

Murree Brewery Co. Ltd. Rawalpindi

Condensed Interim (Unaudited) Financial Information for the nine months (3rd Quarter) period ended March 31, 2020



WATER JUST GOT BETTER

Available in
750ml & 330ml
Glass Bottles



MURREE BREWERY

ISO 9001, 14001, HACCP & OHSAS Certified Company



FOR THE FIRST TIME IN PAKISTAN



MURREE BREWERY

ISO 9001, 14001, HACCP & OHSAS Certified Company

**SAFE HANDS
SAFE LIFE**

**GOOD
NEWS**



**Murree's
Hand Sanitizer
now available
in Pakistan**

**Murree's Hand Sanitizer comes
in 3 convenient packing.**



100ml



500ml



3.9 liters

Murree Brewery Company is pleased to launch affordable and wide range of **Murree's Hand Sanitizer**, which is developed according to the guidelines recommended by WHO. **Murree Brewery** extends its century's old tradition and now producing effective hand sanitizer to the Pakistani nation in the fight against **COVID - 19** Pandemic.



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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) Mansoor Abad
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. Muhammad Ilyas Sheikh
House No. 37, Street No. 02, Mohalla
Phase 5, Bahria Town, Islamabad.

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 for the nine months period ended 31st March, 2020.

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

FINANCIAL OVERVIEW & HIGHLIGHTS

					Rs.in million
Sales Revenue (Net)	increased by	2.0%	from	6,881	to 7,018
Gross Profit	decreased by	3.6%	from	2,160	to 2,081
Profit before Taxation	decreased by	7.3%	from	1,388	to 1,286
Profit after Taxation	decreased by	12.2%	from	983	to 862
Earnings per share	decreased by	12.2%	from	Rs. 35.53	to Rs. 31.15

The profitability of the Company has decreased during the nine months period ended 31st March, 2020 as compared to the corresponding period of the last year. Overall sales reflected 2.0% growth over the last corresponding period, but the profit after tax declined by 12.2% in the current nine months period ended, due to increase of costs of inputs, utilities, salaries & wages, and partly because of start of (COVID-19) lockdown period. However loss of Tops Division curtailed in third quarter due to the management control over discounts.

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.252.18 million up to 31st March, 2020 (31st March, 2019: Rs.196.70 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 third interim cash dividend @ 50% (i.e. Rs. 5 per share) for the year ending 30th June, 2020. This is in addition to interim cash dividends already paid @ 150% (i.e. Rs.15 per share).

CONTRIBUTION TO NATIONAL EXCHEQUER:

Your company contributed a sum of Rs.4.09 billion in the nine months period ended 31st March, 2020 (31st March, 2019: Rs.4.07 billion) to the Government exchequer on account of duties and taxes.

CORPORATE SOCIAL RESPONSIBILITY :

The Company continues to give donations to charitable institutions, and hospitals.

OUTLOOK:

The sudden outbreak of the Corona Virus COVID-19 and rapid spread to more than 180 countries in the world has created an enormous global crises and the world has plunged into a damaging recession. As the disease has an incubation period (in which there is no adverse indication in the person who has contracted it) a lockdown of activities is necessary which most countries have enforced. This has resulted in a severe reduction of incomes and the developed countries have allocated large funds to compensate their citizens who have lost employment.

The Pakistan Government who inherited extremely large loans, which have increased further by the devaluation of the rupee, is additionally faced with the outbreak of COVID-19. With no reserves to provide relief to those out of jobs particularly daily wagers the task of controlling the rapidly rising poverty is very difficult. Lockdowns have had to be extended and the Government is providing low cost loans to employers to pay wages and not lay off workers to add to those who have already lost their jobs due to shutdowns.

The Company has strictly observed the lockdown and incurs a loss every day of its enforcement. The result for the year is dependent on the number of days the lockdown continues in the quarter to June 2020. The daily loss will increase if there is any further increase in taxation and the cost of inputs. With daily fluctuation in the rate of exchange, the level of inflation, and the overriding impact of the virus the outlook is uncertain.

PRODUCTION OF SANITIZER :

The Company has the ability to produce a world class sanitizer and has asked the Government for permission to make it to contribute to the national effort to contain COVID-19. Our application is being processed and is presently with the Drug Regulatory Authority of Pakistan (DRAP).

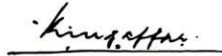
APPRECIATION :

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 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 23rd April, 2020

نافذ کیا ہوا ہے۔ اس کے نتیجے میں آمدنی میں شدید کمی واقع ہوئی ہے اور ترقی یافتہ ممالک نے تو ملازمت سے محروم اپنے شہریوں کو معاوضہ ادا کرنے کے لئے بڑے فنڈز مختص کر دیئے ہیں۔

