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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:

Continuous improvement

Alignment of our missions and goals

Responsibility and respect of our jobs and each other

Educate one another

Murree Brewery Company Limited

ESTABLISHED 1860

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Chief Executive Officer
Directors

Mr. Khurram Muzaffar
Mr. Isphanyar M. Bhandara
Ch. Mueen Afzal
Mr. Aamir H. Shirazi
Mrs. Goshi M. Bhandara
Lt. Gen (Retd.) Zarrar Azim
Prof. 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
Ch. Waqar A. Kahloon
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)
Prof. 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.
6th Floor, State Life Bldg,
Jinnah Avenue, Islamabad.

PRINCIPAL BANKERS

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

Murree Brewery Company Limited

ESTABLISHED 1860

CORPORATE INFORMATION

REGISTERED OFFICE

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

CDC Share Registrar Services Limited
CDC, House 99-B, Block 'B' SMCHS, Main
Shahra-e-Faisal Karachi-74400.
Tel: +(92-21)111-111-500
Fax: +(92-21)034326053, Email: info@cdcsrsl.com

LEGAL ADVISORS

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

TAX ADVISOR

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

Board of Directors



Mr. Khurram Muzaffar
Chairman - Non Executive Director

Mr. Khurram Muzaffar joined the Board of Murree Brewery Company Limited in 1992 and has been elected as Chairman of the Board since 2005.

He is a non executive Director and Member of the Audit Committee and HR&R Committee.

Educated at Doon School, Dehra Doon, Aitchison College, Lahore and St Pauls School London.

Qualified as a Chartered Accountant from the Institute of Chartered Accountants of Scotland in 1959.

Employed by the Attock Group of Companies in various capacities for 38 years retiring as CEO of Attock Refinery Ltd in 1997. Worked on the incorporation of Attock Chemicals Ltd and Attock Petroleum Ltd.

Attended several courses in Pakistan and UK during the course of employment and represented industry in petroleum pricing study in Turkey.

Served as Director of Attock Petroleum Ltd, Attock Refinery Ltd. Petroleum Institute of Pakistan, Member Board of Governors Lahore University of Management Sciences (LUMS) and Chairman Oil Companies Advisory Committee (OCAC).



Mr. Isphanyar M. Bhandara
CEO - Executive Director

Mr. Isphanyar M. Bhandara started his family business, Murree Brewery Co. Ltd. Rawalpindi, one of the oldest public limited companies of the sub-continent in 1997.

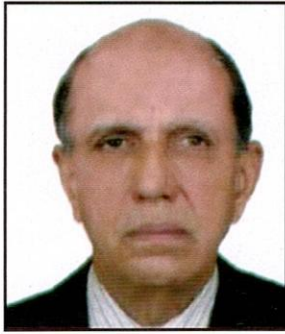
Joined Board of Directors of the company in 1998. Before this he has significant exposure to fields operation including production, project development, development planning, conceptual engineering and operation supports in the brewery and its other divisions.

In June, 2005 became Executive Director till 2008. In June, 2008 was appointed as Chief Executive Officer of the Murree Brewery Group of Companies on the demise of his father.

The Company has also other divisions manufacturing food products, fruit juices, mineral water, non-alcoholic products and glass containers. The traditional activities of the Company are brewing and distilling of fine liquors and beers. With the passage of time the company has increased the product lines and capacity as well.

- Holds a Master Degree in Business & Administration.
- Ex-Member of the National Assembly of Pakistan on seat reserved for Minorities (2013-2018).
- Currently President of Rawalpindi Parsi Anjuman.
- Representing and helping following Minority communities of Pakistan Parsi, Sikhs, Baha'is, Buddhists, Kalash and doing other social and welfare activities.
- Attended various LUMS workshops on business.
- Completed Directors' Training Program from Pakistan Institute of Corporate Governance.

Board of Directors



Ch. Mueen Afzal
Non-Executive Director

Ch. Mueen Afzal after getting his MA Degree from Oxford University joined the Civil Service of Pakistan in 1964, finally retiring from Government Service in 2002. While in service, he held several important positions which included Finance Secretary in Balochistan (1981-84), Finance Secretary in the Punjab (1984-86), Economic Minister in the Pakistan Embassy in Washington, D. C, USA (1987-90). Later, he was Health Secretary, Government of Pakistan (1995-96), Finance Secretary in Islamabad (1996-1998) and Secretary General, Finance & Economic affairs from 1999-2002.

He was awarded Hilal-e-Imtiaz for distinguished public service in 2003 by the Government of Pakistan.

After his retirement from the civil service, he held a number of appointments in the corporate sector. At present, apart from being a non-executive Director on the Board of Murree Brewery Company Ltd, member of Audit Committee. He was Chairman of the board of Pakistan Tobacco Company and currently is the Chairman of Akzo Nobel Pakistan.

He is a founder director of the Pakistan Centre of Philanthropy, Beaconhouse, National University and of the Karachi Board of Leadership. He is also on the advisory board of Wolfson College, Oxford University in the UK.



Mr. Aamir H. Shirazi
Non-Executive Director

Mr. Aamir H. Shirazi graduated in Economics from USA and completed his OPM from Harvard Business School. He has over 30 years of rich experience to his credit. He was the Chief Executive of Atlas Honda Limited for over ten years before becoming President of the Atlas Group in July 2000.

He has also been associated with the following institutions:

- Member Board of Directors, Lahore Stock Exchange
- Member Board of Governors, LUMS, Lahore
- Member Board of Governors, Aitchison College, Lahore
- Member Board of Directors, Engineering Development Board
- Member Syndicate, University of Engineering & Technology, Lahore

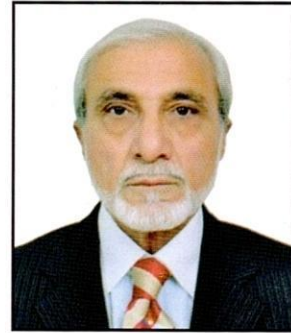
Mr. Shirazi has been the Honorary Consul General of Japan, Lahore since 2002.

Board of Directors



Mrs. Goshi M. Bhandara
Non-Executive Director

Due to untimely death of Mr. M. P. Bhandara in June, 2008, Mrs. Goshi M. Bhandara was invited to join MBC Board against casual vacancy. Since then she is on the Board. She is also member of HR&R Committee.



Lt. Gen. (Retd.) Zarrar Azim
Independent Director

Lt. Gen. (Retd.) Zarrar Azim commissioned in Pakistan Army in 1970.

He Served on various command, staff and instructional appointments. He was retired from active service in 2005 and appointed Managing Director Army Welfare Trust in 2006. He is having extensive experience in the areas of financial, industrial and services sectors for three years. He joined Murree Brewery Company Board in 2009 and attended numerous courses and training on corporate governance leadership and strategy.

Board of Directors



Prof. Khalid Aziz Mirza
Independent Director

He is Masters in Commerce from University of Punjab, Lahore. He served on various positions in ICP and Credit & Finance Corporation-London. He also served as founding Chairman – Securities & Exchange Commission of Pakistan. He was remained i) - sector manager for financial sector development, East Asia & Pacific Region, the World Bank- Washington DC, USA, (ii)- Founding Chairman & Chief Executive in Competition Commission of Pakistan and member Competition Appellate Tribunal. Presently he is teaching as professor in the Lahore University of Management Sciences (LUMS).

He is also working as Independent Director Chairman on the Board of Primus Investment Management and on the Board of Orix Leasing Pakistan Limited. Besides this he is also an Independent Director of Medgulf Insurance, Bahrain.



Mr. Shahbaz Haider Agha
Independent Director

He got his bachelor's degree in finance from Indiana University, USA and an executive MBA degree from NCB&E, Lahore. He has 24 years' experience of Insurance Industry in Pakistan. Currently he is working with IGI Insurance Limited & IGI Life Insurance Limited as advisor business development. He served as director on the board of Capital Investment Bank Ltd. in 2015-16. He also served as director on the Board of Samba Bank Ltd. since 2015-16. He is an Honorary Consul General of Greece in Lahore since 2007.

Murree Brewery Company Limited

MURREE BREWERY COMPANY LIMITED 3-NATIONAL PARK ROAD RAWALPINDI, PAKISTAN NOTICE OF 152nd ANNUAL GENERAL MEETING

Notice is hereby given that the 152nd Annual General Meeting of the Company will be held at its Registered Office 3-National Park Road, Rawalpindi on Friday, 25th October, 2019 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 151st Annual General Meeting held on 25th October, 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 30th June, 2019.
3. To approve a final cash dividend of 100% i.e. Rs. 10/- per share of Rs. 10/- each, as recommended by the Board of Directors in addition to the interim dividend of 200% i.e. Rs. 20/- 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, 2019.
4. To appoint Auditors of the Company for the year ending 30th June, 2020 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.

OTHER BUSINESS:

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

BY ORDER OF THE BOARD

Rawalpindi
3rd October, 2019


Ch. Waqar A. Kahloon
Company Secretary

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from 18th October, 2019 to 25th October, 2019 (both days inclusive). Transfers received in order at "CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi" at the close of business (5 p.m.) on 17th October, 2019 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.

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Murree Brewery Company Limited

- 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 ACTIVE TAX PAYER AND NON ACTIVE TAX PAYER AT REVISED RATES:

Pursuant to the provisions of Finance Act, 2019, effective July 01, 2019, 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 shareholders appearing in the Active Tax Payers list	15%
2.	Rate of tax deduction for shareholders not appearing in the Active Tax Payers list	30%

In case of joint account, each holder is to be treated individually as either active or non-active tax payer 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 "CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi".

AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:

The audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website www.murreebrewery.com, in addition to annual and quarterly financial statements for the prior 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. 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 a request to the Company Secretary of the Company on given address:

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

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 is in place for an annual evaluation of the Board's own performance. The purpose is to check the Board's overall performance and effectiveness measured against expectations in the context of the objectives set for the company. The Board comprises of the experienced individuals from different backgrounds and drawing on each others strengths have given policies and procedures to enhance shareholders' investment and give adequate returns in a particularly challenging year. Therefore their performance is very satisfactory.

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 all the proceedings and decisions.



Khurram Muzaffar
Chairman

Rawalpindi 26th September, 2019.

DIRECTORS' REPORT

For the year ended June 30, 2019

The Directors are pleased to present their report together with the Audited Financial Statements for the year ended June 30, 2019.

BUSINESS REVIEW OF THE COMPANY

Murree Brewery has completed 159 years of continuous operations and is the oldest company quoted on the Pakistan Stock Exchange (PSX). At a time when the company's profits have decreased and both foreign and local private investment has reduced in Pakistan but the company is expanding its production capacity of beer and nonalcoholic products to meet future demands.

This long term policy has contributed to the success of the company to add value to shareholders investment, provide employment (directly and indirectly) and pay substantial duties and taxes to the Government as detailed in the report.

FINANCIAL PERFORMANCE

i. Overall Financial Overview & Highlights

		Rs. in million				
Sales revenue (Net)	increased by	10.2 %	from	9,059	to	9,983
Gross Profit	decreased by	4.3 %	from	2,869	to	2,747
Profit before Taxation	decreased by	9.0 %	from	1,828	to	1,663
Profit after Taxation	decreased by	5.7 %	from	1,296	to	1,223
Earnings per share (Adjusted for increase in Capital)	decreased by	5.7 %	from	Rs.46.86	to	Rs.44.21

The profit before and after tax has decreased due to increase in raw material costs mainly due to devaluation of Pakistan rupee against US dollar.

Annual Report 2019
Murree Brewery Company Limited

ii. Divisional Operating Results

The results of our divisions were:

a. Liquor Division

	2019 Rs. in million	%	2018 Rs. in million	%
Sales exclusive of applicable taxes	7,676		6,973	
Cost of sales	(5,903)	(76.9)	(5,080)	(72.8)
Gross profit	1,773	23.1	1,893	27.1
Operating profit	1,030	13.4	1,286	18.4

b. Glass Division

	2019 Rs. in million	%	2018 Rs. in million	%
Sales exclusive of applicable taxes	1,723		1,580	
Cost of sales	(1,082)	(62.8)	(961)	(60.8)
Gross profit	641	37.2	619	39.2
Operating profit	605	35.1	586	37.1
Glass Containers sales	35,522	Metric Tons	34,156	Metric Tons

c. Tops Division

	2019 Rs. in million	%	2018 Rs. in million	%
Sales exclusive of applicable taxes	2,828		2,538	
Cost of sales	(2,495)	(88.2)	(2,181)	(85.9)
Gross profit	333	11.8	357	14.1
Operating (Loss)	(117)	(4.1)	(96)	(3.8)

Tops division's gross profit decreased by 24 million and operating profit by 21 million as compared to the previous year due to increases in cost of raw material, depreciation and distribution cost.

The management is concerned at the rising loss in this division and is looking at ways and means to curtail losses.

IMPORTANT ISSUES:

i. Ban on Liquor Sale in Sindh:

Sindh Wine Association got a stay from the Supreme Court against the Sindh High Court order and their appeal is pending before the Supreme Court.

ii. Still Head Duty:

Sindh Wine Association has won the case which was filed by the Punjab Government in the Lahore High Court, Lahore. Punjab Excise is still taking extra duty from non-Punjab wine dealers, as Punjab Excise filed an appeal and got a stay from the Supreme Court.

iii. Gas Infrastructure Development Cess (GIDC):

The Company and Industry 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.

There are periods subsequent to January, 2014 when stay has been granted to the Company and the total amount unpaid due to stay is Rs.217 million up to 30th June, 2019 (30th June, 2018: Rs.167 million).

The Government is reviewing the entire GIDC position and the Company will take appropriate action after a decision is announced by the Government.

iv. Tax on water consumption for commercial use:

The Supreme Court of Pakistan taking suo motu action announced his intention to tax the beverage industry Re.1 per liter of surface and underground water which would not be passed on to the consumers. The order issued effective from December 2018 applies to all industries consuming water in Pakistan the rules for which have not yet been issued.

The company has installed meters to calculate the water consumption and like the beverage industry has lodged a review petition, which is pending in the Supreme Court.

FINAL DIVIDEND

The Board of Directors of the company has recommended a final cash dividend of Rs. 10 per share for the year ended June 30, 2019 bringing the full year payout to Rs.30 per share (300% - previous year 300%). This shall be subject to the approval of Shareholders at their meeting scheduled on October 25, 2019.

RISK AND UNCERTAINTIES

The material risks or uncertainty to which the company is exposed is devaluation of the rupee and taxes to be imposed by the Government.

Murree Brewery Company Limited

PATTERN OF SHAREHOLDING

The total number of Company's shareholders as at June 30, 2019 was 1,245 against 1,408 on June 30, 2018. The pattern of shareholding as on June 30, 2019 and its disclosure is annexed.

EARNINGS PER SHARE

Earnings per share for the year ended June 30, 2019 is Rs. 44.21 as against Rs. 46.86 (after adjustment for bonus shares) 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.

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 : Seven
- b. Female : One

Category	Name of Director
i. Independent Directors	Lt. Gen (Retd.) Zarrar Azim Prof. Khalid Aziz Mirza Mr. Shahbaz Haider Agha
ii. Other Non-executive Directors	Mr. Khurram Muzaffar Ch. Mueen Afzal Mr. Aamir H. Shirazi Mrs. Goshi M. Bhandara
iii. 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 independent directors and two other non-executive directors. One of the independent directors is the chairman.

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

Murree Brewery Company Limited

ii. HR & Remuneration Committee:

The HR & Remuneration Committee constituted under the Code of Corporate Governance comprises of two independent directors and two other non-executive 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)

SELECTION IN TOP 25 COMPANIES OF PAKISTAN STOCK EXCHANGE:

The Board congratulates the management for selection of Murree Brewery Company Limited in the top 25 companies of Pakistan Stock Exchange (PSX). The company has been in this category in past years.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors state that:

- a. The financial statements for the year ended 30th June, 2019 prepared by the management of the Company fairly present its state of affairs, the result of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented.
- f. There are no significant doubts about the company's ability to continue as a going concern.
- g. There are no statutory payments on account of taxes, levies and charges outstanding as on June 30, 2019, except as disclosed in the financial statements.
- h. The directors who have to take training or seek exemption are within the prescribed limits.
- i. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- j. Key operating and financial data of the last six years in summarized form are annexed.
- k. The value of the un-audited Provident Fund and un-audited Pension Fund investment at June 30, 2019 was Rs. 120.01 million (2018: Rs. 111.8 million) and Rs. 55.6 million (2018: Rs. 46.7 million) respectively.
- l. During the year 2018-19, five (05) Board meetings, four (04) Audit Committee meetings and one (01) Human Resource and Remuneration Committee meeting were held.

Murree Brewery Company Limited

Attendance of members of the Board and of its Committees are as under:

Name of Director	Board of Directors	Audit Committee	HR& R Committee
Mr. Khurram Muzaffar	5/5	4/4	1/1
Mr. Isphanyar M. Bhandara	5/5	03 (by invitation)	01 (by invitation)
Ch. Mueen Afzal	4/5	3/4	-
Mr. Aamir H. Shirazi	5/5	-	-
Mrs. Goshi M. Bhandara	4/5	-	1/1
Lt. Gen (Retd.) Zarrar Azim	2/5	2/4	1/1
Prof. Khalid Aziz Mirza	3/5	3/4	-
Mr. Shahbaz Haider Agha	4/5	-	1/1

STATEMENT OF COMPLIANCE

The company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017. A statement to this effect is annexed with this report.

CORPORATE SOCIAL RESPONSIBILITY

The Company continues to give the use of its property to Association for special persons (DARAKHSHAN). Presently 75 disabled women are getting training in this vocational school for helping 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. 4.9 million towards various charities and hospitals.

Country wide tree plantation is encouraged by the Government. The Company has planted many trees on its property.

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.

Murree Brewery Company Limited

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. 5,602 million (previous year Rs. 5,212 million) to the Government exchequer on account of duties 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.

The Board reviews the fee of the Executive, Non-Executive and Independent Directors for attending the Board and different committees meetings, which are subsequently presented to shareholders in the Annual General Meeting for approval.

RELATED PARTY TRANSACTIONS

In accordance with the Section 208 of the Companies Act, 2017 and Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018, the Board of Directors have approved the related party transactions as per policy.

COLLECTIVE BARGAINING AGENT (CBA) AGREEMENT

Negotiations for the settlement of CBA Charter of Demands are in process to be finalized soon. This back to back settlement ensures a satisfied work force, which is so important for industrial peace and productivity.

AUDITORS

Statutory Audit of the Company for the financial year ended June 30, 2019 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 Listed Companies (Code of Corporate Governance) Regulations, 2017. The Auditors M/s. KPMG Taseer Hadi & Co. shall retire at the conclusion of the Annual General Meeting, and being eligible have offered themselves for re-appointment for the year 2019-20. The Board proposes their appointment as Auditors for the financial year ending June 30, 2020 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, 2019.

EXTERNAL FACTORS

The year 2018-19 was a difficult one for Pakistan's economy. Macro-economic imbalances for the balance of payments and the budget, necessitated a number of measures by the Government relating to the exchange rate, taxation as well as interest rates. While the economy is now stabilizing, it is anticipated that GDP growth will be low in the coming year, and that inflation will be in double digits.

Murree Brewery Company Limited

In this challenging environment, the Company will continue to endeavor to keep costs low, to enhance revenues and to deliver value to its shareholders. It will provide an appropriate response to the changing dynamics in the market.

OUTLOOK

The Government has had to curtail subsidies as part of the IMF conditions resulting in substantial increases in the cost of the electricity and gas. This together with the unprecedented devaluation of the rupee has resulted in double digit inflation and complaints from the public. Foreign Direct Investment (FDI) has reduced drastically.

Your Company like many others are having to face the increased costs of imports and local raw material together with dearer gas and electricity and the higher minimum wage. It is reported many textile units are finding it hard to compete in the international markets and are to close their operations. This will increase unemployment and dependence on imports which will further damage the economy. The most serious development is the increase in loans in the first year of the Government as economic activities which urgently needed to be developed have actually slowed down. There is a serious reduction in Pakistan's Gross Domestic Product (GDP). Inflation is also a major problem which has increased the citizens' living below the poverty level in the country.

Your Company is committed to face these challenges by trying to increase revenues and control costs maintaining the quality of its products. The quarterly reports will keep Shareholders informed of the results of our efforts.

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.

