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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:

**C**ontinuous improvement

**A**lignment of our missions & goals

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

**E**ducate 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  
Mr. Khalid Aziz Mirza  
Mr. Shahbaz Haider Agha

### **PRINCIPAL OFFICERS**

Chief Financial Officer  
Company Secretary  
Head of Internal Audit  
General Manager (Brewery Division)  
Business Manager (Murree Glass)  
Plant Manager ( / / )  
General Manager (Tops)  
Factory Manager (Murree Sparkletts)

Mr. Mazhar Iqbal  
Ch. Waqar A. Kahloon  
Mr. Malik Saqib Gul Nawaz  
Mr. Mohammad Javed  
Mr. Arshad Zaheer  
Mr. Zaka ud Din  
Mr. Talat Yaqoob  
Mr. Fayyaz Ahmad

### **AUDIT COMMITTEE**

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

### **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

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

### **AUDITORS**

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

### **PRINCIPAL BANKERS**

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

# *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](mailto:murree.brewery@murreebrewery.com)  
[murbr@cyber.net.pk](mailto:murbr@cyber.net.pk)  
Website: [www.murreebrewery.com](http://www.murreebrewery.com)

(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

### 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

### SHARE REGISTRAR

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

### LEGAL ADVISORS

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

### CORPORATE LEGAL ADVISOR

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

### TAX ADVISOR

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

### DISTRIBUTION OFFICES

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

# *Murree Brewery Company Limited*

## **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 31<sup>st</sup> December, 2018.

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 10.2%	from	4,157	to 4,582
Gross Profit	increased by 10.2%	from	1,401	to 1,544
Profit before Taxation	increased by 5.3%	from	919	to 968
Profit after Taxation	increased by 4.6%	from	629	to 658
Earnings per share	increased by 4.6%	from	Rs. 22.75	to Rs. 23.78

The profitability of the Company has increased during the half year ended 31<sup>st</sup> December, 2018 as compared to the corresponding period of the last year. Overall sales reflected 10.2% growth over the last corresponding period and the profit after tax also improved by 4.6% in the current half year.

### **IMPORTANT ISSUES:**

#### **Devaluation of the Pakistan rupee:**

The rupee has further devalued to Rs.138 per US dollar increasing the cost of imports and making repayment of foreign currency loans and interest thereon dearer. The benefit to the country by making exports cheaper has been marginally received by reducing the current account deficit. The cost of production has increased with dearer imports and increases in the cost of gas and electricity which has also increased the cost of living of the public utilizing higher quantities of these utilities.

#### **Ban on Liquor Sale in Sindh:**

As advised earlier the case is pending before the Sindh High Court. Meanwhile, sales during the half year were satisfactory.

#### **Still Head Duty:**

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

## ***Murree Brewery Company Limited***

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

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

The intra court appeal of the Excise Department has been dismissed by the Honorable Lahore High Court, Lahore on 19<sup>th</sup> February, 2019. However, the department has the right to appeal in the Supreme Court.

### **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. Earlier, the Court has been granting a stay under the GIDC Act 2015. Financial impact is Rs.192.06 million (30<sup>th</sup> September, 2018: Rs.180.4 million). The Company has not made any provision of this liability as the management is confident the eventual decision will be in favour of the Company.

From August, 2017 to July 2018, the company has been paying GIDC on current billings only which was borne by the company. The case relating to aforesaid arrears Rs.192.06 million is pending before the court and the stay is available to that extent. From July 2018 Islamabad High Court has again granted a stay order in favour of the Company for charging of current GIDC. Hence the Company is not paying current GIDC on its gas bills from July 2018 onward.

In the mini budget presented by current Government on 23<sup>rd</sup> January, 2019, some industries were given relief from GIDC charges, however beverage industry was not considered in this relief.

### **Interim Dividend:**

The Directors have today declared second interim cash dividend @ 100% (i.e. Rs.10 per share) for the year ending 30<sup>th</sup> June, 2019. This is in addition to 1<sup>st</sup> interim cash dividend already paid @ 50% (i.e. Rs.5 per share).

### **Foreign Exchange Reserves:**

The incoming Pakistan Tehreek-e-Insaf (PTI) Government inherited low foreign exchange reserves which depleted further with the devaluation of the rupee. The Government has succeeded in getting deposits, loans and deferred payments on crude oil imports and has floated several investment schemes to raise foreign exchange and Pakistan rupees. The option of receiving funds from the International Monetary Fund (IMF) remains open to the Government.

### **Tax on extraction of water for business purposes:**

In December 2018 the Supreme Court ordered a Re 1 per litre tax on water extracted for business purposes on a suo motu case pertaining to selling of water extracted from underground sources without any charge as well as the fitness of the same for human consumption. Finally it applies to many industries including cement, beverages, textiles etc. The modalities of this tax have not yet been determined. As the Company's Tops and Liquor Divisions come under the purview of this tax, a review petition has been filed in the Supreme Court.



## *Murree Brewery Company Limited*

This is a matter of serious concern as the profitability of both the divisions of the Company could be adversely affected and is being closely monitored.

Except for the export oriented businesses which have the advantage of devaluation of the rupee, all others have had to bear the higher cost of both gas and electricity. Any additional burden on the use of water will result in a major disincentive and may result in the closure of businesses which will result in unemployment. Government revenues from local taxes will also reduce and savings of foreign exchange due to reduced local production will drop all of which are counter to the policy of the government.

We are hoping the review petition to the Supreme Court will result in the withdrawal or amendment of the order of December 2018.

### **Outlook:**

The Government is committed to eliminate corruption from the country for which the National Accountability Bureau (NAB) has been active in reviewing contracts given and questioning individuals having assets in excess of their sources of income. Money laundering is also being investigated which should improve the investment climate. The Government has proposed waiving of custom duties and taxes on all plant and machinery imported for Balancing, Modernization & Replacement to encourage the local industry which provides employment, Government revenues and value added products.

The Company will face the challenges of increased costs and continue to evaluate opportunities to protect shareholders interests.

### **Acknowledgement:**

The Board would like to thank and appreciate its employees, all business stakeholders for their dedication, commitment and contributions. The Board also extends its gratitude to Government Authorities and shareholders for their unwavering support in achieving the company's objectives. Thanks are also due to the directors for their mature advice on policy issues.