پاکستان حکومت کو جنہیں انتہائی بڑے قرضے پہلی حکومتوں سے ورثے میں ملے تھے، روپے کی قدر میں کمی کی وجہ سے ان میں مزید اضافہ ہوا ہے، اس کے علاوہ COVID-19 کے پھیلاؤ کا بھی سامنا کرنا پڑا۔ خاص طور پر یومیہ اجرت سے محروم افراد کو ریلیف دینے کے لئے کوئی ذخائر موجود نہیں ہے جس میں تیزی سے بڑھتی ہوئی غربت پر قابو پانا بہت مشکل ہے۔ لاک ڈاؤن کو بڑھانا پڑا ہے اور حکومت آجروں کو اجرتوں کی ادائیگی کے لئے کم لاگت قرضوں کی فراہمی کر رہی ہے تاکہ ملازمین کو ملازمت سے نہ نکالا جائے اور نوکری پیشہ لوگوں کو بے روزگاری کی اس صف میں نہ شامل کیا جائے جو کہ لاک ڈاؤن کی وجہ سے پہلے ہی اپنی ملازمت کھو چکے ہیں۔

کمپنی نے لاک ڈاؤن پر سختی سے عمل کیا ہے اور اس کے نفاذ سے کمپنی کو ہر دن نقصان اٹھانا پڑھ رہا ہے۔ اس سال کا نتیجہ اس بات پر منحصر ہے کہ جون 2020 تک کی سہ ماہی میں لاک ڈاؤن جاری رہتا ہے۔ اگر ٹیکس میں اضافہ اور خام مال کی لاگت میں مزید اضافہ ہوتا ہے تو یومیہ خسارے میں بھی اضافہ ہوگا۔ شرح تبادلہ میں روزانہ اتار چڑھاؤ، افراط زر کی سطح، اور وائرس کے بڑھتے ہوئے اثرات کے ساتھ نقطہ نظر غیر یقینی ہے۔

سینیٹا رز کی پیداوار:

کمپنی عالمی معیار کا سینیٹا رز تیار کرنے کی صلاحیت رکھتی ہے اور کمپنی نے حکومت سے سینیٹا رز بنانے کی اجازت طلب کی ہے تاکہ وہ COVID-19 سے نمٹنے کے لئے ہونے والی قومی کوششوں میں شریک ہو سکیں۔ ہماری درخواست پر کاروائی ہو چکی ہے اور وہ اس وقت ڈرگ ریگولیٹری اتھارٹی آف پاکستان (DRAP) کے پاس ہے۔

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 سٹیک ہولڈرز، سرکاری حکام اور حصص داران کے تعاون پر ان کا بھی شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے



خرم مظفر

چیئرمین



اسفیاء ایم بھنڈارا

چیف ایگزیکٹو آفیسر

راولپنڈی 23 اپریل، 2020

iii- گیس انفراسٹرکچر ڈیولپمنٹ سیس (GIDC):

کمپنی اور انڈسٹری نے GIDC ایکٹ 2015ء کو چیلنج کیا ہوا ہے اور GIDC ایکٹ پر نظر ثانی کی درخواست کے ساتھ لاہور ہائی کورٹ میں ایک رٹ پیشین بھی جمع کروائی ہوئی ہے۔

جنوری 2014ء کے بعد ان عرصوں میں جب کمپنی کو حکم امتناعی دے دیا گیا تھا اور غیر ادا شدہ واجب الادا کل رقم 31 مارچ 2020ء تک 252.18 ملین روپے تک ہو گئی تھی (31 مارچ، 2019ء: 196.70 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 بیورتج 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۔ بیورتج انڈسٹری نے ایک نظر ثانی کی درخواست دائر کر رکھی ہے جو سپریم کورٹ میں زیر سماعت ہے۔

عبوری منافع منقسمہ:

ڈائریکٹرز نے 30 جون، 2020 کو ختم ہونے والے سال کے لئے تیسرے عبوری منافع منقسمہ کا اعلان کیا ہے جو کہ 50 فیصد کی شرح سے یعنی 5 روپے فی حصص ہے یہ عبوری منافع منقسمہ پہلے سے ادا کئے گئے منافع منقسمہ 150 فیصد کی شرح یعنی 15 روپے فی حصص کے علاوہ ادا کیا جائے گا۔

قومی خزانے میں معاونت:

آپ کی کمپنی نے 31 مارچ، 2020 کو اختتام پذیر ہونے والے نو ماہ کے عرصے میں 4.09 بلین روپے ڈیوٹی اور ٹیکسز کی مد میں قومی خزانے میں جمع کروائے ہیں (31 مارچ، 2019 تک 4.07 بلین روپے)

ادارہ جاتی سماجی ذمہ داری:

کمپنی خیراتی اداروں اور ہسپتالوں کو عطیہ دیتی رہتی ہے۔

نقطہ نظر:

کورونا وائرس COVID-19 کے اچانک نمودار ہوجانے اور دنیا کے 180 سے زائد ممالک میں تیزی سے پھیل جانے سے ایک بہت بڑا عالمی بحران پیدا کر دیا ہے اور دنیا ایک خطرناک حد تک سدا بازاری کا شکار ہے۔ چونکہ اس بیماری کی پختگی کا دور ہوتا ہے (جس میں متاثرہ انسان میں کسی قسم کی کوئی بھی علامات ظاہر نہیں ہوتیں) جس کی وجہ سے تمام تر سرگرمیوں کا لاک ڈاؤن ضروری ہوتا ہے جیسا کہ زیادہ تر ممالک نے