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

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

ON BEHALF OF THE BOARD



Isphanyar M. Bhandara
Chief Executive Officer



Khurram Muzaffar
Chairman

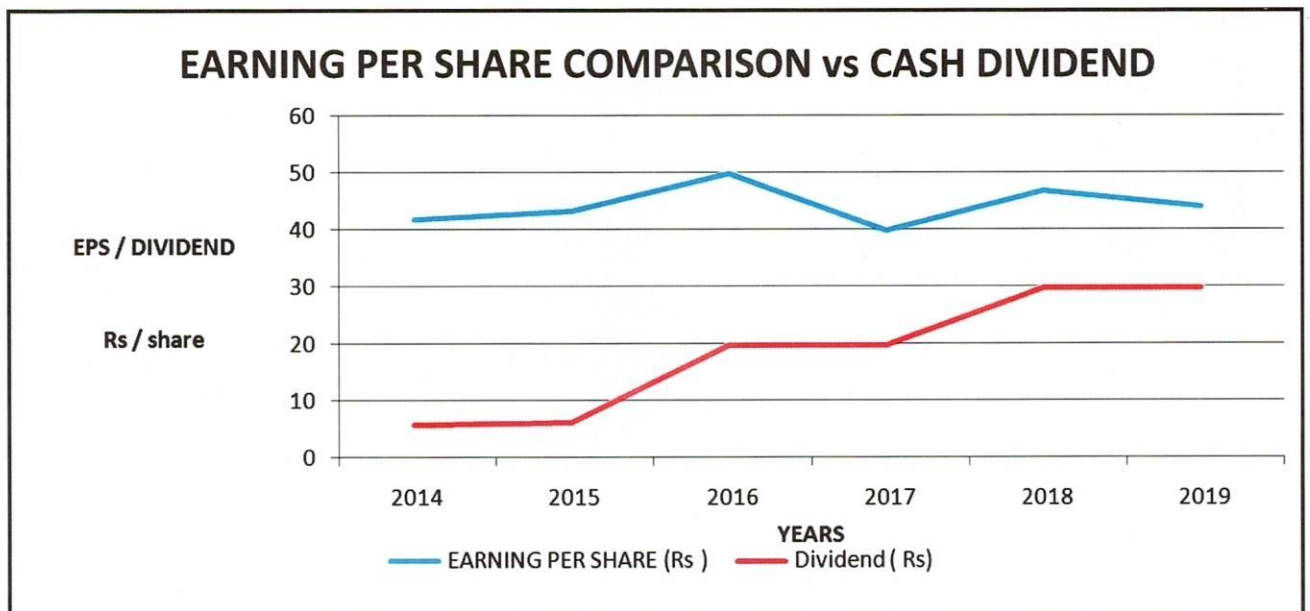
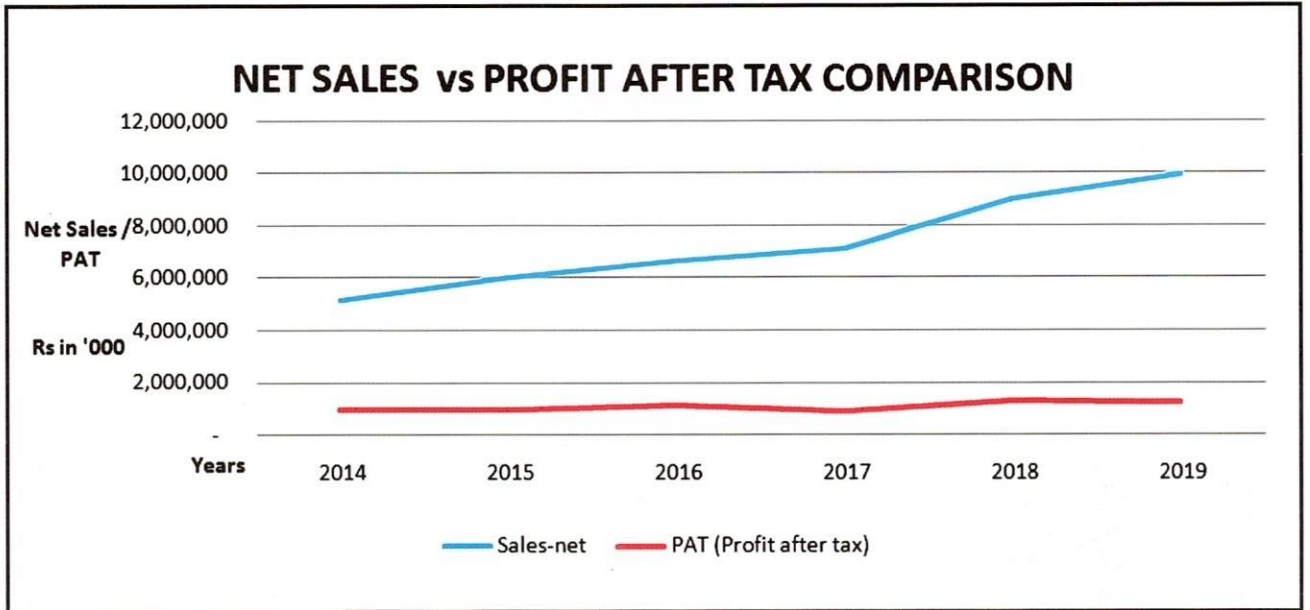
Rawalpindi 26th September, 2019

Murree Brewery Company Limited

SIX YEARS AT A GLANCE

		RS. "MILLION"					
S. #	PARTICULARS	2019	2018	2017	2016	2015	2014
1	PAID UP CAPITAL	276.6	230.5	230.5	230.5	230.5	230.5
2	RESERVE & SURPLUS	10,025.9	9,467.0	8,786.0	8,120.3	7,177.2	6,319.7
3	FIXED ASSETS (LESS DEPRECIATION)	5,396.0	4,846.2	4,675.5	3,942.9	3,898.9	3,708.2
4	NET SALES	9,983.3	9,058.7	7,139.6	6,657.3	6,029.3	5,163.5
5	COST OF SALES	7,236.0	6,189.4	4,972.8	4,414.0	3,887.1	3,340.4
6	GROSS PROFIT	2,747.3	2,869.3	2,166.8	2,243.4	2,142.2	1,823.1
7	PROFIT BEFORE TAX	1,662.8	1,827.8	1,350.9	1,566.7	1,630.0	1,403.6
8	CASH DIVIDEND %	300	300	200	200	65	60
9	STOCK DIVIDEND %	-	20%	-	-	-	-
10	RETURN ON EQUITY %	12.2%	13.7%	15.6%	21.7	22.9	27.8
11	BREAK-UP VALUE OF SHARE OF RS. 10 EACH	362.4	410.7	262.4	251.5	208.3	169.1
12	EARNINGS PER SHARE (E.P.S)	44.2	46.9	39.94	49.9	43.2	41.8
13	P/E Ratio	16.9	18.3	25.0	19.5	23.1	19.9

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Murree Brewery Company Limited



Murree Brewery Company Limited

STATEMENT OF FINANCIAL POSITION VERTICAL ANALYSIS

Rs. in '000'

	2019		2018		2017		2016		2015		2014	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	276,636	2.4	230,530	2.1	230,530	2.2	230,530	2.4	230,530	2.7	230,530	3.0
Capital Reserve	30,681	0.3	30,681	0.3	30,681	0.3	30,681	0.3	30,681	0.4	30,681	0.4
Contingency Reserve	-	-	-	0.0	20,000	0.2	20,000	0.2	20,000	0.2	20,000	0.3
General Reserve	-	-	-	0.0	327,042	3.2	327,042	3.4	327,042	3.9	327,042	4.3
Reserve for Bonus Share	-	-	-	0.0	3,457,954	33.4	-	-	-	-	-	-
Unappropriated profit	6,881,531	58.6	6,292,270	57.7	1,983,881	19.2	5,170,687	54.5	4,193,571	49.5	3,290,048	43.2
Surplus on revaluation of assets	2,837,111	24.1	2,913,653	26.7	2,966,369	28.6	2,571,936	307.5	2,605,931	313.9	2,651,945	339.6
	10,025,959	85.3	9,467,134	86.8	9,016,457	87.1	8,350,876	88.0	7,407,755	87.4	6,550,246	86.0
NON - CURRENT ASSETS												
Liabilities against assets to finance lease	86,866	0.7	1,319	0.0	7,988	0.1	12,345	0.1	-	-	1,360	0.0
Deferred liabilities - staff retirement	260,286	2.2	254,334	2.3	182,959	1.8	176,286	1.9	113,042	1.3	71,500	0.9
Deferred taxation	221,529	1.9	167,456	1.5	197,868	1.9	107,778	1.1	106,073	1.3	148,693	2.0
	568,681	4.8	423,109	3.9	388,815	3.8	296,409	3.1	219,115	2.6	221,553	2.9
CURRENT LIABILITIES												
Current portion of liabilities against assets subject to finance lease	95,368	0.8	6,669	0.1	11,467	0.1	8,059	0.1	1,360	0.0	2,791	0.0
Trade and other payables	783,306	6.7	716,148	6.6	940,047	9.1	836,374	8.8	830,068	9.8	781,000	10.3
Contract liabilities	121,090	1.0	109,921	-	-	-	-	-	-	-	-	-
Unpaid dividend	59,188	0.5	51,739	-	-	-	-	-	-	-	-	-
Unclaimed dividend	98,477	0.8	131,316	-	-	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	-	-	-	21,160	0.2	59,409	0.8
	1,157,429	9.8	1,015,793	9.3	951,514	8.9	844,433	8.9	852,588	10.1	843,200	11.1
	11,752,069	100	10,906,036	100	10,356,786	100	9,491,718	100	8,479,458	100	7,614,999	100
NON - CURRENT ASSETS												
Property, plant and equipment	5,396,042	45.9	4,846,221	44.4	4,675,502	45.1	3,942,906	41.5	3,898,900	45.98	3,708,169	48.70
Intangible Assets	1,820	0.0	2,339	0.0	-	-	-	-	-	-	-	-
Advance for Capital Expenditure	55,465	0.5	266,214	2.4	45,591	0.4	-	-	-	-	-	-
Investment property	325,116	2.8	292,340	2.7	288,149	2.8	284,570	3.0	272,274	3.21	262,734	3.45
Long term advances - consolidated good	11,335	0.1	10,894	0.1	13,392	0.1	9,910	0.1	7,516	0.09	4,436	0.06
Long term investment	531,717	4.5	523,503	4.8	526,509	5.1	323,497	3.4	-	-	-	-
Long term deposits	31,711	0.3	26,518	0.2	25,687	0.2	22,785	0.2	20,473	0.24	19,458	0.26
Employee Benefits	21,934	0.2	2,240	0.0	0	0	0	0	-	-	-	-
	6,375,140	54	5,970,269	54.7	5,574,830	53.8	4,583,668	48.3	4,199,163	49.52	3,994,797	52.46
CURRENT ASSETS												
Inventories	1,568,204	13.3	1,343,755	12.3	1,535,205	14.8	1,583,926	16.7	1,082,028	12.8	965,087	12.7
Trade debts - unsecured	14,563	0.1	26,058	0.2	82,342	0.8	57,736	0.6	24,383	0.3	12,148	0.2
Advances, prepayments and other receivable	444,729	3.8	138,631	1.3	94,925	0.9	113,189	1.2	100,122	1.2	67,816	0.9
Short term investment	1,337,179	11.4	1,243,524	11.4	1,221,042	11.8	1,283,131	13.5	43,873	0.5	34,051	0.4
Advance tax	317,802	2.7	185,085	1.7	206,136	2.0	168,372	1.8	16,270	0.2	16,270	0.2
Cash and bank balances	1,694,452	14.4	1,998,714	18.3	1,642,306	15.9	1,701,696	17.9	3,013,619	35.5	2,524,830	33.2
	5,376,929	45.8	4,935,767	45.3	4,781,956	46.2	4,908,050	51.7	4,280,295	50.5	3,620,202	47.5
	11,752,069	100	10,906,036	100.0	10,356,786	100	9,491,718	100	8,479,458	100	7,614,999	100

Murree Brewery Company Limited

STATEMENT OF PROFIT OR LOSS

HORIZONTAL ANALYSIS

	2019		2018		2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales (Net)	9,983,292	10.2	9,058,672	26.9	7,139,601	7.2	6,657,314	10.4	6,029,292	16.8	5,163,496	19.1	4,334,850	
Cost of Sales	7,236,021	16.9	6,189,422	24.5	4,972,774	12.7	4,413,950	13.6	3,887,109	16.4	3,340,430	16.7	2,861,207	
Gross Profit	2,747,271	(4.3)	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	
Distribution Cost	939,381	24.1	756,711	27.1	595,279	14.0	522,096	23.0	424,442	18.6	357,971	24.4	287,772	
Administrative Expenses	396,642	(5.1)	417,832	24.3	336,215	26.8	265,198	10.3	240,391	22.1	196,805	11.8	176,065	
Other Expenses	116,692	(3.7)	121,212	28.1	94,629	1.3	108,100	1.6	109,412	1.8	97,732	1.9	87,111	
Other Income	107,220	19.1	90,021	52.6	58,996	0.8	220,748	3.3	263,997	4.4	234,943	4.6	134,286	
Impairment loss on trade debts	441	(94.5)	7,960	-	-	-	-	-	-	-	-	-	-	
Operating Profit	1,401,335	(15.4)	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	
Finance Cost	17,053	(15.3)	20,134	20.6	16,690	725.0	2,023	2.8	1,967	3.6	1,898	(34.9)	2,916	
Finance Income	278,544	44.7	192,446	14.6	167,933	-	-	-	-	-	-	-	-	
Net Profit before taxation	1,662,826	(9.0)	1,827,868	35.3	1,350,943	(13.8)	1,566,695	(3.9)	1,629,968	12	1,403,603	33.2	1,054,065	
Provision for taxation	439,888	(17.2)	531,507	23.6	430,136	(1.1)	435,013	(31.4)	633,885	43.8	440,780	31.2	336,027	
Net profit after taxation	1,222,938	(5.7)	1,296,361	40.8	920,807	(18.6)	1,131,682	13.6	996,083	3.5	962,823	34.1	718,038	

VERTICAL ANALYSIS

	2019		2018		2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales	9,983,292	100.00	9,058,672	100	7,139,601	100	6,657,314	100	6,029,292	100	5,163,496	100	4,334,850	
Cost of Sales	7,236,021	72.48	6,189,422	68.3	4,972,774	69.7	4,413,950	66.3	3,887,109	64.5	3,340,430	64.7	2,861,207	
Gross Profit	2,747,271	27.52	2,869,250	31.7	2,166,827	30.3	2,243,364	33.7	2,142,183	35.5	1,823,066	35.3	1,473,643	
Distribution Cost	939,381	9.4	756,711	8.4	595,279	8.3	522,096	7.8	424,442	7.0	357,971	6.9	287,772	
Administrative Expenses	396,642	4.0	417,832	4.6	336,215	4.7	265,198	4.0	240,391	4.0	196,805	3.8	176,065	
Other Expenses	116,692	1.2	121,212	1.3	94,629	1.3	108,100	1.6	109,412	1.8	97,732	1.9	87,111	
Other Income	107,220	1.1	90,021	1.0	58,996	0.8	220,748	3.3	263,997	4.4	234,943	4.6	134,286	
Impairment loss on trade debts	441	0.0	7,960											
Operating Profit	1,401,335	14.0	1,655,556	18.3	1,199,700	16.8	1,568,718	23.6	1,631,935	27.1	1,405,501	27.2	1,056,981	
Finance Cost	17,053	0.2	20,134	0.2	16,690	0.2	2,023	0.0	1,967	0.0	1,898	0.0	2,916	
Finance Income	278,544	2.8	192,446	2.1	167,933									
Profit before tax	1,662,826	16.7	1,827,868	20.2	1,350,943		1,566,695	24	1,629,968	27	1,403,603	27	1,054,065	
Provision for taxation	439,888	4.4	531,507	5.9	430,136	6.0	435,013	6.5	633,885	10.5	440,780	8.5	336,027	
Net profit after taxation	1,222,938	12.2	1,296,361	14.3	920,807	12.9	1,131,682	17.0	996,083	16.5	962,823	18.6	718,038	

Murree Brewery Company Limited

Pattern of Shareholding
As of June 30, 2019

# Of Shareholders	Shareholdings'Slab			Total Shares Held
433	1	to	100	13,591
388	101	to	500	90,337
104	501	to	1000	73,961
171	1001	to	5000	382,264
62	5001	to	10000	436,713
14	10001	to	15000	171,265
19	15001	to	20000	330,920
10	20001	to	25000	221,851
2	25001	to	30000	55,308
5	30001	to	35000	155,564
4	35001	to	40000	147,834
3	45001	to	50000	142,057
2	50001	to	55000	102,240
2	55001	to	60000	115,654
2	60001	to	65000	120,505
1	70001	to	75000	72,600
2	80001	to	85000	165,851
2	85001	to	90000	177,598
1	105001	to	110000	106,600
1	145001	to	150000	146,884
1	155001	to	160000	156,487
1	225001	to	230000	227,270
1	290001	to	295000	291,696
1	315001	to	320000	319,441
1	420001	to	425000	420,232
1	425001	to	430000	429,499
1	445001	to	450000	449,040
1	465001	to	470000	469,503
1	635001	to	640000	637,990
1	675001	to	680000	678,516
1	720001	to	725000	720,815
1	1000001	to	1005000	1,000,074
1	1300001	to	1305000	1,304,560
1	1700001	to	1705000	1,701,527
1	4030001	to	4035000	4,030,810
1	4645001	to	4650000	4,646,248
1	6950001	to	6955000	6,950,325
1245				27,663,630

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**Pattern of Shareholding
As of June 30, 2019**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. ISPHANYAR M. BHANDARA	2	5,095,288	18.42
MR. JAMSHED M. BHANDARA	2	1,993,223	7.21
MRS. MUNIZEH M. BHANDARA	2	1,141,047	4.12
MRS. JASMINE BHANDARA	2	333,061	1.20
MRS. GOSHI M. BHANDARA	1	1,000,074	3.62
LT. GEN. (R) ZARAR AZIM	2	2,106	0.01
MRS. NASEEM MUZAFFAR	1	14,008	0.05
MR. SHAHBAZ HAIDER AGHA	1	2,178	0.01
MR. AAMIR H. SHIRAZI	1	3,084	0.01
MR. KHURRAM MUZAFFAR	1	4,690	0.02
CH. MUEEN AFZAL	1	3,852	0.01
PROF. KHALID AZIZ MIRZA	1	1,200	0.00
Associated Companies, undertakings and related parties			
M/S. D.P. EDULJI & CO. (PVT) LTD.,	2	4,460,309	16.12
Executives	1	12	0.00
Public Sector Companies and Corporations	2	782	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	3	655,133	2.37
Mutual Funds			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	2,830	0.01
General Public			
a. Local	1157	2,788,602	10.08
b. Foreign	28	1,272,059	4.60
Foreign Companies	7	8,828,050	31.91
Others	27	62,042	0.22
Totals	1245	27,663,630	100.00
Share holders holding 5% or more			
KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES		8,254,885	29.84
M/S. D.P. EDULJI & CO. (PVT) LTD.,		4,460,309	16.12
MR. ISPHANYAR M. BHANDARA		5,095,288	18.42
MR. JAMSHED M. BHANDARA		1,993,223	7.21

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Murree Brewery Company Limited

**Pattern of Shareholding
as at June 30, 2019**

<u>S.No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
<u>Directors and their spouse(s) and minor children</u>				
1	90022	MR. ISPHANYAR M. BHANDARA	4,646,248	16.80
2	04705-83016	MR. ISPHANYAR M. BHANDARA	449,040	1.62
3	100033	MR. JAMSHED M. BHANDARA	1,701,527	6.15
4	100054	MR. JAMSHEED M. BHANDARA & MRS. GOSHI M. BHANDARA	291,696	1.05
5	130089	MRS. MUNIZEH M. BHANDARA	720,815	2.61
6	130313	MRS. MUNIZAH M BHANDARA & MRS. GOSHI M. BHANDARA	420,232	1.52
7	261023	MRS. JASMINE BHANDARA	319,441	1.15
8	04705-99009	MRS. JASMINE BHANDARA	13,620	0.05
9	70021	MRS. GOSHI M. BHANDARA	1,000,074	3.62
10	120025	LT. GEN. (R) ZARAR AZIM	190	0.00
11	03350-118790	LT. GEN. (R) ZARAR AZIM	1,916	0.01
12	140030	MRS. NASEEM MUZAFFAR	14,008	0.05
13	00307-15911	MR. SHAHBAZ HAIDER AGHA	2,178	0.01
14	03277-2966	MR. AAMIR H. SHIRAZI	3,084	0.01
15	03459-2042	MR. KHURRAM MUZAFFAR	4,690	0.02
16	03525-11880	CH. MUEEN AFZAL	3,852	0.01
17	04804-27440	PROF. KHALID AZIZ MIRZA	1,200	0.00
17			9,593,811	34.68
<u>Associated companies, undertakings and related parties</u>				
1	40029	M/S. D.P. EDULJI & CO. (PVT) LTD.	4,030,810	14.57
2	03525-98607	M/S. D.P. EDULJI & CO. (PVT) LTD.	429,499	1.55
2			4,460,309	16.12
<u>Executive</u>				
1	261064	MR. SABIH UR REHMAN	12	0.00
1			12	0.00
<u>Public sector companies and corporations</u>				
1	90013	M/S. INVESTMENT CORPORATION OF PAKISTAN	430	0.00
2	00083-36	IDBL (ICP UNIT)	352	0.00
2			782	0.00
<u>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</u>				
1	20042	M/S. BANK OF BAHAWALPUR LTD.,	5,802	0.02
2	03277-2184	EFU GENERAL INSURANCE LIMITED	637,990	2.31
3	04127-77	MCB BANK LIMITED - TREASURY	11,341	0.04
3			655,133	2.37
<u>Mutual Funds</u>				
1	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	2,830	0.01
1			2,830	0.01

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Murree Brewery Company Limited

<u>S.No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
General Public Foreign				
1	10004	MR. AHMAD ABDUL REHMAN NOOR AHMAD	8,562	0.03
2	30016	SIR C. C. GARBETT	2,434	0.01
3	50006	MR. EBRAHIM SALJEE BERA	17,194	0.06
4	50009	MISS. E. M. WILSON	19,113	0.07
5	70018	DR. G. K. SAWDAY	30,050	0.11
6	80017	MR. H. LE. GEYT KENSINGTON	8,560	0.03
7	80035	MR. H. LUND CHRISTIANSEN	60,472	0.22
8	90009	MISS. I. M. ST. GEORGE BRETT	2,434	0.01
9	90011	MR. I. H. R. MOSS	1,574	0.01
10	100002	MR. J. C. BURBIDGE	25,812	0.09
11	100029	MR. J. M. KEADY	7,965	0.03
12	100053	MR. JOHN STUART OLIVER	2,812	0.01
13	110020	MRS. K. M. WILLIAM	36,165	0.13
14	110022	MR. KASSIM A. MOHAMMAD	5,072	0.02
15	120001	MISS. LUCY CHARLES	1,340	0.00
16	120004	MR. W. L. KIRELY	758	0.00
17	130006	MRS. M. M. CAUTLEY	82,923	0.30
18	130048	MR. M. A. MOGHAL	11,138	0.04
19	140014	MR. NAJUMUDDIN MULLAH HAMJABHAI	8,560	0.03
20	160015	MRS. P. SAWDAY	17,194	0.06
21	160036	MR. PETER JOHN SARGENT	441	0.00
22	180012	MR. RICHARD ANTHONY B. SCOTT	8,560	0.03
23	180024	MR. RALPH JOHN HAMILTON POLLOCK	758	0.00
24	180048	MR. R. E. A. CAUTLEY	146,884	0.53
25	190041	MR. SALEH MUHAMMAD HAJEE AYUB	56,954	0.21
26	210001	DR. UNA DAVISON	17,222	0.06
27	260005	MISS. ZUBEIDA ESSOP MIA	12,592	0.05
28	00521-5550	GREGORY ALEXANDER	678,516	2.45
			28	1,272,059
				4.59
Foreign Companies				
1	00521-5634	DEUTSCHE BANK SUISSE S.A	18,600	0.07
2	00695-10791	SCB NOMINEES (CI) LIMITED [1250-2]	469,503	1.70
3	00547-9253	KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES	6,950,325	25.12
4	00547-10301	KINGSWAY FUND-FRONTIER CONSUMER FRANCHISES EXTOBA	1,304,560	4.72
5	00695-13563	CORONATION GLOBAL FRONTIERS MASTER FUND	35,252	0.13
6	80077	M/S. HONGKONG BANK INTER (TRUSTEE) LTD.	1,810	0.01
7	00521-13356	TENCORE II PARTNERS LP	48,000	0.17
			7	8,828,050
				31.92

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<u>S.No.</u>	<u>Folio #</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Per %</u>
<u>Others</u>				
1	80037	M/S. H. M. INVESTMENTS (PVT) LTD	96	0.00
2	140075	M/S. N. H. SECURITIES (PVT) LTD.,	14	0.00
3	180019	M/S. RAWALPINDI ELECTRIC POWER CO. LTD.	3,768	0.01
4	200006	M/S. THE DEPUTY ADMINISTRATOR (A/C DR. T. H. KHAN)	4,798	0.02
5	01917-41	PRUDENTIAL SECURITIES LIMITED	686	0.00
6	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	88	0.00
7	03277-6164	TRUSTEES KANDAWALLA TRUST	20,278	0.07
8	03277-13154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	5,580	0.02
9	03293-12	S.H. BUKHARI SECURITIES (PVT) LIMITED	454	0.00
10	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	94	0.00
11	03525-63416	H M INVESTMENTS (PVT) LIMITED	2,870	0.01
12	03525-63817	NH SECURITIES (PVT) LIMITED.	392	0.00
13	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	3,400	0.01
14	08847-1447	Crescent Standard Business Management (Pvt) Limited	1	0.00
15	10181-24	HORIZON SECURITIES LIMITED	66	0.00
16	14241-22	FIKREES (PRIVATE) LIMITED	1,716	0.01
17	20041	M/S. BUSINESS INVESTMENTS LTD.	81	0.00
18	03277-96529	FIKREE DEVELOPMENTS CORPORATION (PRIVATE) LIMITED	9,470	0.03
19	07450-1040	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEEES P.FUND	960	0.00
20	01669-26	SHAFFI SECURITIES (PVT) LIMITED	60	0.00
21	03277-61491	M/S RANG COMMODITIES (PVT) LTD	6,300	0.02
22	16857-26	MRA SECURITIES LIMITED - MF	200	0.00
23	06684-159411	PAKISTAN INDUSTRIAL AND COMMERCIAL LEASING LTD.	20	0.00
24	03525-82219	UHF CONSULTING (PRIVATE) LIMITED	110	0.00
25	04879-28	AKHAI SECURITIES (PRIVATE) LIMITED	20	0.00
26	05298-28	MAAN SECURITIES (PRIVATE) LIMITED	500	0.00
27	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	20	0.00
27			62,042	0.20

1	Mr. Isphanyar M. Bhandara purchased 111,494 shares during the year 2018-19
2	Mr. Shahbaz Haider Agha purchase 450 shares during the year 2018-19
3	Mrs. Goshi M. Bhandara transferred / distributed 3,069,680 inherited shares as per parsi law to the following persons during the year 2018-19
i.	Mrs. Goshi M. Bhandara (2/7) - 877,051 shares
ii.	Mr. Isphanyar M. Bhandara (2/7) - 877,051 shares
iii.	Mr. Jamshed M. Bhandara (2/7) - 877,051 shares
iv.	Mrs. Munizeh M. Bhandara (1/7) - 438,527 shares

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

Murree Brewery Company Limited

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Murree Brewery Company

Review Report on the Statement of Compliance contained 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 2019 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 a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The 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 out procedures to assess 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.

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 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph where it is stated in the Statement of Compliance:

- i. Chapter III Section 10 (2) states that "The board of directors is responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies". We have noted that the Company has not established "Risk Management Policies".
- ii. Chapter V Section 16 states that "For the purpose of consideration and decision by the board of directors on any agenda item, or in respect of any other matter, if any director has a conflict of interest therein in terms of the Act, then in addition to the provisions of section 207 of the Act and notwithstanding anything contained in the articles of association of a company, the directors shall ensure that the quorum of the meeting of the board shall not be deemed to be present unless at least two independent directors are also present at such meeting in person or through video link when such matter comes up for the first time for consideration of the board". We have observed that a meeting of the board was held on 25 October 2018, wherein a transaction entailing a conflict of interest of a director was approved, but two independent directors were not present in that meeting.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

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Murree Brewery Company Limited

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

**Murree Brewery Company Limited
For the Year ended June 30, 2019**

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	:	Seven
b) Female	:	One

2. The composition of board is as follows:

Category	Names
a) Independent Directors	Lt. Gen. (Retd.) Zarrar Azim Prof. Khalid Aziz Mirza Mr. Shahbaz Haider Agha
b) Other Non-Executive Directors	Mr. Khurram Muzaffar Ch. Mueen Afzal Mr. Aamir H. Shirazi Mrs. Goshi M. Bhandara
c) 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 the board.

Murree Brewery Company Limited

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Articles of Association of the Company, Act and these Regulations.
9. The Company is fully compliant with the requirements of Directors' training under the Code. None of the directors attended any Directors' Training during the year.
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)
Prof. 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 committee for compliance.
14. The frequency of meetings (quarterly / half yearly / yearly) of the committees during the year 2018-19, were following:

Four (04) Audit Committee and one (01) Human Resource and Remuneration Committee.
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 they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (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.

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. i. The Company did not establish Risk Management Policy. However Board Audit Committee reviewed and recommended the Risk Management Policy to the Board in its fourth quarter meeting held on 26th September, 2019. Board asked secretary to present Risk Management Policy in next Board meeting for approval.
- ii. The Company has conducted first quarter board meeting FY 2018-19 and approved a transaction entailing a conflict of interest of a director in which one independent director was present. The Board ratified the said transaction in its fourth quarter meeting FY 2018-19 with the required quorum of two independent directors.

Hence, we confirm that all other requirements of the Regulations have been complied with.

ON BEHALF OF THE BOARD



Isphanyar M. Bhandara
Chief Executive Officer



Khurram Muzaffar
Chairman

Rawalpindi 26th September, 2019

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 2019, 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 2019 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.

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Murree Brewery Company Limited

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:

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Recognition of Revenue:</p> <p>Refer notes 4.16 and 29 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 of Rs. 9,983 million for the year ended 30 June 2019.</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"> ■ 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; ■ comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; ■ 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; ■ 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. ■ Consider the appropriateness of accounting policy for revenue recognition and comparing with the

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Murree Brewery Company Limited

S. No.	Key audit matter	How the matter was addressed in our audit
		<p>applicable accounting and reporting standards; and</p> <ul style="list-style-type: none"> ■ Assessing the adequacy of disclosures related to revenue as required under applicable accounting and reporting standards as applicable in Pakistan.
2	<p>The Company's exposure to litigation risk</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 excise duty, water tax, levy of Gas Infrastructure Development Cess and gas tariff, details of which are disclosed on note 15 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"> ■ 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; ■ reading correspondence of the Company with relevant departments and the Company's external counsel, where applicable; ■ discussing matters with the relevant personnel of the Company; ■ circularising external confirmations, and assessing the replies received thereto; and ■ assessing the appropriateness of the related disclosures made in the annexed financial statements.

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 2019, but does not include the financial statements and our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Annual Report 2019
Murree Brewery Company Limited

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 auditors' 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 auditors' report is Riaz Pesnani.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Date: 01 October 2019

Murree Brewery Company Limited

Statement of Financial Position As at 30 June 2019

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	Note	2019 (Rs.'000)	2018 (Rs.'000)		Note	2019 (Rs.'000)	2018 (Rs.'000)
EQUITY				ASSETS			
Share capital and reserves				Property, plant and equipment	16	5,396,042	4,846,221
Share capital	6	276,636	230,530	Intangible asset	17	1,820	2,339
Capital reserve	7	30,681	30,681	Advances for capital expenditures	18	55,465	266,214
Revenue reserves	8	6,881,531	6,292,270	Investment properties	19	325,116	292,340
Revaluation surplus on property, plant and equipment - net of tax	9	2,837,111	2,913,653	Long term advances	20	11,335	10,894
Total equity		10,025,959	9,467,134	Long term investments	21	531,717	533,730
				Long term deposits	22	31,711	26,518
				Employee benefits	11	21,934	2,240
				Non-current assets		6,375,140	5,980,496
LIABILITIES				Inventories	23	1,568,204	1,343,755
Finance lease liabilities	10	86,866	1,319	Trade debts	24	14,563	26,058
Employee benefits	11	260,286	254,334	Advances, prepayments and other receivables	25	444,729	128,404
Deferred tax liability - net	12	221,529	167,456	Short term investments	26	1,337,179	1,243,524
Non-current liabilities		568,681	423,109	Advance tax - net	27	317,802	185,085
				Cash and bank balances	28	1,694,452	1,998,714
Trade and other payables	13	783,306	716,148	Current assets		5,376,929	4,925,540
Contract liabilities	14	121,090	109,921				
Current portion of finance lease liabilities	10	95,368	6,669				
Unpaid dividend		59,188	51,739				
Unclaimed dividend		98,477	131,316				
Current liabilities		1,157,429	1,015,793				
Total liabilities		1,726,110	1,438,902				
Total equity and liabilities		11,752,069	10,906,036	Total assets		11,752,069	10,906,036
Contingencies and commitments	15						

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Annual Report 2019
Murree Brewery Company Limited

Statement of Profit or Loss
For the year ended 30 June 2019

	Note	2019 (Rs.'000)	2018 (Rs.'000)
NET TURNOVER	29	9,983,292	9,058,672
COST OF SALES	30	(7,236,021)	(6,189,422)
GROSS PROFIT		<u>2,747,271</u>	<u>2,869,250</u>
Selling and distribution expenses	31	(939,381)	(756,711)
Administrative expenses	32	(396,642)	(417,832)
Other expenses	33	(116,692)	(121,212)
Other income	34	107,220	90,021
Impairment loss on trade debts	24.1	(441)	(7,960)
OPERATING PROFIT		<u>1,401,335</u>	<u>1,655,556</u>
Finance costs	35	(17,053)	(20,134)
Finance income	36	278,544	192,446
NET FINANCE INCOME		<u>261,491</u>	<u>172,312</u>
PROFIT BEFORE TAX		<u>1,662,826</u>	<u>1,827,868</u>
Income tax expense	37	(439,888)	(531,507)
PROFIT FOR THE YEAR		<u><u>1,222,938</u></u>	<u><u>1,296,361</u></u>
		<u>2019</u>	<u>Restated 2018</u>
Earnings per share - basic and diluted (Rupees)	38	<u><u>44.21</u></u>	<u><u>46.86</u></u>

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

Annual Report 2019
Murree Brewery Company Limited

Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	2019 <u>(Rs.'000)</u>	2018 <u>(Rs.'000)</u>
Profit for the year		1,222,938	1,296,361
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement on defined benefit plan liability - gratuity	11.1.3	(142)	(54,849)
Remeasurement on defined benefit plan asset - pension	11.2.6	15,402	5,438
Related tax		15,260	(49,411)
Other comprehensive income for the year - net of tax		(4,425)	2,899
		10,835	(46,512)
Total comprehensive income for the year		<u>1,233,773</u>	<u>1,249,849</u>

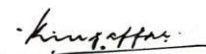
The annexed notes 1 to 49 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Murree Brewery Company Limited

Statement of Changes in Equity

For the year ended 30 June 2019

	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment - net of tax	General reserve	Revenue reserves		Unappropriated profits	Total equity
					Contingency reserve	Reserve for issuance of bonus shares		
(Rs.'000)								
Restated balance at 01 July 2017	230,530	30,681	2,966,369	327,042	20,000	3,457,954	1,983,881	9,016,457
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	1,296,361	1,296,361
Other comprehensive income for the year - net of tax	-	-	-	-	-	-	(46,512)	(46,512)
Total comprehensive income transferred to equity	-	-	-	-	-	-	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
Transactions with owners, recorded directly in equity								
Transfer of reserve for issue of bonus shares to unappropriated profits	-	-	-	-	-	(3,457,954)	3,457,954	-
Transactions with members recorded directly in equity								
Distribution to members								
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)
Total distribution to members	-	-	-	-	-	-	(806,855)	(806,855)
Balance at 30 June 2018	230,530	30,681	2,913,653	327,042	20,000	-	5,945,228	9,467,134

Murree Brewery Company Limited

Statement of Changes in Equity

For the year ended 30 June 2019

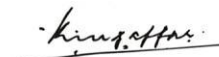
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment - net of tax	Revenue reserves			Unappropriated profits	Total equity
				General reserve	Contingency reserve	Reserve for issuance of bonus shares		
(Rs.'000)								
Balance at 01 July 2018	230,530	30,681	2,913,653	327,042	20,000	-	5,945,228	9,467,134
Adjustment on initial application of IFRS 9 - net of tax (refer note 5)	-	-	-	-	-	-	(1,843)	(1,843)
Adjusted balance at 01 July 2018	230,530	30,681	2,913,653	327,042	20,000	-	5,943,385	9,465,291
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	1,222,938	1,222,938
Other comprehensive income for the year - net	-	-	-	-	-	-	10,835	10,835
Total comprehensive income transferred to equity	-	-	-	-	-	-	1,233,773	1,233,773
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax (refer note 9)								
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax (refer note 9)	-	-	(63,710)	-	-	-	63,710	-
Transferred from revaluation surplus on property, plant and equipment on disposal - net of deferred tax (refer note 9)	-	-	(8,264)	-	-	-	8,264	-
	-	-	(71,974)	-	-	-	71,974	-
Reduction in deferred tax liability due to change in tax rate (refer note 9)								
Reduction in deferred tax liability due to change in tax rate (refer note 9)	-	-	(4,568)	-	-	-	-	(4,568)
Transactions with members recorded directly in equity								
Distribution to members								
Final cash dividend 30 June 2018 (Rs. 05 per share)	-	-	-	-	-	-	(115,265)	(115,265)
Bonus issue of shares @ 20% (i.e 01 share for every 05 shares held)	46,106	-	-	-	-	-	(46,106)	-
Interim cash dividend 30 June 2019 (Rs. 10 per share)	-	-	-	-	-	-	(276,636)	(276,636)
Interim cash dividend 30 June 2019 (Rs. 05 per share)	-	-	-	-	-	-	(138,318)	(138,318)
Interim cash dividend 30 June 2019 (Rs. 05 per share)	-	-	-	-	-	-	(138,318)	(138,318)
Total distribution to members	46,106	-	-	-	-	-	(714,643)	(668,537)
Balance at 30 June 2019	276,636	30,681	2,837,111	327,042	20,000	-	6,534,489	10,025,959



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Annual Report. 2019
Murree Brewery Company Limited

Statement of Cash Flows
For the year ended 30 June 2019

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2019 (Rs.'000)	2018 (Rs.'000)
Profit before tax		1,662,826	1,827,868
Adjustments for:			
Employee benefits - charge to profit or loss	11.1.2 and 11.2.4	36,698	26,588
Depreciation	16.1.3	354,478	262,266
Amortization	17.1	519	256
(Reversal) / provision for slow moving inventories	32	(7,857)	26,111
Provision for WPPF	33	89,744	84,073
Provision for WWF	33	21,804	34,682
Gain on remeasurement of investment property to fair value	34	(32,776)	(4,191)
Loss / (Gain) on disposal of property, plant and equipment	34	4,634	(23,800)
Finance cost	35	17,053	20,134
Return on deposit accounts	36	(111,274)	(81,443)
Interest on PIBs	36	(40,610)	(40,743)
Interest on advances	36	(409)	(300)
Dividend income	36	(124,460)	(3,151)
Unrealized loss / (gain) on re-measurement of short term investments	36	11,103	(32,745)
Gain on sales of investments	36	(463)	(29,366)
		<u>218,184</u>	<u>238,371</u>
Operating profit before working capital changes		1,881,010	2,066,239
<i>Changes in</i>			
Inventories		(216,592)	165,339
Trade debts		8,458	56,284
Advances, prepayments and other receivables		(315,323)	(52,516)
Trade and other payables		12,352	58,601
		<u>(511,105)</u>	<u>227,708</u>
Cash generated from operating activities		1,369,905	2,293,947
Finance cost paid		(17,053)	(4,160)
Employee benefits paid	11.1 and 11.2	(35,880)	(24,821)
WPPF paid	13.1	(19,485)	(146,209)
Contract Liabilities		11,169	-
Income taxes paid	27	(563,329)	(559,796)
Net cash generated from operating activities		745,327	1,558,961
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(617,300)	(443,488)
Proceeds from disposal of property, plant and equipment	16.1.6	12,250	34,303
Purchase of intangible asset	17	-	(2,595)
Advances for capital expenditures paid		210,749	(220,623)
Long term advances paid		(441)	2,498
Long term deposits paid		(5,193)	(831)
Realization of long term investments		2,013	3,006
Proceeds from sales of / (acquisition of) investments - net		(104,062)	39,629
Return on deposits received		151,291	131,296
Dividends received		124,460	3,151
Net cash used in investing activities		(226,233)	(453,654)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease		(129,429)	(11,467)
Dividend paid		(693,927)	(737,432)
Net cash used in financing activities		(823,356)	(748,899)
Net (decrease) / increase in cash and cash equivalents		(304,262)	356,408
Cash and cash equivalents at beginning of the year		1,998,714	1,642,306
Cash and cash equivalents at end of the year	39	1,694,452	1,998,714

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2019

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 16.1.5. 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 Industries Estate, Sahiwal,
- 28-B, Small Industrial Estate, Main Lahore Road, Sargodha,
- Mohallah Noorpura, Bahawalpur bypass road, Multan.

2 STATEMENT OF COMPLIANCE AND 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

The methods used to measure fair values are disclosed in the respective policy notes.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2019

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 stated.

2.4 Use of judgments and estimates

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments, assumptions and estimates made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

- Note 4.1 and 16 useful lives, reassessed values, residual values and depreciation method of property, plant and equipment
- Note 4.3 and 17 useful lives, residual values and amortization method of intangible asset
- Note 4.4 and 19 fair value of investment property
- Note 4.5 and 23 provision for slow moving inventories
- Note 4.11 and 4.12 recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 4.14.3 and 11 measurement of defined benefit obligations: key actuarial assumptions
- Note 4.15 and 12 recognition of deferred tax liabilities and assets and estimation of income tax provisions
- Note 4.7 and 24 measurement of ECL allowance for trade debts
- Note 4.10 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.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2019

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 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently in the process of assessing the impact on the Company's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 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-balance sheet 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. At present the company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.
- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.
- 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 1 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.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2019

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 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.
- Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- 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 remeasures 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.

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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 indicated below:

- The Company has adopted IFRS 15 'Revenue from Contracts with Customers' with a date of initial application of 01 July 2018. IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services. The standard also requires revenue from customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

As a result of application of IFRS 15, the following presentational changes are made:

- sales commission expense – incremental cost of obtaining a contract, previously presented as part of selling expenses under selling and distribution expenses has now been presented separately
- cost to fulfill a contract – transportation, previously presented as deduction from gross turnover has now been presented under cost of sales
- contract liabilities, previously presented as advances from customers under trade and other payables has now been presented as a separate line item on the statement of financial position

The change in accounting policy as a result of application of IFRS 15 has been applied retrospectively and comparative figures in the statement of profit or loss and statement of financial position have been reclassified. The following table summarizes the impact of adopting IFRS 15 on the comparative figures as presented in the statement of profit or loss and statement of financial position for each of the line items effected.

	Selling expenses (Rs. '000)	Incremental cost of obtaining a contract (Rs. '000)
As previously reported	172,697	-
Effect of change in accounting policy	(101,082)	101,082
Reclassified amount	71,615	101,082
	Net turnover (Rs. '000)	Cost of sales (Rs. '000)
As previously reported	13,513,900	5,992,619
Effect of change in accounting policy	196,803	196,803
Reclassified amount	13,710,703	6,189,422
	Trade and other payables (Rs. '000)	Contract liabilities (Rs. '000)
As previously reported	837,977	-
Effect of change in accounting policy	(109,921)	109,921
Reclassified amount	728,056	109,921

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There was no significant impact on the comparative figures presented in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows. Further, the change in accounting policy has no impact on the reported amount of unappropriated profit as at 01 July 2018. Relevant accounting policy notes on adoption of the new standard have been explained in note 4.12.

- The Company has adopted IFRS 9 'Financial Instruments' with a date of initial application of 01 July 2018. IFRS 9 replaced IAS 39 'Financial Instruments – Recognition and Measurement' and includes the requirements on the classification and measurement of financial assets and liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model. The Securities and Exchange Commission of Pakistan vide its notification dated 02 September 2019 has deferred the application of expected credit loss model on financial assets due from the Government of Pakistan which continues to be accounted for under the previously applicable requirements of IAS 39 'Financial Instruments: Recognition and Measurement' till 30 June 2021. The Company has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'. Further, effective 01 July 2018, the Company implemented expected credit loss impairment model for financial assets. For trade debts, the calculation methodology has been updated to consider expected losses based on ageing profile and forward looking estimates such as economic profiling related to trade debts. Details of adoption of IFRS 9 have been explained in note 5.

4.1 Property, plant and equipment and advances for capital expenditures

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.

Items in property, plant and equipment are recognized at revalued amounts based on valuation by external independent valuer. Revaluation surplus on property, plant and equipment is credited to a capital reserve in shareholders' equity and presented as a separate line item in statement of financial position.

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.

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.

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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 16.1 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.

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.

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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 17.1 to these financial statements.

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

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.

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4.5 Inventories

Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost and net realizable value except for items in transit which are stated at cost incurred up to the statement of financial position date less impairment, if any. Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. 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.

Cost comprises of cost of purchase and other costs incurred in bringing the items to their present location and condition. 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 initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

4.6.1 Financial asset

Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortised cost Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets at FVTPL Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Equity investment at FVOCI These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

De-recognition

The Company derecognizes 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 derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability

4.6.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

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The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

4.6.3 Offsetting

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 realize the asset and settle the liability simultaneously.

4.6.4 Financial instruments – accounting policy applied before 01 July 2018

The Company classified financial assets into the following categories:

- (a) financial assets at fair value through profit or loss (FVTPL); and
- (b) loans and receivables

Subsequent to initial recognition, financial assets at FVTPL were measured at fair value and changes therein including interest or dividend income were recognized in profit or loss. Loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial liabilities were initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost and are classified into other financial liabilities category.

4.7 Trade and other receivables

Trade and other receivables are initially stated at fair value of consideration to be received. Subsequent to initial recognition these are carried at their amortized cost as reduced by appropriate charge for expected credit losses, if any. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 4.10.

4.8 Trade and other payables

Trade and other payables are initially carried at the fair value of the consideration to be paid in future for goods and services received. Subsequent to initial recognition, these are carried at amortized cost.

4.9 Dividend

Dividend distribution to the Company's members is recognized as a liability in the period in which the dividends are approved.

4.10 Impairment

4.10.1 Financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For recognition of impairment on financial assets due from the Government of Pakistan entities, the Company continues to apply the accounting policy as stated below.

Impairment of financial assets – accounting policy applied before 01 July 2018

A financial asset other than held for trading and carried at fair value was assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. All impairment losses are recognized in statement of profit or loss. An impairment loss is reversed in the statement of profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

4.10.2 Non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of 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 groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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4.11 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.

4.12 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.

4.13 Share capital and dividends

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.

4.14 Employee benefits

4.14.1 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.

4.14.2 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.

4.14.3 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.

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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. 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. Actuarial valuation has not been carried out as the impact of present valuation is considered immaterial in the context of over all financial statements.

4.15 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.

4.15.1 Current tax

Provision for current tax is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous year.

4.15.2 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.

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

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

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

4.16 Revenue from contracts with customers

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 01 July 2018)	Revenue recognition under IAS 18 (applicable before 01 July 2018)
Liquor - Alcoholic beverages	Customers obtain control of alcoholic beverages when the goods are dispatched from the Company's warehouse. Invoices are generated and revenue is recognised at that point in time. Advance payment is received and there is no financing component. No discounts or returns are offered for alcoholic beverages.	Revenue is recognized when the goods are dispatched from the Company's warehouse.	Revenue for alcoholic beverages was recognised when the goods were dispatched from the Company's warehouse.

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<p>Liquor - Non-Alcoholic beverages</p>	<p>Customer obtain control of non-alcoholic beverages when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Advance payment is received and there is no financing component. Discounts are offered to customers based on rates approved in the agreement by the National sales manager.</p> <p>Some contracts permit the customer to return items. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.</p>	<p>Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.</p> <p>For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.</p>	<p>Revenue was recognised when the goods were delivered to customer’s premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred, provided that a reasonable estimate of the returns could be made. If a reasonable estimate could not be made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made.</p>
<p>Glass products</p>	<p>Customers obtain control of glass products when the goods are dispatched from the Company’s warehouse. Invoices are generated and revenue is recognised at that point in time. Advance payment is received and there is no financing component. Discounts are offered to customers based on approved rates. Some contracts permit the customers to return items. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.</p>	<p>Revenue is recognised when the goods are dispatched from the Company’s warehouse.</p>	<p>Revenue for glass products was recognised when the goods were dispatched from the Company’s warehouse which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred, provided that a reasonable estimate of the returns could be made. If a reasonable estimate could not be made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made.</p>

Murree Brewery Company Limited

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For the year ended 30 June 2019

Tops - Local sales	Customers obtain control of tops products when the goods are delivered to the customer's premises. Invoices are generated at the end of the day when cash is collected from the salesman and revenue is recognised at that point in time. Sales are made on cash basis, however, some contracts allow credit and there is no financing component. Discounts are offered to customers based on approved rates. Some contracts permit the customers to return items. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.	Revenue is recognised when the goods are delivered to the customer's premises.	Revenue was recognised when the goods were delivered to customer's premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred, provided that a reasonable estimate of the returns could be made. If a reasonable estimate could not be made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made.
Tops - Sales to distributors, institutions and departments (Tops transporter)	Customers obtain control of tops products when the goods are delivered to the customer's premises. Invoices are generated at that point in time which are usually payable within 45 days and revenue is recognised at that point in time. Some contracts allow credit and there is no significant financing component. Discounts are offered to customers based on approved rates. Some contracts permit the customers to return items. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.	Revenue is recognised when the goods are delivered to the customer's premises.	Revenue was recognised when the goods were delivered to customer's premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred, provided that a reasonable estimate of the returns could be made. If a reasonable estimate could not be made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made.

Murree Brewery Company Limited

Notes to the Financial Statements

For the year ended 30 June 2019

<p>Tops - Sales to distributors, institutions and departments (Customer transporter)</p>	<p>Customers obtain control of tops products when the goods are loaded to the customer's vehicle. Invoices are generated at that point in time which are usually payable within 45 days and revenue is recognised at that point in time. Some contracts are allowed credit upto Rs. 300,000 and there is no significant financing component. Discounts are offered to customers based on approved rates. Some contracts permit the customers to return items. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.</p>	<p>Revenue is recognised when the goods are loaded to the customer's vehicle.</p>	<p>Revenue was recognised when the goods were loaded to the customer's vehicle, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred, provided that a reasonable estimate of the returns could be made. If a reasonable estimate could not be made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made.</p>
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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.

4.16.1 Transaction price allocated to remaining performance obligations

The Company applies the practical expedient as per paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

4.16.2 Contract assets

The contract assets primarily relate to the Company's rights to consideration for sale of goods provided these are not yet billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional.

4.16.3 Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

Murree Brewery Company Limited

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For the year ended 30 June 2019

4.16.4 Contract costs

(i) Costs to obtain a contract – Incremental costs of obtaining a contract i.e., sales commission paid to third parties are accounted for as contract costs and are transferred to profit or loss account based on the systematic pattern of revenue. The Company capitalizes such costs if revenue relating to such contract has not been recognized and the Company expects to recover such costs.

(ii) Costs to full fill a contract – Costs that relate directly to a contract and are specifically identified, generate or enhance resources of the entity and are expected to be recovered i.e., direct transportation and insurance costs are accounted for as contract costs and are transferred to profit or loss account based on the systematic pattern of revenue. The Company capitalizes such costs if revenue relating to such contract has not been recognized.

4.17 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. Cash and cash equivalents are carried in the statement of financial position at amortised cost.

4.18 Foreign currency transactions

Transactions in foreign currencies are translated in PKR (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into PKR at the rates of exchange approximating those prevalent at the date of statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

4.19 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.

4.20 Finance income and finance cost

Finance income includes interest income on funds invested. Markup / interest income is recognised as it accrues in the statement of profit or loss, using the effective interest rate method.

Finance cost comprises interest expense on borrowings and bank charges. Finance expenses are recognised using the effective interest rate method. Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss.

4.21 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.

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For the year ended 30 June 2019

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.

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.

4.22 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.

4.23 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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For the year ended 30 June 2019

5 CHANGE IN SIGNIFICANT ACCOUNTING POLICY - IFRS 9 'FINANCIAL INSTRUMENTS'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Company has adopted IFRS 9 by taking cumulative effect of initially applying IFRS 9 'Financial Instruments' to the opening retained earnings at the beginning of annual reporting period i.e. 01 July 2018. In choosing the transition method for IFRS 9, the Company has taken advantage of exemption allowed from IFRS 9 from restating prior period in respect of IFRS 9's classification and measurement including impairment requirement.

As a result of adoption of IFRS 9 the Company has adopted consequential amendments to IAS 1 'Presentation of Financial Statements', which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss. Previously, the Company's approach was to include the impairment of trade debts in 'Administrative expenses'. Consequently the Company reclassified impairment losses amounting to Rs. 7.96 million, recognised under IAS 39, from 'Administrative expenses' to 'Impairment loss on trade debts in statement of profit or loss for the year ended 30 June 2018.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

The following table summarises the impact of transition to IFRS 9 on the opening balance of retained earnings.

Retained earnings	Impact of adopting IFRS 9 at 01 July 2018 (Rupees)
Recognition of expected credit losses under IFRS 9	2,596
Related tax	(753)
Impact at 01 July 2018	1,843

5.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 4.6.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 01 July 2018.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (Rs. '000)	New carrying amount under IFRS 9 (Rs. '000)
Shares of listed companies	Fair value through profit and loss	Fair value through profit and loss	321	321
Mutual funds	Fair value through profit and loss	Fair value through profit and loss	1,243,203	1,243,203
Long term advances	Loans and receivables	Amortised cost	10,894	10,894
Long term investments	Held to maturity	Amortised cost	533,730	533,730
Long term deposits	Loans and receivables	Fair value through profit and loss	26,518	26,518
Trade debts	Loans and receivables	Amortised cost	26,058	26,058
Advances prepayments and other receivables	Loans and receivables	Amortised cost	16,813	16,813
Cash and bank balances	Loans and receivables	Amortised cost	1,998,714	1,998,714
Total financial asset			3,856,251	3,856,251

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For the year ended 30 June 2019

Financial liabilities	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Finance lease liabilities	Amortised cost	Amortised cost	7,988	7,988
Trade and other payables	Amortised cost	Amortised cost	539,505	539,505
Unpaid dividend	Amortised cost	Amortised cost	51,739	51,739
Unclaimed dividend	Amortised cost	Amortised cost	131,316	131,316
Total financial liabilities			730,548	730,548

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 01 July 2018:

Financial Asset amortized Cost	IAS 39 carrying amount as on 30 June 2018	Remeasurement	IFRS 9 carrying amount as on 1 July 2018
		(Rs. '000)	
Shares of listed companies			
Brought forward : FVTPL	321	-	
Remeasurement		-	
Carry forward : FVTPL			321
Mutual funds			
Brought forward : FVTPL	1,243,203	-	
Remeasurement		-	
Carry forward : FVTPL			1,243,203
Long term advances			
Brought forward : Loans and receivables	10,894	-	
Remeasurement		-	
Carry forward : Amortized cost			10,894
Long Term Investment			
Brought forward : Held to maturity	533,730	-	
Remeasurement		-	
Carry forward : Amortized cost			533,730
Long term Deposits			
Brought forward : Loans and receivables	26,518	-	
Remeasurement		-	
Carry forward : FVTPL			26,518
Trade Debts			
Brought forward : Loans and receivables	26,058	-	
Remeasurement		(2,596)	
Carry forward : Amortized cost			23,462
Advances prepayments and other receivables			
Brought forward : Loans and receivables	16,813	-	
Remeasurement		-	
Carry forward : Amortized cost			16,813
Cash and bank balances			
Brought forward : Loans and receivables	1,998,714	-	
Remeasurement		-	
Carry forward : Amortized cost			1,998,714
Total Amortized Cost	3,856,251	(2,596)	3,853,655

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5.2 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and contract assets but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 4.10.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 01 January 2018 results in a decrease in loss allowance for impairment as follows:

	Amount (Rs.)
Loss allowance at 30 June 2018 under IAS 39	-
Impairment recognised at 01 July 2018 on:	-
Decrease in loss allowance for trade debts	2,596
Decrease in loss allowance for other receivables	-
Loss allowance for contract assets recognised on adoption of IFRS 15	-
Loss allowance at 01 July 2018 under IFRS 9	2,596

Additional information about how the Company measures the allowance for impairment is described in Note 4.6.4.

5.3 Influence of adoption of IFRS 15 and IFRS 9 as at 01 January 2018

The impact of adoption of IFRS 15 and IFRS 9 on the statement of financial position and the statement of profit or loss is as follows:

5.3.1 Impact on Statement of Financial Position and Statement of Profit or Loss

	As on 01 July 2018			
	Balance before IFRS 9 and IFRS 15 adoption	Transition effect to IFRS 9	Transition effect to IFRS 15	
-----Rupees in (000)-----				
Assets				
Property, plant and equipment	4,846,221	-	-	4,846,221
Intangible asset	2,339	-	-	2,339
Advances for capital expenditures	266,214	-	-	266,214
Investment Properties	292,340	-	-	292,340
Long term advances	10,894	-	-	10,894
Long term investments	533,730	-	-	533,730
Long term deposits	26,518	-	-	26,518
Employee Benefit	2,240	-	-	2,240
Non Current Assets	5,980,496	-	-	5,980,496
Inventories	1,343,755	-	-	1,343,755
Trade debts	26,058	(2,596)	-	23,462
Advances, prepayments and other receivables	128,404	-	-	128,404
Short term investments	1,243,524	-	-	1,243,524
Advance tax - net	185,085	-	-	185,085
Cash and bank balances	1,998,714	-	-	1,998,714
Current Assets	4,925,540	(2,596)	-	4,922,944
Total Assets	10,906,036	(2,596)	-	10,903,440

	As on 01 July 2018			
	Balance before IFRS 9 and IFRS 15 adoption	Transition effect to IFRS 9	Transition effect to IFRS 15	
-----Rupees in (000)-----				
Liabilities				
Finance lease liabilities	1,319	-	-	1,319
Employee benefits	254,334	-	-	254,334
Deferred tax liability - net	167,456	(753)	-	166,703
Non Current Liabilities	423,109	(753)	-	422,356

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	As on 01 July 2018			
	Balance before IFRS 9 and IFRS 15 adoption	Transition effect to IFRS 9	Transition effect to IFRS 15	
-----Rupees in (000)-----				
Trade and other payables	826,069	-	(109,921)	716,148
Contract liabilities	-	-	109,921	109,921
Current portion of finance lease liabilities	6,669	-	-	6,669
Unpaid dividend	51,739	-	-	51,739
Unclaimed dividend	131,316	-	-	131,316
Current Liabilities	1,015,793	-	-	1,015,793
Total Equity	9,467,134	(1,843)	-	9,465,291
Total Equity and Liabilities	10,906,036	(2,596)	-	10,903,440

	As on 01 July 2018			
	Balance before IFRS 9 and IFRS 15 adoption	Transition effect to IFRS 9	Transition effect to IFRS 15	
-----Rupees in (000)-----				
TURNOVER				
Revenue-net	8,861,869	-	196,803	9,058,672
Cost of Sales	(5,992,619)	-	(196,803)	(6,189,422)
GROSS PROFIT	2,869,250	-	-	2,869,250
Selling and distribution expenses	(756,711)	-	-	(756,711)
Administrative expenses	(425,792)	-	(7,960)	(417,832)
Other expenses	(121,212)	-	-	(121,212)
Other income	90,021	-	-	90,021
Impairment loss on trade debts	-	-	7,960	(7,960)
	(1,213,694)	-	-	(1,213,694)
Operating profit	1,655,556	-	-	1,655,556
Finance costs	(20,134)	-	-	(20,134)
Finance income	192,446	-	-	192,446
Net finance income	172,312	-	-	172,312
Profit before tax	1,827,868	-	-	1,827,868
Income tax expense	(531,507)	-	-	(531,507)
Profit for the year	1,296,361	-	-	1,296,361

5.4 There was no cash flow impact as a result of the cumulative application of change in accounting policy. For details refer to Note 4.

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Notes to the Financial Statements
For the year ended 30 June 2019

			2019 (Rs.'000)	2018 (Rs.'000)																						
6	SHARE CAPITAL	Note																								
6.1	Authorized share capital	6.1.1	300,000	300,000																						
6.1.1	This represents 30,000,000 (2018: 30,000,000) ordinary shares of Rs. 10 each.																									
6.2	Issued, subscribed and paid up share capital																									
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%; text-align: center;">2019 Number</th> <th style="width: 25%; text-align: center;">2018 Number</th> <th style="width: 50%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">264,000</td> <td style="text-align: right;">264,000</td> <td>Ordinary shares of Rs. 10 each, fully paid in cash</td> </tr> <tr> <td style="text-align: right;">27,399,630</td> <td style="text-align: right;">22,789,025</td> <td>Ordinary shares of Rs. 10 each, issued as bonus shares</td> </tr> <tr> <td style="text-align: right;">27,663,630</td> <td style="text-align: right;">23,053,025</td> <td></td> </tr> </tbody> </table>	2019 Number	2018 Number		264,000	264,000	Ordinary shares of Rs. 10 each, fully paid in cash	27,399,630	22,789,025	Ordinary shares of Rs. 10 each, issued as bonus shares	27,663,630	23,053,025		<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">2019 (Rs.'000)</th> <th style="width: 25%; text-align: center;">2018 (Rs.'000)</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: right;">2,640</td> <td style="text-align: right;">2,640</td> </tr> <tr> <td></td> <td style="text-align: right;">273,996</td> <td style="text-align: right;">227,890</td> </tr> <tr> <td></td> <td style="text-align: right;">276,636</td> <td style="text-align: right;">230,530</td> </tr> </tbody> </table>		2019 (Rs.'000)	2018 (Rs.'000)		2,640	2,640		273,996	227,890		276,636	230,530
2019 Number	2018 Number																									
264,000	264,000	Ordinary shares of Rs. 10 each, fully paid in cash																								
27,399,630	22,789,025	Ordinary shares of Rs. 10 each, issued as bonus shares																								
27,663,630	23,053,025																									
	2019 (Rs.'000)	2018 (Rs.'000)																								
	2,640	2,640																								
	273,996	227,890																								
	276,636	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 4,460,309 (2018: 3,554,092) and 8,254,885 (2018: 6,726,821) ordinary shares of Rs.10 each respectively, at the reporting date. Further, directors hold 6,112,472 (2018: 6,089,099) ordinary shares of Rs.10 each at the reporting date.																									
6.4	Capital management																									
	The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.																									
	The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.																									
7	CAPITAL RESERVE	Note	2019 (Rs.'000)	2018 (Rs.'000)																						
	Capital reserve	7.1	30,681	30,681																						
7.1	This reserve is not available for distribution.																									
8	REVENUE RESERVES																									
	General reserve		327,042	327,042																						
	Contingency reserve		20,000	20,000																						
	Unappropriated profits	8.1	6,534,489	5,945,228																						
			6,881,531	6,292,270																						
8.1	This represents unappropriated profits which are available for distribution.																									
9	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - NET OF TAX		2019 (Rs.'000)	2018 (Rs.'000)																						
	Balance at 01 July		2,999,400	3,085,685																						
	Surplus on disposal of operating fixed assets		(11,639)	(6,705)																						
			2,987,761	3,078,980																						
	Transferred to equity in respect of incremental depreciation charged during the year:																									
	- Surplus - net of deferred tax liability		(63,710)	(55,706)																						
	- Related deferred tax liability		(26,022)	(23,874)																						
			(89,732)	(79,580)																						
	Surplus on revaluation of property, plant and equipment at 30 June		2,898,029	2,999,400																						

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Notes to the Financial Statements

For the year ended 30 June 2019

	2019 (Rs.'000)	2018 (Rs.'000)
Related deferred tax liability:		
On revaluation surplus at 01 July	(85,747)	(119,316)
On change in tax rate	(4,568)	7,683
On operating fixed assets disposed off during the year	3,375	2,012
On incremental depreciation charged during the year	26,022	23,874
	(60,918)	(85,747)
Balance at 30 June	2,837,111	2,913,653

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
	(Rs.'000)		
30 June 2019			
Less than one year	105,475	10,107	95,368
Between one and five years	90,033	3,167	86,866
	195,508	13,274	182,234
30 June 2018			
Less than one year	6,903	234	6,669
Between one and five years	1,329	10	1,319
	8,232	244	7,988

10.2 The Company has leased vehicles from financial institutions. The lease term for these arrangements is 3 years and carries markup ranging from 9.02% to 14.11% (2018: 7.51% to 9.05%) 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.

10.3 The Company has leased A3 speed packing and pasteurizing machine from Tetra Pak Pakistan Limited. The lease term for this arrangements is 3 years and carries markup at the rate of 7.14% (2018: Nil) 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.

	Note	2019 (Rs.'000)	2018 (Rs.'000)
11 EMPLOYEE BENEFITS			
Net defined benefit liability - gratuity	11.1	247,678	242,426
Net defined benefit liability - compensated leave absences		12,608	11,908
Total employee benefit liability		260,286	254,334
Net defined benefit asset - pension	11.2	21,934	2,240
11.1 Net defined benefit liability - gratuity			
The Company operates an unfunded gratuity scheme for its eligible employees.			
<i>Movement in net defined benefit liability - gratuity</i>			
Balance at 01 July		242,426	182,959
Charge for the year	11.1.2	35,751	24,907
Experience adjustments on defined benefit liability	11.1.3	142	54,849
Benefits paid		(30,641)	(20,289)
Balance at 30 June		247,678	242,426
11.1.1 Reconciliation of liability recognised in the statement of financial position			
Present value of defined benefit obligation		247,678	242,426
Net defined benefit liability		247,678	242,426

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11.1.2 Charge to profit or loss	Note	2019 (Rs.'000)	2018 (Rs.'000)
Current service cost		15,311	11,514
Interest cost		20,440	13,393
	11.1.2.1	<u>35,751</u>	<u>24,907</u>
11.1.2.1 Expense is recognized in the following line items in profit or loss:			
Cost of sales		21,920	13,643
Selling and distribution expenses		4,946	3,984
Administrative expenses		8,885	7,280
		<u>35,751</u>	<u>24,907</u>
11.1.3 Charge / (credit) to other comprehensive income			
Actuarial losses / (gains) from changes in financial assumptions		965	225
Experience adjustments on defined benefit liability		(823)	54,624
		<u>142</u>	<u>54,849</u>
11.1.4 Key actuarial assumptions			

The latest actuarial valuation was carried out, on 30 June 2019, using projected unit credit method with the following assumptions:

	Note	2019	2018
Discount rate used for interest cost in profit or loss		9.00%	7.75%
Discount rate used for reporting date liability		14.25%	9.00%
Salary increase used for reporting date liability			
Salary growth rate for 2019 and onwards		N/A	N/A
Salary growth rate for 2020 and onwards		14.25%	9.00%
Date of next expected salary increase		01 July 2019	01 July 2018
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:

	2019 Increase (Rs.'000)	2019 Decrease (Rs.'000)	2018 Increase (Rs.'000)	2018 Decrease (Rs.'000)
Discount rate	233,067	264,192	227,773	259,045
Salary increase rate	264,230	232,773	259,073	227,475

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. 51.12 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.

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- 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:

	2019 (Rs.'000)	2018 (Rs.'000)
Year 1	15,492	20,132
Year 2	35,464	25,036
Year 3	50,318	33,690
Year 4	32,869	46,500
Year 5	37,839	27,676
Year 6 to Year 10	200,333	146,864
Year 11 and beyond	2,559,944	902,223

11.1.9 Historical information

	Present value of defined benefit liability (Rs.'000)	Net liability at the reporting date (Rs.'000)
2019	247,678	247,678
2018	242,426	242,426
2017	182,959	182,959
2016	176,286	176,286
2015	113,042	113,042

11.1.10 Weighted average duration of defined benefit liability (years)

	2019	2018
	6	6

11.2 Net defined benefit asset pension

The Company operates a funded pension scheme for its eligible employees.