Khurram Muzaffar  
Chairman

Rawalpindi 25<sup>th</sup> February, 2019

ہے جس سے سرمایہ کاری کے مواقعوں میں بہتری آئے گی۔ حکومت نے مقامی انڈسٹری کی حوصلہ افزائی، توازن، جدت اور تبدیلی کے لئے تمام درآمد شدہ مشینری اور پلائٹس پر ٹیکس اور کسٹم ڈیوٹی کو ختم کرنے کی تجویز دی ہے جس سے ملازمت، حکومتی آمدن اور ویلویو ایڈڈ پروڈکٹس فراہم ہوں گی۔ کمپنی بڑھتے ہوئے اخراجات جیسے چیلینجز کا سامنا کرے گی اور اپنے حصص داروں کے مفادات کی حفاظت کے لئے مواقع کی تلاش جاری رکھے گی۔

### خدمات کا اعتراف:

بورڈ اپنے ملازمین اور تمام کاروباری حصے داروں کو ان کی لگن، عزم اور شراکت داری کو سراہتے ہوئے ان کا شکریہ ادا کرنا چاہتا ہے۔ بورڈ کمپنی کے مقاصد کو حاصل کرنے میں سرکاری حکام اور حصے داروں کو ان کی غیر متنزہل حمایت کے لئے انتہائی شکر گزار ہے۔ پالیسی کے معاملات پر ڈائریکٹرز کے کامل مشوروں پر ہم ان کے بھی تہہ دل سے مشکور ہیں۔

*-Kingspffer-*  
خرم مظفر  
چیئرمین

راولپنڈی، 25 فروری 2019

## عبوری منافع منقسمہ

ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والے سال کے لئے دوسرے عبوری منافع منقسمہ کا اعلان کیا ہے جو کہ 100 فیصد کی شرح سے (یعنی 10 روپے فی حصص) ہے۔ یہ عبوری منافع منقسمہ پہلے سے ادا کئے گئے پہلے منافع منقسمہ 50 فیصد کی شرح سے یعنی 5 روپے فی حصص کے علاوہ ادا کیا جائے گا۔

## بیرونی زرمبادلہ کے ذخائر:

اس وقت اقتدار میں آنے والی پاکستان تحریک انصاف کی حکومت کو پچھلی حکومت کی جانب سے بہت کم بیرونی زرمبادلہ کے ذخائر ملے جو روپے کی قدر کم ہونے کے ساتھ مزید کم ہو گئے۔ حکومت خام تیل درآمد کرنے کے ذخائر، قرضوں اور موخر شدہ ادائیگیوں کی وصولی میں کامیاب ہو چکی ہے اس کے علاوہ غیر ملکی کرنسی اور پاکستانی روپے کی قدر میں اضافہ کرنے کے لئے سرمایہ کاری کے بہت سے منصوبے بھی پیش کر رہی ہے۔ بین الاقوامی مالیاتی فنڈ سے فنڈز وصول کرنے کا اختیار حکومت کے پاس موجود ہے۔

## کاروباری مقاصد کے لئے زمین سے نکالے جانے والے پانی پر ٹیکس:

دسمبر 2018ء میں سپریم کورٹ کے از خود نوٹس پر کاروباری مقاصد کیلئے زمین سے نکالے جانے والے پانی کے فروخت اور چارجز کے بغیر زیر زمین ذخائر سے حاصل ہونے والے پانی جو کہ انسانی صحت کے لئے استعمال ہوتا ہے اس پر 1 روپے فی لیٹر ٹیکس عائد کرنے کے احکامات جاری کئے۔ اس ٹیکس کا اطلاق مختلف صنعتوں پر ہوتا ہے جن میں مشروبات، سیمنٹ اور ٹیکسٹائل وغیرہ کی صنعتیں شامل ہیں۔ اس ٹیکس کی کوئی ظاہری صورت حال سامنے نہیں آئی ہے۔ جیسا کہ ٹائپس اور لیکچر ڈویژن اس ٹیکس / قانون کے تحت آتے ہیں اور متعلقہ صنعت نے اس ٹیکس کے حصول کے خلاف اپیل دائر کر رکھی ہے۔ یہ ایک انتہائی سنجیدہ معاملہ ہے جو کہ کچنی کے ان دونوں ڈویژنز کے منافع کو بری طرح سے متاثر کر سکتا ہے اور اس پر ہونے والی پیش رفت کی کڑی نگرانی کی جا رہی ہے۔

روپے کی قیمت میں کمی کا فائدہ صرف برآمدات سے متعلقہ کاروبار کو ہے، باقی سب کو ٹیکس اور بجلی دونوں کی زیادہ قیمتیں برداشت کرنا پڑتی ہیں۔ پانی کے استعمال پر کسی بھی قسم کا اضافی بوجھ نقصان کا سبب بنے گا جس سے کاروبار بند کرنا پڑے گا اور بیروزگاری میں اضافہ ہوگا۔ مقامی ٹیکس سے حکومتی آمدنی میں کمی ہوگی اور مقامی پیداوار کو ختم کرنے کی وجہ سے غیر ملکی کرنسی کی بچت میں بھی کمی ہوگی جو کہ حکومتی پالیسی کے خلاف ہے۔ ہم امید کرتے ہیں کہ دسمبر 2018 میں سپریم کورٹ میں دائر کی جانے والی درخواست کے نتیجے میں اس آرڈر میں تبدیلی یا اس کی واپسی ممکن ہو سکتی ہے۔

## نقطہ نظر:

حکومت اس ملک سے بدعنوانی کو ختم کرنے کے لئے پرعزم ہے جس کے لئے قومی احتساب بورڈ دینے گئے ٹھیکوں کی جانچ پڑتال اور آمدن سے زیادہ اثاثے رکھنے والے افراد کی آمدن کے ذرائع کا جائزہ لینے میں سرگرم ہے۔ منی لانڈرنگ سے متعلق بھی تحقیق کی جا رہی

## مثل ہیڈ ڈیوٹی:

24 جون 2015 کو جاری ہونے والے حکومت پنجاب کے نوٹیفکیشن نمبر SO(E&M)2-3/2011(P-II) کے مطابق یکم جولائی 2015 سے صوبہ پنجاب سے باہر کھپت کے لیے پاکستان بھر میں بنائی جانے والی غیر ملکی شراب اور بیئر پرائس ہیڈ ڈیوٹی وصولی کی جارہی تھی۔ کمپنی نے اس نوٹیفکیشن کو لاہور ہائی کورٹ میں چیلنج کر رکھا ہے، معزز ہائی کورٹ نے 27 جون 2016 کو نوٹیفکیشن پر عملدرآمد روک دیا تھا۔

کمپنی یہ ڈیوٹی ادا کر رہی ہے اور اس کی وصولی خریداروں سے کر رہی ہے، تاہم یہ مری بروری کی پروڈکٹس کو دوسری مسابقتی پروڈکٹس کے مقابلے میں مہنگا کرتی ہے۔