مری بروری کمپنی لمیٹڈ

ڈائریکٹرز کا جائزہ

مری بروری کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2020 کو اختتام پذیر ہونے والے نو ماہ کے لئے کمپنی کے معاملات اور کمپنی کی مالیاتی کارکردگی پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کمپنی کے پچھلے سال کے مطابق عرصے کے تقابل میں نو مہینوں کے دوران کمپنی کی مالی کارکردگی کا مختصر جائزہ مندرجہ ذیل ہے۔

مالیاتی جائزہ اور اہم نکات:

روپے ملین میں			
7,018 سے 6,881	اضافہ 2.0%	فروخت محصولات (خالص)	
2,081 سے 2,160	کمی 3.6%	مجموعی منافع	
1,286 سے 1,388	کمی 7.3%	قبل از ٹیکس منافع	
862 سے 983	کمی 12.2%	بعد از ٹیکس منافع	
31.15 روپے سے 35.53 روپے	کمی 12.2%	آمدن فی حصص	

گذشتہ سال کے مقابلے میں 31 مارچ 2020 کو اختتام پذیر ہونے والے نو ماہ کے دوران کمپنی کے منافع میں کمی ہوئی ہے۔ مجموعی طور پر فروخت کی شرح میں پچھلے عرصے کے مقابلے میں 2.0% کا اضافہ دیکھنے میں آیا لیکن موجودہ نو ماہ کے عرصے میں ٹیکس ادا کرنے کے بعد منافع کی شرح میں 12.2% کی کمی ہوئی۔ جس کی بنیادی وجہ خام مال کی قیمتوں کا بڑھنا، یوٹیلٹی، تنخواہوں اور اخراجات کے بڑھنے کے علاوہ جزوی طور پر COVID-19 پر لاک ڈاؤن بیرید کا آغاز ہے۔ تاہم، ڈسکاؤنٹس پر بیٹمنٹ کنٹرول کی وجہ سے تیسری سہ ماہی میں ٹاپس ڈویشن کا نقصان بڑھنے کا رجحان کچھ کم ہوا ہے۔

اہم مسائل:

i- سندھ میں شراب کی فروخت پر پابندی:

سندھ وائن 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- سٹل ہیڈ ڈیوٹی:

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

Murree Brewery Company Limited

Condensed Interim Statement of Financial Position As at 31 March 2020

	Note	Un-Audited 31-Mar-20 (Rs.'000)	Audited 30-Jun-19 (Rs.'000)		Note	Un-Audited 31-Mar-20 (Rs.'000)	Audited 30-Jun-19 (Rs.'000)
EQUITY				ASSETS			
Share capital and reserves				Property, plant and equipment	6	5,297,373	5,396,042
Share capital	4	276,636	276,636	Intangible asset		1,431	1,820
Capital reserve		30,681	30,681	Advances for capital expenditures		46,673	55,465
Revenue reserves		7,102,087	6,881,531	Investment properties		334,166	325,116
Revaluation surplus on property, plant and equipment - net of tax		2,786,587	2,837,111	Long term advances		17,639	11,335
Total equity		10,195,991	10,025,959	Long term investments		518,222	531,717
				Long term deposits		35,539	31,711
				Employee benefits		23,353	21,934
				Non-current assets		6,274,396	6,375,140
LIABILITIES							
Finance lease liabilities		21,252	86,866	Inventories		1,814,046	1,568,204
Employee benefits		255,294	260,286	Trade debts		44,785	14,563
Deferred tax liability - net		272,009	221,529	Advances, prepayments and other receivables		517,211	444,729
Non-current liabilities		548,555	568,681	Short term investments		1,559,848	1,337,179
				Advance tax - net		332,015	317,802
Trade and other payables		925,391	783,306	Cash and bank balances	7	1,454,870	1,694,452
Contract liabilities		73,844	121,090	Current assets		5,722,775	5,376,929
Current portion of finance lease liabilities		100,647	95,368				
Unpaid dividend		83,877	59,188	Total assets		11,997,171	11,752,069
Unclaimed dividend		68,866	98,477				
Current liabilities		1,252,625	1,157,429				
Total liabilities		1,801,180	1,726,110				
Total equity and liabilities		11,997,171	11,752,069				
Contingencies and commitments	5						

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 Profit or Loss (unaudited)

For the nine months ended 31 March 2020

Note	Total			
	Quarter ended 31 March		Nine months ended 31 March	
	2020 (Rs.'000)	2019 (Rs.'000)	2020 (Rs.'000)	2019 (Rs.'000)
NET TURNOVER	2,275,773	2,232,451	7,018,049	6,881,465
COST OF SALES	(1,589,530)	(1,616,915)	(4,937,056)	(4,721,582)
GROSS PROFIT	686,243	615,536	2,080,993	2,159,883
Selling and distribution expenses	(170,172)	(185,018)	(569,897)	(626,212)
Administrative expenses	(113,739)	(91,814)	(372,145)	(299,806)
Other expenses	(98,207)	(22,581)	(164,917)	(91,406)
Other income	10,965	8,543	49,029	24,605
OPERATING PROFIT	315,090	324,666	1,023,063	1,167,064
Finance costs	(3,793)	(4,852)	(12,840)	(15,069)
Finance income	94,680	100,792	276,128	236,404
NET FINANCE INCOME / COST	90,887	95,940	263,288	221,335
PROFIT BEFORE TAX	405,977	420,606	1,286,351	1,388,399
Income tax expense	(133,021)	(95,692)	(424,729)	(405,622)
PROFIT FOR THE PERIOD	272,956	324,914	861,622	982,777
Earnings per share - basic and diluted (Rupees)	9.87	11.75	31.15	35.53

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 nine months ended 31 March 2020

	Quarter ended 31 March		Nine months ended 31 March	
	2020 (Rs.'000)	2019 (Rs.'000)	2020 (Rs.'000)	2019 (Rs.'000)
Profit for the period	272,956	324,914	861,622	982,777
Other comprehensive income (OCI) for the period:	-	-	-	-
Total comprehensive income for the period	272,956	324,914	861,622	982,777

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)

As at 31 March 2020

	Capital reserves			Revenue reserves			Total equity
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment - net of tax	General reserve	Contingency reserve	Unappropriated profits	
	(Rs.'000)						
Balance at 01 July 2018	230,530	30,681	2,913,653	327,042	20,000	5,945,228	9,467,134
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	982,777	982,777
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	-	982,777	982,777
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	(36,894) (2,197) (39,091)	-	-	36,894 2,197 39,091	-
Transaction with the owners of the company							
Final dividend for the year ended 30 June 2018 (Rs 5. per share)	-	-	-	-	-	(115,265)	(115,265)
Issue of bonus shares at 20% (01 bonus shares for every 5 shares held)	46,106	-	-	-	-	(46,106)	-
First interim dividend for the year ending 30 June 2019 (Rs.5 per share)	-	-	-	-	-	(138,318)	(138,318)
Second interim dividend for the year ending 30 June 2019 (Rs. 10 per share)	-	-	-	-	-	(276,636)	(276,636)
Balance at 31 March 2019	276,636	30,681	2,874,562	327,042	20,000	6,390,771	9,919,692
Balance as at 30 June 2019 (Audited)	276,636	30,681	2,837,111	327,042	20,000	6,534,489	10,025,959
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	-
Adjusted balance at 01 July 2019	276,636	30,681	2,837,111	327,042	20,000	6,534,489	10,025,959
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	861,622	861,622
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	-	861,622	861,622
Revaluation surplus on property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	(47,782)	-	-	47,782	-
Transferred from revaluation surplus on property, plant and equipment on disposal - net of deferred tax	-	-	(2,742)	-	-	2,742	-
	-	-	(50,524)	-	-	50,524	-
Transaction with the owners of the company							
Final dividend for the year ended 30 June 2019 (Rs. 10 per share)	-	-	-	-	-	(276,636)	(276,636)
First interim dividend for the year ending 30 June 2020 (Rs. 5 per share)	-	-	-	-	-	(138,318)	(138,318)
Second interim dividend for the year ending 30 June 2020 (Rs . 10 per share)	-	-	-	-	-	(276,636)	(276,636)
Balance at 31 March 2020	276,636	30,681	2,786,587	327,042	20,000	6,755,045	10,195,991

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)

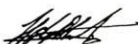
For the nine months ended 31 March 2020

	Nine months ended 31 March	
	2020 (Rs.'000)	2019 (Rs.'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,286,351	1,388,399
Adjustments for:		
Depreciation / amortization	310,588	262,346
Employee benefits - charge to profit or loss	38,336	40,790
Provision for Workers' Profit Participation Fund (WPPF)	69,197	64,282
Provision for Workers Welfare Fund (WWF)	27,679	25,281
(Gain) / Loss on disposal of property, plant and equipment	(5,259)	833
Finance cost	12,840	15,069
Return on deposit accounts	(99,071)	(80,690)
Interest on PIBs	(19,507)	(41,471)
Interest on advances	(309)	(313)
Dividend income	(110,899)	(25,247)
Unrealized gain on re-measurement of short term investments	(28,781)	(42,362)
Gain on sales of investments	-	(4,118)
	194,814	214,400
Operating profit before working capital changes	1,481,165	1,602,799
<i>Changes in</i>		
Inventories	(245,842)	(320,512)
Trade debts	(30,222)	(4,446)
Advances, prepayments and other receivables	(60,754)	(215,688)
Trade and other payables	134,031	29,348
Contract liabilities	(47,246)	(68,660)
	(250,033)	(579,958)
Cash generated from operating activities	1,231,132	1,022,841
Finance cost paid	(11,571)	(13,288)
Employee benefits paid	(19,890)	(22,155)
WPPF paid	(88,639)	(23,765)
Income taxes paid	(385,543)	(388,555)
Net cash from operating activities	725,489	575,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(197,999)	(497,093)
Proceeds from disposal of property, plant and equipment	5,942	4,978
Advances for capital expenditures	8,792	242,622
Long term advances paid	(6,304)	(3,048)
Long term deposits paid	3,828	(1,298)
Realization of long term investment	13,495	21,875
Proceeds from sales of / (acquisition of) investments - net	(216,894)	(351,823)
Return on deposits received	87,343	63,051
Dividends received	110,899	25,247
Net cash used in investing activities	(190,898)	(495,489)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease	(77,661)	(78,100)
Dividend paid	(696,512)	(520,743)
Net cash used in financing activities	(774,173)	(598,843)
Net increase / (decrease) in cash and cash equivalents	(239,582)	(519,254)
Cash and cash equivalents at beginning of the year	1,694,452	1,998,714
Cash and cash equivalents at end of the year	1,454,870	1,479,460

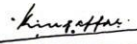
The annexed notes 1 to 16 form an integral part of these financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

Murree Brewery Company Limited

Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

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 flow and condensed interim statement of changes in equity are extracted from unaudited interim financial statements for the nine months period ended 31 March 2019.

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 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 lessees. As a 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.

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.

Murree Brewery Company Limited

Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

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 March 2020	7,881

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.

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.

Murree Brewery Company Limited

Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

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.7,881,000 of right-of-use assets and Rs. 8,374,708 of lease liability as at 31 March 2020.

Also in relation to those leases under IFRS 16, the Company has recognized depreciation and interest costs, instead of operating lease expense. During the nine months ended 31 March 2020, the Company recognized Rs. 3,219,000 of depreciation charge and Rs. 1,268,630 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.

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.

Murree Brewery Company Limited

Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

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.

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.

Murree Brewery Company Limited

Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

		Nine months period ended 31 March	
		2020 (Rs.'000)	2019 (Rs.'000)
4	SHARE CAPITAL		
4.1	Authorized share capital	300,000	300,000
4.1.1	This represents 30,000,000 (2019: 30,000,000) ordinary shares of Rs. 10 each.		
4.2	Issued, subscribed and paid up share capital		
		Un-audited 31 March 2020 Number	Audited 30 June 2019 Number
		Un-audited 31 March 2020 (Rs.'000)	Audited 30 June 2019 (Rs.'000)
	264,000 Ordinary shares of Rs. 10 each, fully paid in cash	264,000	2,640
	27,399,630 Ordinary shares of Rs. 10 each, issued as bonus shares	273,996	273,996
	27,663,630	276,636	276,636

4.2.1 No bonus shares were issued during the nine months period ended 31 March 2020 (nine months period ended 31 March 2019 : 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 the following:

5.1 CONTINGENCIES:

- 5.1.1 The Company is currently liable in respect of guarantees amounting to Rs. 152.02 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. 252.18 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 Honorable Lahore High Court ("LHC"), in January 2018, set aside the demand of SNGPL at Rs. 600 per MMBTU and case was decided in favour of the Company. However, SNGPL preferred an appeal before the Supreme Court of Pakistan 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.
- 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.

Murree Brewery Company Limited

Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

- 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 officer during the period.

5.2 COMMITMENTS

- 5.2.1 The Company's contracted capital commitments outstanding at the date of reporting amounts to Rs. 251.53 million (30 June 2019 : Rs. 143.97 million)

6 PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 March 2020 (Rs. '000)		
	Operating fixed assets	Capital work in progress	Total
Balance at 01 July 2019	5,226,194	169,848	5,396,042
Additions during the period	177,863	37,462	215,325
Transferred from capital work in progress	206,208	(206,208)	-
Disposal during the period-net	(3,795)	-	(3,795)
Depreciation charge for the period	(310,199)	-	(310,199)
Balance at 31 March 2020	<u>5,296,271</u>	<u>1,102</u>	<u>5,297,373</u>
	Audited 30 June 2019 (Rs. '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 and equipment during the nine months period ended 31 March 2019 were 382.5 million and 261.9 million respectively.

7 CASH AND BANK BALANCES	Note	(Unaudited)	(Audited)
		31-Mar-20 (Rs in '000)	30-Jun-19 (Rs in '000)
Cash in hand		17,444	21,790
Cash in transit		-	19,809
Banking instrument in hand		-	150,000
Cash at banks :			
- in local currency		411,902	934,634
- in local currency deposit account	7.1	975,811	518,122
-in foreign currency deposit account	7.2	49,713	50,097
		<u>1,437,426</u>	<u>1,502,853</u>
		<u>1,454,870</u>	<u>1,694,452</u>

- 7.1 Profit on local currency deposit accounts ranges from 10.25% to 12.62% (30 June 2019: 5.64% to 11.62%) respectively.

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

Murree Brewery Company Limited

Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

8	COST OF SALES	Note	Nine months ended	
			(unaudited)	(unaudited)
			31-Mar-20 (Rs '000)	31-Mar-19 (Rs '000)
	Raw material consumed	8.1	4,850,910	4,947,787
	Stores and spares consumed		113,367	119,254
	Fuel and power consumed		550,506	361,556
	Salaries and wages		420,559	363,348
	Repair and maintenance		120,602	85,834
	Depreciation		279,743	239,146
	Other manufacturing overheads		211,184	204,290
			6,546,871	6,321,215
	Work in process:			
	Work in process - opening		201,276	239,822
	Work in process - closing		(225,567)	(224,961)
			(24,291)	14,861
	Cost of goods manufactured		6,522,580	6,336,076
	Finished goods:			
	Finished goods - opening		152,672	199,640
	Finished goods - closing		(333,982)	(252,320)
			(181,310)	(52,680)
	Less: Inter division transfers		(1,404,214)	(1,561,814)
			4,937,056	4,721,582
8.1	Raw material consumed			
	Opening stock		1,057,072	781,467
	Purchases		4,867,534	5,177,296
			5,924,606	5,958,763
	Less : Closing stock		(1,073,696)	(1,010,977)
			4,850,910	4,947,787
9	EARNING PER SHARE - BASIC AND DILUTED			
			Quarter ended	Nine months ended
			31 March	31 March
			2020	2019
	Net Profit for the period - Rupees in ('000)		272,956	324,914
	Weighted average number of shares - Number		27,663,630	27,663,630
	Earning per share - Rupees		9.87	11.75
9.1	There is no dilutive effect on the basic earnings per share of the Company as at 31 March 2020.			

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Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

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	Glass division	Tops division	Corporate Office	Total
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
a. For the nine months ended					
31 March 2020					
Third party turnover - net	8,275,454	122,872	2,290,353	-	10,688,679
Inter-segment turnover	306,784	1,077,138	20,292	-	1,404,214
Segment profit / (loss) before tax	1,035,189	327,085	(187,134)	-	1,175,140
31 March 2019					
Third party turnover - net	8,230,070	117,936	2,194,720	-	10,542,726
Inter-segment turnover	370,680	1,180,724	10,410	-	1,561,814
Segment profit (loss) before tax	917,875	476,989	(151,464)	-	1,243,400
b. Assets					
31 March 2020 (unaudited)	6,830,150	855,653	2,006,261	2,305,107	11,997,171
30 June 2019 - audited	6,903,853	745,171	1,894,415	2,208,630	11,752,069
c. Liabilities					
31 March 2020 (unaudited)	817,279	92,487	392,819	498,595	1,801,180
30 June 2019 - audited	674,649	57,458	464,026	529,977	1,726,110
d. Additions to property, plant and equipment					
31 March 2020 (unaudited)	128,575	62,291	24,459	-	215,325
30 June 2019 - audited	338,099	48,308	534,777	-	921,184
e. Other income					
31 March 2020 (unaudited)	35,072	6,032	7,925	-	49,029
30 June 2019 (audited)	67,105	7,179	32,936	-	107,220
f. Net finance income					
31 March 2020 (unaudited)	(2,443)	(150)	(10,247)	276,128	263,288
30 June 2019 (audited)	276,611	(126)	(14,994)	-	261,491
g. Depreciation					
31 March 2020 (unaudited)	110,710	107,098	92,391	-	310,199
30 June 2019 - audited	115,273	133,632	105,573	-	354,478

10.2 Reconciliation of reportable segment profit or loss

	Nine months ended 31 March	
	2020	2019
	(Rs. '000)	(Rs. '000)
Total profit before tax for reportable segments	1,175,140	1,243,400
Unallocated amount - finance income	276,128	236,404
Unallocated amount - operating expenses	(164,917)	(91,405)
Net profit before tax	1,286,351	1,388,399

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Notes to Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

	Liquor Division				Glass Division				Tops Division				Total			
	Quarter ended 31 March		Nine months ended 31 March		Quarter ended 31 March		Nine months ended 31 March		Quarter ended 31 March		Nine months ended 31 March		Quarter ended 31 March		Nine months ended 31 March	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Note	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
10.3 TURNOVER																
Third party turnover - gross	2,719,635	2,794,584	8,327,765	8,276,358	54,949	24,387	122,872	117,936	774,670	636,977	2,499,285	2,264,778	3,549,254	3,455,948	10,949,922	10,659,072
Less: trade discounts	(18,878)	(19,114)	(52,311)	(46,288)	-	-	-	-	(71,880)	13,070	(208,932)	(70,058)	(90,758)	(6,044)	(261,243)	(116,346)
Third party turnover - net	2,700,757	2,775,470	8,275,454	8,230,070	54,949	24,387	122,872	117,936	702,790	650,047	2,290,353	2,194,720	3,458,496	3,449,904	10,688,679	10,542,726
Inter division sales	68,125	102,480	306,784	370,680	319,066	381,886	1,077,138	1,180,724	7,636	-	20,292	10,410	-	-	-	-
Sales tax and excise duty	2,768,882	2,877,950	8,582,238	8,600,750	374,015	406,273	1,200,010	1,298,660	710,426	650,047	2,310,645	2,205,130	3,458,496	3,449,904	10,688,679	10,542,726
Revenue	(1,007,024)	(1,076,454)	(3,103,856)	(3,160,042)	(7,984)	(3,543)	(17,853)	(17,140)	(167,715)	(137,456)	(548,921)	(484,079)	(1,182,723)	(1,217,453)	(3,670,630)	(3,661,261)
Revenue	1,761,858	1,801,496	5,478,382	5,440,708	366,031	402,730	1,182,157	1,281,520	542,711	512,591	1,761,724	1,721,051	2,275,773	2,232,451	7,018,049	6,881,465
10.4 COST OF SALES																
Third parties	(926,204)	(1,017,605)	(2,897,752)	(2,876,174)	(261,124)	(260,597)	(822,306)	(777,747)	(402,202)	(338,713)	(1,216,998)	(1,067,661)	(1,589,530)	(1,616,915)	(4,937,056)	(4,721,582)
Inter division cost	(309,356)	(362,412)	(1,040,544)	(1,109,191)	-	-	-	-	(85,471)	(121,954)	(363,670)	(452,623)	-	-	-	-
GROSS PROFIT	526,298	421,479	1,540,086	1,455,343	104,907	142,133	359,851	503,773	55,038	51,924	181,056	200,767	686,243	615,536	2,080,993	2,159,883
Selling and distribution expenses	(71,177)	(95,743)	(266,440)	(349,372)	(1,692)	(1,779)	(5,324)	(5,677)	(97,303)	(87,496)	(298,133)	(271,163)	(170,172)	(185,018)	(569,897)	(626,212)
Administrative expenses	(85,530)	(57,796)	(271,086)	(200,942)	(9,907)	(11,377)	(33,324)	(26,818)	(18,302)	(22,641)	(67,735)	(72,046)	(113,739)	(91,814)	(372,145)	(299,806)
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	(98,207)	(22,581)	(164,917)	(91,406)
Other income	5,988	6,173	35,072	16,227	613	586	6,032	5,823	4,364	1,784	7,925	2,554	10,965	8,543	49,029	24,605
Operating profit	375,579	274,113	1,037,632	921,256	93,921	129,563	327,235	477,101	(56,203)	(56,429)	(176,887)	(139,888)	315,090	324,666	1,023,063	1,167,064
Finance costs	(454)	(849)	(2,443)	(3,381)	(93)	(19)	(150)	(112)	(3,246)	(3,984)	(10,247)	(11,576)	(3,793)	(4,852)	(12,840)	(15,069)
Finance income	-	-	-	-	-	-	-	-	-	-	-	-	94,680	100,792	276,128	236,404
Net finance (cost) / income	(454)	(849)	(2,443)	(3,381)	(93)	(19)	(150)	(112)	(3,246)	(3,984)	(10,247)	(11,576)	90,887	95,940	263,288	221,335
Profit before tax	375,125	273,264	1,035,189	917,875	93,828	129,544	327,085	476,989	(59,449)	(60,413)	(187,134)	(151,464)	405,977	420,606	1,286,351	1,388,399
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	(133,021)	(95,692)	(424,729)	(405,622)
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	272,956	324,914	861,622	982,777

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For the nine months ended 31 March 2020

Nine months ended

	Note	Liquor (Rs '000)	Glass (Rs '000)	Tops (Rs '000)	31-Mar-20 (Rs '000)	31-Mar-19 (Rs '000)
10.4 COST OF SALES						
Raw material consumed	10.5	3,265,633	342,743	1,242,534	4,850,910	4,947,787
Stores and spares consumed		50,058	59,154	4,155	113,367	119,254
Fuel and power consumed		225,392	278,398	46,716	550,506	361,556
Salaries and wages		218,209	90,583	111,767	420,559	363,348
Repair and maintenance		38,417	32,361	49,824	120,602	85,834
Depreciation		88,879	106,971	83,893	279,743	239,146
Other manufacturing overheads		109,670	13,544	87,970	211,184	204,290
		<u>3,996,258</u>	<u>923,754</u>	<u>1,626,859</u>	<u>6,546,871</u>	<u>6,321,215</u>
Work in process:						
Work in process - opening		186,756	1,445	13,075	201,276	239,822
Work in process - closing		(194,209)	(1,445)	(29,913)	(225,567)	(224,961)
		<u>(7,453)</u>	<u>-</u>	<u>(16,838)</u>	<u>(24,291)</u>	<u>14,861</u>
Cost of goods manufactured		<u>3,988,805</u>	<u>923,754</u>	<u>1,610,021</u>	<u>6,522,580</u>	<u>6,336,076</u>
Finished goods:						
Finished goods - opening		63,726	23,553	65,393	152,672	199,640
Finished goods - closing		(114,235)	(125,000)	(94,747)	(333,982)	(252,320)
		<u>(50,509)</u>	<u>(101,447)</u>	<u>(29,354)</u>	<u>(181,310)</u>	<u>(52,680)</u>
Less: Inter division transfers		<u>(1,040,544)</u>	<u>-</u>	<u>(363,670)</u>	<u>(1,404,214)</u>	<u>(1,561,814)</u>
		<u>2,897,752</u>	<u>822,306</u>	<u>1,216,998</u>	<u>4,937,056</u>	<u>4,721,582</u>
10.5 Raw material consumed						
Opening stock		749,872	24,581	282,619	1,057,072	781,467
Purchases		3,218,484	338,262	1,310,788	4,867,534	5,177,296
		<u>3,968,356</u>	<u>362,843</u>	<u>1,593,407</u>	<u>5,924,606</u>	<u>5,958,763</u>
Less : Closing stock		<u>(702,723)</u>	<u>(20,099)</u>	<u>(350,873)</u>	<u>(1,073,696)</u>	<u>(1,010,977)</u>
		<u>3,265,633</u>	<u>342,743</u>	<u>1,242,534</u>	<u>4,850,910</u>	<u>4,947,787</u>

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Notes to Condensed Interim Financial Information (unaudited)

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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	For the nine months ended 31 March	
					2020 (Rs.'000)	2019 (Rs.'000)
1)	D.P. Edulji & Company (Private) Limited	Associated company on account of common directorship	16.89%	Sales commission Services acquired Dividend paid	97,735 11,250 116,824	130,459 11,310 83,978
2)	Kingsway Fund	Associated company	29.12%	Dividend paid	242,647	224,682
3)	Board of directors	Directors	40.63%	Dividend paid	140,254	124,822
4)	Directors' relatives	Directors' relatives	28.79%	Dividend paid	99,562	58,321
5)	Staff retirement benefit plan - Provident fund	Staff retirement funds	Nil	Contribution by the Company	5,745	4,881
6)	Staff retirement benefit plan - Pension fund	Staff retirement funds	Nil	Contribution by the Company	5,683	5,238
7)	Bhandara Foundation	Chief Executive Officer acts as a Trustee	Nil	Donation paid	1,500	1,500

11.2 The aggregate amounts charged for the remuneration including benefits and perquisites to Chief Executive Officer and Executives at the reporting date are Rs 8.4 million and Rs 20.9 million (31 March 2019: Rs. 8.3 million and Rs. 9.6 million) 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 Executives, the values of which are Rs. 15.07 million (31 March 2019 : Rs.12.4.million).

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For the nine months ended 31 March 2020

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			Total	
		Fair value through profit and loss	Amortized cost	Financial liabilities at amortized cost	Level 1	Level 2	Level 3		
31 March 2020 - Unaudited		(Rs.'000)			(Rs.'000)				
Financial assets measured at fair value									
Shares of listed companies		6	-	-	6	6	-	-	6
Mutual funds		1,559,842	-	-	1,559,842	1,559,842	-	-	1,559,842
		<u>1,559,848</u>			<u>1,559,848</u>	<u>1,559,848</u>	<u>-</u>	<u>-</u>	<u>1,559,848</u>
Financial assets not measured at fair value									
Long term advances		-	17,639	17,639	-	-	-	-	-
Long term investments		518,222	-	518,222	-	468,015	-	-	468,015
Long term deposits		-	35,539	35,539	-	-	-	-	-
Trade debts	12.4	-	44,785	44,785	-	-	-	-	-
Advances, prepayments and other receivables	12.2	-	321,921	321,921	-	-	-	-	-
Cash and bank balances	12.4	-	1,454,870	1,454,870	-	-	-	-	-
		<u>518,222</u>	<u>1,874,754</u>	<u>2,392,976</u>	<u>-</u>	<u>468,015</u>	<u>-</u>	<u>-</u>	<u>468,015</u>
Financial liabilities not measured at fair value									
Finance lease liabilities	12.4	-	-	121,899	121,899	-	-	-	-
Trade and other payables	12.3	-	-	443,071	443,071	-	-	-	-
Unpaid dividend	12.4	-	-	83,877	83,877	-	-	-	-
Unclaimed dividend	12.4	-	-	68,866	68,866	-	-	-	-
		<u>-</u>	<u>-</u>	<u>717,713</u>	<u>717,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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For the nine months ended 31 March 2020

On-balance sheet financial instruments	Note	Carrying amount			Fair value				
		Fair value through profit and loss	Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
30 June 2019		(Rs.'000)			(Rs.'000)				
Financial assets measured at fair value									
Shares of listed companies		6	-	-	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	12.4	-	14,563	-	14,563	-	-	-	-
Advances, prepayments and other receivables	12.2	-	24,312	-	24,312	-	-	-	-
Cash and bank balances	12.4	-	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	-	-	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 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 Condensed Interim Financial Information (unaudited)

For the nine months ended 31 March 2020

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

The condensed interim unaudited financial information was approved by the Board of Directors of the Company in their meeting held on 23 April 2020.

15 NON ADJUSTING EVENTS AFTER REPORTING DATE

- 15.1 The Board of Directors in their meeting held on 23 April 2020, has declared an interim cash dividend @ 50% (i.e. Rs.5 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

BOOK POST
PRINTED MATTER



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