Movement in net defined benefit asset pension

	2019 (Rs.'000)	2018 (Rs.'000)
Balance at 01 July	(2,240)	6,049
Charge for the year	947	1,681
Remeasurement gain recognized in other comprehensive income	(15,402)	(5,438)
Contributions by the Company	(5,239)	(4,532)
Balance at 30 June	(21,934)	(2,240)

11.2.1 The amount recognized in the statement of financial position is as follows

	2019	2018
Present value of defined plan liability	33,692	44,497
Fair value of defined plan assets	(55,626)	(46,737)
Net defined benefit asset	(21,934)	(2,240)

11.2.2 The movement in the present value of defined plan liability is as follows

	2019	2018
Present value of defined benefit liability at 01 July	44,497	45,585
Current service cost	1,385	1,388
Interest cost	3,917	3,460
Benefits paid during the year	(1,945)	(1,879)
Remeasurement gain	(14,162)	(4,057)
Present value of net defined benefit liability at 30 June	33,692	44,497

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		2019 (Rs.'000)	2018 (Rs.'000)
11.2.3	The movement in the fair value of defined plan assets is as follows		
	Fair value of plan assets at 01 July	46,737	39,536
	Contributions paid into the plan	5,239	4,532
	Expected return on plan assets	4,355	3,167
	Benefits paid by the plan	(1,945)	(1,879)
	Remeasurement gain	1,240	1,381
	Fair value of plan assets at 30 June	<u>55,626</u>	<u>46,737</u>
	11.2.5		
11.2.4	Expense recognized in profit or loss		
	Current service cost	1,385	1,388
	Interest cost on defined benefit plan	(4,355)	3,460
	Interest income on plan assets	3,917	(3,167)
		<u>947</u>	<u>1,681</u>
11.2.5	Plan assets comprise of		
	Units in open end funds	13,255	12,589
	Defence saving certificates	41,908	32,170
	Cash at banks	463	1,978
		<u>55,626</u>	<u>46,737</u>
11.2.6	(Credit) / charge to other comprehensive income		
	Actuarial gains from changes in financial assumptions	(13,551)	(4,474)
	Experience adjustments on defined benefit asset	(611)	417
	Remeasurement gain	(1,240)	(1,381)
		<u>(15,402)</u>	<u>(5,438)</u>
11.2.7	Key actuarial assumptions	<u>2019</u>	<u>2018</u>
	Discount rate used for interest cost in profit or loss	9.00%	7.75%
	Discount rate used for reporting date asset	14.25%	9.00%
	Salary increase used for reporting date asset		
	Salary growth rate for 2019	N//A	N/A
	Salary growth rate for 2020 and onwards	14.25%	9.00%
	Next expected salary increase	01 August 2019	01 August 2018
	Mortality rate	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 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:		
		2019 Increase (Rs.'000)	2019 Decrease (Rs.'000)
		2018 Increase (Rs.'000)	2018 Decrease (Rs.'000)
	Discount rate	<u>30,563</u>	<u>37,382</u>
	Salary increase rate	<u>35,293</u>	<u>32,242</u>
		<u>46,733</u>	<u>42,484</u>
11.2.10	Risks associated with defined benefit asset - 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.		

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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.

	2019	2018
11.2.11 Weighted average duration of defined benefit asset (years)	10	7

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.

	Note	2019 (Rs.'000)	2018 (Rs.'000)
12 DEFERRED TAX LIABILITY - NET			
Deferred tax liability - net	12.1	221,529	167,456

12.1 Movement in deferred tax liability - net

	Net balance at 01 July	Profit or loss (Note 37)	Recognized in Other compre- hensive income (Rs.'000)	Equity	Net balance at 30 June
2019					
Taxable temporary differences					
Property, plant and equipment and intangible assets	155,678	130,760	-	-	286,438
Revaluation surplus on property, plant and equipment	85,747	(24,829)	-	4,568	65,486
Net defined benefit asset - pension	560	1,334	4,466	-	6,360
	241,985	107,265	4,466	4,568	358,284
Deductible temporary differences					
Loss allowance for ECL on trade debts	-	(881)	-	-	(881)
Net defined benefit liability - gratuity	(60,608)	(11,178)	(41)	-	(71,827)
Provision for slow moving inventories	(11,619)	420	-	-	(11,199)
Finance lease liabilities	(2,302)	(50,546)	-	-	(52,848)
	(74,529)	(62,185)	(41)	-	(136,755)
Effect of adoption of IFRS 9	(753)	753	-	-	-
	166,703	45,833	4,425	4,568	221,529
2018					
Taxable temporary differences					
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
Deductible temporary differences					
Loss allowance for ECL on trade debts	(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

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13	TRADE AND OTHER PAYABLES	Note	2019 (Rs.'000)	2018 (Rs.'000)
	Payable to contractors and suppliers		328,409	344,526
	Accrued liabilities	13.1	84,380	87,897
	Security deposits	13.1	22,325	19,877
	Payable to Workers' (Profit) Participation Fund (WPPF)	13.2	130,853	60,594
	Payable to Workers' Welfare Fund (WWF)	13.3	19,929	34,682
	Withholding tax payable		3,774	1,731
	Sales tax payable - net		22,973	16,969
	Excise duty payable		20,606	4,116
	Export duty payable on PMFL and beer		110,821	110,821
	Zila tax payable		6,818	6,871
	Unearned income		1,862	1,453
	Other payables		30,556	26,611
			<u>783,306</u>	<u>716,148</u>
			2019 (Rs.'000)	2018 (Rs.'000)
13.1	Security deposits	Note		
	Security deposits	13.1.1	<u>22,325</u>	<u>19,877</u>
13.1.1	These represent unutilizable amounts received as security deposits from dealers and suppliers of the Company. Out of this an amount of Rs. 17.92 million (2018: Rs. 11.29 million) is kept in a separate bank account.			
			2019 (Rs.'000)	2018 (Rs.'000)
13.2	Payable to Workers' (Profit) Participation Fund (WPPF)	Note		
	Balance at 01 July		60,594	106,756
	Interest on funds utilised in the Company's business	35	-	15,974
	Charge for the year	33	89,744	84,073
	Payments to the Fund during the year		(19,485)	(146,209)
	Balance at 30 June		<u>130,853</u>	<u>60,594</u>
13.3	Payable to Workers' Welfare Fund (WWF)			
	Balance at 01 July		34,682	29,510
	Charge for the year	33	21,804	34,682
	Adjustments claimed against income tax	27	(36,557)	(29,510)
	Balance at 30 June		<u>19,929</u>	<u>34,682</u>
14	CONTRACT LIABILITIES			
	Contract liabilities	14.1	<u>121,090</u>	<u>109,921</u>
14.1	These represent unused advances from customers against delivery of goods.			
15	CONTINGENCIES AND COMMITMENTS			
(a)	Contingencies:			
15.1	Letter of guarantee issued by banks on behalf of the Company	15.1.1	<u>126,931</u>	<u>80,931</u>
15.1.1	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.			
15.1.2	For details of security against bank guarantees, refer note 28.5 (b) and (c) to these financial statements.			

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(b) Litigations

- 15.2 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. 217.09 million (2018: Rs. 167.06 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.
- 15.3 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 Honorable 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. 136.12 million (2018: Rs. 102.09 million) in financial statements as the management, based on legal opinion, is confident that the eventual decision will be in favour of the Company.
- 15.4 The Company, along-with several other bottling / beverage companies, is involved in litigation arising from a suomoto notice of the Honorable Supreme Court of Pakistan (case no 26 of 2018) regarding use of ground / surface water. The Company has contested this decision of Honorable Supreme Court and has filed a review petition through its legal counsel. Further, the Company has received notice from Government of Khyber Pakhtunkhwa on account of water charges. The Company has filed writ petition in Peshawar High Court and the Court has granted stay order against recovery of billed amounts. Further more, due to administrative matters, quantification of extraction of water cannot be reliably estimated to determine the amounts that could eventually become due incase the verdict is against the Company which is highly unlikely.

Since the matters are pending before the Honorable Superior Courts, no provision has been made in these financial statements as the management, based on legal opinion, is confident that the eventual decision will be in favour of the Company in both the above cases.

- 15.5 For contingencies related to tax matters, refer note 37.

(c) Commitments:	Note	2019 (Rs.'000)	2018 (Rs.'000)
Outstanding letter of credits including capital expenditure	15.6	143,972	293,345
<i>Capital expenditure contracts</i>			
- Machinery		82,526	321,718
- Civil works		-	23,721
Others		61,446	19,231
15.6 For details of security against Letter of Credits, refer to note 28.5 (b), (c) and (d).			
16 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	5,226,194	4,635,033
Capital work in progress (CWIP)	16.2	169,848	211,188
		<u>5,396,042</u>	<u>4,846,221</u>

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16.1 Operating fixed assets

Reconciliation of carrying amounts

	Owned					Leased			Total
	Freehold land (Note 16.1.1 & 16.1.2)	Buildings on freehold land (Note 16.1.2)	Plant, machinery and equipment (Note 16.1.2)	Furniture, fixtures, computers and equipment	Motor vehicles	Leasehold land (Note 16.1.2)	Plant, machinery and equipment (Note 16.1.2)	Motor vehicles	
(Rs.'000)									
Cost / revalued amount									
Balance at 01 July 2017	2,726,139	363,944	2,101,529	21,307	101,321	42,505	-	36,893	5,393,638
Additions	-	27,089	145,790	2,150	18,842	-	-	-	193,871
Transfers from CWIP (note 16.2)	-	14,243	214,484	-	-	-	-	-	228,727
Disposals	-	-	(107,031)	(36)	(5,838)	-	-	-	(112,905)
Balance at 30 June 2018	2,726,139	405,276	2,354,772	23,421	114,325	42,505	-	36,893	5,703,331
Balance at 01 July 2018	2,726,139	405,276	2,354,772	23,421	114,325	42,505	-	36,893	5,703,331
Additions	-	46,113	49,484	803	10,253	-	298,128	5,756	410,537
Transfers from leased assets	-	-	-	-	2,640	-	-	(2,640)	-
Transfers from CWIP (note 16.2)	-	39,565	512,422	-	-	-	-	-	551,987
Disposals	-	-	(36,352)	(68)	(11,568)	-	-	-	(47,988)
Balance at 30 June 2019	2,726,139	490,954	2,880,326	24,156	115,650	42,505	298,128	40,009	6,617,867
Accumulated depreciation									
Balance at 01 July 2017	-	91,855	715,952	16,420	75,591	-	-	8,616	908,434
Depreciation (note 16.1.3)	-	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
Balance at 01 July 2018	-	119,756	831,150	17,999	83,399	-	-	15,994	1,068,298
Depreciation (note 16.1.3)	-	36,137	268,113	1,615	12,709	-	29,813	6,091	354,478
Disposals	-	-	(23,735)	(47)	(7,321)	-	-	-	(31,103)
Balance at 30 June 2019	-	155,893	1,075,528	19,567	88,787	-	29,813	22,085	1,391,673
Carrying amounts									
At 30 June 2018	2,726,139	285,520	1,523,622	5,422	30,926	42,505	-	20,899	4,635,033
At 30 June 2019	2,726,139	335,061	1,804,798	4,589	26,863	42,505	268,315	17,924	5,226,194
Depreciation rates per annum	-	5-10%	10-20%	10-33%	20%	-	10%	20%	

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16.1.1 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.

16.1.2 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	401,944	(117,641)	284,303
Plant, machinery and equipment	3,179,754	(1,265,945)	1,913,809
	3,662,375	(1,383,586)	2,278,789
2019			
2018	2,749,742	(1,171,357)	1,578,385
	Note	2019 (Rs.'000)	2018 (Rs.'000)
16.1.3 Depreciation charge has been allocated as follows:			
Cost of sales	30	324,111	236,734
Selling and distribution expenses	31	3,994	3,712
Administrative expenses	32	26,373	21,820
		354,478	262,266

16.1.4 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.

16.1.5 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	Manufacturing facility	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 Lohiyawala, 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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16.1.6 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	Note	Cost / revalued amount	Carrying amount	Sale proceeds	(Loss) / gain	Purchasers	Relation with Company / Director
(Rs. '000)							
Vehicles							
Suzuki Cultus	16.1.6.1	1,228	588	830	242	Mr. Muhammad Ali	Employee
Honda Car	16.1.6.1	2,594	1,037	1,593	556	Mr. Arshad Zaheer	Employee
Honda City	16.1.6.1	1,568	628	943	315	Mr. Khuram Bashir	Employee
Honda Civic	16.1.6.1	2,592	1,038	1,611	573	Mr. Shahid Insha	Employee
Plant and machinery							
Crown Filler Machine	16.1.6.2	20,935	6,975	453	(6,522)	M/s Pak Tool	Independent Party
Rinser/Filler/Capper 3-In-1 Combined	16.1.6.2	1,895	727	245	(482)	M/s Ejaz Engineering / Baba Metal Scrap	Independent Party
Filler/Capper For Pet Plant	16.1.6.2	2,954	1,342	203	(1,139)	M/s Ejaz Engineering	Independent Party
Boiler 6.0 Ton	16.1.6.2	4,313	1,967	3,500	1,533	M/s Pak Traders	Independent Party
Aggregate value of other items with individual book value not exceeding Rs. 500,000		9,909	2,582	2,872	290	Multiple	
2019		47,988	16,884	12,250	(4,634)	Also refer note 34	
2018		112,905	10,503	34,303	23,800	Also refer note 34	

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

16.1.6.2 These disposals have been made through tenders.

16.2	Capital work in progress (CWIP)	Note	2019 (Rs.'000)	2018 (Rs.'000)
	Balance at 01 July		211,188	190,298
	Additions		510,647	249,617
			721,835	439,915
	<i>Transferred to operating fixed assets:</i>			
	Buildings on freehold land	16.1	(39,565)	(14,243)
	Plant, machinery and equipment	16.1	(512,422)	(214,484)
			(551,987)	(228,727)
	Balance at 30 June	16.2.1	169,848	211,188
16.2.1	Breakup of capital work in progress at the reporting date is as follows:			
	Plant and machinery		169,283	171,058
	Civil works		565	40,130
			169,848	211,188
17	INTANGIBLE ASSET			
	Computer software	17.1	1,820	2,339
17.1	Reconciliation of carrying amounts			
	Cost			
	Balance at 01 July		2,595	-
	Additions		-	2,595
	Balance at 30 June		2,595	2,595
	Accumulated amortization			
	Balance at 01 July		256	-
	Amortization	32	519	256
	Balance at 30 June		775	256
	Carrying value		1,820	2,339
	Rate of amortization per annum		20%	20%

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

18	ADVANCES FOR CAPITAL EXPENDITURES	Note	2019 (Rs.'000)	2018 (Rs.'000)
	Advances for civil works		45,192	42,890
	Advances for purchase of fixed assets		10,273	182,266
	Advances for purchase of leased assets		-	41,058
			<u>55,465</u>	<u>266,214</u>

19 INVESTMENT PROPERTIES

19.1 Reconciliation of carrying amount:

Balance at 01 July		292,340	288,149
Change in fair value	34	<u>32,776</u>	<u>4,191</u>
Balance at 30 June	19.1.1	<u>325,116</u>	<u>292,340</u>

19.1.1 The investment property represents lands and buildings held for capital appreciation and to earn rental income. On 30 June 2019, 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.

19.2 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	126,198
2) Office Suite 509, 5th Floor, ISE Tower, Blue Area, Islamabad	1,348	30,536
3) Office 411, Fourth Floor, The Forum, Block 9, Clifton, Karachi	1,038	23,999
4) NBP Building, Murree Brewery Estate, National Park Road, Islamabad	1,487	3,388
5) House no. 20, St no. 37, Sector F-7/1, Islamabad	5,999	<u>92,228</u>
		<u>276,349</u>

19.3 Measurement of fair values

19.3.1 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.

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

20	LONG TERM ADVANCES - Secured	Note	2019 (Rs.'000)	2018 (Rs.'000)
	To employees		12,891	16,373
	Less: Due within one year, shown under current assets	25	<u>(1,556)</u>	<u>(5,479)</u>
			<u>11,335</u>	<u>10,894</u>

20.1 These advances carry interest at 11% (2018: 11%) per annum and are repayable in periods up to three years. Loan amounting to Rs. 1,500,000 has been extended to executives during the year (2018: Nil). These advances have been given in accordance with the Company's policy for the purchase of vehicle. These advances are secured against the ownership of vehicle.

21	LONG TERM INVESTMENTS	Note	2019 (Rs.'000)	2018 (Rs.'000)
	<i>Amortised cost / Held to maturity</i>			
	Pakistan Investment Bonds (PIBs)	21.1	<u>531,717</u>	<u>533,730</u>

21.1 This represents investment in Pakistan Investment Bonds (PIBs) having face value of Rs. 500 million (2018: Rs. 500 million). These PIBs carry a coupon rate of 8.75% (2018: 8.75%) per annum with profit payable on a half yearly basis. The maturity date of PIBs is 21 April 2026.

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22	LONG TERM DEPOSITS	Note	<u>2019</u> <u>(Rs.'000)</u>	<u>2018</u> <u>(Rs.'000)</u>
	Long term deposits	22.1	<u>31,711</u>	<u>26,518</u>
22.1	These represent deposits maintained with the utility companies. These are unsecured, interest free and refundable on termination of services.			
23	INVENTORIES	Note	<u>2019</u> <u>(Rs.'000)</u>	<u>2018</u> <u>(Rs.'000)</u>
	<i>Stores, spare parts and loose tools</i>			
	Stores		140,736	114,250
	Spare parts and loose tools		<u>55,066</u>	<u>45,169</u>
			<u>195,802</u>	<u>159,419</u>
	<i>Stock in trade</i>			
	Raw material		1,052,859	791,133
	Work in process		75,748	66,755
	Stock under maturation - WIP	23.1	125,528	173,067
	Finished goods		146,790	197,215
	Finished goods in transit		<u>10,095</u>	<u>2,641</u>
			<u>1,411,020</u>	<u>1,230,811</u>
	<i>Less: provision for slow moving inventories</i>	23.2	<u>(38,618)</u>	<u>(46,475)</u>
			<u>1,568,204</u>	<u>1,343,755</u>
23.1	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.			
23.2	Movement in provision for slowing moving inventories	Note	<u>2019</u> <u>(Rs.'000)</u>	<u>2018</u> <u>(Rs.'000)</u>
	Balance at 01 July		46,475	20,364
	Provision for slow moving inventories	32	<u>(7,857)</u>	<u>26,111</u>
	Balance at 30 June		<u>38,618</u>	<u>46,475</u>
24	TRADE DEBTS - Unsecured			
	Considered good		17,600	26,058
	Considered doubtful		-	-
			<u>17,600</u>	<u>26,058</u>
	<i>Less: loss allowance for expected credit losses</i>	24.1	<u>(3,037)</u>	<u>-</u>
			<u>14,563</u>	<u>26,058</u>
24.1	Loss allowance for expected credit losses			
	Balance at 01 July		-	-
	Effect of impairment as per IFRS 9:			
	Life time expected credit loss		1,857	-
	Credit impaired trade debts		739	-
	Impact on retained earnings on initial application of IFRS 9		<u>2,596</u>	<u>-</u>
	Net remeasurement of loss allowance		441	7,960
	Credit impaired trade debts written off		-	(7,960)
	Balance at 30 June		<u>3,037</u>	<u>-</u>

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			2019 <u>(Rs.'000)</u>	2018 <u>(Rs.'000)</u>
24.2	The age analysis of trade debts, at the reporting date, is as follows:	Note		
	Past due			
	-upto 3 months		14,612	14,817
	-upto 3 to 6 months		2,964	9,680
	-upto 6 to 12 months		3	1,110
	-more than one year		21	451
			<u>17,600</u>	<u>26,058</u>
25	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances to employees - unsecured		21,269	10,231
	Current portion of long term advances - secured	20	1,556	5,479
	Advances to suppliers - unsecured		345,790	97,437
	Prepayments		74,627	14,154
	Other receivables		1,487	1,103
			<u>444,729</u>	<u>128,404</u>
26	SHORT TERM INVESTMENTS			
26.1	Investments at fair value through profit or loss - Held for trading			
	Shares of listed companies		6	321
	Mutual funds	26.2	1,337,173	1,243,203
			<u>1,337,179</u>	<u>1,243,524</u>
26.2	These represent funds invested in 76.75 million (2018: 83.77 million) units of mutual funds having market value ranging from Rs. 9.87 to 503.12 (2018: Rs. 10.53 to 106.22) per unit.			
27	ADVANCE TAX - NET	Note	2019 <u>(Rs.'000)</u>	2018 <u>(Rs.'000)</u>
	Tax refundable at 01 July		185,085	206,136
	Provision for tax - current	37	(394,055)	(551,337)
	Income tax paid during the year		563,329	559,796
	Income tax adjusted against Workers' Welfare Fund	13.2	(36,557)	(29,510)
	Tax refundable at 30 June		<u>317,802</u>	<u>185,085</u>

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28 CASH AND BANK BALANCES	Note	2019 (Rs.'000)	2018 (Rs.'000)
Cash in hand		21,790	16,974
Cash in transit		19,809	-
Banking instrument in hand	28.1	150,000	-
Cash at banks:			
- local currency current accounts		934,634	718,245
- local currency deposit accounts	28.2	518,122	1,225,922
- foreign currency deposit account	28.3	50,097	37,573
		1,502,853	1,981,740
	28.4	1,694,452	1,998,714

28.1 These represent call deposit receipts in the name of the Company.

28.2 These carry interest ranging from 5.64% to 11.62% (2018: 4.0% to 5.64%) per annum.

28.3 This carries interest at the rate of 0.35% per annum (2018: 0.25% per annum). Also refer note 42.9.1.

28.4 This includes an amount of Rs. 100 million (2018: Rs. 100 million) deposited with Askari Bank Limited as security against letter of guarantee facility. Also refer note 28.5 (c).

28.5 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 (2018: Rs. 35 million) from Bank Alfalah Limited, Rawalpindi. This facility was available till 30 June 2019 which has subsequently been renewed till 30 June 2020. This carries mark up at the rate of 6 months' KIBOR plus 1% (2018: 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 (2018: Rs. 75 million).
- (b) Facilities of letters of guarantee and letters of credit amounting to Rs. 10 million (2018: Rs. 10 million) and Rs. 450 million (2018: Rs. 450 million) from Bank Alfalah Limited respectively were available to the Company till 31 July 2019 which have subsequently been renewed till 30 June 2020. 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.
- (c) Facilities of letters of guarantee, shipping guarantee and letters of credit amounting to Rs. 100 million (2018: Rs. 100 million), Rs. 50 million (2018: 50 million) and Rs. 200 million (2018: Rs. 200 million) from Askari Bank Limited respectively are available to the Company till 31 October 2019. Facilities of letters of guarantee, shipping guarantee and letters of credit are secured against 100% cash margin and lien on import documents.
- (d) 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 2019. This facility is secured against lien over valid import documents.
- (e) Facility of letter of credit amounting to Rs. 200 million with sublimit of letter of guarantee of Rs 50 million (2018: Nil) is available from United Bank Limited This facility is available till 30 June 2020. This facility is secured against lien over valid import documents and lien over mutual fund units with amounting to Rs 50 million with UBL Funds.

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		2019 (Rs.'000)	2018 (Rs.'000)
29 NET TURNOVER			
Revenue from contract with customers		15,201,841	13,838,878
Sales tax		(3,023,787)	(2,753,307)
Federal and provincial excise duty		(2,014,774)	(1,898,724)
Trade discounts		(179,988)	(128,175)
		9,983,292	9,058,672
29.1 Disaggregation of revenue from contracts with customers			
In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.			
		2019 (Rs.'000)	2018 (Rs.'000)
<i>Primary geographical markets</i>			
Punjab		6,259,504	5,830,092
Sindh		5,960,967	5,254,741
Khyber Pakhtunkhwa		1,398,752	1,357,471
Balochistan		1,092,438	956,387
Islamabad Capital Territory		368,780	328,042
Others		121,400	112,145
		15,201,841	13,838,878
<i>Major products/service lines</i>			
Pakistan Made Foreign Liquor (PMFL)		6,014,504	5,462,918
Beer		2,682,103	2,464,328
Non alcoholic beverages and products		3,915,450	3,553,107
Tetrapak juices		1,312,461	1,116,800
Juices NR		540,147	458,337
Sparkletts bottled drinking water		527,582	469,573
Glass products		117,965	219,456
Other finished goods		91,629	94,359
		15,201,841	13,838,878
<i>Timing of revenue recognition</i>			
Products transferred at a point in time		15,201,841	13,838,878
29.2	Revenue amounting to Rs. 109,921 included in the opening contract liability balance has been recognized during the year.		
		2019 (Rs.'000)	2018 (Rs.'000)
30 COST OF SALES	Note		
Raw materials consumed	30.1	5,179,988	4,541,556
Stores and spares consumed		203,155	164,875
Fuel and power		518,016	440,283
Salaries, wages and other benefits	30.2	498,522	441,603
Repairs and maintenance		90,757	82,120
Depreciation	16.1.3	324,111	236,734
Cost to fulfill a contract - transportation		262,304	196,803
Other manufacturing expenses		77,651	65,982
		7,154,504	6,169,956
Work in process including stock under maturation			
Opening stock at 01 July		239,822	293,540
Closing stock at 30 June		(201,276)	(239,822)
		38,546	53,718
Cost of goods manufactured			
Finished goods including goods in transit			
Opening stock at 01 July		199,856	165,604
Closing stock at 30 June		(156,885)	(199,856)
		42,971	(34,252)
		7,236,021	6,189,422
30.1 Raw materials consumed			
Opening stock at 01 July		791,133	929,404
Purchases		5,441,714	4,403,285
Closing stock at 30 June		(1,052,859)	(791,133)
		5,179,988	4,541,556
30.2	This includes staff retirement benefits amounting to Rs. 21.92 million (2018: Rs. 13.64 million).		

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31	SELLING AND DISTRIBUTION EXPENSES	Note	2019 (Rs.'000)	2018 (Rs.'000)
	Salaries, wages and other benefits	31.1	135,243	128,909
	Advertisement and publicity		173,169	144,302
	Selling expenses		127,545	71,615
	Incremental cost of obtaining a contract - sales commission		137,708	101,082
	Samples		22,423	23,066
	Sales promotion		12,110	11,775
	Freight		87,947	75,892
	Depreciation	16.1.3	3,994	3,712
	Service charges and commission to D.P. Edulji & Co. (Private) Limited, a related party	44	158,116	99,507
	Rent of vehicles		40,434	38,202
	Others		40,692	58,649
			<u>939,381</u>	<u>756,711</u>
31.1	This includes staff retirement benefits amounting to Rs. 4.95 million (2018: Rs. 3.98 million).			
32	ADMINISTRATIVE EXPENSES			
	Salaries, wages and other benefits	32.1	224,469	232,772
	Travelling and conveyance		8,123	7,506
	Printing and stationery		10,608	9,391
	Repairs and maintenance		17,926	14,658
	Fuel and power		30,399	19,561
	Directors' fees and travelling		3,766	4,380
	Communication		8,493	8,257
	Entertainment		6,817	7,251
	Legal and professional		10,149	11,690
	Security		22,158	22,010
	Donations	32.2	4,970	3,206
	(Reversal) / provision for slow moving inventories	23.2	(7,857)	26,111
	Insurance		9,341	5,130
	Rent, rates and taxes		15,858	16,155
	Income tax surcharge		-	1,912
	Depreciation	16.1.3	26,373	21,820
	Amortization	17.1	519	256
	Others		4,530	5,766
			<u>396,642</u>	<u>417,832</u>
32.1	This includes staff retirement benefits amounting to Rs. 9.84 million (2018: Rs. 8.96 million).			
32.2	Donations include Rs. 1.50 million (2018: Rs. 1.50 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.			
33	OTHER EXPENSES			
	Workers' (Profit) Participation Fund (WPPF)	13.1	89,744	84,073
	Workers' Welfare Fund (WWF)	13.2	21,804	34,682
	Auditors' remuneration	33.1	1,980	1,280
	Other certifications		1,432	-
	Internal audit fee		1,732	1,177
			<u>116,692</u>	<u>121,212</u>

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	Note	2019 (Rs.'000)	2018 (Rs.'000)
33.1 Auditors' remuneration			
Audit services			
Annual audit fee		990	915
Half yearly audit fee		212	182
Out of pocket expenses		75	50
		1,277	1,147
Non audit services			
Certification for regulatory purposes		678	122
Out of pocket expenses		25	11
		703	133
		1,980	1,280
33.2 Other expenses are not directly attributable to segments. For details, refer note 4.22.			
34 OTHER INCOME			
(Loss) / gain on disposal of operating fixed assets	16.1.6	(4,634)	23,800
Gain on remeasurement of investment property to fair value	19.1	32,776	4,191
Rental income		12,688	14,291
Sale of by-products / scrap sales		12,556	15,367
Insurance claim		-	3,550
Refund of regulatory fees		-	14,800
Others		53,834	14,022
		107,220	90,021
34.1 Other income is not directly attributable to segments. For details, refer note 4.19.			
35 FINANCE COSTS			
Finance charge on leased assets		14,802	997
Bank charges		1,294	2,223
Interest on Workers' (Profit) Participation Fund (WPPF)	13.1	-	15,974
Bank guarantee commission		957	940
		17,053	20,134
36 FINANCE INCOME			
Income from financial assets:			
Interest on advances		409	300
Interest on PIBs		40,610	40,743
Return on deposit accounts		111,274	81,443
Dividend income		124,460	3,151
Gain on sale of investments		463	29,366
Unrealized (loss) / gain on remeasurement of short term investments		(11,103)	32,745
Exchange gain - net		12,431	4,698
		278,544	192,446
36.1 Finance income is not directly attributable to segments. For details, refer note 4.20.			
37 INCOME TAX EXPENSE			
37.1 Amounts recognized in profit or loss:			
Tax			
Current year	27	429,918	570,911
Prior year	27	(35,863)	(19,574)
		394,055	551,337
Deferred	12.1	45,833	(19,830)
Tax expense for the year		439,888	531,507

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	2019 (Rs.'000)	2018 (Rs.'000)
37.2 Reconciliation of tax charge for the year		
Accounting profit before tax	1,662,826	1,827,868
Tax rate	29%	30%
Tax on accounting profit	482,220	548,360
Tax effect of income taxable at lower rates	(17,489)	(1,533)
Prior year charge	(35,863)	(19,574)
Effect of super tax	30,701	52,448
Effect of change in tax rates	4,884	(14,212)
Effect of rebates	(27,760)	(36,652)
Others	3,196	2,670
Tax expense for the year	439,888	531,507

37.3 Tax Assessments up to and including tax year 2018, except for tax years 2013 & 2015 as mentioned below, 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.

37.4 The Company was issued assessment order U/S 122 (5A) for tax year 2015 by Additional Commissioner Inland Revenue (ACIR) on account of additions of excise duty paid to provinces other than Punjab, inter division transfers and distributor margin etc. The Company filed appeal to Commissioner Appeals against Order of ACIR. Commissioner Appeal provided relief on some major issues and deleted demand of Rs. 2,488.04 million, however up held demand of Rs. 278.55 million. The Company filed an Appeal to Appellate Tribunal for remaining value of Rs. 278.55 million on 26 December 2018 and got stay upto 180 days against the recovery of demand by the department from Islamabad High Court. Case has not yet been fixed for hearing. The management expects a favourable outcome.

37.4.1 With reference to matter discussed as above for tax year 2015, the department (Commissioner Inland Revenue Large Taxpayer Unit Islamabad) also filed an appeal at Appellate Tribunal against order of commissioner appeal wherein relief of Rs. 2,488 million provided to the Company. Appeal was fixed for hearing on 09 September 2019 and was adjourned and new hearing date has not yet fixed.

37.4.2 Further to tax year 2015 case as mentioned above, The Additional Commissioner Inland Revenue also issued order of Rs. 256.8 million under section 182 of Income Tax Ordinance vide order dated 30 March 2019. The Company has filed as Appeal against the said order and got stay against the recovery of demand by the department from Islamabad High Court. The case is not yet fixed for hearing.

37.5 The Company was issued assessment order U/S 122 (5A) for tax year 2013 by Additional Commissioner Inland Revenue (ACIR) vide its Order dated 30 June 2019 received on 07 August 2019 on account of additions of excise duty paid to provinces other than Punjab, inter division transfers and distributor margin etc. amounting to Rs. 3,002.33 million. The Company filed an appeal with Commissioner Appeals on 04 September 2019 and has received a stay upto 30 days. The case is not fixed for hearing. The management expects a favourable outcome.

38 EARNINGS PER SHARE - BASIC AND DILUTED

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

	2019	<i>Restated</i> 2018
Net profit for the year (Rs.'000)	1,222,938	1,296,361
Weighted average number of shares (Numbers)	27,663,630	27,663,630
Earnings per share (Rupees)	44.21	46.86

38.1 The corresponding figure of weighted average number of shares outstanding and earnings per share have been restated to include the effect of bonus shares issued by the Company during the year.

39 CASH AND CASH EQUIVALENTS

	2019	2018
Cash and cash equivalents for the purpose of statement of cash flows	1,694,452	1,998,714

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39.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Finance lease liabilities	Unpaid dividend and Unclaimed dividend	Total
	(Rs.'000)		
Balance at 01 July 2018	7,988	183,055	191,043
<i>Changes from financing activities</i>			
Dividend paid	-	(693,927)	(693,927)
Repayment of Finance lease	(129,429)	-	(129,429)
Total changes from financing cash flows	(129,429)	(693,927)	(823,356)
<i>Other changes</i>			
Lease additions	303,675	-	303,675
	303,675	-	303,675
Dividend announced	-	668,537	668,537
Total liability related changes	-	668,537	668,537
Balance at 30 June 2019	182,234	157,665	339,899
Balance at 01 July 2017	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)
Total changes from financing cash flows	(11,467)	(737,432)	(748,899)
<i>Other changes</i>			
Dividend announced	-	806,855	806,855
Total liability related changes	-	806,855	806,855
Balance at 30 June 2018	7,988	183,055	191,043

40 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:

	2019		2018	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	Rs.'000		Rs.'000	
Managerial remuneration	5,180	9,464	5,424	3,040
Medical benefit	601	-	601	-
Gratuity fund contribution	210	390	210	129
Provident fund contributions	300	542	300	184
House rent allowance	1,233	2,270	1,233	749
Bonus	5,000	6,571	5,000	3,063
Travelling expense	310	-	347	-
Compensated absences	-	-	157	73
	12,834	19,237	13,272	7,238
Number of persons	1	3	1	1

40.1 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 executives; the net book values of which are Rs. 0.87 million (2018: Rs. 17.16 million). Gratuity is payable to chief executive officer and executives in accordance with the terms of employment, while contribution for chief executive officer and executives in respect of gratuity and pension are based on actuarial valuation.

40.2 Directors of the Company were not paid any remuneration during the year except for the meeting fee of Rs. 2,900,000 (2018: Rs. 3,200,000). Number of Directors at the reporting date were 7 (2018: 7).

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41 SEGMENT INFORMATION

41.1 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:

Reportable segments	Operations
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 4.22.

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.

41.2 Information about reportable segments

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

		Liquor Division (Rs.'000)	Glass Division (Rs.'000)	Tops Division (Rs.'000)	Corporate office (Rs.'000)	Total (Rs.'000)
Assets	2019	6,903,853	745,171	1,894,415	2,208,630	11,752,069
	2018	6,587,505	821,156	1,535,036	1,962,339	10,906,036
Liabilities	2019	674,649	57,458	464,026	529,977	1,726,110
	2018	885,482	78,787	308,270	166,363	1,438,902
(i) Non current assets - additions						
Property, plant and equipment	2019	338,099	48,307	534,777	-	921,183
	2018	257,234	18,264	167,990	-	443,488
(ii) Other material items						
External revenue - net	2019	11,298,458	117,965	3,605,430	-	15,021,853
	2018	10,254,333	219,456	3,236,914	-	13,710,703
Inter-segment revenue	2019	608,221	1,622,051	13,087	-	2,243,359
	2018	611,062	1,392,627	28,926	-	2,032,615
Other income	2019	67,105	7,179	32,936	-	107,220
	2018	57,884	7,785	9,552	14,800	90,021
Finance cost	2019	1,715	126	15,210	-	17,053
	2018	2,759	395	1,007	15,973	(20,134)
Finance income	2019	278,326	-	218	-	278,544
	2018	192,446	-	-	-	192,446
Net finance income	2019	276,611	(126)	(14,994)	-	261,491
	2018	189,688	(395)	(1,007)	(15,974)	172,312
Depreciation	2019	115,273	133,632	105,573	-	354,478
	2018	90,601	126,479	45,186	-	262,266

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

	2019	2018
	(Rs.'000)	(Rs.'000)
(i) Revenues		
Total revenue for reportable segments	17,445,200	15,871,493
Elimination of inter-segment revenue	(2,243,359)	(2,032,615)
Consolidated revenue	<u>15,201,841</u>	<u>13,838,878</u>
(ii) Profit / (loss) before tax		
Total profit or loss for reportable segments	1,779,519	1,666,613
Unallocated amounts - Other expenses	(116,692)	(121,212)
Unallocated amounts - Other income	-	90,021
Unallocated amounts - Finance income	-	192,446
Net profit before tax	<u>1,662,827</u>	<u>1,827,868</u>
(iii) Assets		
Total assets for reportable segments	9,543,439	8,943,697
Other unallocated amounts	2,208,630	1,962,339
Consolidated total assets	<u>11,752,069</u>	<u>10,906,036</u>
(iv) Liabilities		
Total liabilities for reportable segments	1,196,133	1,272,539
Other unallocated amounts	529,977	166,363
Consolidated total liabilities	<u>1,726,110</u>	<u>1,438,902</u>

(c) 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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	Liquor Division		Glass Division		Tops Division		Total	
	2019 (Rs. '000)	2018 (Rs. '000)	2019 (Rs. '000)	2018 (Rs. '000)	2019 (Rs. '000)	2018 (Rs. '000)	2019 (Rs. '000)	2018 (Rs. '000)
41.3 TURNOVER								
Third party turnover - gross	11,377,457	10,314,637	117,965	219,456	3,706,419	3,304,785	15,201,841	13,838,878
Less: trade discounts	(79,000)	(60,305)	-	-	(100,988)	(67,870)	(179,988)	(128,175)
Third party turnover - net	11,298,457	10,254,332	117,965	219,456	3,605,431	3,236,915	15,021,853	13,710,703
Inter division sales	608,221	611,062	1,622,051	1,392,627	13,087	28,926	-	-
Sales tax and excise duty	11,906,678	10,865,394	1,740,016	1,612,083	3,618,518	3,265,841	15,021,853	13,710,703
Revenue	(4,231,117)	(3,892,478)	(17,140)	(31,887)	(790,304)	(727,666)	(5,038,561)	(4,652,031)
	7,675,561	6,972,916	1,722,876	1,580,196	2,828,214	2,538,175	9,983,292	9,058,673
COST OF SALES								
Third parties	(4,387,451)	(3,771,759)	(1,081,527)	(960,569)	(1,767,043)	(1,457,094)	(7,236,021)	(6,189,422)
Inter division cost	(1,515,550)	(1,308,445)	-	-	(727,808)	(724,170)	-	-
	(5,903,001)	(5,080,204)	(1,081,527)	(960,569)	(2,494,851)	(2,181,264)	(7,236,021)	(6,189,422)
GROSS PROFIT	1,772,560	1,892,712	641,349	619,627	333,363	356,911	2,747,271	2,869,251
*Selling and distribution expenses	(534,769)	(398,382)	(7,505)	(5,796)	(397,107)	(352,533)	(939,381)	(756,711)
Administrative expenses	(274,537)	(280,912)	(36,329)	(34,998)	(85,776)	(109,882)	(396,642)	(425,792)
Other expenses	-	-	-	-	-	-	(116,692)	(121,212)
Other income	67,105	72,684	7,179	7,785	32,936	9,552	107,220	90,021
Impairment loss on trade debts	-	-	-	-	-	-	(441)	-
Operating profit	1,030,359	1,286,102	604,694	586,618	(116,584)	(95,952)	1,401,335	1,655,556
Finance cost	(1,715)	(18,732)	(126)	(395)	(15,212)	(1,007)	(17,053)	(20,134)
Finance income	278,326	192,446	-	-	218	-	278,544	192,446
Net finance income	276,611	173,714	(126)	(395)	(14,994)	(1,007)	261,491	172,312
Profit before tax	1,306,970	1,459,816	604,568	586,223	(131,578)	(96,959)	1,662,826	1,827,868

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42 FINANCIAL INSTRUMENTS

A FAIR VALUES

42.1 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	Note	Carrying amount				Fair value			
		Fair value through profit or loss	Amortized Cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
		(Rs.'000)				(Rs.'000)			
30 June 2019									
Financial assets measured at fair value									
Shares of listed companies	26	6	-	-	6	6	-	-	6
Mutual funds	26	1,337,173	-	-	1,337,173	1,337,173	-	-	1,337,173
		<u>1,337,179</u>	<u>-</u>	<u>-</u>	<u>1,337,179</u>	<u>1,337,179</u>	<u>-</u>	<u>-</u>	<u>1,337,179</u>
Financial assets not measured at fair value									
Long term advances	20 and 42.4	-	11,335	-	11,335	-	-	-	-
Long term investments	21	-	531,717	-	531,717	-	382,433	-	382,433
Long term deposits	22 and 42.4	31,711	-	-	31,711	-	-	-	-
Trade debts	24 and 42.4	-	14,563	-	14,563	-	-	-	-
Advances, prepayments and other receivables	25 & 42.2	-	24,312	-	24,312	-	-	-	-
Cash and bank balances	28 & 42.4	-	1,694,452	-	1,694,452	-	-	-	-
		<u>31,711</u>	<u>2,276,379</u>	<u>-</u>	<u>2,308,090</u>	<u>-</u>	<u>382,433</u>	<u>-</u>	<u>382,433</u>
Financial liabilities not measured at fair value									
Finance lease liabilities	10 & 42.4	-	-	182,234	182,234	-	-	-	-
Trade and other payables	13 & 42.3	-	-	489,722	489,722	-	-	-	-
Unpaid dividend	42.4	-	-	59,188	59,188	-	-	-	-
Unclaimed dividend	42.4	-	-	98,477	98,477	-	-	-	-
		<u>-</u>	<u>-</u>	<u>829,621</u>	<u>829,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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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 2018		(Rs.'000)				(Rs.'000)				
Financial assets measured at fair value										
Shares of listed companies	26	321	-	-	-	321	321	-	-	321
Mutual funds	26	1,243,203	-	-	-	1,243,203	1,243,203	-	-	1,243,203
		1,243,524	-	-	-	1,243,524	1,243,524	-	-	1,243,524
Financial assets not measured at fair value										
Long term advances	20 and 42.4	-	-	10,894	-	10,894	-	-	-	-
Long term investments	21	-	533,730	-	-	533,730	-	466,801	-	466,801
Long term deposits	22 and 42.4	-	-	26,518	-	26,518	-	-	-	-
Trade debts	24 and 42.4	-	-	26,058	-	26,058	-	-	-	-
Advances, prepayments and other receivables	25 & 42.2	-	-	16,813	-	16,813	-	-	-	-
Cash and bank balances	28 and 42.4	-	-	1,998,714	-	1,998,714	-	-	-	-
		-	533,730	2,078,997	-	2,612,727	-	466,801	-	466,801
Financial liabilities not measured at fair value										
Finance lease liabilities	10 and 42.4	-	-	-	7,988	7,988	-	-	-	-
Trade and other payables	13 & 42.3	-	-	-	539,505	539,505	-	-	-	-
Unpaid dividend	42.4	-	-	-	51,739	51,739	-	-	-	-
Unclaimed dividend	42.4	-	-	-	131,316	131,316	-	-	-	-
		-	-	-	730,548	730,548	-	-	-	-

42.2 It excludes advances to suppliers and prepayments.

42.3 It excludes 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.

42.4 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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42.5 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:

42.5.1 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 42.7)
- Liquidity risk (Note 42.8)
- Market risk (Note 42.9)

42.6 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.

42.7 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, and arises principally from trade debts, advances and deposits, interest accrued, other receivables, margin on letter of guarantee and bank balances. The carrying amount of financial assets represents the maximum credit exposure. 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 customers/dealers. The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment terms and conditions are offered. Credit limits are established for each customer, which are regularly reviewed and approved by the management. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

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:

	Note	2019 (Rs.'000)	2018 (Rs.'000)
Long term advances	20 and 42.4	11,335	10,894
Long term investments	21	531,717	533,730
Long term deposits	22 and 42.4	31,711	26,518
Trade debts	24 and 42.4	14,563	26,058
Advances, prepayments and other receivables	25	24,312	16,813
Bank balances	28 and 42.4	1,672,662	1,981,740
		2,286,300	2,595,753

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Geographically there is no concentration of credit risk at the reporting date (2018: Nil). The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	2019 (Rs.'000)	2018 (Rs.'000)
From government institutions	531,717	533,730
Banks and financial institutions	1,672,662	1,981,740
Others	81,921	80,283
	2,286,300	2,595,753

iii. Loss allowance for expected credit loss	2019		2018	
	Gross (Rs.'000)	Impairment	Gross (Rs.'000)	Impairment

The aging of trade debts at the reporting date is as follows:

	2019		2018	
Less than one year	17,579	-	25,607	-
Over one year	21	-	451	-
	17,600	-	26,058	-

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

	Note	2019 (Rs.'000)	2018 (Rs.'000)
Balance at 01 July		-	-
Effect of impairment as per IFRS 9	24		
Life time expected credit loss		1,857	-
Credit impaired trade debts		739	-
Impact on retained earnings on initial application of IFRS 9		2,596	-
Net remeasurement of loss allowance		441	-
Provision . (reversal of provision) - net		-	7,960
Credit impaired trade debts written off		-	(7,960)
Balance at 30 June		3,037	-

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 company's 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.

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

	Rating	2019 (Rs.'000)	2018 (Rs.'000)
Long term advances			
Counterparties without external credit rating		11,335	10,894
Long term investments			
Counterparties with external credit rating	B3-	531,717	533,730

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	Rating	2019 (Rs.'000)	2018 (Rs.'000)
Long term deposits			
Counterparties with external credit rating	AA+	17,679	589
Counterparties with external credit rating	AA	-	2
Counterparties with external credit rating	AA-	12,789	15,872
Counterparties without external credit rating		1,243	10,055
		31,711	26,518
Trade debts			
Counterparties with external credit rating	A	1,391	6
Counterparties with external credit rating	A1	4,386	2,892
Counterparties with external credit rating	A1	-	1,488
Counterparties without external credit rating		11,823	21,672
		17,600	26,058
Advances, prepayments and other receivables			
Counterparties with external credit rating		-	-
Counterparties without external credit rating		24,312	16,813
		24,312	16,813
Bank balances			
Counterparties with external credit rating	A1+	1,645,117	1,964,443
Counterparties with external credit rating	A1	7,676	17,297
Counterparties without external credit rating		19,869	-
		1,672,662	1,981,740
		2,289,337	2,595,753

42.8 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	Financial liabilities at amortised cost	Total
(Rs.'000)				
30 June 2019				
Maturity up to one year	95,368	10,107	647,387	752,862
Maturity after one year and up to five years	86,866	3,167	-	90,033
	182,234	13,274	647,387	842,895
Carrying amount	182,234	-	647,387	829,621
	Finance lease liabilities	Expected future interest payments	Other financial liabilities	Total
(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

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.

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42.9 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.

42.9.1 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

	2019		2018	
	Rs.	USD	Rs.	USD
	in '000		in '000	
Bank balances	50,097	310	37,573	309
	<u>50,097</u>	<u>310</u>	<u>37,573</u>	<u>309</u>

The following significant exchange rates were applied during the year:

	Average rate		Reporting date mid spot rate	
	2019	2018	2019	2018
	Rs.		Rs.	
PKR per US Dollar	136.42	109.98	163.10	121.4

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.

	2019 (Rs.'000)	2018 (Rs.'000)
Increase in 10% USD rate	5,010	3,757
Decrease in 10% USD rate	(5,010)	(3,757)

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42.9.2 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	
	2019	2018		2019	2018
Interest rate risk	(%)	(%)		(Rs.'000)	(Rs.'000)
Fixed rate instruments					
Financial assets	0.35% to 11.62% per	0.25% to 11% per annum	20, 21 and 28	1,112,827	1,813,598
Financial liabilities	7.14% to 14.11% per	7.51% to 9.05% per annum	10	182,234	7,988
				<u>1,295,061</u>	<u>1,821,586</u>

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 (2018: Nil). Hence the Company is not exposed to any variable interest rate risk.

42.9.3 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 FVTPL, 100 basis point increase in market price at reporting date would have increased profit by Rs. 13.37 million (2018: Rs. 12.43 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 2018 and assumes that all other variables remain the same.

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43	CAPACITY AND PRODUCTION	Note	Measurement basis	2019	2018
43.1	Liquor Division - Rawalpindi				
(a)	Capacity of industrial unit				
	Beer and Non Alcoholic Beverages (NAB)		Litres	68,689,920	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)	Actual production				
	Beer and Non Alcoholic Beverages (NAB)		Litres	29,970,548	27,100,052
	Pakistan Made Foreign Liquor (PMFL)		Cases (2 B.G)	1,671,386	1,594,524
	Non Alcoholic Products (NAP)	43.4	Litres	50,551,960	48,672,288
43.2	Tops Division				
(i)	Rawalpindi				
(a)	Capacity of industrial unit				
	Tetra pack juices		Litres	33,580,000	33,580,000
(b)	Actual production				
	Tetra pack juices		Litres	21,603,759	24,107,354
(ii)	Hattar				
(a)	Capacity of industrial unit				
	Food products		Cartons	375,000	375,000
	Juice (NR & Ret)		Litres	4,500,000	4,500,000
	Mineral water		Litres	30,424,000	30,424,000
	Tetrapak juices		Litres	35,000,000	-
(b)	Actual production				
	Food products		Cartons	100,665	72,686
	Juice (NR & Ret)	43.4	Litres	13,179,676	5,052,103
	Mineral water	43.4	Litres	28,760,177	25,362,660
	Tetrapak juices		Litres	6,307,704	-
43.3	Glass Division - Hattar				
(a)	Melting capacity		M. Tons	40,150	40,150
(b)	Actual production - Glass melted		M. Tons	39,454	39,467

43.4 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.

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

44 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 40 to the financial statements, are as follows:

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Notes to the Financial Statements

For the year ended 30 June 2019

Name of Related Party	Nature of Relationship	Percentage of share holding	Nature of transactions during the year	2019 (Rs.'000)	2018 (Rs.'000)
1) D.P. Edulji & Company (Private) Limited	Associated company on account of common directorship	16.12%	Sales commission Services acquired Dividend paid	144,316 13,800 106,155	87,507 12,000 124,393
2) Kingsway Fund	Associated company	29.84%	Dividend paid	265,967	173,083
3) Board of directors	Directors	22.10%	Dividend paid	155,317	186,764
4) Directors' relatives	Directors' relatives	12.58%	Dividend paid	75,727	88,340
5) Staff retirement benefit plan - Provident fund	Staff retirement funds	Nil	Contribution by the Company	6,490	5,256
6) Staff retirement benefit plan - Pension fund	Staff retirement funds	Nil	Contribution by the Company	5,238	4,532
7) Bhandara Foundation	Chief executive officer acts as a Trustee	Nil	Donation paid	1,500	1,500
8) Atlas Asset Management	Associated company on account of common directorship	Nil	Investment in mutual Funds	100,000	-

44.1 Details of compensation to key management personnel comprising of chief executive officer, directors and executive is disclosed in note 40.

44.2 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	8,254,885 (29.84%) ordinary shares of Rs. 10 each

44.3 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)	5,095,288	18.42%
2) Mr. Khurram Muzaffar	Chairman	4,690	0.02%
3) Mrs. Goshi M. Bhandara	Director	1,000,074	3.62%
4) Mr. Ch. Mueen Afzal	Director	3,852	0.01%
5) Mr. Aamir H. Shirazi	Director	3,084	0.01%
6) Lt. Gen. ® Zrar Azeem	Director	2,106	0.01%
7) Mr. Shahbaz Haider Agha	Director	2,178	0.01%
8) Mr. Khalid Aziz Mirza	Director	1,200	0.01%
9) Mrs. Jasmine Bhandara	Close family member of CEO	333,061	1.20%
10) Mrs. Naseem Muzaffar	Close family member of Chairman	14,008	0.05%
11) Mr. Jamshed M. Bhandara	Close family member of CEO	1,993,223	7.21%
12) Mrs. Munizeh M. Bhandara	Close family member of CEO	1,141,047	4.12%

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45 EMPLOYEES PROVIDENT FUND TRUST

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

	2019 (Rs.'000) <i>Unaudited</i>	2018 (Rs.'000) <i>Unaudited</i>
Size of the fund - total assets - (Rupees'000)	125,472	121,519
Cost of investments made (Rupees'000)	105,500	41,480
Percentage of investments made (%)	84%	34.13%
Fair value of investments made (Rupees'000)	120,011	111,858

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

	2019		2018	
	(Rs.'000)	%	(Rs.'000)	%
Defence savings certificates	120,011	100	111,858	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.

	2019 (Number)	2018 (Number)
46 NUMBER OF EMPLOYEES		
Employees at year end	1,952	1,828
Average employees during the year	1,890	1,818

47 SUBSEQUENT EVENTS

The Board of Directors of the Company in the meeting held on 26 September 2019 proposed final cash dividend of 100% i.e. Rs.10 per share (2018: 50% i.e. Rs 5 per share) and nil stock dividend (bonus shares) (2018 : 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 June 2020.

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 26 September 2019.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



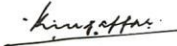
DIRECTOR


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خدمات کا اعتراف

ڈائریکٹرز دوران سال شیئر ہولڈرز کے تعاون اور سپورٹ کرنے پر انہیں خراج تحسین پیش کرتے ہیں، ان کی سرمایہ کاری کمپنی کیلئے اعتماد کا باعث بنی ہے۔
ڈائریکٹرز کمپنی کے ملازمین کی مسلسل خدمات، اخلاص اور جدوجہد کو بھی سراہتے ہیں۔ جیسا کہ پہلے بیان کیا گیا ہے۔
پالیسی ایٹوز سے متعلق قابل اور آراء دینے پر ڈائریکٹرز کا بھی شکریہ ادا کیا جاتا ہے۔

بورڈ کی جانب سے


خرم مظفر
چیرمین


اسفندیا راہیم بھٹارا
چیف ایگزیکٹو آفیسر

راولپنڈی، 26 ستمبر 2019ء

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یا تنخواہ کے فیصلے میں خود شامل نہیں ہوتا ہے۔
بورڈ آف ایگزیکٹو، نان ایگزیکٹو، اور انڈیپنڈنٹ ڈائریکٹرز جو کہ بورڈ اور مختلف کمیٹیوں کے اجلاس میں حصہ لیتے ہیں کے معاوضے کا دوبارہ جائزہ لیتا ہے جو کہ بعد میں حصص داروں کے سامنے سالانہ عمومی اجلاس میں منظوری کے لئے پیش کیا جاتا ہے۔
متعلقہ فریق لین دین (ریلیٹیو پارٹی ٹرانزیکشنز)
کمپنیز ایکٹ 2017ء کی شق 208 اور کمپنیز (ریلیٹیو پارٹی ٹرانزیکشنز اینڈ مینجمنٹس آف ریلیٹیو ریکارڈز) ریگولیشنز 2018ء کے مطابق بورڈ آف ڈائریکٹرز کے متعلقہ فریق لین دین پالیسی کے مطابق منظور کیے ہیں۔

اجتماعی سودا کار عام معاہدہ (سی بی اے) ایگریمنٹ
سی بی اے بیثباتی مطالبات کے تصفیہ کیلئے گفت و شنید جاری ہیں جو کہ جلد طے پا جائیں گے۔ یہ بے درپے تصفیہ یقین دہانی کرواتا ہے کہ ایک مطمئن ورک فورس موجود ہے، جو کہ صنعتی امن اور پیداواریت کیلئے انتہائی اہم ہے۔

آڈیٹرز
30 جون 2019ء کو ختم شدہ مالی سال کیلئے کمپنی کا قانونی آڈٹ مکمل کر لیا گیا ہے اور آڈٹرز نے کمپنی کے مالیاتی گوشواروں پر آڈٹ رپورٹس اور ریگولیشنز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء سے گوشوارہ موافقت پر جائزہ رپورٹ جاری کر دی ہے۔ آڈٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی سالانہ اجلاس عام کے اختتام پر سبکدوش ہو جائیں گے اور اہل ہونے کی وجہ سے انھوں نے سال 2019-20ء کیلئے خود کو دوبارہ تقرر کیلئے بھی پیش کر دیا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے 30 جون 2020ء کو ختم ہونے والی مالی سال کیلئے ان کی بطور آڈیٹرز تقرری کی تجویز دی ہے۔ اس کی حتمی منظوری 25 اکتوبر 2019ء کو منعقد ہونے والے شیئر ہولڈرز کے سالانہ اجلاس عام میں دی جائے گی۔

بیرونی عوامل
سال 2018-19ء پاکستان کی معیشت کیلئے ایک مشکل سال تھا۔ ادا نیگیوں کے توازن اور بجٹ کیلئے کل اقتصادی عدم توازن نے حکومت کیلئے کئی اقدامات کو ضروری بنا دیا تھا جو شرح مبادلہ، محصولات اور شرح ہائے سود سے متعلق تھے۔ جبکہ معیشت اب بتدریج مستحکم ہو رہی ہے، تو یہ توقع ہو چکی ہے کہ آئندہ سال شرح نمو کم رہے گی اور افراط زر بھی دہرے ہندسوں ہی میں رہے گا۔ اس مقابلے کے ماحول میں کمپنی کی کاوشات جاری رہیں گی کہ لاکھیں کم رہیں تاکہ وصولیوں میں اضافہ ہو، اور شیئر ہولڈرز کو قیمت کی منتقلی ہو۔ یہ مارکیٹ میں تبدیل ہوتی حرکیات کو مناسب رد عمل فراہم کرے گا۔

توقعات
حکومت کو آئی ایم ایف شرائط کے حصے کے طور پر سبسڈیز (رعایات) کو محدود کرنا ہوگا جس کے نتیجے میں بجلی اور گیس کی لاگت میں اچھا خاصا اضافہ ہوگا۔ اس کے ساتھ ساتھ روپے کی قدر میں بے مثال کمی سے افراط زر دہرے ہندسوں میں ہو جائے گا اور عوام کی شکایات میں مزید اضافہ ہوگا غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) خطرناک حد تک کم ہو چکی ہے۔
کئی دیگر کمپنیوں کی طرح آپ کی کمپنی کو بھی درآمدات کی لاگت میں اضافے کے ساتھ ساتھ مقامی خام مال اور مہنگی بجلی اور گیس کی خریداری کا سامنا ہے اور بلند تر کم سے کم اجرت کا مسئلہ بھی درپیش ہے۔ یہ رپورٹ بھی ہیں کہ کئی ٹیکسٹائل یونٹس کو بین الاقوامی مارکیٹ میں مسابقت میں دشواریوں کا سامنا ہے اور وہ اپنے کاروبار بند کر رہے ہیں، اس سے بیروزگاری میں اضافہ ہوگا اور برآمدات پر انحصار بھی بڑھ جائے گا جس سے ملکی معیشت مزید تباہ ہوگی۔ سب سے سنگین مسئلہ جو اس پی ٹی آئی حکومت کیلئے پہلے سال میں پیش آیا ہے وہ قرضہ جات میں اضافہ ہے کیونکہ معاشی سرگرمیوں کو تیز کرنے کی ضرورت تھی جس میں حقیقت میں مزید سرمایہ پیدا ہوئی ہے۔ پاکستان کی شرح نمو یعنی جی ڈی پی میں خطرناک کمی واقع ہوئی ہے۔ افراط زر سب سے بڑا مسئلہ ہے جس سے ملک کے اندر غربت کی لکیر سے نیچے زندگی گزارنے والے شہریوں کی تعداد میں اضافہ ہو گیا ہے۔

آپ کی کمپنی محصولات میں اضافے کے ذریعے ان چیلنجز سے نبرد آزما ہونے کیلئے پرعزم ہے اور کوشش میں ہے کہ مصنوعات کے معیار کو برقرار رکھتے ہوئے لاگتوں پر مکمل قابو رکھا جائے۔
سہ ماہی رپورٹس شیئر ہولڈرز کو ہماری کوششوں کے نتائج سے آگاہ رکھیں گی۔

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بورڈ کے ممبران کی حاضری درج ذیل کے مطابق رہی:

ایچ آر اینڈ آر کمیٹی	آڈٹ کمیٹی	بورڈ آف ڈائریکٹرز	ڈائریکٹر کا نام
1/1	4/4	5/5	جناب خرم مظفر
01 (دعوت پر)	03 (دعوت پر)	5/5	جناب اسفندیار ایم جینڈرا
-	3/4	4/5	چودھری معین افضل
-	-	5/5	جناب عامر ایچ شیرازی
1/1	-	4/5	بیگم گوئی ایم جینڈرا
1/1	2/4	2/5	لیفٹیننٹ جنرل (ریٹائرڈ) ضرا کر عظیم
-	3/4	3/5	پروفیسر خالد عزیز مرزا
1/1	-	4/5	جناب شہباز حیدر آغا

بیان مطابقت

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریشن گورننس) ریگولیشنز 2017ء کی شرائط کی مکمل پاسداری کی ہے۔ اس کو مؤثر بنانے کی غرض سے ایک بیان آس رپورٹ میں منسلک کر دیا گیا ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی اپنی پراپرٹی کا استعمال معذور افراد کیلئے کام کرنے والی ایسوسی ایشن (درخشاں) کیلئے جاری رکھے ہوئے ہے۔ راولپنڈی کے علاقے میں معذور ضرورت مند خواتین کو خود مختار کمپیوٹر کے استعمال اور معاشرے کا کارآمد فرد بنانے کیلئے قائم ووکیشنل اسکول میں اس وقت 75 معذور خواتین ٹریننگ حاصل کر رہی ہے۔

اس ادارے کی عمارت کمپنی کی جانب سے بنا کسی معاوضے کے بالکل فری دی گئی ہے، اس کے ساتھ ساتھ فرنیچر، یوٹیلٹی بلز اور مینٹیننس کی ذمہ داری بھی کمپنی کے ذمہ ہے۔

اس کے علاوہ کمپنی 4.9 ملین روپے مختلف فلاحی اداروں اور ہسپتالوں کو بطور عطیات دے چکی ہے۔

حکومت کی جانب سے ملک بھر میں شجر کاری کی حوصلہ افزائی کی جا رہی ہے۔ کمپنی نے اپنی پراپرٹی پر کئی درخت بھی لگائے ہیں۔

ماحولیاتی، کوالٹی، صحت اور حفاظتی سسٹم

انتظامیہ، سوسائٹی اور خود مختار سرٹیفیکیشن اتھارٹیز کی جانب سے تسلیم شدہ پائیدار انوائزمنٹل اینڈ کوالٹی مینجمنٹ پر بھرپور طریقے سے عمل پیرا ہے۔ کمپنی ماحولیات ایسوسی ایشن کی حمایت اور وسیع تر ماحولیاتی ذمہ داریوں کو فروغ دیتی ہے اور اس سلسلے میں اس نے سرٹیفیکیشن آف ISO-9001:2008 اور OHSAS 18001:2007 بھی حاصل کر لی ہے۔ کمپنی نے پاکستان انوائزمنٹ پروجیکٹ ایجنسی سے منظور شدہ لیبارٹریز کے ذریعے اخراج اور اثرات کا تجزیہ جاری رکھا ہوا ہے۔

کمپنی اس بات کو یقینی بناتی ہے کہ ہر ایک ملازم اور کنٹریکٹر مکمل محفوظ ماحول میں کام کرے۔ یہاں بطور ملازم کوئی بچہ کام نہیں کرتا۔

قومی خزانے میں معاونت

آپ کی کمپنی ڈیوٹی اور ٹیکس کی مدد میں 5,602 ملین روپے (گزشتہ سال یہ رقم 5,212 ملین روپے تھی) قومی خزانے میں جمع کروا چکی ہے۔

ڈائریکٹرز کا معاوضہ

کارپوریٹ گورننس کے قوانین کی ضروریات کے مطابق انفرادی ڈائریکٹرز کے معاوضے کے فیصلے کے تعین کیلئے عمومی اور شفاف طریقہ کار اختیار کیا جاتا ہے۔ کوئی بھی ڈائریکٹر اس کا اپنے مشاہرہ

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بورڈ کی کمیٹی

i. آڈٹ کمیٹی:

آڈٹ کمیٹی اپنے افعال کوڈ آف کارپوریٹ گورننس کے تحت انجام دیتی ہے اور یہ دونوں ایگزیکٹو ڈائریکٹرز اور دو انڈیپنڈنٹ ڈائریکٹرز پر مشتمل ہے۔ انڈیپنڈنٹ ڈائریکٹرز میں سے ایک چیئرمین ہوتا ہے۔

لیفٹنٹ جنرل (ریٹائرڈ) خیر اعظم	-	(چیئرمین)
چوہدری معین افضل	-	(ممبر)
جناب خرم مظفر	-	(ممبر)
پروفیسر خالد عزیز مرزا	-	(ممبر)

ii. ایچ آر اینڈ ریموونیشن کمیٹی

ایچ آر اینڈ ریموونیشن کمیٹی کوڈ آف کارپوریٹ گورننس کے تحت تشکیل دی گئی ہے یہ دونوں ایگزیکٹو ڈائریکٹرز اور دو انڈیپنڈنٹ ڈائریکٹرز پر مشتمل ہے۔ انڈیپنڈنٹ ڈائریکٹرز میں سے ایک چیئرمین ہوتا ہے۔

جناب شہباز حیدر آغا	-	(چیئرمین)
جناب خرم مظفر	-	(ممبر)
بیگم گوئی ایم بھنڈارا	-	(ممبر)
لیفٹنٹ جنرل (ریٹائرڈ) خیر اعظم	-	(ممبر)

پاکستان اسٹاک ایکسچینج کی بہترین 25 کمپنیز میں انتخاب

بورڈ انتظامیہ کو مری بریوری کمپنی لیٹڈ کی پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی بہترین 25 کمپنیز کیلئے انتخاب پر مبارکباد پیش کرتا ہے۔ کمپنی گزشتہ برسوں میں بھی اس کیلگری میں موجود رہی ہے۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک پر بیان

ڈائریکٹرز کا کہنا ہے کہ:

- 30 جون 2019 کو ختم ہونے والے سال کیلئے فنانشل اسٹیٹمنٹس میں کمپنی انتظامیہ نے اپنے معاملات، آپریشنز کے نتائج، کیش فلو اور معیار میں تبدیلیوں کو شفاف طور پر پیش کیا ہے۔
- کمپنی کے حسابات کی کتاب کو باقاعدہ مرتب کیا گیا ہے۔
- فنانشل اسٹیٹمنٹس کی تیاری میں اکاؤنٹنگ پالیسی کو باقاعدہ لاگو کیا گیا ہے اور اکاؤنٹنگ اسٹیٹمنٹس مناسب اور مشاوری فیصلے پر مبنی ہیں۔
- فنانشل اسٹیٹمنٹس کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر عمل کیا جاتا ہے۔
- انٹرنل کنٹرول کا نظام مستحکم ہے جسے مؤثر طور پر لاگو کیا گیا ہے۔
- معاملات جاری رکھنے کے حوالے سے کمپنی کی صلاحیتیں کسی بھی شک سے بالاتر ہیں۔
- اسٹیٹمنٹس میں بیان کردہ ادائیگیوں کے سوا 30 جون 2019 تک ٹیکسز کے اکاؤنٹ، محصولات اور بقایا چارجز پر کوئی قانونی ادائیگی نہیں ہے۔
- ڈائریکٹرز جو ریٹنگ یا باضابطہ تصدیقی چاہتے ہیں وہ مقررہ حدود میں ہیں۔
- جیسا کہ اسٹاک قوانین میں تفصیلی طور پر درج ہے کارپوریٹ گورننس کی بہترین پریکٹسز سے کوئی میٹرل نہیں نکلتا۔
- گزشتہ چھ سال کا ہم آہنگ ایڈ فنانشل دینا خلاصے کی صورت میں منسلک ہے۔
- ان آڈیٹڈ پروویڈنٹ فنڈ اور ان آڈیٹڈ پنشن فنڈ انویسٹمنٹ کی مالیت برطانیہ 30 جون 2019ء 120.01 ملین روپے (2018ء: 111.8 ملین روپے) اور 55.6 ملین روپے (2018ء: 46.7 ملین روپے) علی الترتیب ہیں۔
- 2018-19ء سال کے دوران پانچ (05) بورڈ مینٹنگز، چار (04) آڈٹ کمیٹی مینٹنگز اور ایک (01) ایچ آر اینڈ ریموونیشن کمیٹی مینٹنگ منعقد ہوئی۔

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حتمی منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019ء کو ختم ہونے والے سال کیلئے 10 روپے فی حصص حتمی منافع منقسمہ جبکہ پورے سال پر 30 روپے فی حصص (300%، گزشتہ سال (300%) کے حساب سے ادائیگی کی سفارش کی ہے، جو 25 اکتوبر 2019ء کو منعقد ہونے والے اجلاس میں شیئرز ہولڈرز کی منظوری سے مشروط ہے۔

خطرہ وغیر یقینی کیفیات

ماذی خطرات یا غیر یقینی صورتحال جس کا سامنا کمپنی کو کرنا پڑ رہا ہے روپے کی قدر میں کمی اور حکومت کی جانب سے عائد کیے جانے والے ٹیکسز ہیں۔

حصص داری کا پیٹرن

30 جون 2019ء کے مطابق کمپنی کے شیئرز ہولڈرز کی کل تعداد 30 جون 2018ء پر 1,408 کے مقابلے میں 1,245 تھی شیئرز ہولڈنگ پیٹرن برعکاس 30 جون 2019ء اور اس کا اثناء (اعلان) منسلک کر دیا گیا ہے۔

منافع فی حصص (ای پی ایس)

30 جون 2019ء کو ختم شدہ سال کیلئے منافع فی حصص (ای پی ایس) پچھلے سال کے 46.86 روپے (بونس شیئرز کیلئے ایڈجسٹمنٹ کے بعد) کے مقابلے میں 44.21 روپے ہے۔

انٹرنل آڈٹ اور کنٹرول

انٹرنل آڈٹ فنکشن ایک معروف چارٹرڈ اکاؤنٹنٹس فرم سے آڈٹ سروس کیا گیا ہے، اور ان کے ساتھ ایک آفیسر کی خدمات حاصل کی گئیں جو آڈٹ کمیٹی کو رپورٹ میں معاونت کرتا ہے۔

بورڈ کی تشکیل

کمپنی بورڈ آف ڈائریکٹرز کی تشکیل اور اہلیت پر ریگولیٹری کی ضروریات کی تکمیل کرتی ہے۔ ڈائریکٹرز کی کل تعداد آٹھ (08) ہے۔ بورڈ کی زمرے کے مطابق تشکیل درج ذیل ہے:

ا. مرد : سات
ب. خاتون : ایک

زمرہ	ڈائریکٹرز کے نام
i. انڈیپنڈنٹ ڈائریکٹرز	لیفٹیننٹ جنرل (ریٹائرڈ) خضر اعظم پروفیسر خالد عزیز مرزا جناب شہباز حیدر آغا
ii. نان ایگزیکٹو ڈائریکٹرز	جناب خرم مظفر چوہدری معین افضل جناب عامر ایچ شیرازی بیگم گوئی ایم جھنڈارا
iii. ایگزیکٹو ڈائریکٹر	جناب اسغیاء ایم جھنڈارا

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ب. شعبہ گلاس

(%) فیصد	2018ء روپے ملین میں	(%) فیصد	2019ء روپے ملین میں	
-	1,580	-	1,723	فروخت آمدن (قابل اطلاق ٹیکسز کے علاوہ)
(60.8)	(961)	(62.8)	(1,082)	لاگت فروخت
39.2	619	37.2	641	مجموعی منافع
37.1	586	35.1	605	عملی منافع
میٹرک ٹن	34,156	میٹرک ٹن	35,522	گلاس کنٹینرز کی فروخت

ج. شعبہ مشروبات

(%) فیصد	2018ء روپے ملین میں	(%) فیصد	2019ء روپے ملین میں	
-	2,538	-	2,828	فروخت آمدن (قابل اطلاق ٹیکسز کے علاوہ)
(85.9)	(2,181)	(88.2)	(2,495)	لاگت فروخت
14.1	357	11.8	333	مجموعی منافع
(3.8)	(96)	(4.1)	(117)	عملی منافع (نقصان)

شعبہ مشروبات (ٹاپس ڈویژن) کا مجموعی منافع پچھلے سال کے مقابلے میں 24 ملین روپے اور عملی منافع 21 ملین روپے کم رہا جس کی وجوہات میں خام مال کی لاگت میں اضافہ، روپے کی قدر میں کمی اور لاگت تقسیم و ترسیل شامل ہیں۔

اس شعبے میں بڑھتے ہوئے نقصان پر انتظامیہ کو گہری تشریح ہے اور نقصانات کے ازالے کے طریقوں اور ویلیوں پر غور کر رہی ہے۔

اہم مسائل

- i. سندھ میں شراب کی فروخت پر پابندی
سندھ واٹن ایسوسی ایشن نے سندھ ہائی کورٹ کے حکم کے خلاف سپریم کورٹ سے حکم امتناعی لے رکھا ہے اور اُن کی درخواست سپریم کورٹ میں زیر التواء ہے۔
- ii. ایش ہیلڈ ڈیوٹی
سندھ واٹن ایسوسی ایشن نے مقدمہ جیت لیا ہے جو کہ پنجاب حکومت نے لاہور ہائی کورٹ میں دائر کر رکھا تھا۔ پنجاب ایکسائز بھی نان۔ پنجاب واٹن ڈیلرز سے ایکسٹرا ڈیوٹی وصول کر رہا ہے کیونکہ پنجاب ایکسائز نے ایک ایپل دائر کر رکھی ہے اور سپریم کورٹ سے حکم امتناعی حاصل کر رکھا ہے۔
- iii. گیس انفراسٹرکچر ڈیولپمنٹ سیس (جی آئی ڈی سی)
کمپنی اور انڈسٹری نے GIDC ایکٹ 2015 کو چیلنج کیا، ہوا ہے اور GIDC ایکٹ پر نظر ثانی کی درخواست کے ساتھ لاہور ہائی کورٹ میں ایک رٹ پیشین بھی جمع کروائی ہوئی ہے۔ جنوری 2014ء کے بعد اُن عرصوں میں جب کمپنی کو حکم امتناعی دے دیا گیا تھا اور غیر ادا شدہ واجب الادا کل رقم 30 جون 2019ء تک 217 ملین روپے تک ہو گئی تھی (30 جون 2018ء: 167 ملین روپے)۔
حکومت جی آئی ڈی سی کی مکمل صورتحال کا جائزہ لے رہی ہے اور کمپنی حکومت کی جانب سے کسی فیصلے کے اعلان کے بعد مناسب قدم اٹھائی گی۔
- iv. تجارتی استعمال کیلئے پانی کے استعمال پر ٹیکس
سپریم کورٹ آف پاکستان نے سوموٹو اقدام کرتے ہوئے اپنے ارادے کا اظہار کیا تھا کہ بیوروٹج انڈسٹری کو سطح زمین اور زیر زمین پانی کے ایک لیٹر پر ایک روپے کا ٹیکس عائد ہوگا جسے صارفین کو منتقل نہیں کیا جائے گا۔ یہ جاری کردہ حکم دسمبر 2018ء سے مؤثر تھا تمام صنعتوں پر لاگو ہے جو پاکستان میں پانی کا استعمال کرتے ہیں تاہم اس کیلئے قواعد اب تک جاری نہیں کیے گئے ہیں۔
کمپنی نے پانی کے استعمال کے حساب کی غرض سے میٹر نصب کر دیے ہیں اور بیوروٹج انڈسٹری کی طرح ایک نظر ثانی کی درخواست جمع کرادی ہے جو سپریم کورٹ میں زیر التواء ہے۔

30 جون 2019ء کو ختم شدہ سال کیلئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2019ء کو ختم شدہ سال کیلئے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے مختصر محسوس کر رہے ہیں۔

کمپنی کا کاروباری جائزہ

مری برووری نے مسلسل آپریشن کے 159 سال مکمل کر لیے ہیں، اس کا شمار پاکستان میں اسٹاک ایکسچینج پر درج سب سے پرانی کمپنیز میں ہوتا ہے۔ ایسے وقت کہ جب کمپنی کے منافع جات کم ہوئے ہیں اور پاکستان میں غیر ملکی اور ملکی سرمایہ کاری دونوں میں کمی ہوئی ہے لیکن کمپنی پھر بھی بیئر اور غیر الکحلی مصنوعات کی پیداواری صلاحیت میں توسیع کر رہی ہے تاکہ مستقبل کی طلب پوری کی جائے۔

اس طویل مدتی پالیسی نے کمپنی کی کامیابی میں معاونت کی ہے تاکہ شیئرز ہولڈرز کی سرمایہ کاری میں قدر افزائی ہوگی، ملازمتوں کی فراہمی (بلواسطہ اور بلاواسطہ) اور رپورٹ میں درج تفصیلات کے مطابق حکومت کے ٹیکسز اور اچھی خاصی ڈیویڈنڈ کی ادائیگی ممکن ہو۔

مالیاتی کارکردگی

i. مجموعی مالیاتی جائزہ اور جھلکیاں:

روپے بلین میں	اضافہ 10.2%	مخصوصات فروخت (خالص)
9,059 سے 9,983	کمی 4.3%	مجموعی منافع جات
2,869 سے 2,747	کمی 9.0%	قبل از ٹیکس منافع
1,828 سے 1,663	کمی 5.7%	بعد از ٹیکس منافع
1,296 سے 1,223	کمی 5.7%	آمدن فی حصص
46.86 سے 44.21		(سرمایہ انسانی کی ایجنٹ)

خام مال کی لاگت میں اضافہ کی وجہ سے منافع قبل و بعد از ٹیکس میں کمی ہوئی ہے جس کی سب سے بڑی وجہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی ہے۔

ii. شعبہ جاتی عملی نتائج

ہمارے شعبہ جات کے نتائج یہ ہے:

ا. شعبہ لیکور

(%) فیصد	2018	(%) فیصد	2019	
	روپے بلین میں		روپے بلین میں	
-	6,973	-	7,676	فروخت آمدن (قابل اطلاق ٹیکسز کے علاوہ)
(72.8)	(5,080)	(76.9)	(5,903)	لاگت فروخت
27.1	1,893	23.1	1,773	مجموعی منافع
18.4	1,286	13.4	1,030	عملی منافع

مری بروری کمپنی لمیٹڈ

چیئر مین کا جائزہ

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کے تحت بورڈ کی اپنی کارکردگی کی سالانہ جائزہ کیلئے ایک باضابطہ اور موثر طریقہ کار ہوتا ہے۔ اس کا مقصد بورڈ کی مجموعی کارکردگی اور اثر کی جانچ اور امیدوں کے برخلاف کمپنی کے واضح شدہ مقاصد کی تاثیر کے حصول کو مانپنا شامل ہے۔ بورڈ مختلف پس منظروں سے آئے تجربہ کار افراد پر مشتمل ہے اور ایک دوسرے کی نمائندگی کرتے ہوئے شیئر ہولڈرز کی سرمایہ کاری کو بڑھانے کی غرض سے پالیسیز اور طریقہ کار کو خوب تاب و توانائی فراہم کی ہے اور خاص طور پر کسی مقابلے سال میں مناسب منافع جات فراہم کیے ہیں۔ اس لیے ان کی کارکردگی انتہائی اطمینان بخش ہے۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے بورڈ اور اس کے کمیٹی اجلاس سے کافی وقت پہلے ہی ایجنڈا اور تحریر شدہ معاون مواد بشمول پیروی شدہ مواد حاصل کر لیا ہے۔ بورڈ اکثر ملتا رہتا ہے تاکہ اس کی ذمہ داریاں مناسب طور پر انجام دے۔ غیر انتظامی اور آزاد ڈائریکٹرز بھی تمام کارروائیوں اور فیصلوں میں یکساں طور پر شامل رہتے ہیں۔

King Abbas

خرم مظفر

چیئر مین

راولپنڈی، 26 ستمبر 2019ء

MURREE BREWERY COMPANY LIMITED

3-NATIONAL PARK ROAD, RAWALPINDI



FORM OF PROXY

152nd ANNUAL GENERAL MEETING

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

CNIC No.

Or Passport No. _____

For beneficial owners as per CDC List.

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

CNIC No.

Or Passport No. _____

I/ We hereby appoint _____ of _____ failing him / her _____ of _____ as my / our / proxy to vote and act for me / our behalf at the **152nd Annual General Meeting of the Company to be held on Friday, 25th October, 2019 at 1000 Hours at Registered Office, 3-National Park Road, Rawalpindi or at any adjournment thereof.**

Revenue Stamp

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

Date: This _____ day of October, 2019

Signature of Shareholder _____

Signature of Proxy _____

Witnesses

Signature _____

Signature _____

Name _____

Name _____

Address _____

Address _____

CNIC or Passport # _____

CNIC or Passport # _____

Note:

1. Proxies in order to be effective must be received by the Company, Murree Brewery Co. Ltd., 3-National Park Road, Rawalpindi not less than forty eight hours before the time of the meeting.
2. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC / Passport is required to be produced at the time of the meeting).
3. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provide earlier) along with proxy form to the Company
4. Any person who is appointed as a proxy by any individual shareholder /member must himself be a shareholder /member of the Company. U/S 137 (D) of the companies Act, 2017.

**AFFIX
CORRECT
POSTAGE**

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

152 واں سالانہ جنرل اجلاس

میں / ہم ----- از ----- بحیثیت مری بروری کمپنی لمیٹڈ

کے ممبر اور عام حصص یافتہ مطابق (-----) شیئرز رجسٹر فوئیو نمبر ----- یا سی ڈی سی اکاؤنٹ نمبر -----

شناختی کارڈ نمبر یا پاسپورٹ نمبر -----

سی ڈی سی کی لسٹ کے مطابق شیئرز ہولڈرز کیلئے

سی ڈی سی حصہ دار کا آئی ڈی نمبر ----- سب اکاؤنٹ نمبر -----

شناختی کارڈ نمبر یا پاسپورٹ نمبر -----

میں / ہم مقرر کرتا کرتے ہیں ----- از -----

یا پھر ----- از ----- کو کمپنی کے بروز جمعہ

25 اکتوبر 2019 صبح دس بجے ہونے والے عام سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کیلئے اپنا نیابت دار مقرر کرتا کرتی ہوں۔

ریونیونٹ ملٹ

دستخط -----
کمپنی کے پاس دستخط کے نمونے کے مطابق ہوں

مورخہ ----- اکتوبر 2019

دستخط شیئرز ہولڈر

پرو کسی کے دستخط

2- دستخط

نام

پتہ

شناختی کارڈ نمبر یا پاسپورٹ نمبر

1- دستخط

نام

پتہ

شناختی کارڈ نمبر یا پاسپورٹ نمبر

نوٹ:

1- نیابت داری فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس 3- نیشنل پارک روڈ راولپنڈی میں جمع کرادیا جائے۔

2- سی ڈی سی شیئرز ہولڈرز یا ان کے نیابت داری کو درخواست کی جاتی ہے۔ کہ وہ اپنے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی نیابت داری فارم کے ساتھ منسلک کریں۔ اصل شناختی کارڈ اجلاس میں شرکت کے وقت پاس ہونا لازمی ہے۔

3- ممبر کارپوریشن ہونے کی صورت میں بورڈ کی دستخط شدہ ریڈولوشن / پاور آف آٹارنی نیابت داری فارم کے ساتھ جمع کروانا ہوگی

4- حیر ہولڈ کی جانب سے مقرر کردہ نیابت دار کو کمپنیز ایکٹ 2017 کے سیکشن 137(D) کے تحت کمپنی کا حیر ہولڈر ہونا ضروری ہے۔

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 CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', SMCHS, Main Shahra-e-Faisal, Karachi-74400. email: info@cdcsrcsl.com

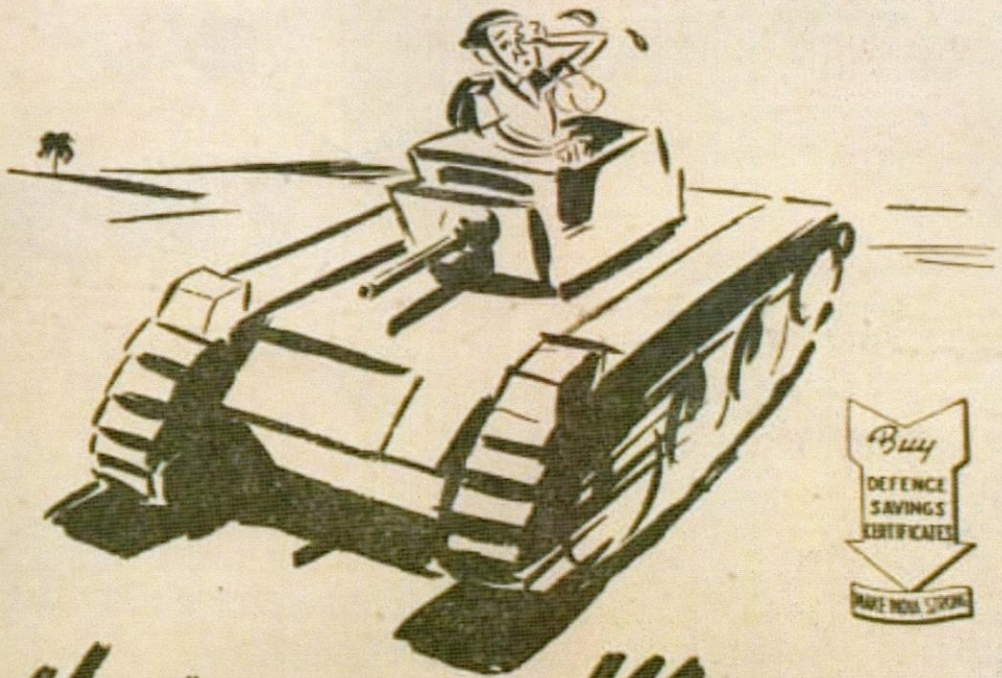
- a). Shareholder Name: _____
- b). Folio/Account Number _____
- c). Bank Account Title: _____
- d). **International Bank Account Number (IBAN)**
Please contact your Bank for **24 digits IBAN Information** _____
- e). Bank Name: _____
- f). Branch Name: _____
- g). Branch Address (with city name): _____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

Signature of Shareholder

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

Murree Brewery Company Limited
3-National Park Road, Rawalpindi

★
it's men like us



that need Murree

*We'll roll up Rommel's panzers,
Make Musso's legions scurry;
They're thirsty operations —
So send us lots more Murree.*

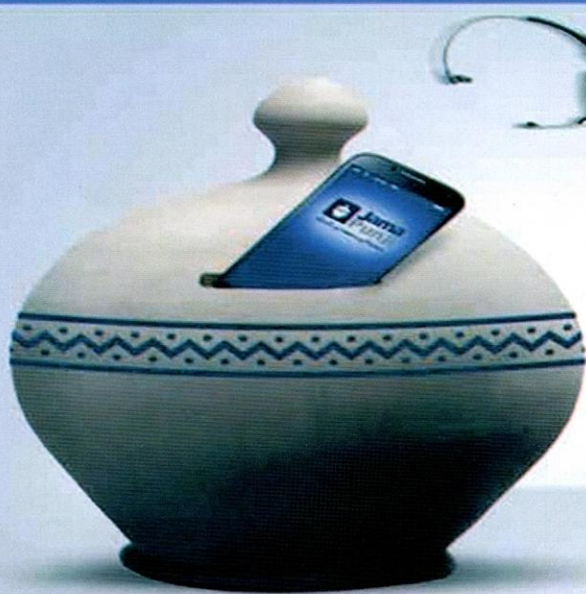
Who would deny these gallant lads their glass of sparkling Murree, even if it does mean that we must go short for a while?

So please don't be too disappointed when you cannot get your favourite beer. We're working at top speed to keep the fighting lads supplied . . . you don't blame us, do you?

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