حکومت پنجاب نے لاہور ہائی کورٹ میں ایک اپیل جمع کروائی ہے، جس میں استدعا کی گئی ہے کہ اس فیصلے کو منسوخ کیا جائے اور 24 جون 2015 کو جاری ہونے والا نوٹیفکیشن اسلامی جمہوریہ پاکستان کے دستور کے دائرہ اختیار کے اندر قرار دیا جائے۔ پنجاب ایکسائز نے سندھ کے شراب ڈیلرز کے خلاف اسٹے حاصل کر لیا ہے اور ”اضافی ڈیوٹی“ وصول کرتا ہے۔

ایکسائز ڈپارٹمنٹ کی جانب سے کورٹ میں پیش کی جانے والی سابقہ اپیل کو معزز لاہور ہائی کورٹ نے 19 فروری 2019 کو مسترد کر دیا۔ تاہم حکمہ سپریم کورٹ میں اپیل کرنے کا حق رکھتا ہے۔

## گیس انفراسٹرکچر ڈویلپمنٹ سیس (GIDC)

کمپنی اور انڈسٹری نے GIDC ایکٹ 2015 کو چیلنج کیا ہوا ہے اور GIDC ایکٹ پر نظر ثانی کی درخواست کے ساتھ اسلام آباد ہائی کورٹ میں ایک ریٹ پٹیشن جمع کروائی ہے۔ پہلے عدالت GIDC ایکٹ 2015 کے تحت اسٹے جاری کر رہی تھی۔ مالیاتی اثر 192.06 ملین روپے (30 ستمبر 2018, 180.4 ملین روپے) ہیں۔ کمپنی نے اس حوالے سے عائد کوئی بھی ادائیگی کی کوئی بھی ذمہ داری داخل اندراج نہیں کی کیونکہ انتظامیہ اس حوالے سے پراعتماد ہے کہ فیصلہ کمپنی/انڈسٹری کے حق میں ہوگا۔

کمپنی اگست 2017 سے جولائی 2018 تک صرف موجودہ بیلنگ پر ہی GIDC ادا کر رہی ہے اور اس اضافی خرچے کو کمپنی کی جانب سے برداشت کیا جا رہا تھا۔ مذکورہ 192.06 ملین روپے کے واجبات سے متعلق کیس عدالت میں زیر التواء ہے اور اس حد تک اس پہ سٹے بھی موجود ہے۔ جولائی 2018 سے اسلام آباد ہائی کورٹ نے دوبارہ قائم کردہ موجودہ GIDC کے چارجز کے لئے کمپنی کے حق میں سٹے آرڈر دے دیا ہے اور اس وجہ سے کمپنی جولائی 2018 سے اب تک گیس بلوں پر موجود GIDC نہیں ادا کر رہی۔

23 جنوری 2019 کو موجودہ حکومت کی جانب سے پیش کردہ منی بجٹ میں کچھ انڈسٹریز کو GIDC چارجز سے چھٹکارا حاصل ہوا ہے لیکن اس میں مشروبات کی انڈسٹری کو شامل نہیں کیا گیا۔

## مری بروری کمپنی لمیٹڈ ڈائریکٹرز کا جائزہ

مری بروری کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2018 کو اختتام پذیر ہونے والی سشماہی غیر آڈٹ شدہ مالی گوشوارے، کمپنی کے معاملات اور مالیاتی کارکردگی پیش کرتے ہوئے فخر محسوس کر رہے ہیں۔ کمپنی کے پچھلے سال کے مطابق عرصے کے تقابل میں ان چھ مہینوں کے دوران کمپنی کی مالی کارکردگی کا مختصر جائزہ مندرجہ ذیل ہے۔

### مالیاتی جائزہ اور جھلکیاں

روپے بلین میں			
4,582 سے 4,157	اضافہ 10.2%	فروخت محصولات (خالص)	
1,544 سے 1,401	اضافہ 10.2%	مجموع منافع	
968 سے 919	اضافہ 5.3%	قبل از ٹیکس منافع	
658 سے 629	اضافہ 4.6%	بعد از ٹیکس منافع	
23.78 سے 22.75	اضافہ 4.6%	آمدن فی حصص	

گذشتہ سال کے مقابلے میں 31 دسمبر 2018 کو اختتام پذیر ہونے والے نصف سال کے دوران کمپنی کے منافع میں مزید اضافہ ہوا ہے۔ مجموعی طور پر فروخت کی شرح میں پچھلے عرصے کے مقابلے میں 10.2% کا اضافہ ہوا ہے اور موجودہ نصف سال میں ٹیکس ادا کرنے کے بعد منافع کی شرح میں 4.6% اضافہ ہوا ہے۔

### اہم مسائل

پاکستانی روپے کی قدر میں کمی:

روپے کی قدر میں مزید کمی جو کہ 138 روپے فی امریکی ڈالر ہو گئی ہے جس کی وجہ سے درآمدات کی قیمت میں اضافہ ہوا ہے اور غیر ملکی قرضہ جات اور اس پر سود کی ادائیگی میں بھی اضافہ ہو گیا ہے۔ موجودہ اکاؤنٹ کے خسارے کو کم کرنے سے اور ملکی برآمدات کو سستا کرنے سے ملک کو تھوڑا فائدہ ہوا ہے۔ درآمدات کی پیداواری قیمت میں اضافے کے ساتھ گیس اور بجلی کی قیمتوں میں بھی اضافہ ہوا ہے جس نے لوگوں کی روزمرہ زندگی میں زیادہ مقدار میں استعمال ہونے والی اشیاء کی قیمت میں اضافہ کر دیا۔

سندھ میں شراب کی فروخت پر پابندی:

جیسا کہ پہلے بتایا گیا ہے کہ کیس سندھ ہائی کورٹ میں زیر التواء ہے تاہم گزشتہ نصف سال کے دوران فروخت قابل اطمینان رہی ہیں۔

# ***Murree Brewery Company Limited***

## **INDEPENDENT AUDITORS' REVIEW REPORT**

*Report on review of Interim Financial Statements*

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Murree Brewery Company Limited ("the Company") as at 31 December 2018 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 months' 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 quarters ended 31 December 2018 and 31 December 2017 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Riaz Akbar Ali Pesnani.

  
**KPMG Taseer Hadi & Co**

**Islamabad**

Date: 25<sup>th</sup> February, 2019

**Murree Brewery Company Limited**  
Condensed Interim Statement of Financial Position  
As at 31 December 2018

	Un-Audited 31-Dec-18 (Rs.'000)	Audited 30-Jun-18 (Rs.'000)		Un-Audited 31-Dec-18 (Rs.'000)	Audited 30-Jun-18 (Rs.'000)
<b>EQUITY</b>					
<b>Share capital and reserves</b>					
Share capital		230,530		5,216,149	4,846,221
Capital reserve		30,681		2,080	2,339
Revenue reserves		6,676,504		181,886	266,214
Revaluation surplus on property, plant and equipment - net of tax		2,887,592		292,340	292,340
<b>Total equity</b>		9,871,414		6,201,331	5,970,269
<b>LIABILITIES</b>					
Finance lease liabilities		1,319			
Employee benefits		242,426			
Deferred tax liability - net		167,456			
<b>Non-current liabilities</b>		411,201			
Trade and other payables		600,237		1,388,218	1,343,755
Contract liabilities		53,775		45,636	26,058
Current portion of finance lease liabilities		93,195		259,222	138,631
Unpaid dividend		76,294		1,633,708	1,243,524
Unclaimed dividend		52,633		169,168	185,085
<b>Current liabilities</b>		876,134		1,559,637	1,998,714
<b>Total liabilities</b>		1,445,506		5,055,589	4,935,767
<b>Total equity and liabilities</b>		11,316,920		11,316,920	10,906,036
<b>Contingencies and commitments</b>					

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

## Murree Brewery

### Condensed Interim Statement of Profit or Loss (unaudited)

	Liquor Division				Glass Division			
	Quarter ended 31		Six months ended 31		Quarter ended 31		Six months ended 31	
	2018	2017	2018	2017	2018	2017	2018	2017

Turnover	2,485,008	2,164,084	5,481,774	5,015,694	44,619	62,637	93,549	111,041
Less: trade discounts	(25,403)	(21,960)	(94,254)	(76,146)	-	-	-	-
Third party turnover - net	2,459,605	2,142,124	5,387,540	4,939,548	44,619	62,637	93,549	111,041
Inter division sales	73,981	83,991	268,200	277,376	359,721	299,791	798,838	684,518
Sales tax and excise duty	2,533,586	2,226,115	5,655,740	5,216,924	404,340	362,428	892,387	795,359
Revenue	(975,463)	(816,282)	(2,083,588)	(1,932,077)	(6,683)	(9,104)	(13,597)	(16,138)
	1,558,123	1,409,833	3,572,152	3,284,847	397,857	353,324	878,790	779,421

### COST OF SALES

Third parties	(689,855)	(644,947)	(1,791,509)	(1,683,972)	(236,812)	(194,078)	(517,150)	(467,338)
Inter division cost	(547,066)	(291,725)	(746,779)	(653,252)	-	-	-	-
GROSS PROFIT	(1,036,921)	(936,672)	(2,538,288)	(2,337,224)	(236,812)	(194,078)	(517,150)	(467,338)
	522,002	473,161	1,033,864	947,623	161,045	159,246	361,640	312,083

Selling and distribution expenses	(88,788)	(67,878)	(253,629)	(163,836)	(1,795)	(1,459)	(3,898)	(2,573)
Administrative expenses	(75,784)	(90,489)	(143,146)	(143,970)	(6,629)	(9,214)	(15,441)	(16,830)
Other expenses	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
Operating profit	357,430	314,794	637,089	639,817	152,621	148,573	342,301	292,680

Finance costs	(1,781)	(770)	(2,532)	(1,382)	(76)	(55)	(93)	(150)
Finance income	-	-	-	-	-	-	-	-
Net finance (cost) / income	(1,781)	(770)	(2,532)	(1,382)	(76)	(55)	(93)	(150)

Profit before tax	355,649	314,024	634,557	638,435	152,545	148,518	342,208	292,530
Income tax expense	-	-	-	-	-	-	-	-
Profit for the year	355,649	314,024	634,557	638,435	152,545	148,518	342,208	292,530

### Earnings per share - basic and diluted (Rupees)

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

## Company Limited

### For the six months ended 31 December 2018

	Liquor Division				Glass Division			
	Quarter ended 31		Six months ended 31		Quarter ended 31		Six months ended 31	
	2018	2017	2018	2017	2018	2017	2018	2017

Turnover	508,205	496,473	1,627,801	1,424,180	3,037,832	2,723,193	7,203,124	6,550,914
Less: trade discounts	(23,632)	(19,255)	(83,128)	(49,982)	(49,035)	(41,214)	(177,362)	(126,127)
Third party turnover - net	484,573	477,218	1,544,673	1,374,198	2,988,797	2,681,979	7,025,762	6,424,787
Inter division sales	4,742	7,481	10,410	14,275	-	-	-	-
Sales tax and excise duty	489,315	484,699	1,555,083	1,388,473	2,988,797	2,681,979	7,025,762	6,424,787
Revenue	(110,824)	(111,388)	(346,623)	(319,913)	(1,092,770)	(936,774)	(2,443,808)	(2,268,128)
	378,491	373,311	1,208,460	1,068,560	1,896,027	1,745,205	4,581,954	4,156,659

### COST OF SALES

Third parties	(255,897)	(232,355)	(728,948)	(604,771)	(1,181,764)	(1,071,380)	(3,037,607)	(2,756,081)
Inter division cost	(91,378)	(99,537)	(330,669)	(322,917)	-	-	-	-
GROSS PROFIT	(347,275)	(331,892)	(1,059,617)	(927,688)	(1,181,764)	(1,071,380)	(3,037,607)	(2,756,081)
	31,216	41,419	148,843	140,872	714,263	673,825	1,544,347	1,400,578

Selling and distribution expenses	(80,082)	(82,153)	(183,667)	(167,487)	(170,665)	(151,490)	(441,194)	(333,896)
Administrative expenses	(25,558)	(24,450)	(49,405)	(45,807)	(107,971)	(124,153)	(207,992)	(206,607)
Other expenses	-	-	-	-	(34,445)	(36,080)	(68,825)	(68,980)
Other income	-	-	-	-	(7,424)	78,655	16,062	36,230
Operating profit	(74,424)	(65,184)	(84,229)	(72,422)	393,758	440,757	842,398	827,325

Finance costs	(4,354)	(234)	(7,592)	(514)	(6,211)	(1,059)	(10,217)	(2,046)
Finance income	-	-	-	-	86,797	-	135,612	94,044
Net finance (cost) / income	(4,354)	(234)	(7,592)	(514)	(6,211)	(1,059)	(10,217)	(2,046)

Profit before tax	(78,778)	(65,418)	(91,821)	(72,936)	474,344	439,698	967,793	919,323
Income tax expense	-	-	-	-	(179,096)	(155,592)	(309,930)	(289,913)
Profit for the year	295,248	284,106	657,863	629,410	295,248	284,106	657,863	629,410

2018	2017	2018	2017	2018	2017	2018	2017
10.67	10.27	23.78	22.75	Restated	Restated	Restated	Restated



DIRECTOR



# Murree Brewery Company Limited

Condensed Interim Statement of Comprehensive Income (unaudited)  
For the six months ended 31 December 2018

	Quarter ended 31 December		Six months ended 31 December	
	2018 (Rs.'000)	2017 (Rs.'000)	2018 (Rs.'000)	2017 (Rs.'000)
Profit for the period	295,248	284,106	657,863	629,410
Other comprehensive income (OCI) for the period	-	-	-	-
Total comprehensive income for the period	295,248	284,106	657,863	629,410

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

For the six months ended 31 December 2018

	Capital reserves			Revenue reserves			Total equity	
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment - net of tax	General reserve	Contingency reserve	Reserve for issuance of bonus shares		Unappropriated profits
	(Rs. '000)							
<b>Balance at 01 July 2017, as previously reported</b>	230,530	30,681	-	327,042	20,000	3,457,954	1,983,881	6,050,088
Effect of restatement	-	-	2,966,369	-	-	-	-	2,966,369
<b>Restated balance at 01 July 2017</b>	230,530	30,681	2,966,369	327,042	20,000	3,457,954	1,983,881	9,016,457
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	629,410	629,410
Other comprehensive income for the period	-	-	-	-	-	-	629,410	629,410
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	-	-	19,487	19,487
<b>Transaction with the owners of the company</b>								
Final dividend for the year ended 30 June 2017 (Rs 10. per share)	-	-	-	-	-	-	(230,530)	(230,530)
First interim dividend for the year ending 30 June 2018 (Rs.5 per share)	-	-	-	-	-	-	(115,265)	(115,265)
<b>Balance at 31 December 2017</b>	230,530	30,681	2,966,369	327,042	20,000	3,457,954	2,286,983	9,319,559
<b>Balance at 1 July 2018</b>	230,530	30,681	2,913,653	327,042	20,000	-	5,945,228	9,467,134
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	657,863	657,863
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)	-	-	-	23,864	-
Transferred from revaluation surplus on property, plant and equipment on disposal - net of deferred tax	-	-	(2,197)	-	-	-	2,197	-
			(26,061)				26,061	
Reduction in deferred tax liability due to change in tax rate								
<b>Transaction with the owners of the company</b>								
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. 5 per share)	-	-	-	-	-	-	(138,318)	(138,318)
<b>Balance at 31 December 2018</b>	276,636	30,681	2,887,592	327,042	20,000	-	6,329,462	9,871,414

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 2018*

	Note	Six months ended	
		31 December	
		31-Dec-18 (Rs.'000)	31-Dec-17 (Rs.'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		967,793	919,323
<b>Adjustments for:</b>			
Depreciation / amortization		168,392	127,274
Employee benefits - charge to profit or loss		18,111	35,438
Provision for WPPF		49,469	15,974
Provision for WWF		19,356	-
Loss / (Gain) on disposal of property, plant and equipment		2,458	(523)
Finance cost		10,216	2,046
Return on deposit accounts		(52,772)	(39,057)
Interest on PIBs		(7,004)	(24,384)
Interest on advances		(202)	-
Dividend income		(10,438)	(9)
Unrealized gain on re-measurement of short term investments		(17,768)	(27,032)
Gain on sales of investments		(4,207)	(2,032)
		<u>175,611</u>	<u>87,695</u>
<b>Operating profit before working capital changes</b>		<b>1,143,404</b>	<b>1,007,018</b>
<i>Changes in</i>			
Inventories		(44,463)	180,168
Trade debts		(19,578)	49,179
Advances, prepayments and other receivables		(123,815)	(106,019)
Trade and other payables		(172,879)	(216,191)
Contract liabilities		(56,146)	(22,492)
		<u>(416,881)</u>	<u>(115,355)</u>
<b>Cash generated from operating activities</b>		<b>726,523</b>	<b>891,663</b>
Finance cost paid		(8,949)	(2,046)
Employee benefits paid		(13,256)	(14,630)
WPPF paid		(23,765)	-
Income taxes paid		(269,254)	(323,984)
<b>Net cash from operating activities</b>		<b>411,299</b>	<b>551,003</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(285,568)	(298,718)
Proceeds from disposal of property, plant and equipment		894	1,856
Advances for capital expenditures		84,328	(27,334)
Long term advances paid		(5,890)	800
Long term deposits paid		(1,098)	(657)
Realization of long term investment		7,205	16,384
Proceeds from sales of / (acquisition of) investments - net		(368,209)	135,684
Return on deposits received		55,995	39,057
Dividends received		10,438	9
<b>Net cash used in investing activities</b>		<b>(501,904)</b>	<b>(132,919)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease		(40,761)	(5,626)
Dividend paid		(307,711)	(362,888)
<b>Net cash used in financing activities</b>		<b>(348,472)</b>	<b>(368,514)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(439,077)</b>	<b>49,570</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,998,714</b>	<b>1,642,306</b>
<b>Cash and cash equivalents at end of the year</b>	7	<b>1,559,637</b>	<b>1,691,876</b>

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 information (unaudited)**

*For the six months ended 31 December 2018*

### **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 2018. Comparative condensed interim unconsolidated statement of financial position is extracted from the annual audited financial statements for the year ended 30 June 2018, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity are extracted from unaudited interim financial statements for the six months period ended 31 December 2017.

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**

The accounting policies 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 2018 except for the adoption of new standard effective as of 01 July 2018 as referred to in note 3.3 to these condensed interim financial statements.

#### **3.2 New standards, interpretations and amendments adopted by the Company**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018. The impact of the adoption of standard and the new accounting policy are disclosed in note 3.3 below. A number of other new standards are effective from 01 July 2018 but they do not have a material effect on the Company's condensed interim financial statements.

# Murree Brewery Company Limited

## Notes to condensed interim financial information (unaudited)

For the six months ended 31 December 2018

### 3.3 IFRS 15 'Revenue from Contracts with Customers'

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and other revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. IFRS 15 became applicable to the Company on July 1, 2018 and the Company used the retrospective method to adopt the standard. Under this method cumulative effect of applying the new standard is recognized at the start of the earliest period presented. The Company has reviewed its revenue streams i.e. sale of goods and underlying contracts with customers and, as result of this review, the adoption of IFRS 15 did not have an impact on the Company's statement of profit or loss, statement of comprehensive income and financial position except advance consideration received from customers was included in 'Trade and other payables' which now is reclassified in 'Contract liabilities' presented separately in condensed interim statement of financial position. In addition, reclassification has been made from 'Trade and other payables' to 'Contract liabilities' for outstanding balance of advance from customers for prior year to provide comparison. As required for the condensed interim financial statements, the Company disaggregated revenue recognised from contracts with customers which are depicted in profit or loss and Note 10 to these condensed interim financial statements.

#### Accounting policy

Customers obtain control of goods when the goods are dispatched from the Company's warehouse. Invoices are generated and revenue is recognised net of upfront discounts at that point in time. Invoices are usually payable within 15-30 days. Generally for such sales, the customer has no right of return. For contracts that permit the customer to return an item, under IFRS 15 revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of products. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognised.

### 3.4 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 15, which are described in Note 3.3.

#### 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.

# *Murree Brewery Company Limited*

## **Notes to condensed interim financial information (unaudited)**

*For the six months ended 31 December 2018*

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.

### **3.5 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 2019 or period / year ending 30 June 2019:

IFRS 16 Leases	(effective 01 January 2019)
IFRS 9 Financial Instruments	(effective period / year ending 30 June 2019)
IFRIC 23 Uncertainty over Income Tax Treatments	(effective 01 January 2019)
Amendments to IFRS 9: Prepayment Features with Negative Compensation	(effective 01 January 2019)
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	(effective 01 January 2019)
Amendment to IAS 28 Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures	(effective 01 January 2019)
Amendments to IFRS 3 Business Combinations	(effective 01 January 2020)
Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	(effective 01 January 2020)
Annual improvements to IFRS Standards 2015 - 2017 cycle:	
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	(effective 01 January 2019)
- Amendments to IAS 12 Income Taxes	(effective 01 January 2019)
- Amendments to IAS 23 Borrowing Costs	(effective 01 January 2019)

The above amendments are not likely to have an impact on the Company's financial statements except for "IFRS 16 Leases", "IFRS 9 Financial Instruments" and "IFRIC 23 Uncertainty over income tax treatments" for which the Company is currently in the process of analyzing the potential impact of adoption of these standards and interpretation.

			<u>2018</u>	<u>2017</u>
	Note		(Rs.'000)	(Rs.'000)
<b>4</b>	<b>SHARE CAPITAL</b>			
<b>4.1</b>	<b>Authorized share capital</b>	<b>4.1.1</b>	<b><u>300,000</u></b>	<b><u>300,000</u></b>
<b>4.1.1</b>	This represents 30,000,000 (2017: 30,000,000) ordinary shares of Rs. 10 each.			

# *Murree Brewery Company Limited*

## **Notes to condensed interim financial information (unaudited)**

*For the six months ended 31 December 2018*

### 4.2 Issued, subscribed and paid up share capital

Un-audited 31 December 2018	Audited 30 June 2018		Un-audited 31 December 2018	Audited 30 June 2018
Number	Number		(Rs.'000)	(Rs.'000)
264,000	264,000	Ordinary shares of Rs. 10 each, fully paid in cash	2,640	2,640
22,789,025	22,789,025	Ordinary shares of Rs. 10 each, issued as bonus shares	227,890	227,890
4,610,605	-	Ordinary shares of Rs. 10 each, issued as bonus shares	46,106	-
<u>27,663,630</u>	<u>23,053,025</u>		<u>276,636</u>	<u>230,530</u>

- 4.2.1 The members of the company approved 20% stock dividend for the year ended June 30, 2018, in the Annual General Meeting held on 25th October 2018, and accordingly 4,610,605 bonus shares issued, in the period under review, after completing the relevant corporate formalities.

### 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 2018, except the following:

#### 5.1 CONTINGENCIES:

- 5.1.1 The Company is currently liable in respect of guarantees amounting to Rs. 92.02 million (30 June 2018 : Rs. 80.93 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. 192.06 million (30 June 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.
- 5.1.3 The Company is paying sui gas industrial bills based on gas tariff at Rs. 488 per MMBTU and Rs. 573 per MMBTU for captive power meter, as compared to the bill raised by SNGPL at Rs. 600 per MMBTU. The Honourable Lahore High Court ("LHC"), in January 2018, set aside the demand of SNGPL at Rs. 600 per MMBTU and case was decided in favour of the Company. However, SNGPL preferred an appeal before the Supreme Court of Pakistan ("SCP") which is pending adjudication. The Company has not made provision of the difference in tariff which in aggregate amounts to Rs. 119.16 million (30 June 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.
- 5.1.4 At the reporting date there is no change in the status of the tax contingencies except for the items mentioned below. For details, notes 36.4 and 36.5 of the financial statements for the year ended 30 June 2018 are to be referred.
- 5.1.5 Tax Returns upto and for the tax year 2018 have been filed. 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.

# **Murree Brewery Company Limited**

## **Notes to condensed interim financial information (unaudited)**

*For the six months ended 31 December 2018*

- 5.1.6 The Additional Commissioner Inland Revenue (ADCIR) Large Tax Payer Unit (LTU) issued an order dated 05 November 2018 whereby a demand was raised amounting to Rs. 2,768 million along with the default surcharge and penalty for the tax year 2015, with reference to the provisions of Income Tax Ordinance 2001. Against this order the Company filed an appeal before CIR appeals, who vide its order dated 06 December 2018 deleted the amount of Rs. 2,490 million and upheld the amount of Rs. 278.5 million. The Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) as to the demand upheld by CIR appeals, and stay has been granted by ATIR upto 15 March 2019. Furthermore, with respect to the issues deleted by CIR Appeals the Department has also filed an appeal before the ATIR. However no date has been fixed for hearing the main case, the management expects favourable outcome, based on the opinion of the tax consultant, thus no provision of the referred amount is recorded in these accounts.

### 5.2 COMMITMENTS

- 5.2.1 The Company has opened Letter of Credit for the import of machinery and inventory items valuing approximately Rs 255.50 million (30 June 2018 : Rs. 364.67 million)
- 5.2.2 The Company's contracted capital commitments outstanding at the date of reporting amounts to Rs. 122.39 million (30 June 2018 : Rs. 293.34 million)

### 6 PROPERTY, PLANT AND EQUIPMENT

	Fixed Assets	Capital Work in progress	Total
	Unaudited 31 December 2018		
	(Rs. '000)		
Carrying amount at the beginning of the period	4,635,033	211,188	4,846,221
Additions during the period	174,371	367,041	541,412
Transferred from capital work in progress	382,883	(382,883)	-
Disposal during the period-net	(3,351)	-	(3,351)
Depreciation charge for the period	(168,133)	-	(168,133)
Carrying amount at the end of the period	5,020,803	195,346	5,216,149
	Audited 30 June 2018		
	(Rs. '000)		
Carrying amount at the beginning of the year	4,485,204	190,298	4,675,502
Additions during the year	193,871	249,617	443,488
Transferred from capital work in progress	228,727	(228,727)	-
Disposal during the year-net	(10,503)	-	(10,503)
Depreciation charge for the year	(262,266)	-	(262,266)
Carrying amount at the end of the year	4,635,033	211,188	4,846,221

- 6.1 Additions in and depreciation on property, plant and equipment during the half year ended 31 December 2017 were 298.7 million and 127.27 and respectively.



# Murree Brewery Company Limited

## Notes to the condensed interim financial information (Un-audited)

For the six months ended 31 December 2018

	Note	(Unaudited)	(Audited)
		31-Dec-18 (Rs in '000)	30-Jun-18 (Rs in '000)
<b>7 CASH AND BANK BALANCES</b>			
Cash in hand		8,614	16,974
Cash at banks :			
- in local currency		1,168,178	718,245
- in local currency deposit account	7.1	339,776	1,225,922
-in foreign currency deposit account	7.2	43,069	37,573
		<u>1,551,023</u>	<u>1,981,740</u>
		<u>1,559,637</u>	<u>1,998,714</u>

7.1 Profit on local currency deposit accounts ranges from 5% to 9.5% (30 June 2018: 4.0% to 5.64%) respectively.

7.2 This carries interest rate of 0.25% per annum (30 June 2018: 0.25% per annum).

	Note	Six months ended			Six months ended	
		Liquor (Rs '000)	Glass (Rs '000)	Tops (Rs '000)	31-Dec-18 (Rs '000)	31-Dec-17 (Rs '000)
<b>8 COST OF SALES</b>						
Raw material consumed	8.1	2,192,246	212,821	911,965	3,317,032	3,024,130
Stores and spares consumed		33,029	34,867	14,280	82,176	83,048
Fuel and power consumed		100,022	109,001	21,166	230,189	212,690
Salaries and wages		125,555	52,932	61,215	239,702	219,258
Repair and maintenance		23,961	17,860	7,262	49,083	39,135
Depreciation		44,738	66,039	44,551	155,328	113,424
Other manufacturing overheads		11,751	12,694	14,570	39,015	31,267
		<u>2,531,302</u>	<u>506,214</u>	<u>1,075,009</u>	<u>4,112,525</u>	<u>3,722,952</u>
<b>Work in process:</b>						
Work in process - opening		220,896	1,445	17,481	239,822	293,540
Work in process - closing		(199,574)	(1,445)	(24,306)	(225,325)	(248,247)
		<u>21,322</u>	<u>-</u>	<u>(6,825)</u>	<u>14,497</u>	<u>45,293</u>
<b>Cost of goods manufactured</b>		<u>2,552,624</u>	<u>506,214</u>	<u>1,068,184</u>	<u>4,127,022</u>	<u>3,768,245</u>
<b>Finished goods:</b>						
Finished goods - opening		77,093	61,171	61,376	199,640	165,604
Finished goods - closing		(91,429)	(50,235)	(69,627)	(211,291)	(201,599)
		<u>(14,336)</u>	<u>10,936</u>	<u>(8,251)</u>	<u>(11,651)</u>	<u>(35,995)</u>
Less: Inter division transfers		(746,779)	-	(330,985)	(1,077,764)	(976,169)
		<u>1,791,509</u>	<u>517,150</u>	<u>728,948</u>	<u>3,037,607</u>	<u>2,756,081</u>
<b>8.1 Raw material consumed</b>						
Opening stock		500,414	7,426	273,627	781,467	927,637
Purchases		2,179,501	215,003	915,040	3,309,544	2,829,496
		<u>2,679,915</u>	<u>222,429</u>	<u>1,188,667</u>	<u>4,091,011</u>	<u>3,757,133</u>
Less : Closing stock		(487,669)	(9,608)	(276,702)	(773,979)	(733,003)
		<u>2,192,246</u>	<u>212,821</u>	<u>911,965</u>	<u>3,317,032</u>	<u>3,024,130</u>

	Quarter ended		Six months ended	
	31 December		31 December	
	2018	2017	2018	2017
<b>9 EARNING PER SHARE - BASIC AND DILUTED</b>				
		Restated		Restated
Net Profit for the period - Rupees in ('000)	<u>295,248</u>	284,106	<u>657,863</u>	629,410
Weighted average number of shares - Number	<u>27,663,630</u>	27,663,630	<u>27,663,630</u>	27,663,630
Earning per share - Rupees	<u>10.67</u>	10.27	<u>23.78</u>	22.75

9.1 There is no dilutive effect on the basic earnings per share of the Company as at 31 December 2018.

**Murree Brewery Company Limited**  
**Notes to the condensed interim financial information (Un-audited)**  
*For the six months ended 31 December 2018*

**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>
<b>a. For the six months ended</b>					
<b>31 December 2018</b>					
Third party turnover - net	5,387,540	93,549	1,544,673	-	7,025,762
Inter-segment turnover	268,200	798,838	10,410	-	1,077,448
Segment profit / (loss) before tax	634,557	342,208	(91,821)	-	884,944
<b>31 December 2017</b>					
Third party turnover - net	4,939,548	111,041	1,374,198	-	6,424,787
Inter-segment turnover	277,376	684,518	14,275	-	976,169
Segment profit (loss) before tax	638,435	292,530	(72,936)	-	858,029
<b>b. Assets</b>					
<b>31 December 2018 (unaudited)</b>	<b>5,035,068</b>	<b>802,319</b>	<b>3,154,421</b>	<b>2,325,112</b>	<b>11,316,920</b>
30 June 2018 - audited	6,587,505	821,156	1,545,263	1,952,112	10,906,036
<b>c. Liabilities</b>					
<b>31 December 2018 (unaudited)</b>	<b>660,460</b>	<b>72,227</b>	<b>261,910</b>	<b>450,909</b>	<b>1,445,506</b>
30 June 2018 - audited	885,482	78,787	308,270	166,363	1,438,902
<b>d. Additions to property, plant and equipment</b>					
<b>31 December 2018 (unaudited)</b>	<b>177,555</b>	<b>21,646</b>	<b>342,211</b>	<b>-</b>	<b>541,412</b>
30 June 2018 - audited	257,234	18,264	167,990	-	443,488
<b>Other income</b>					
<b>31 December 2018 (unaudited)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,062</b>	16,062
30 June 2018 (audited)	-	-	-	90,021	90,021
<b>Net finance income</b>					
<b>31 December 2018 (unaudited)</b>	<b>(2,532)</b>	<b>(93)</b>	<b>(7,592)</b>	<b>135,612</b>	<b>125,395</b>
30 June 2018 (audited)	(18,732)	(395)	(1,007)	192,446	172,312
<b>e. Depreciation</b>					
<b>31 December 2018 (unaudited)</b>	<b>55,922</b>	<b>66,109</b>	<b>46,362</b>	<b>-</b>	<b>168,393</b>
30 June 2018 - audited	90,601	126,479	45,186	-	262,266

	Six months ended 31 December	
	2018 <i>(Rs. '000)</i>	2017 <i>(Rs. '000)</i>
<b>10.2 Reconciliation of reportable segment profit or loss</b>		
Total profit before tax for reportable segments	884,944	858,029
Unallocated amount - operating expenses	(68,825)	(68,980)
Unallocated amounts - other income	16,062	36,230
Unallocated amounts - finance income	135,612	94,044
Net profit before tax	967,793	919,323

**Murree Brewery Company Limited**  
**Notes to the condensed interim financial information (Un-audited)**  
*For the six months ended 31 December 2018*

**11 Transactions and balances 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:

11.1	Name of Related Party	Nature of Relationship	Percentage of share holding	Nature of transactions during the year	Six months ended 31 December	
					2018 (Rs.'000)	2017 (Rs.'000)
	1) D.P. Edulji & Company (Private) Limited	Associated company on account of common directorship	15.42%	Sales commission Services acquired Dividend paid	<b>88,999</b> <b>6,900</b> <b>21,830</b>	43,839 6,000 17,770
	2) Kingsway Fund	Associated company	29.53%	Dividend paid	<b>40,841</b>	32,833
	3) Board of directors	Directors	26.56%	Dividend paid	<b>25,232</b>	26,596
	4) Directors' relatives	Directors' relatives	7.83%	Dividend paid	<b>15,214</b>	12,678
	5) Staff retirement benefit plan - Provident fund	Staff retirement funds	Nil	Contribution by the Company	<b>3,265</b>	2,744
	6) Staff retirement benefit plan - Pension fund	Staff retirement funds	Nil	Contribution by the Company	<b>2,345</b>	1,996
	7) Bhandara Foundation	Chief executive officer acts as a Trustee	Nil	Donation paid	<b>1,500</b>	1,500
	8) Atlas Asset Management Limited	Investments	Nil	Investment in Money Market Fund	<b>100,000</b>	-

11.2 The aggregate amounts charged for the remuneration including benefits and perquisites to Chief Executive Officer and Executive at the reporting date are Rs 6.8 million and Rs 7.8 million (31 December 2017: Rs. 3.4 million and nil) respectively. Further, free furnished accommodation is provided to the chief executive officer and executives. Company maintained vehicles are also provided to the chief executive officer and executive; the values of which are Rs. 9.7 million (31 December 2017: Rs.17.1million).

**Murree Brewery Company Limited**  
**Notes to the condensed interim financial information (Un-audited)**  
For the six months ended 31 December 2018

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	Note	Carrying amount				Fair value				
		Fair value through profit and loss	Amortized cost	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rs.'000)				(Rs.'000)				
<b>31 December 2018 - Unaudited</b>										
<b>Financial assets measured at fair value</b>										
Shares of listed companies		232	-	-	-	232	-	-	-	232
Mutual funds		1,633,476	-	-	-	1,633,476	-	-	-	1,633,476
		<u>1,633,708</u>				<u>1,633,708</u>				<u>1,633,708</u>
<b>Financial assets not measured at fair value</b>										
Long term advances		-	-	16,784	-	16,784	-	-	-	-
Long term investments		-	522,236	-	-	522,236	-	399,028	-	399,028
Long term deposits		-	-	27,616	-	27,616	-	-	-	-
Trade debts	12.4	-	-	45,636	-	45,636	-	-	-	-
Advances, prepayments and other receivables	12.2	-	-	196,718	-	196,718	-	-	-	-
Cash and bank balances	12.4	-	-	1,559,637	-	1,559,637	-	-	-	-
		<u>-</u>	<u>522,236</u>	<u>1,846,391</u>	<u>-</u>	<u>2,368,627</u>	<u>-</u>	<u>399,028</u>	<u>-</u>	<u>399,028</u>
<b>Financial liabilities not measured at fair value</b>										
Finance lease liabilities	12.4	-	-	-	223,071	223,071	-	-	-	-
Trade and other payables	12.3	-	-	-	353,301	353,301	-	-	-	-
Unpaid dividend	12.4	-	-	-	76,294	76,294	-	-	-	-
Unclaimed dividend	12.4	-	-	-	52,633	52,633	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>705,299</u>	<u>705,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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
		(Rs.'000)				(Rs.'000)				
<b>30 June 2018</b>										
<b>Financial assets measured at fair value</b>										
Shares of listed companies		321	-	-	-	321	-	-	-	321
Mutual funds		1,243,203	-	-	-	1,243,203	-	-	-	1,243,203
		<u>1,243,524</u>				<u>1,243,524</u>				<u>1,243,524</u>
<b>Financial assets not measured at fair value</b>										
Long term advances		-	-	10,894	-	10,894	-	-	-	-
Long term investments		-	523,503	-	-	523,503	-	466,801	-	466,801
Long term deposits		-	-	26,518	-	26,518	-	-	-	-
Trade debts	12.4	-	-	26,058	-	26,058	-	-	-	-
Advances, prepayments and other receivables	12.2	-	-	27,040	-	27,040	-	-	-	-
Cash and bank balances	12.4	-	-	1,998,714	-	1,998,714	-	-	-	-
		<u>-</u>	<u>523,503</u>	<u>2,089,224</u>	<u>-</u>	<u>2,612,727</u>	<u>-</u>	<u>466,801</u>	<u>-</u>	<u>466,801</u>
<b>Financial liabilities not measured at fair value</b>										
Finance lease liabilities	12.4	-	-	-	7,988	7,988	-	-	-	-
Trade and other payables	12.3	-	-	-	551,413	551,413	-	-	-	-
Unpaid dividend	12.4	-	-	-	51,739	51,739	-	-	-	-
Unclaimed dividend	12.4	-	-	-	131,316	131,316	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>742,456</u>	<u>742,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12.2 It excludes advances to suppliers and prepayments.

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

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 the condensed interim financial information (Un-audited)**  
*For the six months ended 31 December 2018*

**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 AUTHORISATION FOR ISSUE**

The condensed interim unaudited financial information was approved by the Board of Directors of the Company in their meeting held on 25 February 2019.

**15 NON ADJUSTING EVENTS AFTER REPORTING DATE**

- 15.1** The Board of Directors in their meeting held on 25 February 2019, has declared an interim cash dividend @ 100% (i.e Rs. 10 per share) for the year ending 30 June 2019.

**16 GENERAL**

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR