



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

Murree Brewery Co. Ltd.

Condensed Interim Financial Information
six months period (2nd Quarter) ended 30



Since 1969

Let's tango with



f murreebrewerycompany

globe www.murreebrewery.com

MURREE SPARKLETTS®
Bottled Drinking Water

The Only Offer

- Excellence in Quality & Innovation
- A Reasonable Price
- Excellent Customer Services
- A Genuine Pakistani Brand

PRICE MESSAGE BY MURREE SPARKLETTS
CUSTOMER DECIDE!

...ort", "Trade Promotion", "Exclusivity Rights", "Shelf placement"-
PRACTICES. Millions of rupees are exchanging hands above and
product promotion. Trade institutions are being bribed & forced to
acts. We at Murree Sparkletts believe all such practices are
CUSTOMER DECIDE which product to consume. By dishing out
companies are depriving the public at large their right of choice.
OPTION.

www.murreebrewery.com

...nched by Murree Brewery Company
...ne Print and Electronic Media



Revamped water station dedicated
name of late employee/incharge of water
MBC for almost 4 decades



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VISION STATEMENT

Our office is in the market

MISSION STATEMENT

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

Continuous improvement

Alignment of our missions & 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
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 Ahmad
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

DIRECTORS' REVIEW

The Board of Directors of Murree Brewery Company Limited takes pleasure in presenting their review on financial performance and affairs of the Company together with the Auditor's reviewed financial statements for the six months period ended 31st December, 2019.

A brief review of the Company's financial performance for the six months period against the corresponding period of the last year is as follows:-

FINANCIAL OVERVIEW & HIGHLIGHTS

		Rs. in million	
Sales revenue (Net)	increased by 1.3%	from 4,681	to 4,742
Gross Profit	decreased by 9.7%	from 1,544	to 1,395
Profit before Taxation	decreased by 9.1%	from 968	to 880
Profit after Taxation	decreased by 10.5%	from 658	to 589
Earnings per share	decreased by 10.5%	from Rs. 23.78	to Rs. 21.28

The profitability of the Company has decreased during the half year ended 31st December, 2019 as compared to the corresponding period of the last year. Overall sales reflected 1.3% growth over the last corresponding period, but the profit after tax declined by 10.5% in the current half year, principally due to the rise in the cost of sales due to dearer cost of both imports and local material. The impact of the two years settlement with the Collective Bargaining Agent (CBA) from 1st July, 2019 is also included for 6 months in the above figures.

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 dated 27th October, 2016 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. However, 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.241 million up to 31st December, 2019 (31st December, 2018: Rs.192.06 million).

The Government is reviewing the entire GIDC levy 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 announced taxation of 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 beverage industry has lodged a review petition, which is pending in the Supreme Court.

INTERIM DIVIDEND:

The Directors have today declared second interim cash dividend @100% (i.e. Rs.10 per share) for the year ending 30th June, 2020. This is in addition to 1st interim cash dividend already paid @50% (i.e. Rs.5 per share).

CONTRIBUTION TO NATIONAL EXCHEQUER:

Your company contributed a sum of Rs.2,812 million in the six months period ended 31st December, 2019 (31st December, 2018 : Rs.2,713 million) to the Government exchequer on account of duty and taxes.

CORPORATE SOCIAL RESPONSIBILITY :

Your Company always takes interest in its social responsibility and gives donations to charitable institutions, hospitals and trusts.

Your company continued with its pro-environment initiatives with trees-plantation in Rawalpindi and in its Hattar property.

TOP 25 COMPANIES AWARD BY PAKISTAN STOCK EXCHANGE (PSX):

Your Company was selected amongst the “Top 25 Companies” by PSX for the year 2017 in recognition of Company’s policy and practice of transparency, disclosure of required information and compliance with financial reporting standards, provisions of Companies Act, 2017 and listing regulations. The award was received by the Company at a ceremony organized by PSX in Karachi.

OUTLOOK:

The Company is facing a challenging operating environment with higher utility prices and low GDP growth. It has been burdened with costlier gas and electricity. Currently inflation is in double digits.

Your company is the oldest in the territorial limits of Pakistan, its operations are solely in Pakistan and is not allowed exports of alcoholic drinks. It has always adopted a long-term policy on investment in plant, equipment and manpower and has the ability to invest in them irrespective of the level of annual profitability. The policy has enabled the Company to successfully complete 160 years of operations in which there have been many difficult years the worst at the time of partition of India in 1947.


We have over 2,000 employees and a large number of suppliers of raw material and distribution of our products. They and their families’ livelihood is dependent on the continued operations of the company which has been achieved strictly conforming to the laws and regulations of Pakistan.


The year to 30th June 2020 is going to be another difficult one but with its long-term policy the Company should continue to provide reasonable returns to its shareholders and protect their investment. Dividends have been paid annually for several decades and even today our Rs.10 share is quoted at a premium of over Rs.600 on the PSX providing value to shareholders.

APPRECIATION :

The Board would like to record its appreciation of the management team together with the other employees for their work and loyalty to the Company. The Board also extends its gratitude to all business stakeholders, Government Authorities and shareholders for their support in achieving the company's objectives.

ON BEHALF OF THE BOARD


Isphanyar M. Bhandara
Chief Executive Officer


Khurram Muzaffar
Chairman

Rawalpindi 25th February, 2020

قومی خزانے میں معاونت:

آپ کی کمپنی نے 31 دسمبر 2019 کو ختم شدہ چھ ماہ کے عرصے میں 2,812 ملین روپے ڈیوٹی اور ٹیکسز کی مد میں قومی خزانے میں جمع کروائے ہیں (31 دسمبر، 2018 تک 2,713 ملین روپے)

ادارہ جاتی سماجی ذمہ داری:

آپ کی کمپنی ہمیشہ اپنی سماجی ذمہ داری میں دلچسپی لیتی ہے اور خیراتی اداروں، بہیمانوں اور سٹیشن کو چندہ دینی رہتی ہے۔ آپ کی کمپنی نے ماحولیاتی بہتری کے لئے اقدامات جاری رکھتے ہوئے راولپنڈی اور اس کی حصار پر اپنی میں درخت لگانے کی مہم کا آغاز بھی کیا ہے۔

پاکستان سٹاک ایکسچینج PSX کی طرف سے بہترین 25 کمپنیوں کو ایوارڈ:

PSX کی طرف سے سال 2017 کے لئے آپ کی کمپنی کا انتخاب بہترین 25 کمپنیوں میں کیا گیا تھا جو کہ کمپنی کی پالیسی اور شفافیت پریکٹس، مطلوبہ معلومات کے اعانات، فنانسٹیل رپورٹنگ کے سٹینڈرڈز کی تعمیل، کمپنی کے ایکٹ 2017 کی دفعات اور سٹاک ریگولیشن کے اعتراف کی وجہ سے کیا گیا تھا۔ کمپنی نے یہ ایوارڈ کراچی میں PSX کے زیر اہتمام ایک تقریب میں وصول کیا تھا۔

نقطہ نظر:

تیموں میں اضافے اور GDP کی شرح میں کمی کے باعث کمپنی کو شدید چیلنجز حالات کا سامنا ہے اب اس پہ ہنگامی ٹیکس اور بجلی کا بوجھ بھی پڑا ہے۔ اس وقت افراط زر کی سطح دو ہندسوں تک پہنچ چکی ہے۔ آپ کی کمپنی پاکستان کی علاقائی حدود میں سب سے پرائی ہے اس کے آپریشنز صرف پاکستان میں ہیں اور اسے الکلوس ڈرکس برآمد کرنے کی اجازت نہیں ہے اس نے ہمیشہ پلانٹ، ساز و سامان اور انفرادی قوت بڑھانے میں سرمایہ کاری کے بارے میں ایک طویل مدتی پالیسی اپنائی ہے اور سالانہ منافع کی سطح سے قطع نظر ہوتے ہوئے ان میں سرمایہ کاری کرنے کی صلاحیت رکھتی ہے۔ اس پالیسی نے کمپنی کے اپنے 160 سال کے آپریشنز کا میانی سے مکمل کرنے میں مدد دی ہے جس میں 1947 میں تقسیم ہند کے وقت بہت مشکل سال بھی شامل رہے ہیں۔ ہمارے پاس دو ہزار سے زائد ملازمین ہیں اور ہم اپنی مصنوعات کی تقسیم اور خام مال کے بہت بڑی تعداد میں سپلائرز ہیں۔ تمام ملازمین اور ان کے اہل خانہ کی معاش کا انحصار اس کمپنی کے مسلسل آپریشنز پر ہے جو پاکستان کے قوانین اور ضوابط پر سختی سے عمل کرتی ہے۔

30 جون 2020 کو مکمل ہونے والا موجودہ سال بھی ایک مشکل سال لگ رہا ہے لیکن اپنی طویل المعیاد پالیسی کے ساتھ کمپنی کو اپنے حصص داران کو معقول منافع فراہم کرنا اور ان کی سرمایہ کاری کو محفوظ رکھنا چاہیے۔ منافع منقسمہ سالانہ کئی دہائیوں سے ادا کیا جا رہا ہے اور جی کہ آج بھی ہمارے 10 روپے کے حصص کو PSX پر 600 روپے سے زائد کے پریمیم کے حساب داران کو قیمت مہیا کرتے ہیں۔

خدمات کا اعتراف:

بورڈ انتظامی ٹیم کے ہمراہ اپنے ملازمین کے عزم، تعاون اور شراکت کو سراہتا ہے اور ان کا شکر گزار ہے۔ بورڈ کمپنی کے مقاصد کو حاصل کرنے میں تمام کاروباری سٹیک ہولڈرز سرکاری حکام اور حصص داران کے تعاون پر ان کا بھی شکریہ ادا کرتے ہیں

بورڈ کی جانب سے



خرم منظر

چیئر مین



اسفندیار احمد

چیف ایگزیکٹو آفیسر

راولپنڈی 25 فروری، 2020

مری بروری کمپنی لمیٹڈ

ڈائریکٹرز کا جائزہ

مری بروری کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2019 کو اختتام پذیر ہونے والی ششماہی کے لئے آڈیٹرز کا جائزہ شدہ مالی سٹیٹمنٹ کے ساتھ ساتھ کمپنی کی مالیاتی کارکردگی اور معاملات پر اپنا جائزہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کمپنی کے پچھلے سال کے مقابلے عرصے کے مقابلے میں چھ مہینوں کے دوران کمپنی کی مالی کارکردگی کا مختصر جائزہ مندرجہ ذیل ہے۔

مالیاتی جائزہ اور اہم نکات:

فروخت محصولات (خالص)	اضافہ 1.3%	روپے ملین میں
مجموعی منافع	کمی 9.7%	4,742 سے 4,681
قبل از ٹیکس منافع	کمی 9.1%	1,395 سے 1,544
بعد از ٹیکس منافع	کمی 10.5%	880 سے 968
آمدنی فی حصص	کمی 10.5%	589 سے 658
		21.28 سے 23.78

گذشتہ سال کے مقابلے میں 31 دسمبر 2019 کو اختتام پذیر ہونے والے نصف سال کے دوران کمپنی کے منافع میں کمی ہوئی ہے۔ مجموعی طور پر فروخت کی شرح میں پچھلے عرصے کے مقابلے میں 1.3% کا اضافہ دیکھنے میں آیا لیکن رواں نصف سال میں ٹیکس ادا کرنے کے بعد منافع کی شرح میں 10.5% کمی ہوئی۔ بنیادی طور پر قیمت فروخت میں اضافے کی وجہ سے آمدات اور مقامی سامان دونوں کی قیمتوں کا زیادہ ہونا ہے، یکم جولائی 2019 سے کلکٹیو بارگیننگ ایجنٹ (CBA) کے ساتھ دو سال کا معاہدہ طے پانے کے اثرات کو بھی مندرجہ بالا اعداد و شمار میں 6 ماہ کے لئے شامل کر لیا گیا ہے۔

اہم مسائل:

i- سندھ میں شراب کی فروخت پر پابندی:

سندھ وائٹ ایسوسی ایشن نے سندھ ہائی کورٹ کے حکم مورخہ 27 اکتوبر، 2016 کے خلاف سپریم کورٹ سے حکم امتناعی لے رکھا ہے اور ان کی درخواست سپریم کورٹ میں زیر التواء ہے۔

ii- سیٹل ہیڈ ڈیوٹی:

سندھ وائٹ ایسوسی ایشن نے مقدمہ جیت لیا ہے جو کہ پنجاب حکومت نے لاہور ہائی کورٹ میں دائر کر رکھا تھا۔ پنجاب ایگسٹریٹس بھی نان۔ پنجاب وائٹ ڈیلرز سے ایکسٹریڈیوٹی وصول کر رہا ہے کیونکہ پنجاب ایگسٹریٹس نے ایک اپیل دائر کر رکھی ہے اور سپریم کورٹ سے حکم امتناعی حاصل کر رکھا ہے۔

iii- گیس انفراسٹرکچر ڈیولپمنٹ سیس GIDC:

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 پٹیشن بھی جمع کروائی ہوئی ہے۔ جنوری 2014ء کے بعد ان عرصوں میں جب کمپنی کو حکم امتناعی دے دیا گیا تھا اور غیر ادا شدہ واجب الادا کل رقم 31 دسمبر 2019ء تک 241 ملین روپے تک ہو گئی تھی (31 دسمبر، 2018ء: 192.06 ملین روپے)۔ حکومت جی آئی ڈی سی کی مکمل صورتحال کا جائزہ لے رہی ہے اور کمپنی حکومت کی جانب سے فیصلے کے اعلان کے بعد مناسب قدم اٹھائی گی۔

iv- تجارتی استعمال کے لئے پانی کے استعمال پر ٹیکس:

سپریم کورٹ آف پاکستان نے اپنے ارادے کا اظہار کیا تھا کہ بیورج انڈسٹری کو سطح زمین اور زیر زمین پانی کے ایک لیٹر پر ایک روپے کا ٹیکس عائد ہوگا جسے صارفین سے وصول نہیں کیا جائے گا۔ یہ جاری کردہ حکم دسمبر 2018ء سے مؤثر اور تمام صنعتوں پر لاگو ہے جو پاکستان میں پانی کا استعمال کرتے ہیں۔ اس کیلئے قواعد اب تک جاری نہیں کیے گئے ہیں۔ بیورج انڈسٹری نے ایک نظر ثانی کی درخواست دائر کر رکھی ہے جو سپریم کورٹ میں زیر التواء ہے۔

عموری منافع منقسمہ:

ڈائریکٹرز نے 30 جون، 2020 کو ختم ہونے والے سال کے لئے دوسرے عموری منافع منقسمہ کا اعلان کیا ہے جو کہ 100 فیصد کی شرح سے یعنی 10 روپے فی حصص ہے یہ عموری منافع منقسمہ پہلے سے ادا کئے گئے پہلے منافع منقسمہ 50 فیصد کی شرح یعنی 5 روپے فی حصص کے علاوہ ادا کیا جائے گا۔

INDEPENDENT AUDITORS'REVIEW REPORT

To the members of Murree Brewery Company Limited Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Murree Brewery Company Limited as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the three-month period ended 31 December 2019 and 31 December 2018, in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' report is Inam Ullah Kakra.


KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 28th February 2020

Murree Brewery Company Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the six months ended 31 December 2019

	Note	Total			
		Quarter ended 31 December		Six months ended 31 December	
		2019	2018	2019	2018
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
NET TURNOVER		2,012,959	1,923,943	4,742,276	4,680,887
COST OF SALES	8	(1,444,352)	(1,209,680)	(3,347,526)	(3,136,540)
GROSS PROFIT		568,607	714,263	1,394,750	1,544,347
Selling and distribution expenses		(140,372)	(170,665)	(399,725)	(441,194)
Administrative expenses		(136,054)	(107,971)	(258,406)	(207,992)
Other expenses		(27,841)	(34,445)	(66,710)	(68,825)
Other income		16,220	(7,424)	38,064	16,062
OPERATING PROFIT		280,560	393,758	707,973	842,398
Finance costs		(4,986)	(6,211)	(9,048)	(10,217)
Finance income		98,365	86,797	181,448	135,612
NET FINANCE INCOME / COST		93,379	80,586	172,400	125,395
PROFIT BEFORE TAX		373,939	474,344	880,373	967,793
Income tax expense		(159,980)	(179,096)	(291,708)	(309,930)
PROFIT FOR THE PERIOD		213,959	295,248	588,665	657,863
Earnings per share - basic and diluted (Rupees)	9	7.73	10.67	21.28	23.78

The annexed notes 1 to 16 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Murree Brewery Company Limited

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the six months ended 31 December 2019

Note	Quarter ended 31 December		Six months ended 31 December	
	2019	2018	2019	2018
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Profit for the period	213,959	295,248	588,665	657,863
Other comprehensive income for the period:	-	-	-	-
Total comprehensive income for the period	213,959	295,248	588,665	657,863

The annexed notes 1 to 16 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Murree Brewery Company Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the six months ended 31 December 2019

	Capital reserves		Revenue reserves		Total equity	
	Share capital	Capital reserve	General reserve	Contingency reserve		Unappropriated profits
			(Rs. '000)			
Balance at 1 July 2018	250,330	30,681	2,913,653	327,042	5,945,228	9,467,134
Total comprehensive income for the period	-	-	-	-	657,863	657,863
Profit for the period	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	657,863	657,863
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	(23,864)	-	21,864	-
Transferred from revaluation surplus on property, plant and equipment on disposal - net of deferred tax	-	-	(2,197)	-	2,197	-
Total comprehensive income for the period	-	-	(26,061)	-	26,061	-
Transaction with the owners of the company						
Distributions						
Final dividend for the year ended 30 June 2018 (Rs. 5 per share)	-	-	-	-	(115,265)	(115,265)
Issue of bonus shares of 20% (01 bonus share for every 05 shares held)	46,106	-	-	-	(46,106)	-
First interim dividend for the year ending 30 June 2019 (Rs. 10 per share)	-	-	-	-	(138,318)	(138,318)
Total transactions with owners of the company	46,106	-	-	-	(299,689)	(253,583)
Balance at 31 December 2018	276,656	30,681	2,887,592	327,042	6,329,462	9,871,414
Balance at 30 June 2019 (Audited)	276,656	30,681	2,837,111	327,042	6,534,489	10,025,959
Adjustment on initial application of IFRS 16	-	-	-	-	-	-
Adjusted balance at 1 July 2019	276,656	30,681	2,837,111	327,042	6,534,489	10,025,959
Total comprehensive income for the period	-	-	-	-	588,665	588,665
Profit for the period	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	588,665	588,665
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	(2,742)	-	2,742	-
Transferred from revaluation surplus on property, plant and equipment on disposal - net of deferred tax	-	-	(33,599)	-	33,599	-
Total comprehensive income for the period	-	-	(36,341)	-	36,341	-
Transaction with the owners of the company						
Final dividend for the year ended 30 June 2019 (Rs. 10 per share)	-	-	-	-	(276,656)	(276,656)
First interim dividend for the year ending 30 June 2020 (Rs. 5 per share)	-	-	-	-	(138,318)	(138,318)
Total transactions with owners of the company	-	-	-	-	(414,974)	(414,974)
Balance as at 31 December 2019 (Unaudited)	276,656	30,681	2,800,770	327,042	6,744,541	10,199,670

The annexed notes 1 to 16 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Murree Brewery Company Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the six months ended 31 December 2019

	Note	Six months ended 31 December	
		31-Dec-19 (Rs.'000)	31-Dec-18 (Rs.'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		880,373	967,793
Adjustments for:			
Depreciation / amortization	6	204,429	168,392
Employee benefits - charge to profit or loss		32,809	18,111
Provision for Workers' Profit Participation Fund (WPPF)		47,234	49,469
Provision for Workers' Welfare Fund (WWF)		17,949	19,356
(Gain) / Loss on disposal of property, plant and equipment		(2,649)	2,458
Finance cost		9,048	10,216
Return on deposit accounts		(70,403)	(52,772)
Interest on PIBs		(12,908)	(7,004)
Interest on advances		(206)	(202)
Dividend income		(67,496)	(10,438)
Unrealized gain on re-measurement of short term investments		(23,275)	(17,768)
Gain on sales of investments		-	(4,207)
		<u>134,532</u>	<u>175,611</u>
		1,014,905	1,143,404
Change in:			
Inventories		(183,656)	(44,463)
Trade debts		(52,651)	(19,578)
Advances, prepayments and other receivables		94,145	(123,815)
Trade and other payables		(106,189)	(172,879)
Contract liabilities		(54,376)	(56,146)
		<u>(302,727)</u>	<u>(416,881)</u>
Cash generated from operating activities		712,178	726,523
Finance cost paid		(9,048)	(8,949)
Employee benefits paid		(20,910)	(13,256)
WPPF paid		(88,719)	(23,765)
Taxes paid		(324,292)	(269,254)
Net cash from operating activities		269,209	411,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(153,030)	(285,568)
Acquisition of investment property		(9,050)	-
Proceeds from sale of property, plant and equipment		6,442	894
Advances for capital expenditures		(34,004)	84,328
Long term advances paid		(2,240)	(5,890)
Long term deposits paid		(3,728)	(1,098)
Proceeds from sale of long term investment		12,745	7,205
Proceeds from sales of / (acquisition of) investments - net		(167,140)	(368,209)
Interest received		72,273	55,996
Dividends received		67,496	10,438
Net cash used in investing activities		(210,236)	(501,904)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities (2018: Payment of finance lease liabilities)		(38,491)	(40,761)
Dividend paid		(474,141)	(307,711)
Net cash used in financing activities		(512,632)	(348,472)
Net decrease in cash and cash equivalents		(453,659)	(439,077)
Cash and cash equivalents at beginning of the year		1,694,452	1,998,714
Cash and cash equivalents at end of the year	7	1,240,793	1,559,637

The annexed notes 1 to 16 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Murree Brewery Company Limited

Notes to condensed interim financial statements (Unaudited)

For the six months ended 31 December 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 registered office of the Company is situated at National Park Road in Rawalpindi, Pakistan.

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.

2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these interim financial statements do not include the information that was reported in annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2019. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited financial statements for the year ended 30 June 2019, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from unaudited interim financial statements for the six months period ended 31 December 2018.

This condensed interim financial information is un-audited and is being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2019 except for the adoption of new standard effective as of 01 July 2019 as referred to in note 3.2 to these condensed interim financial statements.

3.2 New standards, interpretations and amendments adopted by the Company

The Company has adopted IFRS 16 'Leases' from 01 July 2019. A number of other new standards are effective from 01 July 2019 but they do not have a material effect on the Company's condensed interim financial statements.

Accounting policy

IFRS 16 introduced a single, on-balance sheet accounting model for ~~leases~~ result, the Company as a lessee, has recognized right of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 July 2019. Accordingly, the comparative information presented for year ended 30 June 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 "Determining whether an arrangement contains a lease". The Company now assesses whether a contract is or contains a lease based on the new definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Murree Brewery Company Limited

Notes to condensed interim financial statements (Unaudited)

For the six months ended 31 December 2019

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single lease component.

As a Lessee

The Company leases many assets, including properties and vehicles. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognize right-of-use assets and lease liabilities for some leases of short term duration. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment, the same line item as it presents underlying assets of the same nature that it owns. Right-of-use assets that meet the definition of investment property are presented within investment property. The carrying amounts of right of use assets are as below.

	Property, plant and equipment (Rs.000)
Balance at 01 July 2019	11,100
Balance at 31 December 2019	8,887

Significant accounting policies

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain measurements of the lease liability. When a right of use asset meets the definition of investment property, it is presented in investment property. The right of use asset investment property is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Transition

Previously, the Company classified property leases as operating leases under IAS 17. These include warehousing facilities. The leases typically run for a period of around 3 to 5 years. Some leases include an option to renew the lease by mutual consent of the Company and the lessors.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company incremental borrowing rate as at 1 July 2019. Right of use assets are measured at either:

- their carrying amounts as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Murree Brewery Company Limited

Notes to condensed interim financial statements (Unaudited)

For the six months ended 31 December 2019

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use asset and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right of use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

As a lessor

The Company leases out its investment property. The Company has classified these leases as operating leases. The accounting policies applicable to the Company as a lessor are not different from those under IAS 17. However, when the Company is an intermediate lessor, the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company is not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor. However, the Company has applied IFRS 15 Revenue from contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Impacts on Financial statements

Impacts on transition

On transition to IFRS 16, the Company recognized additional right of use assets and additional lease liabilities, recognizing the difference in retained earnings. The impact on transition is summarized below.

	At 01 July 2019 (Rs.000)
Right-of-use assets presented in property, plant and equipment	11,100
Lease liabilities	11,100

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 01 July 2019. The weighted-average rate applied is 15.24%.

	At 01 July 2019 (Rs.000)
Finance lease liabilities as at 30 June 2019	182,234
Operating leases recognised lease liabilities	11,100
Lease liabilities recognised at 01 July 2019	193,334

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognized Rs.8,886,843 of right-of-use assets and Rs. 9,283,070 of lease liability as at 31 December 2019.

Also in relation to those leases under IFRS 16, the Company has recognized depreciation and interest costs, instead of operating lease expense. During the six months ended 31 Dec 2019, the Company recognized Rs. 2,212,952 of depreciation charge and Rs. 845,754 of interest costs from these leases.

3.3 Accounting Estimates and Judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which are described in Note 3.2.

Murree Brewery Company Limited

Notes to condensed interim financial statements (Unaudited)

For the six months ended 31 December 2019

Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team 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 valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the audit committee.

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

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

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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 January 2020:

- 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 materiality 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 and 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.

Murree Brewery Company Limited

Notes to condensed interim financial statements (Unaudited)

For the six months ended 31 December 2019

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. An entity shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated - i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on the Company's financial statements.

4	SHARE CAPITAL	31-Dec-19 (Rs.'000)	30-Jun-19 (Rs.'000)																				
4.1	Authorised share capital	4.1.1	300,000																				
4.1.1	This represents 30,000,000 (30 June 2019: 30,000,000) ordinary shares of Rs. 10 each.																						
4.2	Issued, subscribed and paid up share capital																						
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; vertical-align: bottom;">Unaudited 31-Dec-19 Number</th> <th style="text-align: left; vertical-align: bottom;">Audited 30-Jun-19 Number</th> <th style="text-align: left; vertical-align: bottom;"></th> <th style="text-align: right; vertical-align: bottom;">Unaudited 31-Dec-19 (Rs.'000)</th> <th style="text-align: right; vertical-align: bottom;">Audited 30-Jun-19 (Rs.'000)</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">264,000</td> <td style="text-align: right;">264,000</td> <td style="text-align: left;">(Ordinary shares of Rs. 10 each)</td> <td style="text-align: right;">2,640</td> <td style="text-align: right;">2,640</td> </tr> <tr> <td style="text-align: right;">27,399,630</td> <td style="text-align: right;">27,399,630</td> <td style="text-align: left;">(Ordinary shares of Rs. 10 each, issued as bonus shares)</td> <td style="text-align: right;">273,996</td> <td style="text-align: right;">273,996</td> </tr> <tr> <td style="text-align: right; border-top: 1px solid black;">27,663,630</td> <td style="text-align: right; border-top: 1px solid black;">27,663,630</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">276,636</td> <td style="text-align: right; border-top: 1px solid black;">276,636</td> </tr> </tbody> </table>	Unaudited 31-Dec-19 Number	Audited 30-Jun-19 Number		Unaudited 31-Dec-19 (Rs.'000)	Audited 30-Jun-19 (Rs.'000)	264,000	264,000	(Ordinary shares of Rs. 10 each)	2,640	2,640	27,399,630	27,399,630	(Ordinary shares of Rs. 10 each, issued as bonus shares)	273,996	273,996	27,663,630	27,663,630		276,636	276,636		
Unaudited 31-Dec-19 Number	Audited 30-Jun-19 Number		Unaudited 31-Dec-19 (Rs.'000)	Audited 30-Jun-19 (Rs.'000)																			
264,000	264,000	(Ordinary shares of Rs. 10 each)	2,640	2,640																			
27,399,630	27,399,630	(Ordinary shares of Rs. 10 each, issued as bonus shares)	273,996	273,996																			
27,663,630	27,663,630		276,636	276,636																			
4.2.1	No bonus shares were issued during the six months period ended 31 December 2019 (six months period ended 31 December 2018: 4,610,605 bonus shares).																						

5 CONTINGENCIES AND COMMITMENTS

There are no changes in the contingencies and commitments of the Company as disclosed in the financial statements for the year ended 30 June 2019, except for the following:

5.1 CONTINGENCIES:

- 5.1.1 The Company is currently liable in respect of guarantees amounting to Rs. 138.715 million (30 June 2019 : Rs. 126.93 million) issued by banks on behalf of the Company in the normal course of business to Sui Northern Gas Pipelines Limited ("SNGPL") for commercial and industrial use of gas.
- 5.1.2 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. 241.19 million (30 June 2019: Rs. 217.09 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.
- 5.1.3 The Company paid sui gas industrial bills based on gas tariff at Rs. 488 per MMBTU and Rs. 573 per MMBTU for captive power meter, as compared to the bill raised by SNGPL at Rs. 600 per MMBTU. The Honourable Lahore High Court ("LHC"), in January 2018, set aside the demand of SNGPL at Rs. 600 per MMBTU and case was decided in favour of the Company. However, SNGPL preferred an appeal before the Supreme Court of Pakistan which is pending adjudication. Till April 2019, the Company has not made provision of the difference in tariff which in aggregate amounts to Rs. 136.12 million (30 June 2019: Rs. 136.12 million) in financial statements as the management, based on legal opinion, is confident that the eventual decision will be in favour of the Company. Subsequent to April 2019, the Company is paying the bills raised by SNGPL at the notified tariff of Rs. 1,021 per MMBTU.

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Notes to condensed interim financial statements (Unaudited)
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5.1.4 The Company, along-with several other bottling / beverage companies, is in litigation arising from a suo moto notice of the Honorable Supreme Court of Pakistan (case no 26 of 2018) regarding use of ground / surface water. The Company has contested the decision of the Honorable Supreme Court and has filed a review petition through its legal counsel. Further, the Company has received notice from the Government of Khyber Pakhtunkhwa on account of water charges. The Company has filed writ petition in the Peshawar High Court against recovery of billed amounts.

Since both the above 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.

5.1.5 At the reporting date there is no change in the status of the tax contingencies except for the items mentioned below. For details, notes 37.3 to 37.5 of the financial statements for the year ended 30 June 2019 are to be referred.

5.1.6 Tax assessments up to and including the tax year 2019, except for tax years 2013, 2015 & 2018, 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 these returns were filed. There were no change to status of tax litigations as disclosed in the annual financial statements of the Company for the year ended 30 June 2019 except that demand orders were received for tax years 2013, 2015 and 2018 which upon appeal by the Company have been remanded back to the assessing officers during the period.

5.2 COMMITMENTS

5.2.1 The Company outstanding Letter of Credit for the import of machinery and inventory items valuing approximately Rs 294.55 million (30 June 2019 : Rs. 143.97 million)

Murree Brewery Company Limited
Notes to condensed interim financial statements (Unaudited)
For the six months ended 31 December 2019

6 PROPERTY, PLANT AND EQUIPMENT

	Operating fixed assets	in progress	Capital work total
	Unaudited 31 December 2019 (Rs. '000)		
Balance at 01 July 2019	5,226,194	169,848	5,396,042
Additions during the period	116,670	36,360	153,030
Transferred from capital work in progress	169,282	(169,282)	-
Disposal during the period-net	(3,796)	-	(3,796)
Depreciation charge for the period	(204,169)	-	(204,169)
Balance at 31 December 2019	<u>5,304,181</u>	<u>36,926</u>	<u>5,341,107</u>
	Audited 30 June 2019 (Rs in '000)		
Balance at 01 July 2018	4,635,033	211,188	4,846,221
Additions during the year	410,537	510,647	921,184
Transferred from capital work in progress	551,987	(551,987)	-
Disposal during the year-net	(16,885)	-	(16,885)
Depreciation charge for the year	(354,478)	-	(354,478)
Balance at 30 June 2019	<u>5,226,194</u>	<u>169,848</u>	<u>5,396,042</u>

6.1 Additions in and depreciation on property plant & equipment during the half year ended 31 December 2018 amounted to Rs.541.4 million and Rs. 168.13 million respectively.

7 CASH AND BANK BALANCES	Note	(Unaudited) 31-Dec-19 (Rs in '000)	(Audited) 30-Jun-19 (Rs in '000)
Cash in hand		6,363	21,790
Cash in transit		-	19,809
Banking instrument in hand		-	150,000
Cash at banks :			
- in local currency		716,763	934,634
- in local currency deposit accounts	7.1	469,688	518,122
-in foreign currency deposit accounts	7.2	47,979	50,097
		<u>1,234,430</u>	<u>1,502,853</u>
		<u>1,240,793</u>	<u>1,694,452</u>

7.1 Profit on local currency deposit accounts ranges from 11.75% to 12.62% (30 June 2019: 5.64% to 11.62%) per annum respectively.

7.2 This carries interest rate of 0.35% (30 June 2019: 0.35%) per annum.

Murree Brewery Company Limited
Notes to condensed interim financial statements (Unaudited)
For the six months ended 31 December 2019

	Note	Six months ended	
		31-Dec-19 (Rs '000)	31-Dec-18 (Rs '000)
8 COST OF SALES			
Raw material consumed	8.1	3,351,795	3,317,032
Stores and spares consumed		70,007	82,176
Fuel and power consumed		378,413	230,189
Salaries and wages		282,709	239,702
Repair and maintenance		84,025	49,083
Depreciation		183,953	155,328
Cost to fulfill a contract - transportation		104,014	98,933
Other manufacturing overheads		39,522	39,015
		4,494,438	4,211,458
Work in process:			
Work in process - opening		201,276	239,822
Work in process - closing		(208,009)	(225,325)
		(6,733)	14,497
Cost of goods manufactured		4,487,705	4,225,955
Finished goods:			
Finished goods - opening		152,672	199,640
Finished goods - closing		(283,453)	(211,291)
		(130,781)	(11,651)
Less: Inter division transfers		(1,009,398)	(1,077,764)
		3,347,526	3,136,540
8.1 Raw material consumed			
Opening stock		1,057,072	781,467
Purchases		3,330,018	3,309,544
		4,387,090	4,091,011
Less : Closing stock		(1,035,295)	(773,979)
		3,351,795	3,317,032
8.2	Pursuant to application of IFRS 15 "Revenue from contracts with customers" with effect from 01 July 2018, certain transportation cost amounting to Rs. 98.9 million for the six months ended 31 December 2018 has been reclassified from "trade discounts" to "Cost of Sales" presented as "Cost to fulfill a contract - transportation".		
9 EARNING PER SHARE - BASIC AND DILUTED		Quarter ended 31 December	Six months ended 31 December
		2019	2018
Net Profit for the period - Rupees in ('000)		213,959	295,248
Weighted average number of shares - Number		27,663,630	27,663,630
Earning per share - Rupees		7.73	10.67
		21.28	23.78
9.1	There is no dilutive effect on the basic earnings per share of the Company as at 31 December 2019.		

Murree Brewery Company Limited
Notes to condensed interim financial statements (Unaudited)
For the six months ended 31 December 2019

10 Segment information

10.1 Information about reportable segments

The detail of utilization of the Company's assets by the divisions as well as related liabilities is as follows:

	Liquor division <i>(Rs. '000)</i>	Glass division <i>(Rs. '000)</i>	Tops division <i>(Rs. '000)</i>	Corporate Office <i>(Rs. '000)</i>	Total <i>(Rs. '000)</i>
a. For the six months ended					
31 December 2019					
Third party turnover - net	5,574,697	67,923	1,587,563	-	7,230,183
Inter-segment turnover	238,659	758,072	12,656	-	1,009,387
Segment profit / (loss) before tax	630,979	227,838	(131,246)	152,802	880,373
31 December 2018					
Third party turnover- net	5,454,600	93,549	1,576,546	-	7,124,695
Inter-segment turnover	268,200	798,838	10,410	-	1,077,448
Segment profit / (loss) before tax	634,557	342,208	(91,821)	82,849	967,793
b. Assets					
31 December 2019 (unaudited)					
30 June 2019 - audited	6,540,453	898,648	1,784,797	2,459,415	11,683,313
c. Liabilities					
31 December 2019 (unaudited)					
30 June 2019 - audited	615,950	76,685	367,448	423,560	1,483,643
d. Additions to					
property, plant and equipment					
31 December 2019 (unaudited)					
30 June 2019 (Audited)	78,476	55,877	18,677	-	153,030
Other income					
31 December 2019 (unaudited)					
31 December 2018 (unaudited)	-	-	-	38,064	38,064
Net finance income					
31 December 2019 (unaudited)					
31 December 2018 (unaudited)	(1,990)	(57)	(7,001)	181,448	172,400
e. Depreciation					
31 December 2019 (unaudited)					
31 December 2018 (unaudited)	74,759	69,933	59,477	-	204,169

10.2 Reconciliation of reportable segment profit or loss

	Six months ended 31 December	
	2019 <i>(Rs. '000)</i>	2018 <i>(Rs. '000)</i>
Total profit before tax for reportable segments	727,571	884,944
Unallocated amount - operating expenses	(66,710)	(68,825)
Unallocated amounts - other income	38,064	16,062
Unallocated amounts - finance income	181,448	135,612
Net profit before tax	880,373	967,793

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Notes to condensed interim financial statements (Unaudited)
For the six months ended 31 December 2019

				Six months ended		
10.4 COST OF SALES	Note	Liquor (Rs '000)	Glass (Rs '000)	Tops (Rs '000)	31-Dec-19 (Rs '000)	31-Dec-18 (Rs '000)
Raw material consumed	10.5	2,252,098	233,540	866,157	3,351,795	3,317,032
Stores and spares consumed		29,444	40,245	318	70,007	82,176
Fuel and power consumed		159,061	185,891	33,461	378,413	230,189
Salaries and wages		147,876	61,944	72,889	282,709	239,702
Repair and maintenance		32,025	22,903	29,097	84,025	49,083
Depreciation		58,037	69,843	56,073	183,953	155,328
Cost to fulfill a contract - transportation		59,437	-	44,577	104,014	98,933
Other manufacturing overheads		12,822	9,601	17,099	39,522	39,015
		<u>2,750,800</u>	<u>623,967</u>	<u>1,119,671</u>	<u>4,494,438</u>	<u>4,211,458</u>
Work in process:						
Work in process - opening		186,756	1,445	13,075	201,276	239,822
Work in process - closing		(183,242)	(1,445)	(23,322)	(208,009)	(225,325)
		<u>3,514</u>	<u>-</u>	<u>(10,247)</u>	<u>(6,733)</u>	<u>14,497</u>
Cost of goods manufactured		<u>2,754,314</u>	<u>623,967</u>	<u>1,109,424</u>	<u>4,487,705</u>	<u>4,225,955</u>
Finished goods:						
Finished goods - opening		63,726	23,553	65,393	152,672	199,640
Finished goods - closing		(115,304)	(86,337)	(81,812)	(283,453)	(211,291)
		<u>(51,578)</u>	<u>(62,784)</u>	<u>(16,419)</u>	<u>(130,781)</u>	<u>(11,651)</u>
Less: Inter division transfers		(731,188)	-	(278,210)	(1,009,398)	(1,077,764)
		<u>1,971,548</u>	<u>561,183</u>	<u>814,795</u>	<u>3,347,526</u>	<u>3,136,540</u>
10.5 Raw material consumed						
Opening stock		749,872	24,581	282,619	1,057,072	781,467
Purchases		2,169,058	238,420	922,540	3,330,018	3,309,544
		<u>2,918,930</u>	<u>263,001</u>	<u>1,205,159</u>	<u>4,387,090</u>	<u>4,091,011</u>
Less : Closing stock		(666,832)	(29,461)	(339,002)	(1,035,295)	(773,979)
		<u>2,252,098</u>	<u>233,540</u>	<u>866,157</u>	<u>3,351,795</u>	<u>3,317,032</u>

Murree Brewery Company Limited
Notes to condensed interim financial statements (Unaudited)
For the six months ended 31 December 2019

11 Transaction 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. The transactions and balances as of this reporting date with the related parties are disclosed as follows:

Name of related party	Nature of relationship	Percentage of share holding	Nature of transaction during the year	Six months ended 31 December	
				2019 (Rs.'000)	2018 (Rs.'000)
1) D.P. Edulji & Company (Private) Ltd	Associated Company on account of common directorship	16.89	Sales commission Services acquired Dividend	67,873 7,500 70,094	88,999 6,900 21,830
2) Kingsway Fund	Associated Company	29.12	Dividend	162,097	40,841
3) Board of Directors	Directors	20.29	Dividend	84,194	25,232
4) Directors' relatives	Directors' relatives	14.4	Dividend	59,737	15,214
5) Staff retirement plan - Provident fund	Staff retirement funds	Nil	Contribution by the Company	3,856	3,265
6) Staff retirement plan - Pension fund	Staff retirement funds	Nil	Contribution by the Company	2,466	2,345
7) Bhandara Foundation	Chief Executive Officer acts as a Trustee	Nil	Contribution by the Company	1,500	1,500
8) Atlas Asset Management Limited	Investment	Nil	Investment in Money Market Fund	-	100,000

- 11.1 The aggregate amounts charged for the remuneration including benefits and perquisites to Chief Executive Officer and executives at the reporting date were Rs 6.8 million and Rs 17 million (31 December 2018: Rs. 6.8 million and Rs. 7.8 million) respectively. Further, free furnished accommodation has been provided to the chief executive officer and executives. Company maintained vehicles have also been provided to the chief executive officer and executives; the values of which were Rs. 12.89 million (31 December 2018: Rs.9.7 million).

Murree Brewery Company Limited
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12 FINANCIAL INSTRUMENTS

A FAIR VALUES

12.1 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

31 December 2019 - Unaudited

Financial assets measured at fair value

Shares of listed companies
Mutual funds

	Fair value through profit and loss	Carrying amount		Fair value			
		Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
	6	-	-	6	6	-	6
	1,524,873	-	-	1,524,873	1,524,873	-	1,524,873
	1,524,879	-	-	1,524,879	1,524,879	-	1,524,879

Note:

Financial assets not measured at fair value

Long term advances
Long term investments
Long term deposits
Trade debts
Advances, prepayments and other receivables
Cash and bank balances

	Fair value through profit and loss	Carrying amount		Fair value			
		Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
	-	13,575	-	13,575	-	-	-
	-	518,972	-	518,972	-	480,116	480,116
	35,439	-	-	35,439	-	-	-
	-	67,214	-	67,214	-	-	-
	-	128,217	-	128,217	-	-	-
	-	1,234,430	-	1,234,430	-	-	-
	35,439	1,962,408	-	1,997,847	-	480,116	480,116

Financial liabilities not measured at fair value

Finance lease liabilities
Trade and other payables
Unpaid dividend
Unclaimed dividend

	Fair value through profit and loss	Carrying amount		Fair value			
		Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
	-	-	143,743	143,743	-	-	-
	-	-	134,808	134,808	-	-	-
	-	-	62,912	62,912	-	-	-
	-	-	35,566	35,566	-	-	-
	-	-	577,029	577,029	-	-	-

Murree Brewery Company Limited
Notes to condensed interim financial statements (Unaudited)
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On-balance sheet financial instruments	Fair value through profit and loss	Carrying amount		Fair value			
		Amortized Cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
		(Rs. '000)		(Rs. '000)			
30 June 2019 - Audited							
Financial assets measured at fair value							
Shares of listed companies	6	-	-	6	-	-	6
Mutual funds	1,337,173	-	-	1,337,173	1,337,173	-	1,337,173
	1,337,179	-	-	1,337,179	1,337,179	-	1,337,179
Financial assets not measured at fair value							
Long term advances	-	11,335	-	11,335	-	-	-
Long term investments	-	531,717	-	531,717	-	382,433	382,433
Long term deposits	31,711	-	-	31,711	-	-	-
Trade debts	-	14,563	-	14,563	-	-	-
Advances, prepayments and other receivables	-	24,312	-	24,312	-	-	-
Cash and bank balances	-	1,694,452	-	1,694,452	-	-	-
	31,711	2,276,379	-	2,308,090	-	382,433	382,433
Financial liabilities not measured at fair value							
Finance lease liabilities	12.4	-	182,234	182,234	-	-	-
Trade and other payables	12.3 & 12.4	-	489,722	489,722	-	-	-
Unpaid dividend	12.4	-	59,188	59,188	-	-	-
Unclaimed dividend	12.4	-	98,477	98,477	-	-	-
		-	829,621	829,621	-	-	-

12.2 It excludes advances to suppliers and prepayments.

12.3 It excludes contract liabilities, 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.

12.4 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.

Murree Brewery Company Limited
Notes to condensed interim financial statements (Unaudited)
For the six months ended 31 December 2019

13 CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity.

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unaudited financial statements was approved by the Board of Directors of the Company in their meeting held on 25 February 2020.

15 NON ADJUSTING EVENTS AFTER REPORTING DATE

- 15.1** The Board of Directors in their meeting held on 25 February 2020, has declared an interim cash dividend @100% (i.e. Rs 10 per share) for the year ending 30 June 2020.

16 GENERAL

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR