded above.

Thanks are also due to the Directors for their valuable advice on policy issues.

## **ON BEHALF OF THE BOARD**



Khurram Muzaffar  
Chairman

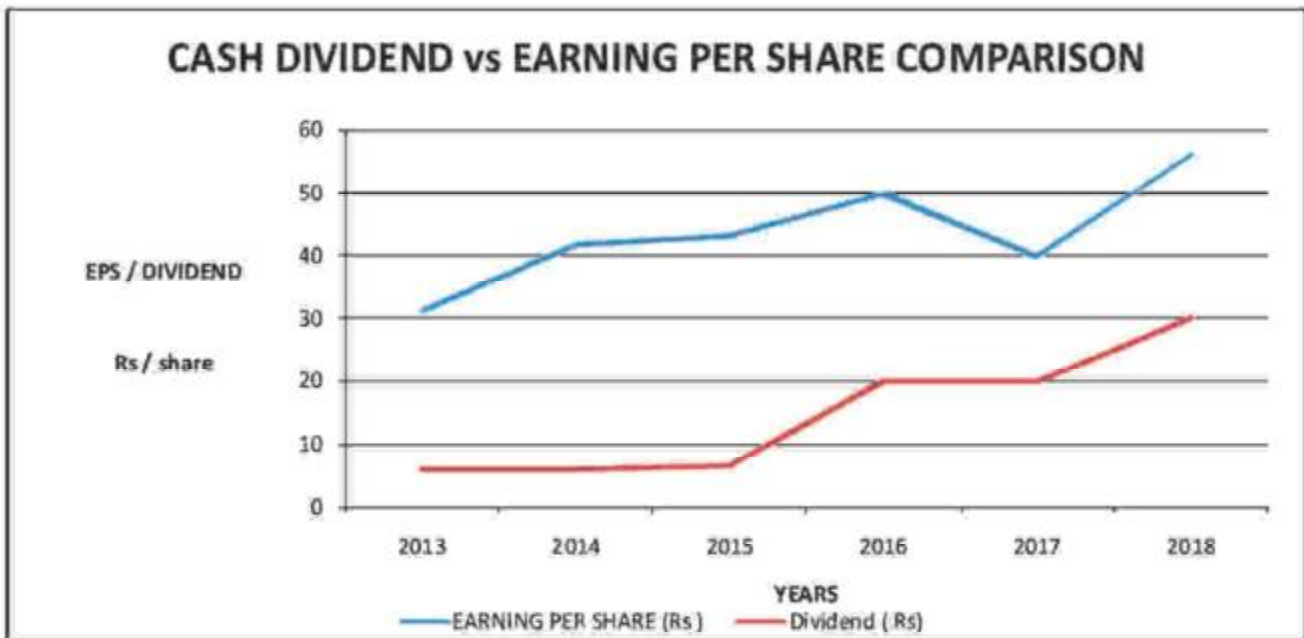
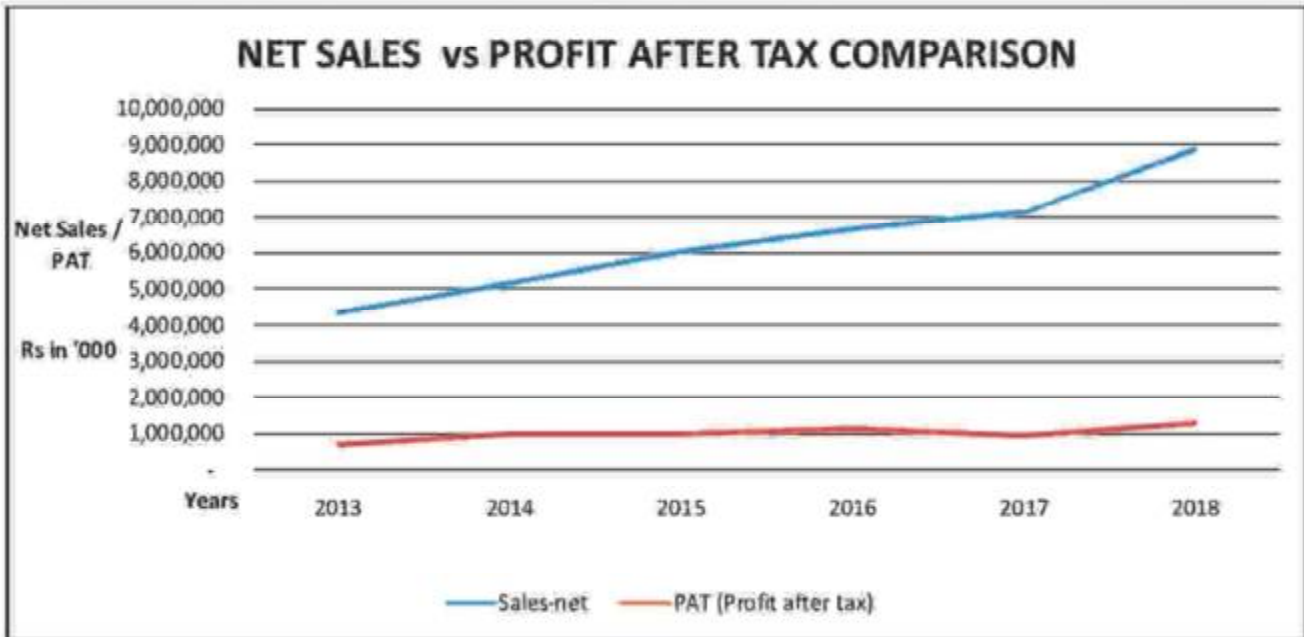
Rawalpindi 13<sup>th</sup> September, 2018

*Murree Brewery Company Limited*  
**SIX YEARS AT A GLANCE**

S. #	PARTICULARS	RS. "MILLION"					
		2018	2017	2016	2015	2014	2013
1	PAID UP CAPITAL	230.5	230.5	230.5	230.5	230.5	209.6
2	RESERVE & SURPLUS *	9,236.6	8,786.0	8,120.3	7,177.2	6,319.7	5,533.5
3	FIXED ASSETS (LESS DEPRECIATION)	4,846.2	4,675.5	3,942.9	3,898.9	3,708.2	3,670.4
4	NET SALES	8,861.8	7,139.6	6,657.3	6,029.3	5,163.5	4,334.9
5	COST OF SALES	5,992.6	4,972.8	4,414.0	3,887.1	3,340.4	2,871.7
6	GROSS PROFIT	2,869.3	2,166.8	2,243.4	2,142.2	1,823.1	1,463.1
7	PROFIT BEFORE TAX	1,827.8	1,350.9	1,566.7	1,630.0	1,403.6	1,054.1
8	CASH DIVIDEND %	300	200	200	65	60	60
9	STOCK DIVIDEND %	20	-	-	-	-	10
10	RETURN ON EQUITY %*	14.03	10.6	14.4	14.3	15.7	13.2
11	BREAK-UP VALUE OF SHARE OF RS. 10 EACH*	410.7	391.1	362.2	321.3	284.1	274.0
12	EARNINGS PER SHARE (E.P.S)	56.23	39.9	49.9	43.2	41.8	31.2
13	P/E Ratio	15.2	25.0	19.5	23.1	19.9	8.4

\* Due to inclusion of Revaluation of Surplus as part of equity this year, the comparative data has been restated accordingly.

*Annual Report 2018*  
*Murree Brewery Company Limited*



Murree Brewery Company Limited

STATEMENT OF FINANCIAL POSITION  
VERTICAL ANALYSIS

	2018	2017	2016	2015	2014	2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	%	%	%	%	%	%
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>						
Share Capital	230,530	230,530	230,530	230,530	230,530	209,572
Capital Reserve	30,681	30,681	30,681	30,681	30,681	30,681
Contingency Reserve	20,000	20,000	20,000	20,000	20,000	20,000
General Reserve	327,042	327,042	327,042	327,042	327,042	327,042
Reserve for Bonus Share	-	-	-	-	-	-
Unappropriated profit	5,945,228	5,170,687	5,170,687	4,193,571	3,290,048	2,465,072
Surplus on revaluation of assets	2,913,653	2,966,369	2,966,369	2,605,931	2,651,945	2,692,870
	9,467,134	9,016,657	8,350,876	7,407,755	6,550,246	5,743,237
	86.8	87.1	88.0	87.4	86.0	86.3
<b>NON - CURRENT ASSETS</b>						
Liabilities against assets to finance lease	1,319	7,988	12,345	0.1	1,360	1,879
Deferred liabilities - staff retirement	242,426	182,959	176,286	1.9	113,042	71,500
Deferred taxation	167,456	197,868	107,778	1.1	106,073	148,693
	411,201	388,815	296,409	3.1	219,115	221,553
	3.8	3.8	3.5	2.6	2.9	3.5
<b>CURRENT LIABILITIES</b>						
Current portion of liabilities against assets subject to finance lease	1,021,032	11,467	8,059	0.1	1,360	2,791
Trade and other payable (including unpaid and unclaimed dividend)	6,669	940,047	836,374	8.8	830,068	781,000
Provision for taxation	1,027,701	951,514	844,433	8.9	852,588	59,409
	10,906,036	10,356,786	9,491,718	100	8,479,458	843,200
	100	100	100	100	100	100
<b>NON - CURRENT ASSETS</b>						
Property, plant and equipment	4,246,221	4,675,502	3,942,906	41.5	3,898,900	3,708,169
Intangible Assets	3,339	-	-	-	-	-
Advance for Capital Expenditure	266,214	45,591	284,570	3.0	272,274	262,734
Investment property	293,340	288,149	288,149	3.0	272,274	262,734
Long term advances	16,894	13,392	9,910	0.1	7,516	4,436
Long term investment	523,503	526,599	323,497	3.4	-	-
Long term deposits	26,518	25,687	22,785	0.2	20,473	19,458
Employee Benefits	3,240	-	-	-	-	-
	5,970,269	5,574,830	4,383,668	48.3	4,199,163	3,994,797
	54.7	53.8	48.3	49.32	3,994,797	52.46
						3,906,712
						58.73
<b>CURRENT ASSETS</b>						
Inventories	1,343,755	1,535,205	1,583,926	16.7	1,082,028	965,087
Trade debts - unsecured	26,058	82,342	57,736	0.6	24,383	12,148
Advances, prepayments and other receivable	136,631	94,925	113,189	1.2	100,122	67,816
Short term investment	1,243,524	1,221,042	1,283,131	13.5	43,873	34,051
Advance tax	185,085	206,136	168,372	1.8	16,270	16,270
Cash and bank balances	1,998,714	1,642,306	1,701,696	17.9	3,013,619	35.5
	4,935,767	4,781,956	4,908,050	51.7	4,280,295	50.5
	45.3	46.2	50.5	50.5	3,020,202	47.5
						2,745,491
						41.3
						100
						100
						6,652,203
						100

Murree Brewery Company Limited

STATEMENT OF PROFIT OR LOSS

HORIZONTAL ANALYSIS

	2018		2017		2016		2015		2014		2013		2012	
	Ra.	%	Ra.	%	Ra.	%	Ra.	%	Ra.	%	Ra.	%	Ra.	%
Sales (Net)	8,861,869	24.1	7,139,601	7.2	6,657,314	10.4	6,029,292	16.8	5,163,496	19.1	4,334,850	19.5	3,628,873	19.5
Cost of Sales	5,992,619	20.5	4,972,774	12.7	4,413,950	13.6	3,887,109	16.4	3,340,430	16.7	2,861,207	14.6	2,496,038	14.6
Gross Profit	2,869,250	32.4	2,166,827	(3.4)	2,243,364	4.7	2,142,183	17.5	1,823,066	23.7	1,473,643	30.1	1,132,835	30.1
Distribution Cost	756,711	27.1	595,279	14.0	522,096	23.0	424,442	18.6	357,971	24.4	287,772	18.4	243,068	18.4
Administrative Expenses	425,792	26.6	336,215	26.8	265,198	10.3	240,391	22.1	196,805	11.8	176,065	11.6	157,801	11.6
Other Expenses	121,212	28.1	94,629	1.3	108,100	1.6	109,412	1.8	97,732	1.9	87,111	2.0	55,414	2.0
Other Income	90,021	52.6	58,996	0.8	220,748	3.3	263,997	4.4	234,943	4.6	134,286	3.1	128,390	3.1
Operating Profit	1,655,556	38.0	1,199,700	(23.5)	1,568,718	(3.9)	1,631,935	16.1	1,405,501	33.0	1,056,981	31.3	804,942	31.3
Finance Cost	20,134	20.6	16,690	725.0	2,023	2.8	1,967	3.6	1,898	(34.9)	2,916	36.7	2,133	36.7
Finance Income	192,446	14.6	167,933	-	-	-	-	-	-	-	-	-	-	-
Net Profit before taxation	1,827,868	35.3	1,350,943	(13.8)	1,566,695	(3.9)	1,629,968	16.1	1,403,603	33.2	1,054,065	31.3	802,809	31.3
Provision for taxation	531,507	23.6	430,136	(1.1)	435,013	(31.4)	633,885	43.8	440,780	31.2	336,027	21.0	277,770	21.0
Net profit after taxation	1,296,361	40.8	920,807	(18.6)	1,131,682	13.6	996,083	3.5	962,823	34.1	718,038	36.8	525,039	36.8

VERTICAL ANALYSIS

	2018		2017		2016		2015		2014		2013		2012	
	Ra.	%	Ra.	%	Ra.	%	Ra.	%	Ra.	%	Ra.	%	Ra.	%
Sales	8,861,869	100	7,139,601	100	6,657,314	100	6,029,292	100	5,163,496	100	4,334,850	100	3,628,873	100
Cost of Sales	5,992,619	67.6	4,972,774	69.7	4,413,950	66.3	3,887,109	64.5	3,340,430	64.7	2,861,207	66.0	2,496,038	66.0
Gross Profit	2,869,250	32.4	2,166,827	30.3	2,243,364	33.7	2,142,183	35.5	1,823,066	35.3	1,473,643	34.0	1,132,835	34.0
Distribution Cost	756,711	8.5	595,279	8.3	522,096	7.8	424,442	7.0	357,971	6.9	287,772	6.6	243,068	6.6
Administrative Expenses	425,792	4.8	336,215	4.7	265,198	4.0	240,391	4.0	196,805	3.8	176,065	4.1	157,801	4.1
Other Expenses	121,212	1.4	94,629	1.3	108,100	1.6	109,412	1.8	97,732	1.9	87,111	2.0	55,414	2.0
Other Income	90,021	1.0	58,996	0.8	220,748	3.3	263,997	4.4	234,943	4.6	134,286	3.1	128,390	3.1
Operating Profit	1,655,556	18.7	1,199,700	16.8	1,568,718	23.6	1,631,935	27.1	1,405,501	27.2	1,056,981	24.4	804,942	24.4
Finance Cost	20,134	0.2	16,690	0.2	2,023	0.0	1,967	0.0	1,898	0.0	2,916	0.1	2,133	0.1
Finance Income	192,446	2.2	167,933	2.3	1,566,695	23.5	1,629,968	27.0	1,403,603	27.2	1,054,065	24.3	802,809	24.3
Profit before tax	1,827,868	20.6	1,350,943	18.9	1,566,695	23.5	1,629,968	27.0	1,403,603	27.2	1,054,065	24.3	802,809	24.3
Provision for taxation	531,507	6.0	430,136	6.0	435,013	6.5	633,885	10.5	440,780	8.5	336,027	7.8	277,770	7.8
Net profit after taxation	1,296,361	14.6	920,807	12.9	1,131,682	17.0	996,083	16.5	962,823	18.6	718,038	16.6	525,039	16.6

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*Murree Brewery Company Limited*

**Pattern of Shareholding  
As on June 30, 2018**

# Of Shareholders	Shareholdings' Slab			Total Shares Held
607	1	to	100	28,455
346	101	to	500	95,566
131	501	to	1000	99,617
182	1001	to	5000	435,090
51	5001	to	10000	350,716
20	10001	to	15000	254,240
19	15001	to	20000	337,154
8	20001	to	25000	174,659
7	25001	to	30000	190,067
3	30001	to	35000	93,819
4	35001	to	40000	152,474
2	40001	to	45000	82,858
2	45001	to	50000	96,462
2	50001	to	55000	100,422
1	60001	to	65000	60,500
2	65001	to	70000	138,210
2	70001	to	75000	147,999
1	85001	to	90000	88,834
1	120001	to	125000	122,404
1	130001	to	135000	130,406
1	195001	to	200000	195,083
1	235001	to	240000	235,240
1	240001	to	245000	243,080
1	245001	to	250000	246,750
1	265001	to	270000	266,201
1	320001	to	325000	322,950
1	350001	to	355000	350,194
1	390001	to	395000	391,253
1	530001	to	535000	531,659
1	565001	to	570000	565,430
1	685001	to	690000	687,064
1	730001	to	735000	731,550
1	2660001	to	2665000	2,660,586
1	3090001	to	3095000	3,091,753
1	3355001	to	3360000	3,359,009
1	5995001	to	6000000	5,995,271
<b>1408</b>				<b>23,053,025</b>

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Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MR. ISPHANYAR M. BHANDARA	2	3,414,703	14.81
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 AZEEM	2	1,756	0.01
MRS. GOSHI MINOO BHANDARA	1	2,660,586	11.54
MR. SHAHBAZ HAIDER AGHA	1	1,365	0.01
MR. KHALID AZIZ MIRZA	1	1,000	0.00
MRS. JASMINE BHANDARA	2	277,551	1.20
MRS. NASEEM MUZAFFAR	1	11,674	0.05
MR. JAMSHED M. BHANDARA	2	930,144	4.03
MRS. MUNIZEH M. BHANDARA	2	585,434	2.54
<b>Associated Companies, undertakings and related parties</b>			
D.P. EDULJI & CO. (PVT) LTD.,	2	3,554,092	15.42
<b>Executives</b>			
	1	10	0.00
<b>Public Sector Companies and Corporations</b>			
	2	653	0.00
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	6	557,446	2.42
<b>Mutual Funds</b>			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	2,317	0.01
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	36,650	0.16
<b>General Public</b>			
a. Local	1308	2,628,566	11.40
b. Foreign	30	1,076,841	4.67
<b>Foreign Companies</b>			
	7	7,189,610	31.19
<b>Others</b>			
	33	112,938	0.49
<b>Totals</b>		<b>1408</b>	<b>23,053,025</b>
			<b>100.00</b>

Share holders holding 5% or more	Shareholders	Shares Held	Percentage
KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES	2	6,726,821	29.18
D.P. EDULJI & CO. (PVT) LTD.,	2	3,554,092	15.42
MR. ISPHANYAR M. BHANDARA	2	3,414,703	14.81
MRS. GOSHI MINOO BHANDARA	1	2,660,586	11.54

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<u>S.No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
<b><u>Directors and their spouse(s) and minor children</u></b>				
1	90022	ISPHANYAR M. BHANDARA	3,091,753	13.41
2	04705-83016	ISPHANYAR M. BHANDARA	322,950	1.40
3	03459-2042	KHURRAM MUZAFFAR	3,909	0.02
4	03525-11880	CH. MUEEN AFZAL	3,210	0.01
5	03277-2966	AAMIR H.SHIRAZI	2,570	0.01
6	120025	LT. GEN. (R) ZARAR AZEEM	159	0.00
7	03360-118790	ZARRAR AZIM	1,597	0.01
8	70021	GOSHI MINOO BHANDARA	2,660,586	11.54
9	00307-15911	SHAHBAZ HAIDER AGHA	1,365	0.01
10	04804-27440	KHALID AZIZ MIRZA	1,000	0.00
11	261023	JASMINE BHANDARA	268,201	1.15
12	04705-99009	JASMINE BHANDARA	11,350	0.05
13	140030	NASEEM MUZAFFAR	11,674	0.05
14	100033	JAMSHED M. BHANDARA	687,064	2.98
15	100054	JAMSHED M. BHANDARA	243,080	1.05
16	130089	MUNIZEH M. BHANDARA	235,240	1.02
17	130313	MUNIZAH M BHANDARA	350,194	1.52
<b>17</b>			<b>7,893,902</b>	<b>34.24</b>

**Associated companies, undertakings and related parties**

1	40029	D.P. EDULJI & CO. (PVT) LTD.,	3,359,009	14.57
2	03525-98607	D.P. EDULJI & COMPANY (PVT) LIMITED	195,083	0.85
<b>2</b>			<b>3,554,092</b>	<b>15.42</b>

**Executive**

1	261064	MR. SABIH UR REHMAN	10	0.00
<b>1</b>			<b>10</b>	<b>0.00</b>

**Public sector companies and corporations**

1	90013	M/S. INVESTMENT CORPORATION OF PAKISTAN	359	0.00
2	00083-36	IDBL (ICP UNIT)	294	0.00
<b>2</b>			<b>653</b>	<b>0.00</b>

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

1	20042	M/S. BANK OF BAHAWALPUR LTD.,	4,835	0.02
2	06239-23	FIRST DAWOOD INVESTMENT BANK LIMITED	4,501	0.02
3	03277-2184	EFU GENERAL INSURANCE LIMITED	531,859	2.31
4	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	5,000	0.02
5	03228-34562	UNITED INSURANCE COMPANY OF PAKISTAN LIMITED	2,000	0.01
6	04127-77	MCB BANK LIMITED - TREASURY	9,451	0.04
<b>6</b>			<b>557,446</b>	<b>2.42</b>

**Mutual Funds**

1	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	2,317	0.01
2	06619-26	CDC - TRUSTEE AKD OPPORTUNITY FUND	36,650	0.16
<b>2</b>			<b>38,967</b>	<b>0.17</b>

*Annual Report 2018*  
*Murree Brewery Company Limited*

**General Public Foreign**

1	10004	MR. AHMAD ABDUL REHMAN NOOR AHMAD	7,135	0.03
2	30016	SIR C. C. GARBETT	2,029	0.01
3	50006	MR. EBRAHIM SALJEE BERA	14,329	0.06
4	50009	MISS. E. M. WILSON	15,928	0.07
5	70018	DR. G. K. SAWDAY	25,042	0.11
6	80007	MR. H. S. GLADESTONE	14,329	0.06
7	80017	MR. H. LE. GEYT KENSINGTON	7,134	0.03
8	80035	MR. H. LUND CHRISTIANSEN	50,394	0.22
9	90009	MISS. I. M. ST. GEORGE BRETT	2,029	0.01
10	90011	MR. I. H. R. MOSS	1,312	0.01
11	100002	MR. J. C. BURBIDGE	21,510	0.09
12	100029	MR. J. M. KEADY	6,638	0.03
13	100053	MR. JOHN STUART OLIVER	2,344	0.01
14	110020	MRS. K. M. WILLIAM	30,138	0.13
15	110022	MR. KASSIM A. MOHAMMAD	4,227	0.02
16	120001	MISS. LUCY CHARLES	1,117	0.00
17	120004	MR. W. L. KIRELY	632	0.00
18	130006	MRS. M. M. CAUTLEY	69,103	0.30
19	130048	MR. M. A. MOGHAL	9,282	0.04
20	140014	MR. NAJUMUDDIN MULLAH HAMJABHAI	7,134	0.03
21	160015	MRS. P. SAWDAY	14,329	0.06
22	160036	MR. PETER JOHN SARGENT	368	0.00
23	180012	MR. RICHARD ANTHONY B. SCOTT	7,134	0.03
24	180024	MR. RALPH JOHN HAMILTON POLLOCK	632	0.00
25	180048	MR. R. E. A. CAUTLEY	122,404	0.53
26	190041	MR. SALEH MUHAMMAD HAJEE AYUB	47,462	0.21
27	210001	DR. UNA DAVISON	14,352	0.06
28	260005	MISS. ZUBEIDA ESSOP MIA	10,494	0.05
29	00521-5550	GREGORY ALEXANDER	565,430	2.45
30	05470-27128	KISHORE KUMAR	2,450	0.01
<b>30</b>			<b>1,076,841</b>	<b>4.67</b>

**Foreign Companies**

1	00521-5527	GRO BANYAN PARTNERS LP	40,000	0.17
2	00521-5634	DEUTSCHE BANK SUISSE S.A	650	0.00
3	00695-10791	SCB NOMINEES (CI) LIMITED [1250-2]	391,253	1.70
4	00547-9253	KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES	5,995,271	26.01
5	00547-10301	KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES EXTOBA	731,550	3.17
6	00695-13563	CORONATION GLOBAL FRONTIERS MASTER FUND	29,377	0.13
7	80077	M/S. HONGKONG BANK INTER (TRUSTEE) LTD.	1,509	0.01
<b>7</b>			<b>7,189,610</b>	<b>31.19</b>

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<b>Others</b>				
1	80037	M/S. H. M. INVESTMENTS (PVT) LTD	96	0.00
2	140075	M/S. N. H. SECURITIES (PVT) LTD.,	14	0.00
3	180019	M/S. RAWALPINDI ELECTRIC POWER CO. LTD.	3,140	0.01
4	200006	M/S. THE DEPUTY ADMINISTRATOR (AC DR. T. H. KHAN)	3,999	0.02
5	01917-41	PRUDENTIAL SECURITIES LIMITED	572	0.00
6	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	74	0.00
7	03244-25	ZAFAR SECURITIES (PVT) LTD.	1,450	0.01
8	03277-6164	TRUSTEES KANDAWALLA TRUST	16,899	0.07
9	03277-13154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	4,650	0.02
10	03293-12	S.H. BUKHARI SECURITIES (PVT) LIMITED	379	0.00
11	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	79	0.00
12	03525-63416	H M INVESTMENTS (PVT) LIMITED	2,376	0.01
13	03525-63817	NH SECURITIES (PVT) LIMITED.	325	0.00
14	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	1,500	0.01
15	08847-1447	Crescent Standard Business Management (Pvt) Limited	1	0.00
16	10181-24	HORIZON SECURITIES LIMITED	55	0.00
17	14241-22	FIKREES (PRIVATE) LIMITED	1,429	0.01
18	20041	M/S. BUSINESS INVESTMENTS LTD.	68	0.00
19	03277-96529	FIKREE DEVELOPMENTS CORPORATION (PRIVATE) LIMITED	7,892	0.03
20	07450-1040	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEEES P.FUND	800	0.00
21	01669-26	SHAFFI SECURITIES (PVT) LIMITED	90	0.00
22	03277-61491	M/S RANG COMMODITIES (PVT) LTD	5,250	0.02
23	13128-27	PEARL SECURITIES LIMITED - MF	350	0.00
24	16857-26	MRA SECURITIES LIMITED - MF	1,350	0.01
25	05520-28	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	37,950	0.16
26	06684-159411	PAKISTAN INDUSTRIAL AND COMMERCIAL LEASING LTD.	600	0.00
27	04895-26	DJM SECURITIES (PRIVATE) LIMITED	5,000	0.02
28	14670-20	MULTILINE SECURITIES (PVT) LIMITED - MF	500	0.00
29	16261-28	AXIS GLOBAL LIMITED - MF	50	0.00
30	16832-28	GROWTH SECURITIES (PRIVATE) LIMITED - MF	2,500	0.01
31	16998-20	ZILLION CAPITAL SECURITIES (PRIVATE) LIMITED - MF	1,000	0.00
32	17293-24	CREATIVE CAPITAL SECURITIES (PRIVATE) LIMITED - MF	600	0.00
33	16410-29	ABA ALJ HABIB SECURITIES (PVT) LIMITED - MF	11,900	0.05
<b>33</b>			<b>112,938</b>	<b>0.49</b>

Share holders holding 5% or more	Shares Held	Percentage
KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES	6,726,821	29.18
D.P. EDULJI & CO. (PVT) LTD.,	3,554,092	15.42
MR. ISPHANYAR M. BHANDARA	3,414,703	14.81
MRS. GOSHI MINOO BHANDARA	2,660,586	11.54

Mr. Isphanyar M. Bhandara purchased 133,563 Shares during the year 2017-18

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

## **CODE OF CONDUCT**

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## **Foreword**

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

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

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

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

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

## **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.

### **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.

## **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.

### **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

### **Equal Opportunity Environment**

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

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

### **Protection of Company Assets and Proprietary Information**

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

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

### **Dealing in Securities/Shares & Insider Trading**

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

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

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

END

**INDEPENDENT AUDITORS' REVIEW REPORT**

**To the members of Murree Brewery Company Limited**

**Review report on the Statement of Compliance in Listed Companies  
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Murree Brewery Company Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to access and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

**KPMG Taseer Hadi & Co.**

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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.



**KPMG Taseer Hadi & Co.**

Chartered Accountants

Islamabad

13 September 2018

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**Statement of Compliance with Listed Companies (Code of Corporate Governance)  
Regulations, 2017**

**Murree Brewery Company Limited  
Year ending June 30, 2018**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight (08) as per the following:
  - a. Male : 07
  - b. Female : 01

2. The composition of board is as follows:

<b>Category</b>	<b>Names</b>
Independent Directors	Lt. Gen (Retd) Zarrar Azim Mr. Khalid Aziz Mirza Mr. Shahbaz Haider Agha
Non-executive Directors	Mr. Khurram Muzaffar Ch. Mueen Afzal Mr. Aamir H. Shirazi Mrs. Goshi M. Bhandara
Executive Director	Mr. Isphanyar M. Bhandara

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. 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 along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

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8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training Program during the year for the following:  
Mr. Isphanyar M. Bhandara – Chief Executive Officer / Director
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) **Audit Committee**

Lt. Gen (Retd) Zarrar Azim	-	(Chairman)
Ch. Mueen Afzal	-	(Member)
Mr. Khurram Muzaffar	-	(Member)
Mr. Khalid Aziz Mirza	-	(Member)
  - b) **HR and Remuneration Committee**

Mr. Shahbaz Haider Agha	-	(Chairman)
Mr. Khurram Muzaffar	-	(Member)
Mrs. Goshi M. Bhandara	-	(Member)
Lt. Gen (Retd) Zarrar Azim	-	(Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:

During the year 2017-18, five (05) Audit Committee and one (01) Human Resource and Remuneration Committee meetings were held.
15. The board has outsourced the internal audit function to M/s EY Ford Rhodes, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. 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 and registered with Audit Oversight Board of Pakistan, 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.

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*Murree Brewery Company Limited*

- 17.** The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18.** We confirm that all other requirements of the Regulations have been complied with.



Khurram Muzaffar  
Chairman

Rawalpindi 13<sup>th</sup> September, 2018

## **INDEPENDENT AUDITORS' REPORT**

**To the members of Murree Brewery Company Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of Murree Brewery Company Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

<b>S. No.</b>	<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
1	<p><b>Revenue:</b></p> <p>Refer notes 4.13 and 28 to the financial statements.</p> <p>The Company is engaged in the production and sale of alcoholic beer, Pakistan Made Foreign Liquor (PMFL), non-alcoholic beer, aerated water (non-alcoholic products), juices and food products, mineral water, glass bottles and jars.</p> <p>The Company recognized net revenue from the sales of Rs. 8,861.87 million for the year ended 30 June 2018.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>▪ obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li> <li>▪ comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>▪ comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; and</li> <li>▪ comparing the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.</li> </ul>

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*Murree Brewery Company Limited*

S. No.	Key audit matter	How the matter was addressed in our audit
2	<p><b>The Company's exposure to litigation risk</b></p> <p>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is litigation risk. The Company has significant litigation cases in respect of levy of Gas Infrastructure Development Cess and gas tariff, details of which are disclosed on notes 14.2 and 14.3 to the annexed financial statements.</p> <p>Given the nature and amounts involved in such cases and the forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• obtaining understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee;</li> <li>• reading correspondence of the Company with relevant departments and the Company's external counsel, where applicable;</li> <li>• discussing matters with the relevant personnel of the Company;</li> <li>• circularising external confirmations, and assessing the replies received thereto; and</li> <li>• assessing the appropriateness of the related disclosures made in the annexed financial statements.</li> </ul>

### **Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Riaz Akbar Ali Pesnani.



**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Islamabad**

**13<sup>th</sup> September 2018**

*Murree Brewery Company Limited*  
**Statement of Financial Position**  
**As at 30 June 2018**

	Note	2018 (Rs. '000)	(Restated) 2017 (Rs. '000)	(Restated) 2016 (Rs. '000)
<b>EQUITY</b>				
Share capital and reserves				
Share capital	6	230,530	230,530	230,530
Capital reserve	7	30,681	30,681	30,681
Revenue reserves	8	6,292,270	5,788,877	5,517,729
Revaluation surplus on property, plant and equipment - net of tax	9	2,913,653	2,966,369	2,571,936
<b>Total equity</b>		<b>9,467,134</b>	<b>9,016,457</b>	<b>8,350,876</b>
<b>LIABILITIES</b>				
Finance lease liabilities	10	1,319	7,988	12,345
Employee benefits	11	242,426	189,008	176,286
Deferred tax liability - net	12	167,456	197,868	107,778
<b>Non-current liabilities</b>		<b>411,201</b>	<b>394,864</b>	<b>296,409</b>
Trade and other payables	13	837,977	820,366	751,116
Current portion of finance lease liabilities	10	6,669	11,467	8,059
Unpaid dividend		51,739	32,425	21,119
Unclaimed dividend		131,316	81,207	64,139
<b>Current liabilities</b>		<b>1,027,701</b>	<b>945,465</b>	<b>844,433</b>
<b>Total liabilities</b>		<b>1,438,902</b>	<b>1,340,329</b>	<b>1,140,842</b>
<b>Total equity and liabilities</b>		<b>10,906,036</b>	<b>10,356,786</b>	<b>9,491,718</b>
<b>Contingencies and commitments</b>	14			

	Note	2018 (Rs. '000)	(Restated) 2017 (Rs. '000)	(Restated) 2016 (Rs. '000)
<b>ASSETS</b>				
Property, plant and equipment	15	4,846,221	4,675,502	3,942,906
Intangible asset	16	2,339	-	-
Advances for capital expenditures	17	266,214	45,591	-
Investment properties	18	292,340	288,149	284,570
Long term advances	19	10,894	13,392	9,910
Long term investments	20	523,503	526,509	323,497
Long term deposits	21	26,518	25,687	22,785
Employee benefits	11	2,240	-	-
<b>Non-current assets</b>		<b>5,970,269</b>	<b>5,574,830</b>	<b>4,583,668</b>
Inventories	22	1,343,755	1,535,205	1,583,926
Trade debts	23	26,058	82,342	57,736
Advances, prepayments and other receivables	24	138,631	94,925	113,189
Short term investments	25	1,243,524	1,221,042	1,283,131
Advance tax - net	26	185,085	206,136	168,372
Cash and bank balances	27	1,998,714	1,642,306	1,701,696
<b>Current assets</b>		<b>4,935,767</b>	<b>4,781,956</b>	<b>4,908,050</b>
<b>Total assets</b>		<b>10,906,036</b>	<b>10,356,786</b>	<b>9,491,718</b>



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

The annexed notes 1 to 49 form an integral part of these financial statements.

*Murree Brewery Company Limited*

**Statement of Profit or Loss**  
For the year ended 30 June 2018

Note	Liquor Division		Glass Division		Tea Division		Total
	2018 (Rs. '000)	2017 (Rs. '000)	2018 (Rs. '000)	2017 (Rs. '000)	2018 (Rs. '000)	2017 (Rs. '000)	
<b>TURNOVER</b>							
Third party turnover - gross	10,314,637	7,722,452	219,456	478,433	3,304,785	2,856,162	13,838,878
<i>Less: trade discounts</i>	(198,818)	(145,116)	-	-	(126,160)	(117,814)	(324,978)
Third party turnover - net	10,115,819	7,577,336	219,456	478,433	3,178,625	2,738,348	13,513,900
Inter division sales	611,062	535,759	1,392,627	1,074,835	28,936	33,561	-
	10,726,881	8,113,095	1,612,083	1,553,268	3,207,561	2,771,909	13,513,900
Sales tax and excise duty	(3,892,478)	(2,959,076)	(31,887)	(69,553)	(727,666)	(625,887)	(4,652,031)
Revenue	6,834,403	5,154,019	1,580,196	1,483,715	2,479,895	2,146,022	8,861,869
<b>COST OF SALES</b>							
Third parties	(3,633,245)	(2,802,957)	(960,569)	(985,170)	(1,398,805)	(1,184,647)	(5,992,619)
Inter division cost	(1,308,445)	(1,028,626)	-	-	(734,170)	(615,529)	-
	(4,941,690)	(3,831,583)	(960,569)	(985,170)	(2,122,975)	(1,800,176)	(5,992,619)
<b>GROSS PROFIT</b>	1,892,713	1,322,436	619,627	498,545	356,910	345,846	2,869,250
Selling and distribution expenses	(398,382)	(317,236)	(5,796)	(6,630)	(352,533)	(271,413)	(756,711)
Administrative expenses	(280,912)	(235,544)	(34,998)	(31,033)	(109,882)	(69,638)	(425,792)
Other expenses	-	-	-	-	-	-	(121,212)
Other income	-	-	-	-	-	-	90,021
<b>Operating profit</b>	1,213,419	769,656	578,833	460,882	(105,505)	4,795	1,655,556
Finance costs	(18,732)	(14,901)	(395)	(814)	(1,007)	(975)	(20,134)
Finance income	-	-	-	-	-	-	192,446
<b>Net finance (cost) / income</b>	(18,732)	(14,901)	(395)	(814)	(1,007)	(975)	172,312
<b>Profit before tax</b>	1,194,687	754,755	578,438	460,068	(106,512)	3,820	1,827,868
Income tax expense	-	-	-	-	-	-	(531,507)
<b>Profit for the year</b>							1,296,361
<b>Earnings per share - basic and diluted (Rupees)</b>							56.23
							39.94

The annexed notes 1 to 49 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

*Annual Report 2018*  
*Murree Brewery Company Limited*

Statement of Comprehensive Income  
*For the year ended 30 June 2018*

	Note	2018 (Rs.'000)	(Restated) 2017 (Rs.'000)
<b>Profit for the year</b>		1,296,361	920,807
<b>Other comprehensive income (OCI):</b>			
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>			
Remeasurement on defined benefit plan liability - gratuity	11.1.3	(54,849)	9,266
Remeasurement on defined benefit plan asset / liability - pension	11.2.6	5,438	(7,474)
Gain on revaluation of property, plant and equipment	5 and 9	-	552,730
Related tax		(49,411)	554,522
Other comprehensive income for the year - net of tax	5 and 12.1	(46,512)	(118,158)
<b>Total comprehensive income for the year</b>		<u>1,249,849</u>	<u>1,357,171</u>

The annexed notes 1 to 49 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

*Annual Report 2018*  
*Murree Brewery Company Limited*

**Statement of Changes in Equity**  
*For the year ended 30 June 2018*

	Capital reserves			Revenue reserves			Unappropriated profits	Total equity
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment - net of tax	General reserve	Contingency reserve	Reserve for issuance of bonus shares		
	(Rs.'000)							
<b>Balance at 01 July 2016, as previously reported</b>	230,530	30,681	-	327,042	20,000	-	5,170,687	5,778,948
Effect of restatement - note 5	-	-	2,571,936	-	-	-	-	2,571,936
<b>Restated balance at 01 June 2016</b>	230,530	30,681	2,571,936	327,042	20,000	-	5,170,687	8,350,876
<b>Total comprehensive income for the year - (restated)</b>								
Profit for the year	-	-	-	-	-	-	920,807	920,807
Other comprehensive income for the year - net	-	-	435,110	-	-	-	1,254	436,364
	-	-	435,110	-	-	-	922,061	1,357,171
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax (refer note 9)	-	-	(38,974)	-	-	-	38,974	-
Transferred from revaluation surplus on property, plant and equipment on disposal - net of deferred tax (refer note 9)	-	-	(1,703)	-	-	-	1,703	-
	-	-	(40,677)	-	-	-	40,677	-
<b>Transactions with owners, recorded directly in equity</b>								
Reserve for issue of bonus shares	-	-	-	-	-	3,457,954	(3,457,954)	-
Interim cash dividend 2016 (Rs. 10 per share)	-	-	-	-	-	-	(230,530)	(230,530)
Final cash dividend 30 June 2016 (Rs. 10 per share)	-	-	-	-	-	-	(230,530)	(230,530)
Interim cash dividend 2017 (Rs. 10 per share)	-	-	-	-	-	-	(230,530)	(230,530)
	-	-	-	-	-	-	(691,590)	(691,590)
<b>Restated balance at 30 June 2017</b>	230,530	30,681	2,966,369	327,042	20,000	3,457,954	1,983,881	9,016,457
<b>Balance at 01 July 2017, as previously reported</b>	230,530	30,681	-	327,042	20,000	3,457,954	1,983,881	6,050,088
Effect of restatement - note 5	-	-	2,966,369	-	-	-	-	2,966,369
<b>Restated balance at 30 June 2017</b>	230,530	30,681	2,966,369	327,042	20,000	3,457,954	1,983,881	9,016,457
<b>Restated balance at 01 July 2017</b>	230,530	30,681	2,966,369	327,042	20,000	3,457,954	1,983,881	9,016,457
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	-	1,296,361	1,296,361
Other comprehensive income for the year - net	-	-	-	-	-	-	(46,512)	(46,512)
	-	-	-	-	-	-	1,249,849	1,249,849
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax (refer note 9)	-	-	(55,706)	-	-	-	55,706	-
Transferred from revaluation surplus on property, plant and equipment on disposal - net of deferred tax (refer note 9)	-	-	(4,693)	-	-	-	4,693	-
	-	-	(60,399)	-	-	-	60,399	-
Reduction in deferred tax liability due to change in tax rate (refer note 9)	-	-	7,683	-	-	-	-	7,683
<b>Transactions with owners, recorded directly in equity</b>								
Transfer of reserve for issue of bonus shares to unappropriated profits (refer note 8.1)	-	-	-	-	-	(3,457,954)	3,457,954	-
Final cash dividend 30 June 2017 (Rs.10 per share)	-	-	-	-	-	-	(230,530)	(230,530)
Interim cash dividend 30 June 2018 (Rs. 5 per share)	-	-	-	-	-	-	(115,265)	(115,265)
Interim cash dividend 30 June 2018 (Rs. 10 per share)	-	-	-	-	-	-	(230,530)	(230,530)
Interim cash dividend 30 June 2018 (Rs. 10 per share)	-	-	-	-	-	-	(230,530)	(230,530)
	-	-	-	-	-	-	(806,855)	(806,855)
<b>Balance at 30 June 2018</b>	230,530	30,681	2,913,653	327,042	20,000	-	5,945,228	9,467,134

The annexed notes 1 to 49 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

*Annual Report 2018*  
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Statement of Cash Flow  
For the year ended 30 June 2018

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2018 (Rs.'000)	2017 (Rs.'000)
Profit before tax		1,827,868	1,350,943
<b>Adjustments for:</b>			
Employee benefits - charge to profit or loss	11.1.2 and 11.2.4	26,588	24,490
Depreciation	15.1.3	262,266	284,131
Amortization	16.1	256	-
Provision for slow moving inventories	31	26,111	-
Provision for WPPF	32	84,073	65,122
Provision for WWF	32	34,682	27,130
Gain on remeasurement of investment property to fair value	33	(4,191)	(3,579)
Gain on disposal of property, plant and equipment	33	(23,800)	(6,275)
Finance cost	34	20,134	4,464
Return on deposit accounts	35	(81,443)	(70,133)
Interest on PIBs	35	(40,743)	(32,786)
Interest on advances	35	(300)	(273)
Dividend income	35	(3,151)	(58,272)
Unrealized gain on re-measurement of short term investments	35	(32,745)	(3,078)
Gain on sales of investments	35	(29,366)	(2,886)
		238,371	228,055
<b>Operating profit before working capital changes</b>		<b>2,066,239</b>	<b>1,578,998</b>
<i>Changes in</i>			
Inventories		165,339	48,721
Trade debts		56,284	(24,606)
Advances, prepayments and other receivables		(52,516)	509
Trade and other payables		58,601	73,145
		227,708	97,769
<b>Cash generated from operating activities</b>		<b>2,293,947</b>	<b>1,676,767</b>
Finance cost paid		(4,160)	(4,464)
Employee benefits paid	11.1 and 11.2	(24,821)	(11,365)
WPPF paid	13.3	(146,209)	(63,943)
Income taxes paid	26	(559,796)	(541,875)
<b>Net cash from operating activities</b>		<b>1,558,961</b>	<b>1,055,120</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	15	(443,488)	(485,851)
Proceeds from disposal of property, plant and equipment	15.1.6	34,303	17,335
Purchase of intangible asset	16	(2,595)	-
Advances for capital expenditures paid		(220,623)	(45,591)
Long term advances paid		2,498	(3,482)
Long term deposits paid		(831)	(2,902)
Realization of long term investments		3,006	-
Proceeds from sales of / (acquisition of) investments - net		39,629	(68,000)
Return on deposits received		131,296	90,668
Dividends received		3,151	58,272
<b>Net cash used in investing activities</b>		<b>(453,654)</b>	<b>(439,551)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease		(11,467)	(11,743)
Dividend paid		(737,432)	(663,216)
<b>Net cash used in financing activities</b>		<b>(748,899)</b>	<b>(674,959)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>356,408</b>	<b>(59,390)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,642,306</b>	<b>1,701,696</b>
<b>Cash and cash equivalents at end of the year</b>	38	<b>1,998,714</b>	<b>1,642,306</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

*Annual Report 2018*  
*Murree Brewery Company Limited*

**Notes to the Financial Statements**  
*For the year ended 30 June 2018*

**1 CORPORATE AND GENERAL INFORMATION**

**1.1 The Company and its operations**

Murree Brewery Company Limited ("the Company") was incorporated under the repealed Indian Companies Act (now the Companies Act, 2017) in February 1861 as a public limited company in Pakistan. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

The Company is principally engaged in the manufacturing of alcoholic beer, Pakistan Made Foreign Liquor (PMFL), non-alcoholic beer, aerated water (non-alcoholic products), juices and food products, mineral water, glass bottles and jars. The Company is presently operating three divisions namely Liquor, Tops and Glass to carry out its principal activities.

The registered office of the Company is situated at National Park Road in Rawalpindi, Pakistan. The addresses of Company's corporate office, manufacturing facilities and warehouses owned by the Company located in Rawalpindi, Hattar, Lahore and Gujranwala are disclosed in note 15.1.5. The addresses of the Company's other sales offices/ warehouses are as follows:

- Ratti Gali, Ayubia Road, Murree,
- Mansoor Abad, near Sant Sing railway gate, Jumra Road, Faisalabad,
- 164/B, near Winter Time, Small Industires Estate, Sahiwal,
- 28-B, Small Industrial Estate, Main Lahore Road, Sargodha,
- Mohallah Noorpura, Bahawalpur bypass road, Multan.

**1.2 Summary of significant events and transactions**

Significant events and transactions affecting the financial statements are summarized as follows:

- Pursuant to the decision of Honorable Lahore High Court ("LHC"), an EOGM was conducted on 22 February 2018 where the special resolution for the increase in authorized share capital was opposed by a majority of shareholders. Consequently, the "Reserve for issuance for bonus shares" amounting to Rs. 3.4 billion was transferred back to unappropriated profits.
- Dividends of Rs. 807 million has been declared including the final cash dividend of Rs. 231 million for the year ended 30 June 2017.
- Due to first time application of financial reporting requirements under the Companies Act, 2017, the accounting policy for revaluation surplus on property, plant and equipment has been changed during the year. Consequently, the amount of revaluation surplus on property, plant and equipment reported outside the equity, in the prior years, has been reclassified to equity. Further in order to comply with the disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017 some of the amounts reported in the prior year have been reclassified.
- The Company has entered into an agreement with Tetra Pak for the lease of A3 packing and pasteurizing machines amounting to Rs. 257 million and Rs. 57 million respectively. The installation and test run was completed on 08 July 2018.

*Annual Report 2018*  
*Murree Brewery Company Limited*

**Notes to the Financial Statements**  
*For the year ended 30 June 2018*

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Details of the Company's accounting policies are included in note 4.

**2.2 Basis of measurement**

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

Item	Measurement basis
Land, building, plant, machinery and equipment	Revaluation model
Investment property	Fair value
Investments held for trading	Fair value
Net defined benefit (asset) / liability	Present value of the defined benefit liability, determined through actuarial valuation, less fair value of plan assets

**2.3 Functional and presentation currency**

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

**2.4 Use of judgments and estimates**

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

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

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

- Note 4.1 and 15 useful lives, reassessed values, residual values and depreciation method of property, plant and equipment
- Note 4.3 and 16 useful lives, residual values and amortization method of intangible asset
- Note 4.4 and 18 fair value of investment property
- Note 4.5 and 22 provision for slow moving inventories
- Note 4.8, 4.9 and 14 recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

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**Notes to the Financial Statements**  
*For the year ended 30 June 2018*

- Note 4.11.3 and 11 measurement of defined benefit obligations: key actuarial assumptions
- Note 4.12 and 12 recognition of deferred tax liabilities and assets and estimation of income tax provisions
- Note 4.18.1 and 23 provision for doubtful trade debts
- Note 4.18.2 impairment loss of non-financial assets other than inventories

***Measurement of fair values***

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

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

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

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

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**3 Standards, interpretations and amendments to the approved accounting standards**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

## Notes to the Financial Statements

*For the year ended 30 June 2018*

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IAS 28 'Investments in Associates and Joint Ventures') (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The Company is currently assessing the impact of the IFRIC 22 on its financial statements, if any.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently assessing the impact of the IFRIC 23 on its financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analysing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

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- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-statement of financial position lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analysing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
  - IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangement' - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company re-measures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12 'Income Taxes' - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
  - IAS 23 'Borrowing Costs' - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements, except for the changes as follows:

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- i. Amendments to IAS 7 'Statement of Cash Flow' became effective during the year. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. Accordingly, these disclosures have been included in the note 38.1 to these financial statements.
- ii. The Companies Act, 2017 specified certain disclosures to be included in the financial statements. The Company has presented the required disclosures in these financial statements and reclassified / rearranged certain corresponding figures. However, there was no change in the reported amounts of profit and other comprehensive income and the amounts presented in the statement of financial position due to these reclassifications / rearrangements. Refer to note 46.
- iii. The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of property, plant and equipment would now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of land, buildings, plant, machinery and equipment stands amended as follows:

- Increases in the carrying amounts arising on revaluation of land, buildings, plant, machinery and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to unappropriated profits.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. Refer to note 5.

#### **4.1 Property, plant and equipment and advance for capital expenditure**

##### ***Recognition and measurement***

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

- Lands are stated at revalued figures.
- Buildings are stated at revalued amounts less accumulated depreciation and impairment losses, if any.
- Plant, machinery and equipment is stated at revalued amounts less accumulated depreciation and impairment losses, if any.
- Capital work in progress and advance for capital expenditure is carried at cost less impairment loss, if any.

Increases in the carrying amounts arising on revaluation of land, buildings, plant machinery and equipments are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in profit or loss, the increase is first recognised in profit or loss.

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Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

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

The completed or / acquired capital work in progress and advance for capital expenditure is transferred to the respective item of operating fixed assets when it becomes available for intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised in profit or loss.

***Subsequent expenditure***

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

***Depreciation***

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land and capital work in progress are not depreciated. Rates of depreciation/estimated useful lives are mentioned in note 15.1 to these financial statements.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

Depreciation on additions to property, plant and equipment is charged on prorata basis from the date on which the item of property, plant and equipment is acquired or capitalized while no depreciation is charged from the date on which property, plant and equipment is disposed off / derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**4.2 Leases**

***Determining whether an arrangement contains a lease***

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

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If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

***Leased assets***

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

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

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

***Lease payments***

Payments made over operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**4.3 Intangible asset**

***Recognition and measurement***

Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

***Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

***Amortization***

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss based on the amortization rates as disclosed in note 16.1 to these financial statements.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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**4.4 Investment property**

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

**4.5 Inventories**

***Stores, spare parts and loose tools***

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

***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;
- Cost of finished goods, based on weighted average method, includes direct cost of production and appropriate portion of production overheads based on normal capacity; and
- Work in process including stocks under maturation are valued at lower of cost and net realizable value. Stocks under maturation and work in process are valued at manufacturing cost which represents direct material, labour and an appropriate share of production overheads based on normal operating capacity.

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.

**4.6 Financial instruments**

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

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

**4.7 Non-derivative financial assets and financial liabilities**

**4.7.1 Recognition and derecognition**

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

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

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

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**4.7.2 Non-derivative financial assets – Measurement**

Financial assets at fair value through profit or loss	A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.
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Held-to-maturity financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.
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Loans and receivables	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.
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**4.7.3 Non-derivative financial liabilities – Measurement**

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

**4.8 Provisions**

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

**4.9 Contingent liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but 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.

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**4.10 Share capital, dividends and reserves**

Ordinary shares are classified as equity and recognised at their face value. Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

**4.11 Employee benefits**

**4.11.1 Short-term employee benefits**

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

**4.11.2 Defined contribution plan – provident fund**

The Company operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made monthly by the Company and employees at the rate of 12% of the basic salary. The fund is managed by its Board of Trustees. The Company's contribution to the provident fund is expensed as the related service is provided.

**4.11.3 Defined benefit plans**

The Company operates the following defined benefit plans:

**a. Gratuity and pension plans**

The Company operates defined benefit plans comprising a funded pension and an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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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.

**b. Compensated leave absences**

The Company recognises provision for compensated absences on an undiscounted basis and are expensed as the related services are provided. A liability is recognised for the amount expected to be paid under compensated absences if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The compensated absences are payable to employees as per the Company's policy. The provision is determined on the basis of last drawn salary and accumulated leaves balance at the reporting date.

**4.12 Income tax**

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

**4.12.1 Current tax**

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

**4.12.2 Deferred tax**

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

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

**4.13 Revenue recognition**

*Sale of goods*

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

*Investment property rental income*

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from other property is recognised as other income.

**4.14 Cash and cash equivalents**

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

**4.15 Foreign currency**

*Foreign currency transactions*

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

**4.16 Operating profit**

Operating profit is the result generated from continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes finance income and finance costs and income taxes.

**4.17 Finance income and finance cost**

The Company's finance income and finance costs includes interest income, dividend income, gain on sale of investments, gain on measurement of financial assets held for trading, foreign currency gain or loss on financial assets and financial liabilities, interest expense, bank charges and bank guarantee commissions. Interest income or expense is recognised using the effective interest method.

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Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Mark-up, interest and other charges on borrowings used for the acquisition and construction of qualifying assets are capitalized up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related property, plant and equipment acquired/constructed out of the proceeds of such borrowings.

**4.18 Impairment**

**4.18.1 Non-derivative financial assets**

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

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

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

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

**4.18.2 Non-financial assets**

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

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

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

**4.19 Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

**4.20 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investment property, investments, finance income, tax assets, tax liabilities, other expenses and other income.

**4.21 Earnings per share**

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

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**5 CHANGE IN ACCOUNTING POLICY**

5.1 The effect of change in accounting policy described in note 4 (iii) is summarized below:

	As at 30 June 2017			As at 30 June 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	(Rs.'000)			(Rs.'000)		
<b>a. Effect on statement of financial position</b>						
Surplus on revaluation of property, plant and equipment	2,966,369	-	(2,966,369)	2,571,936	-	(2,571,936)
Share capital and reserves	6,050,088	9,016,457	2,966,369	5,778,940	8,350,876	2,571,936
<b>b. Effect on statement of changes in equity</b>						
Revaluation surplus on property, plant and equipment	-	2,966,369	2,966,369	-	2,571,936	2,571,936
				As at 30 June 2017		
				As previously reported	As restated	Restatement
				(Rs.'000)		
<b>c. Effect on statement of comprehensive income</b>						
Comprehensive income transferred to equity				-	435,110	435,110
Comprehensive income not transferred to equity				435,110	-	(435,110)

5.2 There was no cash flow impact as a result of the retrospective application of change in accounting policy.

<b>6 SHARE CAPITAL</b>	<b>Note</b>	<b>2018</b> <b>(Rs.'000)</b>	<b>2017</b> <b>(Rs.'000)</b>
<b>6.1 Authorized share capital</b>	<b>6.1.1</b>	<b>300,000</b>	<b>300,000</b>

6.1.1 This represents 30,000,000 (2017: 30,000,000) ordinary shares of Rs. 10 each. Also refer note 8.1.

**6.2 Issued, subscribed and paid up share capital**

2018 Number	2017 Number		2018 (Rs.'000)	2017 (Rs.'000)
264,000	264,000	Ordinary shares of Rs. 10 each, fully paid in cash	2,640	2,640
22,789,025	22,789,025	Ordinary shares of Rs. 10 each, issued as bonus shares	227,890	227,890
23,053,025	23,053,025		230,530	230,530

6.2.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the Company.

6.3 D.P. Edulji & Company (Private) Limited (incorporated in Pakistan) and Kingsway Fund (incorporated in Grand Duchy of Luxembourg) ("associated undertakings") hold 3,554,092 (2017: 3,444,642) and 6,726,821 (2017: 6,287,771) ordinary shares of Rs.10 each respectively, at the reporting date. Further, directors hold 6,089,099 (2017: 5,954,927) ordinary shares of Rs.10 each at the reporting date.

**6.4 Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors of the Company monitors the return on capital, which the Company defines as net profit after tax divided by the total shareholders' equity. The Board of Directors also determines the level of dividends to ordinary shareholders.

There were no changes to the Company's approach to capital management during the year and the Company was not subject to externally imposed capital requirements.

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7	<b>CAPITAL RESERVE</b>	Note	2018 (Rs.'000)	2017 (Rs.'000)
	Capital reserve	7.1	30,681	30,681
7.1	These reserves are not available for distribution.			
8	<b>REVENUE RESERVES</b>			
	General reserve		327,042	327,042
	Contingency reserve		20,000	20,000
	Reserve for issuance of bonus shares	8.1	-	3,457,954
	Unappropriated profits	8.2	5,945,228	1,983,881
			<u>6,292,270</u>	<u>5,788,877</u>

8.1 In pursuance to the resolution passed by the shareholders of the Company in their Extra Ordinary General Meeting ("EOGM"), as duly held on 29 September 2016, the sum of Rs. 3.46 billion was appropriated to "Reserve for issuance of bonus shares". However, pursuant to the orders of the Honourable Lahore High Court ("LHC"), an EOGM was conducted on 22 February 2018 where the special resolution for the increase in authorized share capital was opposed by a majority of the shareholders. Consequently, the "Reserve for issuance of bonus shares" was transferred back to unappropriated profits.

8.2 This represents unappropriated profits which are available for distribution.

9	<b>REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - NET OF TAX</b>	2018 (Rs.'000)	2017 (Rs.'000)
	Balance at 01 July	3,085,685	2,591,065
	Surplus arising on revaluation during the year	-	552,730
	Surplus on disposal of operating fixed assets	(6,705)	(2,433)
		<u>3,078,980</u>	<u>3,141,362</u>

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

- Surplus - net of deferred tax liability	(55,706)	(38,974)
- Related deferred tax liability	(23,874)	(16,703)
	<u>(79,580)</u>	<u>(55,677)</u>

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

**Related deferred tax liability:**

On revaluation surplus at 01 July	(119,316)	(19,129)
On revaluation surplus arising during the year	-	(117,620)
On change in tax rate	7,683	-
On operating fixed assets disposed off during the year	2,012	730
On incremental depreciation charged during the year	23,874	16,703
	<u>(85,747)</u>	<u>(119,316)</u>

Balance at 30 June

9.1 This represents revaluation surplus on revaluation of lands, buildings, plant, machinery and equipment.

**10 FINANCE LEASE LIABILITIES - Secured**

10.1 These liabilities are payable as follows:

	Future minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
<b>30 June 2018</b>	(Rs.'000)		
Less than one year	6,903	234	6,669
Between one and five years	1,329	10	1,319
	<u>8,232</u>	<u>244</u>	<u>7,988</u>

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	Future minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	(Rs.'000)		
<b>30 June 2017</b>			
Less than one year	11,963	496	11,467
Between one and five years	8,231	243	7,988
	20,194	739	19,455
<b>10.2</b>	The Company has leased vehicles from financial institutions. The lease term for these arrangements is 3 years and carries markup ranging from 7.51% to 9.05% (2017: 7.02% to 7.48%) per annum. The rentals are payable in thirty six monthly instalments. At the completion of the lease term, the Company has the option to acquire the assets upon complete payment of all instalments and adjustment of lease key money. The facility is secured by way of ownership of the leased vehicles by the financial institutions.		
<b>11</b>	<b>EMPLOYEE BENEFITS</b>	<b>Note</b>	<b>2018 (Rs.'000)</b>
			<b>2017 (Rs.'000)</b>
	Net defined benefit liability - gratuity	11.1	242,426
	Net defined benefit liability - pension	11.2	-
	Total employee benefit liability		242,426
	Net defined benefit asset - pension	11.2	2,240
	Total employee benefit asset		2,240
<b>11.1</b>	<b>Net defined benefit liability - gratuity</b>		
	The Company operates an unfunded gratuity scheme for its eligible employees.		
	<i>Movement in net defined benefit liability - gratuity</i>		
	Balance at 01 July		182,959
	Charge for the year	11.1.2	24,907
	Experience adjustments on defined benefit liability	11.1.3	54,849
	Benefits paid		(20,289)
	Balance at 30 June		242,426
<b>11.1.1</b>	<b>Reconciliation of liability recognised in the statement of financial position</b>		
	Present value of defined benefit obligation		242,426
	Net defined benefit liability		242,426
<b>11.1.2</b>	<b>Charge to profit or loss</b>		
	Current service cost		11,514
	Interest cost		13,393
		11.1.2.1	24,907
<b>11.1.2.1</b>	<b>Expense is recognized in the following line items in profit or loss:</b>		
	Cost of sales		13,643
	Selling and distribution expenses		3,984
	Administrative expenses		7,280
			24,907
<b>11.1.3</b>	<b>Charge / (credit) to other comprehensive income</b>		
	Actuarial losses / (gains) from changes in financial assumptions		225
	Experience adjustments on defined benefit liability		54,624
			54,849

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**11.1.4 Key actuarial assumptions**

The latest actuarial valuation was carried out, on 30 June 2018, using projected unit credit method with the following assumptions:

	Note	2018	2017
Discount rate used for interest cost in profit or loss		7.75%	7.25%
Discount rate used for reporting date liability		9.00%	7.75%
Salary increase used for reporting date liability			
Salary growth rate for 2018		N/A	7.75%
Salary growth rate for 2019 and onwards		9.00%	7.75%
Date of next expected salary increase		01 July 2018	01 July 2017
Mortality rate	11.1.4.1	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rates		Age - Based	Age - Based
Retirement assumption		Age 60	Age 60

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

**11.1.5 Sensitivity analysis**

For a change of 100 basis points, present value of defined benefit liability at reporting date would have been as follows:

	2018 Increase (Rs.'000)	2018 Decrease (Rs.'000)	2017 Increase (Rs.'000)	2017 Decrease (Rs.'000)
Discount rate	227,773	259,045	171,460	195,987
Salary increase rate	259,073	227,475	196,005	171,227

**11.1.5.1** Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**11.1.6** The Company's expected charge for defined benefit liability - gratuity for the next year is Rs. 36.22 million.

**11.1.7 Risks associated with defined benefit liability - gratuity**

**Final Salary Risk (linked to inflation risk)**

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

**Salary Increase Risk**

**- Mortality risk**

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

**- Withdrawal Risk**

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

**11.1.8 Expected maturity profile**

Following are the expected distribution and timing of benefit payments at the reporting date:

	2018 (Rs.'000)	2017 (Rs.'000)
Year 1	20,132	13,589
Year 2	25,036	16,899
Year 3	33,690	22,740
Year 4	46,500	31,386
Year 5	27,676	18,680
Year 6 to Year 10	146,864	99,129
Year 11 and beyond	902,223	608,974

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	Present value of defined benefit liability (Rs.'000)	Net liability at the reporting date (Rs.'000)
<b>11.1.9 Historical information</b>		
2018	242,426	242,426
2017	182,959	182,959
2016	176,286	176,286
2015	113,042	113,042
2014	71,500	71,500
	<b>2018</b>	<b>2017</b>
<b>11.1.10</b> Weighted average duration of defined benefit liability (years)	<b>6</b>	<b>8</b>
<b>11.2 Net defined benefit (asset) / liability - pension</b>		
The Company operates a funded pension scheme for its eligible employees.		
<b>Movement in net defined benefit (asset) / liability - pension</b>	<b>2018</b>	<b>2017</b>
	(Rs.'000)	(Rs.'000)
Balance at 01 July	6,049	1,389
Charge for the year	1,681	857
Remeasurement (gain) / loss recognized in other comprehensive income	(5,438)	7,474
Contributions by the Company	(4,532)	(3,671)
Balance at 30 June	(2,240)	6,049
<b>11.2.1 The amount recognized in the statement of financial position is as follows</b>		
Present value of defined plan liability	44,497	45,585
Fair value of defined plan assets	(46,737)	(39,536)
Net defined benefit (asset) / liability	(2,240)	6,049
<b>11.2.2 The movement in the present value of defined plan liability is as follows</b>		
Present value of defined benefit liability at 01 July	45,585	35,344
Current service cost	1,388	897
Interest cost	3,460	3,091
Benefits paid during the year	(1,879)	(2,008)
Remeasurement gain	(4,057)	8,261
Present value of net defined benefit liability at 30 June	44,497	45,585
<b>11.2.3 The movement in the fair value of defined plan assets is as follows</b>		
Fair value of plan assets at 01 July	39,536	33,955
Contributions paid into the plan	4,532	3,671
Expected return on plan assets	3,167	3,131
Benefits paid by the plan	(1,879)	(2,008)
Remeasurement gain	1,381	787
Fair value of plan assets at 30 June	46,737	39,536
<b>11.2.4 Expense recognized in profit or loss</b>		
Current service cost	1,388	897
Interest cost on defined benefit plan	3,460	3,091
Interest income on plan assets	(3,167)	(3,131)
	1,681	857
<b>11.2.5 Plan assets comprise of</b>		
Units in open end funds	12,589	11,038
Defence saving certificates	32,170	28,235
Cash at banks	1,978	263
	46,737	39,536

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	Note	2018 (Rs.'000)	2017 (Rs.'000)
<b>11.2.6</b>	<b>(Credit) / charge to other comprehensive income</b>		
	Actuarial (gains) / losses from changes in financial assumptions	(4,474)	4,175
	Experience adjustments on defined benefit asset / liability	417	4,087
	Remeasurement gain	(1,381)	(788)
		<u>(5,438)</u>	<u>7,474</u>
<b>11.2.7</b>	<b>Key actuarial assumptions</b>	<b>2018</b>	<b>2017</b>
	Discount rate used for interest cost in profit or loss	7.75%	9.00%
	Discount rate used for reporting date asset / liability	9.00%	7.75%
	Salary increase used for reporting date asset / liability		
	Salary growth rate for 2018	N/A	7.75%
	Salary growth rate for 2019 and onwards	9.00%	7.75%
	Next expected salary increase	01 August 2018	01 October 2017
	Mortality rate	11.2.8 SLIC 2001-2005	SLIC 2001-2005
	Withdrawal rates	Age - Based	Age - Based
	Retirement assumption	Age 60	Age 60

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

**11.2.9** The calculation of the defined benefit asset / liability is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit asset / liability at the reporting date would have increased / decreased as a result of a change in respective assumptions by 100 basis points:

	2018 Increase (Rs.'000)	2018 Decrease (Rs.'000)	2017 Increase (Rs.'000)	2017 Decrease (Rs.'000)
Discount rate	39,577	50,473	40,191	52,210
Salary increase rate	46,733	42,484	48,027	43,393

**11.2.10 Risks associated with defined benefit asset / liability - pension**

**Final Salary Risk (linked to inflation risk)**

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

**Salary Increase Risk**

**- Mortality risk**

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

**- Withdrawal Risk**

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

**Investment Risk**

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

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**11.2.11 Expected maturity profile**

Following are the expected distribution and timing of benefit payments at year end:	2018 (Rs.'000)	2017 (Rs.'000)
Year 1	1,790	1,575
Year 2	2,002	1,761
Year 3	2,204	1,939
Year 4	2,294	2,018
Year 5	3,009	2,647
Year 6 to Year 9	14,866	13,077
Year 10 and beyond	405,233	356,480

	2018	2017
<b>11.2.12 Weighted average duration of defined benefit asset / liability (years)</b>	<b>7</b>	<b>8</b>

**11.3** All the investments out of Pension Fund trust have been made in accordance with the provisions of Section 218 of the Companies Act , 2017 and the rules formulated for this purpose.

<b>12 DEFERRED TAX LIABILITY - NET</b>	<b>Note</b>	2018 (Rs.'000)	2017 (Rs.'000)
Deferred tax liability - net	12.1	167,456	197,868

**12.1 Movement in deferred tax liability - net**

	Net balance at 01 July	Recognized in			Net balance at 30 June
		Profit or loss (Note 36)	Other compre- hensive income (Rs.'000)	Equity	
<b>2018</b>					
<b>Taxable temporary differences</b>					
Property, plant and equipment	141,092	14,586	-	-	155,678
Revaluation surplus on property, plant and equipment	119,316	(25,886)	-	(7,683)	85,747
Net defined benefit asset - pension	-	-	560	-	560
	260,408	(11,300)	560	(7,683)	241,985
<b>Deductible temporary differences</b>					
Net defined benefit liability - pension	(1,816)	-	1,816	-	-
Net defined benefit liability - gratuity	(54,888)	(445)	(5,275)	-	(60,608)
Provision for slow moving inventories	-	(11,619)	-	-	(11,619)
Finance lease liabilities	(5,836)	3,534	-	-	(2,302)
	(62,540)	(8,530)	(3,459)	-	(74,529)
	197,868	(19,830)	(2,899)	(7,683)	167,456
<b>2017</b>					
<b>Taxable temporary differences</b>					
Property, plant and equipment	148,073	(6,981)	-	-	141,092
Revaluation surplus on property, plant and equipment	19,129	(17,433)	117,620	-	119,316
	167,202	(24,414)	117,620	-	260,408
<b>Deductible temporary differences</b>					
Net defined benefit liability - pension	(417)	-	(1,399)	-	(1,816)
Net defined benefit liability - gratuity	(53,454)	(3,371)	1,937	-	(54,888)
Provision for slow moving inventories	-	-	-	-	-
Finance lease liabilities	(5,553)	(283)	-	-	(5,836)
	(59,424)	(3,654)	538	-	(62,540)
	107,778	(28,068)	118,158	-	197,868

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13	<b>TRADE AND OTHER PAYABLES</b>	Note	2018 (Rs.'000)	2017 (Rs.'000)
	Payable to contractors and suppliers		344,526	243,648
	Accrued liabilities		87,897	70,225
	Advances from customers	13.1	109,921	116,757
	Security deposits	13.2	19,877	14,924
	Payable to Workers' (Profit) Participation Fund (WPPF)	13.3	60,594	106,756
	Payable to Workers' Welfare Fund (WWF)	13.4	34,682	29,510
	Withholding tax payable		1,731	433
	Sales tax payable - net		16,969	68,506
	Excise duty payable		4,116	28,980
	Export duty payable on PMFL and beer		110,821	110,821
	Zila tax payable		6,871	6,871
	Unearned income		1,453	2,025
	Other payables		38,519	20,910
			<u>837,977</u>	<u>820,366</u>
13.1	These represents unsecured advances from customers against delivery of goods.			
13.2	<b>Security deposits</b>			
	Security deposits	13.2.1	<u>19,877</u>	<u>14,924</u>
13.2.1	These represent unutilizable amounts received as security deposits from dealers and suppliers of the Company. Out of this an amount of Rs. 11.29 million (2017: Rs. 10.15 million) is kept in a separate bank account.			
13.3	<b>Payable to Workers' (Profit) Participation Fund (WPPF)</b>	Note	2018 (Rs.'000)	2017 (Rs.'000)
	Balance at 01 July		106,756	93,351
	Interest on funds utilised in the Company's business	34	15,974	12,226
	Charge for the year	32	84,073	65,122
	Payments to the Fund during the year		<u>(146,209)</u>	<u>(63,943)</u>
	Balance at 30 June		<u>60,594</u>	<u>106,756</u>
13.4	<b>Payable to Workers' Welfare Fund (WWF)</b>			
	Balance at 01 July		29,510	32,016
	Charge for the year	32	34,682	27,130
	Adjustments claimed against income tax	26	<u>(29,510)</u>	<u>(29,636)</u>
	Balance at 30 June		<u>34,682</u>	<u>29,510</u>
14	<b>CONTINGENCIES AND COMMITMENTS</b>			
(a)	<b>Contingencies:</b>			
14.1	Letter of guarantee issued by banks on behalf of the Company	14.1.1	<u>80,931</u>	<u>57,510</u>
14.1.1	These represent bank guarantees issued in the normal course of business to Sui Northern Gas Pipelines Limited ("SNGPL") for commercial and industrial use of gas.			
14.1.2	For details of security against bank guarantees, refer note 27.4 (c) and (d) to these financial statements.			

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**(b) Litigations**

**14.2** In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No.VI of 2014 to circumvent earlier decision of the Honourable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultra vires on the ground that GIDC was a 'fee' and not a 'tax'. Government of Pakistan has enacted GIDC Act, 2015 during May 2015 which, including retrospective treatment of the provision of the GIDC Act, has been challenged by the Company through a writ petition in the Honourable Lahore High Court ("LHC"). The Court has granted stay against charging of the GIDC under the GIDC Act, 2015. On 30 September 2017, the LHC transferred the case to High Power Committee ("HPC") formed vide LHC order. The case is pending before HPC. The Company has not made provision of GIDC amounting to Rs. 167.06 million (2017: Rs. 160.14 million) in the financial statements as the management, based on legal opinion, is confident that the eventual decision will be in favour of the Company.

**14.3** The company is paying sui gas industrial bills based on gas tariff at Rs. 488 per MMBTU and Rs. 573 per MMBTU for captive power meter, as compared to the bill raised by SNGPL at Rs. 600 per MMBTU. The Honourable Lahore High Court ("LHC"), in January 2018, set aside the demand of SNGPL at Rs. 600 per MMBTU and case was decided in favour of the Company. However, SNGPL preferred an appeal before the Supreme Court of Pakistan ("SCP") which is pending adjudication. The Company has not made provision of the difference in tariff which in aggregate amounts to Rs. 102.09 million (2017: Rs. 65.23 million) in financial statements as the management, based on legal opinion, is confident that the eventual decision will be in favour of the Company.

**14.4** For contingencies related to tax matters, refer note 36.4 and 36.5.

<b>(c) Commitments:</b>	<b>Note</b>	<b>2018</b> <b>(Rs.'000)</b>	<b>2017</b> <b>(Rs.'000)</b>
Outstanding letter of credits including capital expenditure	<b>14.5</b>	<b>293,345</b>	152,000
<i>Capital expenditure contracts</i>			
- Machinery	<b>14.6</b>	<b>321,718</b>	171,058
- Civil works		<b>23,721</b>	40,130
Others		<b>19,231</b>	-

**14.5** For details of security against Letter of Credits, refer to note 27.4 (c), (d) and (e).

**14.6** This includes an amount of Rs. 272.57 million (2017: Nil) relating to the contracts signed for lease of A3 speed packing and pasteurizing machine.

<b>15 PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>	<b>2018</b> <b>(Rs.'000)</b>	<b>2017</b> <b>(Rs.'000)</b>
Operating fixed assets	<b>15.1</b>	<b>4,635,033</b>	4,485,204
Capital work in progress (CWIP)	<b>15.2</b>	<b>211,188</b>	190,298
		<b>4,846,221</b>	4,675,502

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15.1 Operating fixed assets  
Reconciliation of carrying amounts

	Freehold land (Note 15.1.1 & 15.1.2)	Leasehold land (Note 15.1.2)	Buildings on freehold land (Note 15.1.2)	Plant, machinery and equipment (Note 15.1.2)	Furniture, fixtures, computers and equipment	Owned motor vehicles	Leased motor vehicles	Total
	(Rs. '000)							
<b>Cost / revalued amount</b>								
Balance at 01 July 2016	2,539,187	30,500	248,993	1,576,827	21,932	114,943	30,411	4,562,793
Additions	38,293	-	18,448	221,009	820	4,760	10,794	294,124
Surplus on revaluation (note 15.1.2)	148,659	12,005	73,657	318,409	-	-	-	552,730
Transfers from leased assets	-	-	-	-	-	4,312	(4,312)	-
Transfers from CWIP (note 15.2)	-	-	22,846	3,575	-	-	-	26,421
Disposals	-	-	-	(18,291)	(1,445)	(22,694)	-	(42,430)
Balance at 30 June 2017	2,726,139	42,505	363,944	2,101,529	21,307	101,321	36,893	5,393,638
<b>Balance at 01 July 2017</b>	2,726,139	42,505	363,944	2,101,529	21,307	101,321	36,893	5,393,638
Additions	-	-	27,089	145,790	2,150	18,842	-	193,871
Transfers from CWIP (note 15.2)	-	-	14,243	214,484	-	-	-	228,727
Disposals	-	-	-	(107,031)	(36)	(5,838)	-	(112,905)
Balance at 30 June 2018	2,726,139	42,505	405,276	2,354,772	23,421	114,325	36,893	5,703,331
<b>Accumulated depreciation</b>								
Balance at 01 July 2016	-	-	65,707	490,147	16,555	79,010	4,254	655,673
Depreciation (note 15.1.3)	-	-	26,148	238,767	1,310	10,957	6,949	284,131
Transfers from leased assets	-	-	-	-	-	2,587	(2,587)	-
Disposals	-	-	-	(12,962)	(1,445)	(16,963)	-	(31,370)
Balance at 30 June 2017	-	-	91,855	715,952	16,420	75,591	8,616	908,434
<b>Balance at 01 July 2017</b>	-	-	91,855	715,952	16,420	75,591	8,616	908,434
Depreciation (note 15.1.3)	-	-	27,901	213,990	1,615	11,382	7,378	262,266
Disposals	-	-	-	(98,792)	(36)	(3,574)	-	(102,402)
Balance at 30 June 2018	-	-	119,756	831,150	17,999	83,399	15,994	1,068,298
<b>Carrying amounts</b>								
At 01 July 2017	2,539,187	30,500	183,286	1,086,680	5,377	35,933	26,157	3,907,120
At 30 June 2017	2,726,139	42,505	272,089	1,385,577	4,887	25,730	28,277	4,485,204
At 30 June 2018	2,726,139	42,505	285,520	1,523,622	5,422	30,926	20,899	4,635,033
Depreciation rates per annum	-	-	5-10%	10-20%	10-33%	20%	20%	

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

**15.1.2 Surplus on revaluation of property, plant and equipment**

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

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

	Cost (Rs.'000)	Accumulated depreciation (Rs.'000)	Written down value (Rs.'000)
Land	80,677	-	80,677
Buildings	316,226	(106,036)	210,190
Plant, machinery and equipment	2,352,839	(1,065,321)	1,287,518
<b>2018</b>	<b>2,749,742</b>	<b>(1,171,357)</b>	<b>1,578,385</b>
2017	2,423,969	(1,083,344)	1,340,625

**15.1.3 Depreciation charge has been allocated as follows:**

	Note	2018 (Rs.'000)	2017 (Rs.'000)
Cost of sales	29	236,734	256,875
Selling and distribution expenses	30	3,712	3,732
Administrative expenses	31	21,820	23,524
		<b>262,266</b>	<b>284,131</b>

**15.1.4** Based on the revaluation carried out at 30 June 2017, the forced sales value of the land, building and plant, machinery and equipment is Rs. 2,723.89 million, Rs. 193.70 million and Rs. 1,022.93 million respectively.

**15.1.5** Particulars of immovable property ( i.e land and building) in the name of the Company are as follows:

Location	Usage of Immovable property	Total Area (Acres)	Total Covered Area (Sq. Ft)
a) Murree Brewery Estate, 3 National Park Road, Rawalpindi	Corporate office and manufacturing facility	29.45	382,225
b) Murree Glass Factory, 24, Phase 3, Industrial Estate, Hattar, District Harripur, KPK	Manufacturing facility	3.00	54,531
c) Plot 31/2, Industrial Estate, Hattar, District Harripur, KPK	Warehouse	2.00	36,354
d) Plot 13/4, Industrial Estate, Hattar, District Harripur, KPK	Warehouse	1.00	18,177
e) Plot 121/3 Township Industrial Area, Lahore	Warehouse and office	0.38	4,215
f) Tops Factory, Plot 14/1, Phase-III, Industrial Estate Hattar, District Haripur, KPK	Manufacturing facility	2	33,316
g) Khasra No 178, Khewat No 87, Khatooni No 94, Mauza Lohiyanwala, Tehsil and District Gujranwala	Warehouse	0.26	8,213
h) Plot 10/2, Phase-III, Industrial Estate Hattar, District Haripur, KPK	Manufacturing facility	2	18,454

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**15.1.6 Detail of disposals of operating fixed assets**

The details of operating fixed assets sold during the year, having a net book value in excess of Rs. 500,000 each, are as follows:

Description	Original cost / revalued amount	Carrying amount	Sale proceeds	Gain / (loss)	Purchasers	
Note	(Rs. '000)					
<b>Vehicles</b>						
Toyota Corolla	15.1.6.1	1,848	880	1,189	309	Mr. Tariq
Honda Civic	15.1.6.1	2,283	931	1,366	435	Mr. Tallat Yaqoob
<b>Plant and machinery</b>						
Gas generator set	15.1.6.2	48,952	5,916	26,732	20,816	A. M Engineering
Recopertor	15.1.6.2	52,535	1,910	1,429	(481)	Mr. Rasheed Ahmed
Aggregate value of other items with individual book value not exceeding Rs. 500,000		7,287	866	3,587	2,721	
<b>2018</b>		<b>112,905</b>	<b>10,503</b>	<b>34,303</b>	<b>23,800</b>	Also refer note 33
<b>2017</b>		<b>42,430</b>	<b>11,060</b>	<b>17,335</b>	<b>6,275</b>	Also refer note 33

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

15.1.6.2 These disposal have been made through tenders.

15.2 Capital work in progress (CWIP)	Note	2018 (Rs.'000)	2017 (Rs.'000)
Balance at 01 July		190,298	35,786
Additions		249,617	180,933
		439,915	216,719
<i>Transferred to operating fixed assets:</i>			
Buildings on freehold land	15.1	(14,243)	(22,846)
Plant, machinery and equipment	15.1	(214,484)	(3,575)
		(228,727)	(26,421)
Balance at 30 June	15.2.1	211,188	190,298
<b>15.2.1 Breakup of capital work in progress at the reporting date is as follows:</b>			
Plant and machinery		171,058	156,154
Civil works		40,130	31,404
Others		-	2,740
		211,188	190,298
<b>16 INTANGIBLE ASSET</b>			
Computer software	16.1	2,339	-
<b>16.1 Reconciliation of carrying amounts</b>			
<b>Cost</b>			
Balance at 01 July		-	-
Additions		2,595	-
Balance at 30 June		2,595	-
<b>Accumulated amortization</b>			
Balance at 01 July		-	-
Amortization	31	256	-
Balance at 30 June		256	-
<b>Carrying value</b>		<b>2,339</b>	<b>-</b>
Rate of amortization per annum		20%	-

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16.2 Amortization charge for the year has been allocated to administrative expenses.

17	ADVANCES FOR CAPITAL EXPENDITURES	Note	2018 (Rs.'000)	2017 (Rs.'000)
	Advances for civil works		42,890	22,561
	Advances for purchase of fixed assets		182,266	23,030
	Advances for purchase of leased assets	17.1	41,058	-
			<u>266,214</u>	<u>45,591</u>

17.1 This represents advances extended against the future lease of packing and pasteurizing machine.

18	INVESTMENT PROPERTIES	Note	2018 (Rs.'000)	2017 (Rs.'000)
<b>18.1 Reconciliation of carrying amount:</b>				
	Balance at 01 July		288,149	284,570
	Change in fair value	33	4,191	3,579
	Balance at 30 June	18.1.1	<u>292,340</u>	<u>288,149</u>

18.1.1 The investment property represents lands and buildings held for capital appreciation and to earn rental income. On 30 June 2018, an exercise was carried out by an independent valuer to ascertain the fair value of investment property. The price of land of the investment property is assessed based on market research carried out in the area where the property is situated. The fair value of the property is based on independent valuer's judgment about average prices prevalent on the said date and has been prepared on openly available / provided information after making relevant inquiries from the market. Changes in fair value are recognized as gains in profit or loss and included in 'other income'. All gains are unrealized.

18.2 Particulars of investment property of the Company and the forced sale values are as follows:

Location	Area Sq. Fts	FSV Rs' (000)
1) Plot 121/3, Township Industrial Area, Lahore	8,115	101,724
2) Office Suite 509, 5th Floor, ISE Tower, Blue Area, Islamabad	1,348	30,364
3) Office 411, Fourth Floor, The Forum, Block 9, Clifton, Karachi	1,038	23,733
4) NBP Building, Murree Brewery Estate, National Park Road, Islamabad	1,487	3,271
5) House no. 20, St no. 37, Sector F-7/1, Islamabad	5,999	89,395

18.3 Measurement of fair values

18.3.1 Fair value hierarchy

The fair value of investment property was determined by external independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement of the investment property has been categorised as a Level 3.

18.3.2 Since the values have been determined by external independent valuer and inputs are unobservable, sensitivity analysis has not been presented.

19	LONG TERM ADVANCES - Secured	Note	2018 (Rs.'000)	2017 (Rs.'000)
	To employees		16,373	15,386
	Less: Due within one year, shown under current assets	24	(5,479)	(1,994)
			<u>10,894</u>	<u>13,392</u>

19.1 These advances carry interest at 11% (2017: 11%) per annum and are repayable in periods up to three years. No loans and advances have been extended to executives during the year (2017: Nil).

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**19.2** Details of borrowers in respect of advance exceeding Rs. 1 million, at the reporting date, are as follows:

Name of Borrower	Note	2018 (Rs.'000)	2017 (Rs.'000)
1) Mr. Rizwan Arshad	19.2.1	1,100	-
2) Mr. Khalid Akbar	19.2.1	1,257	1,360
3) Mr. Muhammad Malik	19.2.1	1,100	1,174
4) Mr. Arshad Zaheer	19.2.1	1,140	-
5) Mr. Muhammad Ajmal	19.2.1	-	1,020
6) Mr. Sher Afal Niazi	19.2.1	-	1,190
7) Mr. Shafiq	19.2.1	-	1,316

**19.2.1** The loan has been given in accordance with the Company's policy for the purchase of vehicle. The loan is secured against the ownership of vehicle.

20 LONG TERM INVESTMENTS	Note	2018 (Rs.'000)	2017 (Rs.'000)
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*Held to maturity*

Pakistan Investment Bonds (PIBs)	20.1	523,503	526,509
<b>20.1</b>			
This represents investment in Pakistan Investment Bonds (PIBs) having face value of Rs. 500 million (2017: Rs. 500 million). These PIBs carry a coupon rate of 8.75% (2017: 8.75%) per annum with profit payable on a half yearly basis. The maturity date of PIBs is 21 April 2026.			

21 LONG TERM DEPOSITS	Note	2018 (Rs.'000)	2017 (Rs.'000)
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Long term deposits	21.1	26,518	25,687
<b>21.1</b>			
These represent deposits maintained with the utility companies. These are unsecured, interest free and refundable on termination of services.			

22 INVENTORIES	Note	2018 (Rs.'000)	2017 (Rs.'000)
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*Stores, spare parts and loose tools*

Stores		114,250	90,500
Spare parts and loose tools		45,169	46,659
		159,419	137,159

*Stock in trade*

Raw material		791,133	929,404
Work in process		66,755	68,326
Stock under maturation	22.1	173,067	225,214
Finished goods		197,215	165,603
Goods in transit		2,641	29,863
		1,230,811	1,418,410

*Less: provision for slow moving inventories*

	22.2	(46,475)	(20,364)
		1,343,755	1,535,205

**22.1** 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.

22.2 Movement in provision for slowing moving inventories	Note	2018 (Rs.'000)	2017 (Rs.'000)
Balance at 01 July		20,364	20,364
Provision for slow moving inventories	31	26,111	-
Balance at 30 June		46,475	20,364

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	Note	2018 (Rs.'000)	2017 (Rs.'000)
<b>23 TRADE DEBTS - Unsecured</b>			
Considered good		26,058	82,342
Considered doubtful		-	-
		<u>26,058</u>	<u>82,342</u>
<i>Less: provision for doubtful trade debts</i>	<b>23.1</b>	<u>-</u>	<u>-</u>
		<u><u>26,058</u></u>	<u><u>82,342</u></u>
<b>23.1 Provision for doubtful trade debts</b>			
Balance at 01 July		-	2,424
Provision / (reversal of provision) - net	<b>31</b>	7,960	(2,424)
Bad debts written off		(7,960)	-
Balance at 30 June		<u>-</u>	<u>-</u>
<b>23.2 The age analysis of trade debts, at the reporting date, is as follows:</b>			
Past due			
-upto 3 months		14,817	50,630
-upto 3 to 6 months		9,680	30,470
-upto 6 to 12 months		1,110	1,242
-more than one year		451	-
		<u>26,058</u>	<u>82,342</u>
<b>23.3</b> There are no outstanding trade debts against export sales at the reporting date (2017: Nil).			
<b>24 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances to employees - unsecured		10,231	17,080
Current portion of long term advances - secured	<b>19</b>	5,479	1,994
Advances to suppliers - unsecured		97,437	25,097
Prepayments		14,154	31,058
Interest accrued		10,227	19,037
Other receivables		1,103	659
		<u>138,631</u>	<u>94,925</u>
<b>25 SHORT TERM INVESTMENTS</b>			
<b>25.1 Investments at fair value through profit or loss - Held for trading</b>			
Shares of listed companies		321	482
Mutual funds	<b>25.2</b>	1,243,203	1,220,560
		<u>1,243,524</u>	<u>1,221,042</u>
<b>25.2</b> These represent funds invested in 83.77 million (2017: 82.24 million) units of mutual funds having market value ranging from Rs. 10.53 to 106.22 (2017: Rs. 9.86 to Rs. 105.59) per unit.			
<b>26 ADVANCE TAX - NET</b>	Note	2018 (Rs.'000)	2017 (Rs.'000)
Tax refundable at 01 July		206,136	152,102
Provision for tax - current	<b>36</b>	(570,911)	(465,171)
Provision for tax - prior year	<b>36</b>	19,574	6,966
Income tax paid during the year		559,796	541,875
Income tax adjusted against Workers' Welfare Fund	<b>13.4</b>	(29,510)	(29,636)
Tax refundable at 30 June		<u>185,085</u>	<u>206,136</u>

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	Note	2018 (Rs.'000)	2017 (Rs.'000)
<b>27 CASH AND BANK BALANCES</b>			
Cash in hand		16,974	5,526
Cash at banks:			
- local currency current accounts		718,245	172,454
- local currency deposit accounts	27.1	1,225,922	1,431,134
- foreign currency deposit account	27.2	37,573	33,192
		1,981,740	1,636,780
	27.3	1,998,714	1,642,306

27.1 These carry interest ranging from 4.0% to 5.64% (2017: 3.75% to 6%) per annum.

27.2 This carries interest at the rate of 0.25% per annum (2017: 0.06% per annum). Also refer note 41.9.1 (iii).

27.3 This includes an amount of Rs. 100 million (2017: Nil) deposited with Askari Bank Limited as security against letter of guarantee facility. Also refer note 27.4 (d).

**27.4 Financing facilities**

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

- (a) Running finance facility amounting to Rs. 35 million (2017: Rs. 35 million) from Bank Alfalah Limited, Rawalpindi. This facility was available till 31 July 2018 which has subsequently been renewed till 30 June 2019. This carries mark up at the rate of 6 months' KIBOR plus 1% (2017: 6 months' KIBOR plus 1%) per annum. Principal is payable on expiry or on demand whichever is earlier. It is secured against present and future current assets of the Company registered with Securities and Exchange Commission of Pakistan amounting to Rs. 75 million (2017: Rs. 150 million).
- (b) During the year, the Company has not obtained renewal of the running finance facility amounting to Rs. 200 million (2017: Rs. 200 million) from Askari Bank Limited. This facility was available till 31 October 2017 and carried a mark up at the rate of 3 months' KIBOR plus 1% (2017: 3 months' KIBOR plus 1%) per annum. The underlying first hypothecation charge by way of equitable mortgage amounting to Rs. 267 million over four bungalows, two buildings and open land measuring 29 kanals and 13 marlas at National Park Road, Rawalpindi against this facility has been vacated during the year.
- (c) Facilities of letters of guarantee and letters of credit amounting to Rs. 10 million (2017: Rs. 10 million) and Rs. 450 million (2017: Rs. 450 million) from Bank Alfalah Limited respectively were available to the Company till 31 July 2018 which have subsequently been renewed till 30 June 2019. Facilities of letters of guarantee and letters of credit are secured against present and future assets of the Company and lien on import documents respectively.
- (d) Facilities of letters of guarantee, shipping guarantee and letters of credit amounting to Rs. 100 million (2017: Rs. 200 million), Rs. 50 million (2017: 50 million) and Rs. 200 million (2017: Rs. 200 million) from Askari Bank Limited respectively are available to the Company till 31 October 2018. Facilities of letters of guarantee, shipping guarantee and letters of credit are secured against 100% cash margin and lien on import documents.
- (e) Facility of letter of credit amounting to Rs. 300 million (2017: Rs. 300 million) is available from Allied Bank Limited. This facility is available till 31 December 2018. This facility is secured against lien over valid import documents.

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28	TURNOVER	Note	Liquor Division			Glass Division			Tops Division			Total	
			2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)	
	Third party turnover - gross	28.2	10,314,637	7,722,452	219,456	478,433	3,304,785	2,856,162	13,838,878	11,057,047			
	Less: trade discounts	28.3	(198,818)	(145,116)	-	-	(126,160)	(117,814)	(324,978)	(262,930)			
	Third party turnover - net		10,115,819	7,577,336	219,456	478,433	3,178,625	2,738,348	13,513,900	10,794,117			
	Sales tax and excise duty	28.1	2,125,725	1,571,575	31,887	69,553	595,695	513,697	2,753,307	2,154,825			
	Sales tax		1,766,753	1,387,501	-	-	131,971	112,100	1,898,724	1,499,691			
	Excise duty		3,892,478	2,959,076	31,887	69,553	727,666	625,887	4,652,031	3,654,516			

28.2 This includes export sales to United Arab Emirates (UAE) amounting to Rs. 952,638. The sale was made to M/s. Atleiler Seven General Trading LLC. The sale was made via export invoice 1272.

28.3 This includes freight of Rs. 138.51 million (2017: Rs. 155.19 million) as the Company sold products on delivered basis as per market practices of the comparable industries.

28.4 Interdivision sales are at normal selling prices.

29	COST OF SALES	Note	Liquor Division			Glass Division			Tops Division			Total	
			2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)	
	Raw materials consumed	29.1	4,301,260	3,252,778	402,599	330,076	1,870,312	1,585,120	6,574,171	5,167,974			
	Stores and spares consumed		63,470	38,078	69,488	91,176	31,917	25,364	164,875	154,618			
	Fuel and power		182,462	171,608	218,379	197,112	39,442	32,977	440,283	401,697			
	Salaries, wages and other benefits	29.2	225,092	212,788	100,689	83,831	115,822	88,132	441,603	384,751			
	Repairs and maintenance		33,267	28,738	34,646	41,104	14,207	11,609	82,120	81,451			
	Depreciation	15.1.3	72,481	79,765	126,351	145,205	37,902	31,905	236,734	256,875			
	Other manufacturing expenses		18,621	19,789	24,380	24,273	22,981	15,682	65,982	59,744			
			4,896,653	3,803,544	976,532	912,777	2,132,583	1,790,789	8,005,768	6,507,110			

Work in process including stock under maturation

Opening stock at 01 July	279,528	303,653	1,445	1,445	12,567	13,966	293,540	319,064
Closing stock at 30 June	(220,896)	(279,528)	(1,445)	(1,445)	(17,481)	(12,567)	(239,822)	(293,540)
	58,632	24,125	-	-	(4,914)	1,399	53,718	25,524
	4,955,285	3,827,669	976,532	912,777	2,127,669	1,792,188	8,059,486	6,532,634

Cost of goods manufactured

Finished goods								
Opening stock at 01 July	63,498	67,411	45,208	117,601	56,898	64,886	165,604	249,898
Closing stock at 30 June	(77,093)	(63,497)	(61,471)	(45,208)	(61,592)	(56,898)	(199,856)	(165,603)
	(13,595)	3,914	(15,963)	72,393	(4,694)	7,988	(34,252)	84,295
	4,941,690	3,831,583	960,569	985,170	2,122,975	1,800,176	8,025,234	6,616,929
	(1,308,445)	(1,028,626)	-	-	(724,170)	(615,529)	(2,032,615)	(1,644,155)
	3,633,245	2,802,957	960,569	985,170	1,398,805	1,184,647	5,992,619	4,972,774

Less: Inter division transfers

	620,420	687,645	12,775	16,980	296,209	205,311	929,404	909,936
	4,190,919	3,185,553	397,250	325,871	1,847,731	1,676,018	6,435,900	5,187,442
	(510,079)	(620,420)	(7,426)	(12,775)	(273,628)	(296,209)	(791,133)	(929,404)
	4,301,260	3,252,778	402,599	330,076	1,870,312	1,585,120	6,574,171	5,167,974

29.1 Raw materials consumed

Opening stock at 01 July								
Purchases								
Closing stock at 30 June								

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**29.2** This includes staff retirement benefits amounting to Rs. 13.64 million (2017: 16.54 million).

<b>30 SELLING AND DISTRIBUTION EXPENSES</b>	<b>Note</b>	<b>2018 (Rs.'000)</b>	<b>2017 (Rs.'000)</b>
Advertisement and publicity		144,302	108,900
Salaries, wages and other benefits	30.1	128,909	103,902
Selling expenses		172,697	76,479
Samples		23,066	16,880
Sales promotion		11,775	78,918
Freight		75,892	56,538
Depreciation	15.1.3	3,712	3,732
Service charges and commission to D.P. Edulji & Co. (Private) Limited, a related party	43	99,507	83,365
Others		96,851	66,565
		<b>756,711</b>	<b>595,279</b>

**30.1** This includes staff retirement benefits amounting to Rs. 3.98 million (2017: Nil).

**31 ADMINISTRATIVE EXPENSES**

Salaries, wages and other benefits	31.1	232,772	180,466
Travelling and conveyance		7,506	5,914
Printing and stationery		9,391	7,565
Repairs and maintenance		14,658	12,710
Fuel and power		19,561	16,539
Directors' fees and travelling		4,380	1,904
Communication		8,257	7,030
Entertainment		7,251	6,520
Legal and professional		11,690	28,907
Security		22,010	17,962
Donations	31.2	3,206	2,354
Provision / (reversal of provision) against doubtful trade debts - net	23.1	7,960	(2,424)
Provision for slow moving inventories	22.2	26,111	-
Insurance		5,130	6,252
Rent, rates and taxes		16,155	12,502
Income tax surcharge		1,912	-
Depreciation	15.1.3	21,820	23,524
Amortization	16.1	256	-
Others		5,766	8,490
		<b>425,792</b>	<b>336,215</b>

**31.1** This includes staff retirement benefits amounting to Rs. 8.96 million (2017: Rs. 7.95 million).

**31.2** Donations include Rs. 1.50 million (2017: Rs. 1 million) paid to Bhandara Foundation, located at 10 Commercial Building, Shahrah-e-Quaid-i-Azam, Lahore, in which Chief Executive Officer of the Company is a Trustee. Also refer note 43.

<b>32 OTHER EXPENSES</b>	<b>Note</b>	<b>2018 (Rs.'000)</b>	<b>2017 (Rs.'000)</b>
Workers' (Profit) Participation Fund (WPPF)	13.3	84,073	65,122
Workers' Welfare Fund (WWF)	13.4	34,682	27,130
Auditors' remuneration	32.1	1,280	1,200
Internal audit fee		1,177	1,177
		<b>121,212</b>	<b>94,629</b>

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	Note	2018 (Rs.'000)	2017 (Rs.'000)
<b>32.1 Auditors' remuneration</b>			
<b>Audit services</b>			
Annual audit fee		915	900
Half yearly audit fee		182	200
Out of pocket expenses		50	-
		1,147	1,100
<b>Non audit services</b>			
Certification for regulatory purposes		122	100
Out of pocket expenses		11	-
		133	100
		1,280	1,200
<b>32.2</b> Other expenses are not directly attributable to segments. For details, refer note 4.20.			
<b>33 OTHER INCOME</b>			
Gain on disposal of operating fixed assets	15.1.6	23,800	6,275
Gain on remeasurment of investment property to fair value	18.1	4,191	3,579
Rental income		14,291	13,012
Sale of by-products / scrap sales		15,367	32,387
Insurance claim		3,550	-
Refund of regulatory fees		14,800	-
Others		14,022	3,743
		90,021	58,996
<b>33.1</b> Other income is not directly attributable to segments. For details, refer note 4.20.			
<b>34 FINANCE COSTS</b>			
Finance charge on leased assets		997	652
Bank charges		2,223	2,557
Interest on Workers' (Profit) Participation Fund (WPPF)	13.3	15,974	12,226
Bank guarantee commission		940	1,255
		20,134	16,690
<b>35 FINANCE INCOME</b>			
<b>Income from financial assets:</b>			
Interest on advances		300	273
Interest on PIBs		40,743	32,786
Return on deposit accounts		81,443	70,133
Dividend income		3,151	58,272
Gain on sale of investments		29,366	2,886
Unrealized gain on remeasurement of short term investments		32,745	3,078
Realized exchange gain		4,698	505
		192,446	167,933
<b>35.1</b> Finance income is not directly attributable to segments. For details, refer note 4.20.			
<b>36 INCOME TAX EXPENSE</b>			
<b>36.1</b> Amounts recognized in profit or loss:			
<b>Tax</b>			
Current year	26	570,911	465,171
Prior year	26	(19,574)	(6,966)
		551,337	458,205
Deferred	12.1	(19,830)	(28,069)
Tax expense for the year		531,507	430,136

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	2018 (Rs.'000)	2017 (Rs.'000)
<b>36.2 Reconciliation of tax charge for the year</b>		
Accounting profit before tax	1,827,868	1,350,943
Tax rate	30%	31%
Tax on accounting profit	548,360	418,792
Tax effect of income taxable at lower rates	(1,533)	(3,496)
Prior year charge	(19,574)	(6,966)
Effect of super tax	52,448	42,092
Effect of change in tax rates	(14,212)	-
Effect of rebates	(36,652)	(34,893)
Others	2,670	14,607
Tax expense for the year	531,507	430,136

**36.3 Status of income tax assessments**

According to the management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

	2017 (Rs.'000)	2016 (Rs.'000)	2015 (Rs.'000)
Income tax provision for the year - as per financial statements	465,171	443,117	623,689
Income tax provision for the year - as per tax assessment	445,597	436,151	595,103

**36.4** Tax Assessments up to and including tax year 2017 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.

**36.5** The Deputy Commissioner Large Tax Payers Unit (LTU) Islamabad issued an order on 31 October 2016 whereby a demand was raised amounting to Rs. 25.17 million along with a default surcharge and penalty for the tax year 2012, with reference to the provisions of the Sales Tax Act, 1990. Against this Order, the Company filed an appeal before CIR (Appeals), who vide its Order dated 23 May 2017 upheld the aforesaid demand of Rs 25.17 million. However, on further appeal the Appellate Tribunal Inland Revenue (ATIR) remanded the matter back to taxation officer for re-adjudication.

**37 EARNINGS PER SHARE - BASIC AND DILUTED**

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

	2018	2017
Net profit for the year (Rs.'000)	1,296,361	920,807
Weighted average number of shares (Numbers)	23,053,025	23,053,025
Earnings per share (Rupees)	56.23	39.94

**38 CASH AND CASH EQUIVALENTS**

Cash and bank balances	1,998,714	1,642,306
Cash and cash equivalents for the purpose of statement of cash flows	1,998,714	1,642,306

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**38.1 Reconciliation of movements of liabilities to cash flows arising from financing activities**

	Finance lease liabilities	Unpaid dividend and Unclaimed dividend	Total
	(Rs.'000)		
<b>Balance at 01 July 2017</b>	19,455	113,632	133,087
<i>Changes from financing activities</i>			
Dividend paid	-	(737,432)	(737,432)
Repayment of finance lease	(11,467)	-	(11,467)
<b>Total changes from financing cash flows</b>	(11,467)	(737,432)	(748,899)
<i>Other changes</i>			
Dividend announced	-	806,855	806,855
<b>Total liability related changes</b>	-	806,855	806,855
<b>Balance at 30 June 2018</b>	<b>7,988</b>	<b>183,055</b>	<b>191,043</b>

**39 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

The aggregate amounts charged for remuneration including benefits and perquisites, to chief executive officer, directors and executive were as follows:

	2018		2017	
	Chief Executive Officer	Executive	Chief Executive Officer	Executive
	Rs.'000		Rs.'000	
Managerial remuneration	5,424	3,040	5,000	-
Medical benefit	601	-	601	-
Gratuity fund contribution	210	129	210	-
Provident fund contributions	300	184	300	-
House rent allowance	1,233	749	1,233	-
Bonus	5,000	3,063	5,000	-
Travelling expense	347	-	221	-
Compensated absences	157	73	308	-
	<b>13,272</b>	<b>7,238</b>	<b>12,873</b>	<b>-</b>
Number of persons	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>

**39.1** In addition to above free furnished accommodation is provided to the chief executive officer. Further, company maintained vehicles are also provided to the chief executive officer and executive; the net book values of which are Rs. 17.16 million (2017: Rs. 24.67 million). Gratuity is payable to chief executive officer and executive in accordance with the terms of employment, while contribution for chief executive officer and executive in respect of gratuity and pension are based on actuarial valuation.

**39.2** Executive means an employee whose basic salary exceeds Rs. 1.20 million (2017: Rs. 1.20 million) during the year. Comparative figures have been restated to reflect changes in definition of executives as per the Companies Act, 2017.

**39.3** Directors of the Company were not paid any remuneration during the year except for the meeting fee of Rs.3,200,000 (2017: Rs. 1,460,000). Number of Directors at the reporting date was 7 (2017: 6).

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**40 SEGMENT INFORMATION**

**40.1 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. These segments have been identified on the basis of business namely Liquor Division, Glass Division and Tops Division. The following summary describes the operations of each reportable segment:

<u>Reportable segments</u>	<u>Operations</u>
Liquor Division	Manufacturing and sale of alcoholic and non-alcoholic beverages
Tops Division	Manufacturing and sale of food products, juices and mineral water
Glass Division	Manufacturing and sale of glass bottles and jars

For each of the business unit, the audit committee, 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.

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 4.20.

Information regarding the results of each reportable segment is given in the statement of profit or loss 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.

**40.2 Information about reportable segments**

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

		<u>Liquor Division</u>	<u>Glass Division</u>	<u>Tops Division</u>	<u>Corporate office</u>	<u>Total</u>
		<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>
Assets	2018	6,587,505	821,156	1,545,263	1,952,112	10,906,036
	2017	6,032,522	974,427	1,098,654	2,251,183	10,356,786
Liabilities	2018	885,482	78,787	308,270	166,363	1,438,902
	2017	846,053	66,421	171,878	255,977	1,340,329

(b) Other details of reportable segments are:

(i) **Non current assets - additions**

Property, plant and equipment	2018	257,234	18,264	167,990	-	443,488
	2017	132,015	205,017	138,025	-	475,057

(ii) **Other material items**

External revenue - net	2018	10,115,819	219,456	3,178,625	-	13,513,900
	2017	7,577,336	478,433	2,738,348	-	10,794,117
Inter-segment revenue	2018	611,062	1,392,627	28,926	-	2,032,615
	2017	535,759	1,074,835	33,561	-	1,644,155
Other income	2018	-	-	-	90,021	90,021
	2017	-	-	-	58,996	58,996
Net finance income	2018	(18,732)	(395)	(1,007)	192,446	172,312
	2017	(14,901)	(814)	(975)	167,933	151,243
Depreciation	2018	90,601	126,479	45,186	-	262,266
	2017	99,706	145,310	39,115	-	284,131

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

	2018 (Rs. '000)	2017 (Rs. '000)
<b>(i) Revenues</b>		
Total revenue for reportable segments	15,546,515	12,438,272
Elimination of inter-segment revenue	(2,032,615)	(1,644,155)
Consolidated revenue	<u>13,513,900</u>	<u>10,794,117</u>
<b>(ii) Profit / (loss) before tax</b>		
Total profit or loss for reportable segments	1,666,613	1,218,643
Unallocated amounts - Other expenses	(121,212)	(94,629)
Unallocated amounts - Other income	90,021	58,996
Unallocated amounts - Finance income	192,446	167,933
Net profit before tax	<u>1,827,868</u>	<u>1,350,943</u>
<b>(iii) Assets</b>		
Total assets for reportable segments	8,953,924	8,105,603
Other unallocated amounts	1,952,112	2,251,183
Consolidated total assets	<u>10,906,036</u>	<u>10,356,786</u>
<b>(iv) Liabilities</b>		
Total liabilities for reportable segments	1,272,539	1,084,352
Other unallocated amounts	166,363	255,977
Consolidated total liabilities	<u>1,438,902</u>	<u>1,340,329</u>

(d) **Geographical segments**

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

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## 41 FINANCIAL INSTRUMENTS

## A FAIR VALUES

## 41.1 Accounting classifications and fair values

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

On-balance sheet financial instruments	Fair value through profit and loss	Held to maturity	Carrying amount		Total	Fair value			Total
			Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	
<b>30 June 2018</b>									
			(Rs.'000)				(Rs.'000)		
<b>Financial assets measured at fair value</b>									
Shares of listed companies	321	-	-	-	321	321	-	-	321
Mutual funds	1,243,203	-	-	-	1,243,203	1,243,203	-	-	1,243,203
	1,243,524	-	-	-	1,243,524	1,243,524	-	-	1,243,524
<b>Financial assets not measured at fair value</b>									
Long term advances	-	-	10,894	-	10,894	-	-	-	-
Long term investments	-	523,503	-	-	523,503	-	466,801	-	466,801
Long term deposits	-	-	26,518	-	26,518	-	-	-	-
Trade debts	-	-	26,058	-	26,058	-	-	-	-
Advances, prepayments and other receivables	-	-	27,040	-	27,040	-	-	-	-
Cash and bank balances	-	-	1,998,714	-	1,998,714	-	-	-	-
	-	523,503	2,089,224	-	2,612,727	-	466,801	-	466,801
<b>Financial liabilities not measured at fair value</b>									
Finance lease liabilities	-	-	-	7,988	7,988	-	-	-	-
Trade and other payables	-	-	-	551,413	551,413	-	-	-	-
Unpaid dividend	-	-	-	51,739	51,739	-	-	-	-
Unclaimed dividend	-	-	-	131,316	131,316	-	-	-	-
	-	-	-	742,456	742,456	-	-	-	-

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On-balance sheet financial instruments	Note	Carrying amount			Fair value					
		Fair value through profit and loss	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2017		(Rs.'000)								
<b>Financial assets measured at fair value</b>										
Shares of listed companies	25	482	-	-	-	482	-	-	-	482
Mutual funds	25	1,220,560	-	-	-	1,220,560	-	-	-	1,220,560
		1,221,042	-	-	-	1,221,042	-	-	-	1,221,042
<b>Financial assets not measured at fair value</b>										
Long term advances	19 and 41.4	-	-	13,392	-	13,392	-	-	-	-
Long term investments	20	-	526,509	-	-	526,509	-	-	-	526,509
Long term deposits	21 and 41.4	-	-	25,687	-	25,687	-	-	-	-
Trade debts	23 and 41.4	-	-	82,342	-	82,342	-	-	-	-
Advances, prepayments and other receivables	24 & 41.2	-	-	38,770	-	38,770	-	-	-	-
Cash and bank balances	27 and 41.4	-	-	1,642,306	-	1,642,306	-	-	-	-
		-	526,509	1,802,497	-	2,329,006	-	-	-	526,509
<b>Financial liabilities not measured at fair value</b>										
Finance lease liabilities	10 and 41.4	-	-	-	19,455	19,455	-	-	-	-
Trade and other payables	13 & 41.3	-	-	-	456,463	456,463	-	-	-	-
Unpaid dividend	41.4	-	-	-	32,425	32,425	-	-	-	-
Unclaimed dividend	41.4	-	-	-	81,207	81,207	-	-	-	-
		-	-	-	589,550	589,550	-	-	-	-

41.2 It excludes advances to suppliers and prepayments.

41.3 It excludes advances from customers, withholding tax payable, sales tax payable - net, excise duty payable, export duty payable on PMFL and beer, unearned income, Worker's Welfare Fund (WWF) and Zila tax payable.

41.4 The Company has not disclosed the fair values for these financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value.

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**41.5 Measurement of fair values**

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

**41.5.1 Non - derivative financial assets**

The fair value of non-derivative financial assets is estimated considering the fair market values or the yield of securities with similar maturity and credit rating. This fair value is determined for disclosure purposes.

**B FINANCIAL RISK MANAGEMENT**

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

- Credit risk (Note 41.7)
- Liquidity risk (Note 41.8)
- Market risk (Note 41.9)

**41.6 Risk management framework**

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

The Company's risk management policies are established to identify and analyse 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 maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

**41.7 Credit risk**

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

**i. Trade and other receivables**

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

**ii. Concentration of credit risk**

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

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	Note	2018 (Rs.'000)	2017 (Rs.'000)
Long term advances	19 and 41.4	10,894	13,392
Long term investments	20	523,503	526,509
Long term deposits	21 and 41.4	26,518	25,687
Trade debts	23 and 41.4	26,058	82,342
Advances, prepayments and other receivables	24	27,040	38,770
Cash and bank balances	27 and 41.4	1,981,740	1,636,780
		<b>2,595,753</b>	<b>2,323,480</b>

Geographically there is no concentration of credit risk at the reporting date (2017: Nil). The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	2018 (Rs.'000)	2017 (Rs.'000)
From government institutions	523,503	526,509
Banks and financial institutions	1,981,740	1,636,780
Others	90,510	160,191
	<b>2,595,753</b>	<b>2,323,480</b>

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

	2018		2017	
	Gross (Rs.'000)	Impairment	Gross (Rs.'000)	Impairment
<b>iii. Impairment losses</b>				
The aging of trade debts at the reporting date is as follows:				
Less than one year	25,607	-	82,342	-
Over one year	451	-	-	-
	<b>26,058</b>	<b>-</b>	<b>82,342</b>	<b>-</b>

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

	Note	2018 (Rs.'000)	2017 (Rs.'000)
Balance at 01 July		-	2,424
Provision / (reversal of provision) - net	23	7,960	(2,424)
Bad debts written off		(7,960)	-
Balance at 30 June		<b>-</b>	<b>-</b>

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

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

**Credit quality of financial assets**

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

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

	2018 (Rs.'000)	2017 (Rs.'000)
<b>Long term advances</b>		
Counterparties without external credit rating	10,894	13,392
<b>Long term investments</b>		
Counterparties with external credit rating	523,503	526,509
<b>Long term deposits</b>		
Counterparties with external credit rating	589	-
Counterparties with external credit rating	2	-
Counterparties with external credit rating	15,872	-
Counterparties without external credit rating	10,055	25,687
	26,518	25,687
<b>Trade debts</b>		
Counterparties with external credit rating	6	-
Counterparties with external credit rating	2,892	-
Counterparties with external credit rating	1,488	-
Counterparties without external credit rating	21,672	82,342
	26,058	82,342
<b>Advances, prepayments and other receivables</b>		
Counterparties with external credit rating	-	659
Counterparties without external credit rating	27,040	38,111
	27,040	38,770
<b>Bank balances</b>		
Counterparties with external credit rating	1,964,443	1,620,722
Counterparties with external credit rating	17,297	16,058
	1,981,740	1,636,780
	2,595,753	2,323,480

#### 41.8 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Exposure to liquidity risk

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

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

	Finance lease liabilities	Expected future interest payments	Other financial liabilities	Total
<b>30 June 2018</b>	(Rs.'000)			
Maturity up to one year	6,669	234	734,468	741,371
Maturity after one year and up to five years	1,319	10	-	1,329
	7,988	244	734,468	742,700
Carrying amount	7,988	-	734,468	742,456

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	Finance lease liabilities	Expected future interest payments	Other financial liabilities	Total
<u>30 June 2017</u>	(Rs.'000)			
Maturity up to one year	11,467	496	570,095	582,058
Maturity after one year and up to five years	7,988	243	-	8,231
	19,455	739	570,095	590,289
Carrying amount	19,455	-	570,095	589,550

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

The contractual cash flows relating to finance lease liabilities have been determined on the basis of expected mark up rates. The mark-up rates have been disclosed in notes to these financial statements.

**41.9 Market risk**

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

**41.9.1 Foreign currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and other transactions and balances are denominated and the functional currency of the Company. The functional currency of the Company is Pakistan Rupee (PKR). The currency in which these transactions and balances are primarily denominated is US Dollars (USD). The Company's potential foreign currency exposure comprise:

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

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

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

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

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

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

	2018		2017	
	Rs.	USD	Rs.	USD
	in '000		in '000	
Bank balances	37,573	309	33,192	317
	37,573	309	33,192	317

The following significant exchange rates were applied during the year:

	Average rate		Reporting date mid spot rate	
	2018	2017	2018	2017
	Rs.		Rs.	
PKR per US Dollar	109.98	104.33	121.40	104.58

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**iv. Foreign currency sensitivity analysis**

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

	2018 (Rs.'000)	2017 (Rs.'000)
Increase in 10% USD rate	3,757	3,275
Decrease in 10% USD rate	(3,757)	(3,275)

**41.9.2 Interest rate risk**

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Company does not have liabilities at variable rates.

**i. Exposure to interest rate risk**

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

	Effective interest rate		Note	Carrying amounts	
	2018 ( % )	2017 ( % )		2018 (Rs.'000)	2017 (Rs.'000)
<b>Interest rate risk</b>					
<b>Fixed rate instruments</b>					
Financial assets	0.25% to 11% per annum	0.06% to 11% per annum	19, 20 and 27	1,803,371	2,006,221
Financial liabilities	7.51% to 9.05% per annum	7.02% to 7.48% per annum	10	7,988	19,455
				1,811,359	2,025,676

**ii. Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**iii. Cash flow sensitivity analysis for variable rate instruments**

There are no outstanding variable rate instruments at the reporting date (2017: Nil). Hence the Company is not exposed to any variable interest rate risk.

**41.9.3 Other market price risk**

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

**Sensitivity analysis – equity price risk**

For quoted investments classified as held for trading, 100 basis point increase in market price at reporting date would have increased profit by Rs. 12.43 million (2017: Rs. 12.21 million); an equal change in the opposite direction would have decreased profit by the same amount. The analysis is performed on the same basis for 2017 and assumes that all other variables remain the same.

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42 CAPACITY AND PRODUCTION	Measurement basis	2018	2017
<b>42.1 Liquor Division - Rawalpindi</b>			
<b>(a) Capacity of industrial unit</b>			
Beer and Non Alcoholic Beverages (NAB)	Litres	29,952,000	29,952,000
Pakistan Made Foreign Liquor (PMFL)	Cases (2 B.G)	2,490,509	2,490,509
Non Alcoholic Products (NAP)	Litres	44,928,000	44,928,000
<b>(b) Actual production</b>			
Beer and Non Alcoholic Beverages (NAB)	Litres	27,100,052	22,569,441
Pakistan Made Foreign Liquor (PMFL)	Cases (2 B.G)	1,594,524	1,217,187
Non Alcoholic Products (NAP)	Litres	48,672,288	40,539,111
<b>42.2 Tops Division</b>			
<b>(i) Rawalpindi</b>			
<b>(a) Capacity of industrial unit</b>			
Tetra pack juices	Litres	33,580,000	33,580,000
<b>(b) Actual production</b>			
Tetra pack juices	Litres	24,107,354	22,684,985
<b>(ii) Hattar</b>			
<b>(a) Capacity of industrial unit</b>			
Food products	Cartons	375,000	375,000
Juice (NR & Ret)	Litres	4,500,000	4,500,000
Mineral water	Litres	30,424,000	22,000,000
<b>(b) Actual production</b>			
Food products	Cartons	72,686	78,399
Juice (NR & Ret)	Litres	5,052,103	4,113,784
Mineral water	Litres	25,362,660	20,607,919
<b>42.3 Glass Division - Hattar</b>			
(a) Melting capacity	M. Tons	40,150	40,150
(b) Actual production - Glass melted	M. Tons	39,467	37,172

42.4 Normal capacity is based on 26 working days per month with one shift of 8 hours per day. Actual production represents multiple shifts undertaken keeping in view the market demand.

42.5 The difference is due to the supply and seasonal demand of the market.

**43 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of directors, entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, staff retirement funds and key management personnel. Balances with related parties are shown in notes 6 to the financial statements. The transactions with related parties, other than remuneration and benefits to Chief Executive Officer, directors and key management personnel as per the terms of their employment which are disclosed in note 39 to the financial statements, are as follows:

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Name of Related Party	Nature of Relationship	Percentage of share holding	Nature of transactions during the year	2018 (Rs.'000)	2017 (Rs.'000)
1) D.P. Edulji & Company (Private) Limited	Associated company on account of common directorship	15.42%	Sales commission Services acquired Dividend paid	87,507 12,000 124,393	71,365 12,000 103,045
2) Kingsway Fund	Associated company	29.18%	Dividend paid	173,083	150,246
3) Board of directors	Directors	26.41%	Dividend paid	186,764	156,504
4) Directors' relatives	Directors' relatives	7.83%	Dividend paid	88,340	75,729
5) Staff retirement benefit plan - Provident fund	Staff retirement funds	Nil	Contribution by the Company	5,256	4,546
6) Staff retirement benefit plan - Pension fund	Staff retirement funds	Nil	Contribution by the Company	4,532	3,671
7) Bhandara Foundation	Chief executive officer acts as a Trustee	Nil	Donation paid	1,500	1,000

43.1 Details of compensation to key management personnel comprising of chief executive officer, directors and executive is disclosed in note 39.

43.2 Following particulars relate to associated company, incorporated outside Pakistan, with whom the Company has entered into transactions during the year.

Particulars	Details
Name of associate	Kingsway Fund
Registered address	15 Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
Country of incorporation	Grand Duchy of Luxembourg
Basis of association	Shareholder with significant influence
Aggregate percentage of shareholding	6,726,821 (29.15%) ordinary shares of Rs. 10 each
Name of Principal Officer	Mr. Manuel Stotz
Operational status	Active, going concern
Auditors' opinion on latest available financial statements	Unmodified (Year end 31 March 2018)

43.3 Following particulars relate to the directors, of the Company, and their relatives with whom the Company has entered into transactions during the year.

Name	Basis of relationship	Shares held in the Company	
		Numbers	Percentage
1) Mr. Isphanyar M. Bhandara	Chief Executive Officer (CEO)	3,414,703	14.81%
2) Mr. Khurram Muzaffar	Chairman	3,909	0.02%
3) Mrs. Goshi M. Bhandara	Director	2,660,586	11.54%
4) Mr. Ch. Mueen Afzal	Director	3,210	0.01%
5) Mr. Aamir H. Shirazi	Director	2,570	0.01%
6) Lt. Gen. © Zarrar Azeem	Director	1,756	0.01%
7) Mr. Shahbaz Haider Agha	Director	1,365	0.01%
8) Mr. Khalid Aziz Mirza	Director	1,000	0.00%
9) Mrs. Jasmine Bhandara	Close family member of CEO	277,551	1.20%
10) Mrs. Naseem Muzaffar	Close family member of Chairman	11,674	0.05%
11) Mr. Jamshed M. Bhandara	Close family member of CEO	930,144	4.03%
12) Mrs. Munizah M. Bhandara	Close family member of CEO	585,434	2.54%

**44 EMPLOYEES PROVIDENT FUND TRUST**

44.1 The following information is based on unaudited financial statements of the provident fund trust at the reporting date:

	2018 (Rs.'000)	2017 (Rs.'000)
	Unaudited	Unaudited
Size of the fund - total assets	120,112	120,258
Cost of investments made	41,480	41,480
Percentage of investments made (%)	34.53%	34.49%
Fair value of investments made	124,417	110,914

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44.2 The breakup of fair value of investments is as follows:

	2018		2017	
	(Rs.'000)	%	(Rs.'000)	%
Defence savings certificates	124,417	100	110,914	100

All the investments out of provident fund trust have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

45 NUMBER OF EMPLOYEES	2018	2017
	(Number)	(Number)
Employees at year end	1,828	1,808
Average employees during the year	1,818	1,729
Factory employees at the year end	1,442	1,424
Average factory employees during the year	1,433	1,411

46 RECLASSIFICATIONS / REARRANGEMENTS OF CORRESPONDING FIGURES

The following table summarises the impacts of the reclassifications / rearrangements of corresponding figures on the financial statements:

	As at 30 June 2017		
	As previously reported	As reclassified / rearranged	Reclassifications / rearrangements
	(Rs.'000)		
<b>a. Effect on statement of financial position</b>			
Deferred liabilities	380,827	-	(380,827)
Employee benefits	-	189,008	189,008
Deferred tax liability - net	-	197,868	197,868
Trade and other payables	940,047	820,366	(119,681)
Unpaid dividend	-	32,425	32,425
Unclaimed dividend	-	81,207	81,207
	1,320,874	1,320,874	-
Stores, spare parts and loose tools	118,562	-	(118,562)
Stock in trade	1,416,643	-	(1,416,643)
Inventories	-	1,535,205	1,535,205
Advances and other receivables	44,830	-	(44,830)
Short term prepayments	31,058	-	(31,058)
Interest accrued	19,037	-	(19,037)
Advances, prepayments and other receivables	-	94,925	94,925
	1,630,130	1,630,130	-
<b>b. Effect on statement of profit or loss</b>			
Other income	226,929	58,996	(167,933)
Finance income	-	167,933	167,933
	226,929	226,929	-

46.1 There was no impact on other comprehensive income as a result of the reclassifications / rearrangements of corresponding figures.

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**47 SUBSEQUENT EVENTS**

The Board of Directors of the Company in the meeting held on 13<sup>th</sup> September 2018 proposed final cash dividend of 50% i.e. Rs. 5 per share (2017: 100% i.e. Rs 10 per share) and stock dividend (bonus shares) of 20% (i.e. 01 bonus share for every 05 shares held by shareholders). These financial statements do not reflect the proposed final dividend on ordinary shares as payable, which will be accounted for in the statement of changes in equity as an appropriation from the unappropriated profit in the year ending 30<sup>th</sup> June 2019.

**48 GENERAL**

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

**49 APPROVAL OF FINANCIAL STATEMENTS**

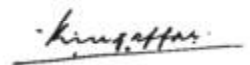
These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 13<sup>th</sup> September 2018



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR





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حصص داری کا بیان

2018 کو کھلی کے کل حصص اردن کی تعداد 1408 (جس کے 30% 2017 کو 1634 (جس) حصص داری برائے 2018 کے بنیوں کا اکتشاف ساتھ ساتھ ہے۔  
فی حصص آمان  
30 جن 2018 کو ختم ہونے والے سال کے لیے آمان فی حصص 56.23 روپے ہے، جبکہ گزشتہ سال یا آمان 39.94 روپے تھی۔

انٹرنل آڈٹ اینڈ کنٹرول

انٹرنل آڈٹ ٹیم ایک معروضہ چارٹرڈ اکاؤنٹنٹس فرم سے آڈٹ سروس کیا گیا ہے، اور ان کے ساتھ ایک آفیسر کی خدمات حاصل کی گئیں جو آڈٹ کنٹری کوریج میں معاونت کرتے ہیں۔

خارجہ برائے منافع

29 ستمبر 2018 کو منصفہ غیر معمولی اجناس عام میں حصص داریوں نے 1500 لاکھ پونے شیئر جاری کرنے کے لیے مجاز شیئر کی پیش میں 300 ملین روپے سے 4000,000,000 روپے (چار ملین روپے) سے اضافے کی منظوری دی تھی۔ اسے ایک شیئر ہولڈر کی جانب سے لاہور ہائی کورٹ میں چیلنج کر دیا گیا تھا، جس پر عدالت نے کھلی کو حکم دیا کہ کھلی اپنے ان مجاز شیئر کی پیش جاری کرے اور اس کے بعد پونے شیئر کا اکرار کرے۔  
معاونت کے حکم کے مطابق 22 فروری 2018 کو ایک غیر معمولی اجناس عام منصفہ ہوا جس میں شیئر ہولڈر نے مجاز شیئر کی پیش کے اضافے کی منظوری نہیں دی۔

بورڈ کی تشکیل

کھلی بورڈ آف ڈائریکٹرز کی تشکیل اور اجلاس پر گورننگ ڈیڑھ کی ضرورت کی تکمیل کرتی ہے۔ ڈائریکٹرز کی کل تعداد (08) ہے۔ بورڈ کی ڈیسک کے مطابق تشکیل اور اجلاس آگے:

- a- مرد : 07
- b- خاتون : 01

بورڈ	ڈائریکٹرز کا نام
آمان چیئرمن ڈائریکٹرز	جناب خالد مزین مرزا
	جناب شہباز حیدر آقا
ڈائمن ایگزیکٹو ڈائریکٹرز	جناب فرم ظفر
	چوہدری یمن افضل
	جناب عامر علی - شیرازی
	محترمہ گوئی ایم۔ بھنڈارا
ڈائمن ایگزیکٹو ڈائریکٹر	جناب اسحاق یار ایم۔ بھنڈارا

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

کارپوریشن گورننس کے تحت وضع کیے گئے طریقہ کار کے مطابق آڈٹ کمیٹی کام کرتی ہے اور تمام شدہ آڈٹ رپورٹیں دو ماہانہ ایگزیکٹو ڈائریکٹرز اور ڈائمن چیئرمن ڈائریکٹرز پر پیش کی جاتی ہیں۔ ایک چیئرمن ہیں۔

- ایف۔ جزل (ریٹائرڈ) سٹراٹجی - (چیئرمن)
- چوہدری یمن افضل - (ممبر)
- جناب فرم ظفر - (ممبر)
- خالد مزین مرزا - (ممبر)

آمان آر ایچ آر میٹریٹیشن کمیٹی

کارپوریشن کے تحت قائم آمان آر ایچ آر میٹریٹیشن کمیٹی دو ماہانہ ایگزیکٹو ڈائریکٹرز اور ڈائمن چیئرمن ڈائریکٹرز پر مشتمل ہے۔ ڈائمن چیئرمن ڈائریکٹرز میں ایک چیئرمن ہیں۔

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نمبر	2017	نمبر	2018	نوٹس اور پانچ
—	روپے بیٹن میں 2,146	—	روپے بیٹن میں 2,480	فروخت آمدن (فصلی اطلاق کیسز کے علاوہ)
(83.9)	(1,800)	(85.6)	(2,123)	اگست برائے فروخت
16.1	346	14.4	357	مجموعی منافع
0.1	4	(0.04)	(106)	عملی منافع

کمپنی نے پہلے ہی خسارے کی نشاندہی کر لی تھی اور خسارے کو کم کرنے اور واپس آنے کی جدوجہد کے لیے اقدامات کیے ہیں۔

#### اہم مسائل

سندھ میں شراب کی فروخت پر پابندی  
جیسا کہ پہلے بتا دیا گیا تھا کہ کس سندھ ہائی کورٹ میں زیر التوا ہے۔ تاہم اس دوران کم بجلائی 2017 سے فروخت کا اعلیٰ لیٹن رائے ہے۔

#### اصل ایڈوائس

24 جون 2015 کو جاری ہونے والے حکومت پنجاب کے نوٹیفکیشن نمبر (P-II) SO(E&M)2-3/2011 کے مطابق کم بجلائی 2015 سے صوبہ پنجاب سے باہر پاکستان بھر میں کمپنی کے لیے ہائی جانے والی غیر ملکی شراب اور بیئر پر اش ایڈوائس نافذ کر دی گئی تھی۔ کمپنی نے اس نوٹیفکیشن کو لاہور ہائی کورٹ میں چیلنج کیا، جس کے بعد معزز ہائی کورٹ نے 27 جون 2018 کو نوٹیفکیشن پر عملدرآمد روک دیا تھا۔

کمپنی نے ایڈوائس ادا کر رہی ہے اور اس کی وصولی فریڈارمن سے کر رہی ہے تاہم ایڈوائس فریڈارمن کی پروڈکٹس کو واپس مسابقتی پروڈکٹس کے مقابلے میں ہدایت ملی ہے۔

حکومت پنجاب نے لاہور ہائی کورٹ میں ایک اپیل داخل کی ہے، جس میں استدعا کی گئی ہے کہ اس فیصلے کو منسوخ کیا جائے اور 24 جون 2016 کو جاری ہونے والے نوٹیفکیشن اسلامی جمہوریہ پاکستان کے دستور کے مطابق نافذ کیا جائے۔ پنجاب ایگرو کونسل کے شراب ڈیپارٹمنٹ کے خلاف اسے حاصل ہے۔ اور واپس آئی ہوگی۔

تب سے کس لاہور ہائی کورٹ، لاہور میں زیر التوا ہے۔

#### کس انٹرنیشنل ڈیولپمنٹ سیس (GIDC)

کمپنی اور انٹرنیشنل ڈیولپمنٹ سیس نے GIDC ایکٹ 2015 کو چیلنج کیا ہے اور GIDC ایکٹ پر نظر ثانی کی درخواست کے ساتھ لاہور ہائی کورٹ میں ایک رٹ پیش بھی کروائی ہوئی ہے۔ پہلے عدالت نے GIDC ایکٹ 2015 کے تحت اسے جاری کر دیا تھا۔ ایڈوائس انٹرنیشنل ڈیولپمنٹ سیس نے 187.06 ملین روپے (30 جون 2017 160.14 ملین روپے) ہے۔ کمپنی نے اس 18 لاکھ روپے کوئی حتمی رٹ پیش کی ہیں۔ کیونکہ اس کا مقصد ہے کہ انٹرنیشنل ڈیولپمنٹ سیس میں ہوگا۔

کمپنی اگست 2017 سے صرف کورٹ بائگ پر GIDC ادا کر رہی ہے اور اس اطلاق فرسٹ کے کمپنی کی جانب سے برداشت کیا جا رہا ہے۔ نوٹہ 164.06 ملین روپے کے اہدات سے متعلق سیس عدالت میں زیر التوا ہے اور اس عدالت سے ہو رہا ہے۔

#### حتمی منظم ایڈوائس

##### 1۔ حتمی منظم

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو اجلاس ہونے والے سال کے لیے 5 روپے فی حصص حتمی منظم ایڈوائس کے لیے 30 روپے فی حصص (300% بڑھتی سال 200%) کے حساب سے ادا کی گئی کی۔ 25 اکتوبر 2018 کو منظم ہونے والے اجلاس میں ڈائریکٹرز کی منظوری سے منظم ہے۔

##### II۔ پورٹس شیئرز

بورڈ آف ڈائریکٹرز کے پاس موجود 5 ماہ شیئرز پر 1 اکتوبر 2018 کو منظم ہونے والے اجلاس میں حصص داروں کی منظوری سے منظم ہے۔

#### خطرات اور غیر یقینی صورتحال

کمپنی کے مطابق خطرات اور غیر یقینی صورتحال کی ایک بڑی حد ہے۔ یہ کہہ دیا جاسکتا ہے۔

#### شیئرز ہولڈنگ کا پورٹ

30 جون 2018 کو کمپنی کے کل شیئرز ہولڈرز کی تعداد 1,408 رہی جبکہ 30 جون 2017 میں یہ تعداد 1,634 تھی۔ 30 جون 2018 کو شیئرز ہولڈنگ پورٹ اور اس کے ڈسکریٹریٹ کے اہتمام کیا گیا ہے۔

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**Murree Brewery Company Limited**

مری بروری کھلی لوہڈا

30 جون 2018 کو ختم ہونے والے سال کے لیے

اور ایکٹوز رپورٹ برائے اراکین

آپ کے ایکٹوز رپورٹ 30 جون 2018 کو ختم ہونے والے سال کے لیے مری بروری کھلی لوہڈا کی رپورٹ اور مالیاتی کھٹوارے پیش کرتے ہوئے درخواست کرتے ہیں۔

کھلی کے کاروبار کا جائزہ

مری بروری نے مسلسل آپریشن کے 158 سال مکمل کر لیے ہیں، اس کو شمار پاکستان میں اسٹاک ایکسچینج پر درج کی سب سے پرانی کمپنیوں میں کرتا ہے۔ کھلی اپنی پالیسیوں اور عملے کی وجہ سے تامل کرتے ہوئے داخلے سے طاقت کے باعث ترقی کرتی ہے۔ کاروبار کو مارکیٹ کی طرز پر چکڑا میں مالی فراڈ اور نیکورٹی فراہم کی جاتی ہے تاکہ ملازمین بھی اپنے کام سے مطمئن اور کھلی سے وفادار ہیں۔ انکار پر مبنی پرکٹی کمپنوں کے افریقہ میں بہتری کے لیے نظام اور آلات، انٹرنیشنل ماسٹری اور مصنوعات کی طلبہ کے منتظرین کا تعاون ہے۔

مالیاتی کارکردگی

1۔ مجموعی مالیاتی جائزہ اور مختصراً

روپے ملین میں

فروخت آمدن (خاص)	اضافہ 24 فیصد	7,139 سے 8,861
مجموعی منافع	اضافہ 32 فیصد	2,167 سے 2,869
عملی منافع	اضافہ 35 فیصد	1,351 سے 1,828
بہتر منافع	اضافہ 41 فیصد	921 سے 1,296
آمدنی فی شخص	اضافہ 41 فیصد	39.94 سے 56.23

درج ذیل پانچ آہر ایک صورت حال میں نہیں کے بعد حاصل ہونے والے کھلی کا ایکٹوز رپورٹ سے زیادہ منافع ہے جس کا سر CEO جناب اسٹن ڈیوڈنڈا کی قیادت میں مری بروری کو تمام منجبت اہلکار اور گورنرز کے اہتمام اور سخت محنت کا نتیجہ ہے۔

1۔ ڈیوڈنڈا آہر ایکٹوز رپورٹ کا نتیجہ

2۔ مری بروری کے منافع اور منافع کا نتیجہ ہے۔

3۔ ایکٹوز رپورٹ

فروخت آمدن (معمولی اطلاق ایکسپنڈیچر کے علاوہ)	2018	2017	فیصد
لاگت برائے فروخت	(4,941)	(3,832)	(72.3)
عملی منافع	1,893	1,322	27.7
معمولی منافع	1,194	755	17.4

b۔ گورنرز

فروخت آمدن (معمولی اطلاق ایکسپنڈیچر کے علاوہ)	2018	2017	فیصد
لاگت برائے فروخت	(961)	(985)	(60.8)
مجموعی منافع	619	499	39.2
عملی منافع	579	461	36.6
گورنرز کی منافع	34,156	33,310	36.6

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مری بردری کمپنی لمیٹڈ  
3- نیشنل پارک روڈ، راولپنڈی  
چیئرمین کا جائزہ

جیسا کہ لسٹڈ کمپنیوں (کے کوڈ آف کارپوریٹ گورننس) کے قوانین، 2017 کے تحت بورڈ نے اپنی کارکردگی کے سالانہ جائزے کے لیے ایک رسی اور موثر طریقہ کار وضع کیا اس کا مقصد بورڈ کی مجموعی کارکردگی کی جانچ اور اُمیدوں کے برخلاف کمپنی کے وضع شدہ مقاصد کی تاثیر کے حصول کو مانا شامل تھا۔ جو کہ بہت تسلی بخش رہا۔ دوران سال حکومتی حکمہ سے بات چیت میں جناب خالد عزیز مرزا کی مدد پر ہم ان کے خاص طور پر ممنون ہیں۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو ایجنڈا اور معاون تحریری مواد بشمول بیرونی مواد بورڈ اور کمیٹی کے اجلاسوں سے کافی وقت پہلے موصول ہوا۔ اپنی ذمہ داریوں کی ادائیگیوں کے لیے بورڈ کے اجلاس باقاعدہ ہوتے ہیں۔ اہم فیصلوں میں نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز مساوی طور پر شریک ہوئے۔

Kingappas  
خرم مظفر

چیئرمین

راولپنڈی 13 اگست 2018



**AFFIX  
CORRECT  
POSTAGE**

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



## **DIVIDEND MANDATE FORM**

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

a). Shareholder Name:

b). Folio/Account Number

c). Bank Account Title:

d). **International Bank Account Number (IBAN)**  
Please contact your Bank for **24 digits IBAN Information**

e). Bank Name:

f). Branch Name:

g). Branch Address (with city name):

h). Shareholder's Mobile Number

\_\_\_\_\_  
**Signature of Shareholder**

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