

Murree Brewery Co. Ltd. Rawalpindi

1st Qtr (Un-Audited) Accounts

For The Period Ended 30th September, 2017

**WATER IN ITS
PUREST FORM**



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Murree Brewery Company Limited
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VISION STATEMENT

Our office is in the market

MISSION STATEMENT

We the people of Murree Brewery Co. 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. Sherazi
Mrs. Goshi M. Bhandara
Lt. Gen (R) Zarrar Azim
Mr. Khalid Aziz Mirza
Mr. Shahbaz Haider Agha

PRINCIPAL OFFICERS

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

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

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Lt. Gen @ Zarrar Azim (Chairman)
Mrs. Goshi M. Bhandara (Member)
Mr. Khurram Muzaffar (Member)
Mr. Shahbaz Haider Agha (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 / F/Abad / Multan
Sahiwal / Murree / Sargodha

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: murreebrewery@cyber.net.pk
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
- (iv) Mohallah Noorpura,
Bahawalpur Bypass Road, **Multan**
Ph: 061-4232964
Mob: 0345-8597704
- (v) 164/B, Near Winter Time,
Small Industries Estate, **Sahiwal**
Mob: 0335-5611125
0321-6954001
- (vi) Ratti Gali, Ayoubia Road, **Murree**
Mob: 0335-5111047
- (vii) Plot No. 28-B Small
Industrial Estate Opp.
Siddique Kantawala Main
Lahore Road, **Sargodha**
Mob #: 0335-5611103

SHARE REGISTRAR

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

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
- 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

Murree Brewery Company Limited

DIRECTORS' REVIEW TO THE SHAREHOLDERS FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER, 2017

The Directors take pleasure in presenting their report along with un-audited financial statements for the first quarter ended 30th September, 2017.

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

GROUP FINANCIAL OVERVIEW & HIGHLIGHTS

Rs. In million					
Sales revenue	increased by	25.3%	from 1,924.4	to	Rs. 2,411.5
Gross Profit	increased by	21.2%	from 599.5	to	Rs. 726.8
Profit before Taxation	increased by	18.3%	from 405.5	to	Rs. 479.6
Profit after Taxation	increased by	21.5%	from 284.1	to	Rs. 345.3
Earning per share	increased by	21.5%	from 12.32	to	Rs. 14.98

Important issues:

Ban on Liquor Sale in Sindh

As advised earlier the case is pending before the Sindh High Court and it is hoped that a favourable ruling will be given. This suspension also affected the provinces of Sindh and Punjab who collected lesser amounts of government levies. Meanwhile, sales from 1st July 2017 are progressing satisfactorily.

Still Head Duty

The Punjab Government issued a notification # SO(E&M)2-3/2011(P-II) dated 24th June, 2015 by which Still Head Duty was levied from 1st 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 27th June 2016,

The company is paying this duty and recovering it from the buyer, but this makes Murree Brewery products dearer than competition.

The Punjab Government has filed an appeal in the Lahore High Court, Lahore praying the impugned judgment may kindly be set aside and the Notification dated 24th 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".

Case is pending before the Honourable Lahore High Court, Lahore.

Murree Brewery Company Limited

Gas Infrastructure Development Cess (GIDC)

The Company and Industry has challenged the GIDC Act, 2015 and filed a Writ Petition in the Islamabad High Court including retrospective application of the provision of the GIDC Act. The Court has granted a stay under the GIDC Act 2015. Financial impact is approx Rs.164.5 Million (30th June, 2017 : Rs.160.14 million).

The Company has not made any provision of this liability as the management is confident the eventual decision will be in favour of the company / industry.

External Factors.

Since writing on this subject in the Directors report for the year ended 30th June, 2017 on 22nd September, 2017, the situation has worsened in that references have been ordered by the Supreme Court against other prominent personalities and Pakistan current Account deficit is at an all time high.

The Government has introduced a regulatory duty on over 350 imported food, home appliances, garments and vehicles to discourage their use.

Outlook

We are hopeful to see Pakistan entering in to the "hot zone" of high economic activity and we believe it will continue to offer huge investment potential driven by its growing population, increasing per capita income, massive infrastructure development under China-Pakistan Economic Corridor (CPEC) and other favorable indicators. Murree Brewery is optimistic about power shortages coming to an end as well as reduction in the cost of energy, which will eventually cut business cost pledging long term commitment of the Company.

Appreciation

We thank all employees, suppliers, customers, government departments and shareholders for their continuous support in our operations. Thanks are also due to the Directors for their valuable advice on policy issues.



Khurram Muzaffar
Chairman
Rawalpindi 27th October, 2017

مری بروری کمپنی لمیٹڈ شیر ہولڈرز کے لیے ڈائریکٹرز کا جائزہ 30 ستمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کے لیے

ڈائریکٹرز 30 ستمبر 2017 کو اختتام پذیر ہونے والی سہ ماہی کے لیے غیر آڈٹ شدہ مالیاتی گوشوارہ جات کے ساتھ رپورٹ پیش کرتے ہوئے فرمیں کر رہے ہیں۔
درج ذیل میں کمپنی کی کارکردگی کا مختصر جائزہ پچھلے سال کے اسی عرصے کے موازنے کے ساتھ پیش کیا گیا ہے۔

گروپ مالیاتی جائزہ اور اہم نکات

نکات	2017	2016	تغییر
کل فروخت آمد	25.3%	1,924.4 ملین روپے سے بڑھ کر	2,411.5 ملین روپے ہو گئے ہیں۔
مجموعی منافع جات	21.2%	599.5 ملین روپے سے بڑھ کر	726.8 ملین روپے ہو گئے ہیں۔
منافع قبل از ٹیکس	18.3%	405.5 ملین روپے سے بڑھ کر	479.6 ملین روپے ہو گئے ہیں۔
منافع بعد از ٹیکس	21.5%	284.1 ملین روپے سے بڑھ کر	345.3 ملین روپے ہو گئے ہیں۔
آمدنی فی حصص	21.5%	12.32 فی حصص سے بڑھ کر	14.98 فی حصص ہو گئی ہے۔

اہم مسائل:

سندھ میں شراب کی فروخت پر پابندی (Ban on Liquor Sale in Sindh)

جیسا کہ پہلے بتایا گیا تھا کہ کس سندھ ہائی کورٹ میں زیر التوا ہے اور امید ہے کہ ایک مناسب فیصلہ دیا جائے گا۔ اس پابندی سے صوبہ سندھ اور پنجاب بھی متاثر ہوئے ہیں اور جمع کیے جانے والے مراہمی محصولات میں کمی آئی ہے۔ بعد ازاں یکم جولائی 2017 سے فروخت قابل اطمینان ہو رہی ہے۔

اسٹیل ہیڈ ڈیوٹی (Still Head Duty)

حکومت پنجاب نے مورخہ 24 جون 2015 کو ایک نوٹیفیکیشن #SO(E&M)2-3/2011(P-II) جاری کیا جس کے تحت پاکستان میں تیار کردہ تمام قسم کی تیر اور لیکور مصنوعات جو صوبہ پنجاب سے باہر استعمال ہوتی ہے پر یکم جولائی 2015ء سے اسٹیل ہیڈ ڈیوٹی عائد کر دی گئی ہے۔ اس نوٹیفیکیشن کو لاہور عدالت عالیہ میں چیلنج کر دیا۔ معزز عدالت عالیہ نے نوٹیفیکیشن کو 27 جون 2016ء کو منسوخ کر دیا۔ کمپنی نے ڈیوٹی ادا کر رہی ہے اور اسے خریدار سے وصول کر رہی ہے۔ لیکن اس اضافی ڈیوٹی کی وجہ سے کمپنی پر دو کٹس اپنے مد مقابل سے نجات دہنگی ہو گئیں ہیں۔

حکومت پنجاب نے لاہور عدالت عالیہ، لاہور میں ایک اپیل (درخواست) داخل کی ہے جس میں درخواست کی گئی ہے کہ متاثرہ فیصلہ مہربانی فرماتے ہوئے منسوخ کیا جائے اور مورخہ 24 جون 2015ء کے نوٹیفیکیشن کو آئین اسلامی جمہوریہ پاکستان سے ماورائے اختیارات قرار دیا جائے۔ پنجاب ایکسائز نے سندھ و آئن ڈیلرز کے خلاف حکم اتنا ہی حاصل کر رکھا ہے اور فاضل (یکسائز) ڈیوٹی وصول کر رہا ہے۔
معاملہ معزز عدالت عالیہ، لاہور میں زیر التوا ہے۔

گیس انفراسٹرکچر ڈویلپمنٹ سیس (GIDC)

کمپنی اور انڈسٹری نے (GIDC) ایکٹ 2015 کو چیلنج کر رکھا ہے۔ اور اسلام آباد عدالت عالیہ میں ایک تحریری درخواست بشمول جی آئی ڈی سی ایکٹ کی شرائط کی با اثر رجحی درخواست بھی جمع کروا رکھی ہے۔ عدالت نے جی آئی ڈی سی ایکٹ 2015 کے تحت ایک امتناع بھی مرحمت کر دیا ہے۔ مالی اثر اچھے تقریباً 164.5 ملین روپے ہے (30 جون 2017 160.14 ملین روپے) ہے۔ کمپنی نے اس واجب الادا (ڈسے واری) کیلئے کسی قسم کی مقررات نہیں کی ہیں کیونکہ انتظامیہ کو پھر سہے کے فیصلہ بلا کر کمپنی انڈسٹری کے حق میں ہوگا۔

بیرونی عوامل:

22 ستمبر 2017 کو جب اس موضوع پر 30 جون 2017 کو ختم ہونے والے سال کے لیے ڈائریکٹرز رپورٹ میں لکھا گیا، پریم کورٹ کی جانب سے دیگر نمایاں شخصیات کے خلاف حکم کے بعد سے صورتحال مزید خراب ہو گئی ہے اور پاکستان کرنٹ اکاؤنٹ کا خسارہ تاریخی اعتبار سے اب تک سب سے زیادہ ہو چکا ہے۔ حکومت نے 350 درآمدی اجناس جن میں فرڈ، گھریلو ایشیا، بیوسماٹ اور گاڑیوں پر ریگولیٹری ڈیوٹی متعارف کروا کر ان اشیاء کے استعمال کی حوصلہ شکنی ہے۔

منظر نامہ:

ہم پرامید ہیں کہ پاکستان کو ترقی یافتہ معاشی ترقی کے روشن دور میں داخل ہوتا دیکھیں گے اور ہمیں یقین ہے کہ پاکستان اپنی بڑھتی ہوئی آبادی، بڑھتی ہوئی ٹیکنالوجی اور چائے پاکستان اکنامک کوریڈور (CPEC) کے نتیجے میں بننے والے عظیم الشان انفراسٹرکچر سے بڑی سرمایہ کاری کو فروغ دے گا۔ مری بردی کینی پرامید ہے کہ کینی کی کتاب پالیسیاں لیا جائے گا۔ اس کے ساتھ ساتھ تو اہائی کی لاگت میں کمی ہوگی جس سے آخر کار کینی کی لاگت ٹرم کاروباری لاگت میں کمی آئے گی۔

اظہار تشکر:

ہم تمام ملازمین، چلائرز، کسٹمرز، حکومتی اداروں اور شیئرز ہولڈرز کا شکریہ ادا کرتے ہیں کہ ہمیں اپنے آپریشنز جاری رکھنے میں اُن کا تعاون حاصل رہا۔ اور ہم پالیسی ایجنٹز پر قدر مشورے فراہم کرنے والے ڈائریکٹرز کا بھی شکریہ ادا کرتے ہیں۔

خرم مظفر

خرم مظفر

چیئرمین

راولپنڈی 27 اکتوبر 2017

Murree Brewery Company Limited
CONDENSED INTERIM BALANCE SHEET
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	30-Sep-17 Un-audited (Rs.'000)	30-Jun-17 Audited (Rs.'000)	Note	30-Sep-17 Un-audited (Rs.'000)	30-Jun-17 Audited (Rs.'000)
SHARE CAPITAL AND RESERVES					
Share Capital	230,530	230,530			
Reserves	3,835,676	3,835,677			
Unappropriated profit	2,241,538	1,983,881			
	6,407,744	6,050,088			
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	2,945,403	2,966,369			
NON-CURRENT LIABILITIES					
Liabilities against assets subject to finance lease	6,856	7,988			
Deferred liabilities	352,842	380,827			
	359,698	388,815			
CURRENT LIABILITIES					
Trade and other payables	934,447	940,047			
Current portion of liabilities against assets subject to finance lease	9,809	11,467			
	944,256	951,514			
CONTINGENCIES AND COMMITMENTS	10,657,101	10,356,786	3	10,657,101	10,356,786
NON-CURRENT ASSETS					
Property, plant and equipment			4	4,662,881	4,675,502
Advance for capital expenditure				78,869	45,591
Investment property			5	288,149	288,149
Long term advances				13,629	13,392
Long term investments				529,227	526,509
Long term deposits				26,344	25,687
				5,599,299	5,574,830
CURRENT ASSETS					
Stores, spare parts and loose tools				124,462	118,562
Stock in trade				1,164,358	1,416,643
Trade debts				62,120	82,342
Advances and other receivables				136,217	44,850
Short term prepayments				45,368	31,058
Interest accrued				10,164	19,037
Short term investments				1,230,044	1,221,042
Advance tax - net				213,084	206,136
Cash and bank balances				2,071,986	1,642,306
				5,057,802	4,781,956
	10,657,101	10,356,786		10,657,101	10,356,786

The annexed notes 1 to 15 form an integral part of interim financial information


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Liquor Division		Glass Division	
	Quarter ended 30 September		Quarter ended 30 September	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Note	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)

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TURNOVER
Third party sales - net
Inter divisional sales
Less : Duties and Taxes

2,797,424	2,028,052	48,404	124,267
193,385	148,465	384,727	257,026
2,990,809	2,176,517	433,131	381,293
(1,115,795)	(785,276)	(7,034)	(18,056)
1,875,014	1,391,241	426,097	363,237

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COST OF SALES

Third party
Inter divisional

(1,039,025)	(775,849)	(273,260)	(239,025)
(361,527)	(246,881)	-	-
(1,400,552)	(1,022,730)	(273,260)	(239,025)
474,462	368,511	152,837	124,212

GROSS PROFIT

Distribution Cost
Administrative expenses
Finance Cost

(95,958)	(63,989)	(1,114)	(1,397)
(53,481)	(70,001)	(7,616)	(9,151)
(612)	(1,205)	(95)	(206)
(150,051)	(135,195)	(8,824)	(10,754)
324,411	233,316	144,013	113,458

Other Expenses
Other operating income

Profit Before Tax

Income tax expense

Net profit after tax

(7,517)	22,367		
460,906	369,140		
(32,900)	(26,364)		
51,619	62,680		
479,625	405,456		
(134,321)	(121,336)		
345,304	284,120		

EARNING PER SHARE - BASIC AND DILUTED (Rupees) 8

14.98 12.32

The annexed notes 1 to 15 form an integral part of interim financial information


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Murree Brewery Company Limited

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	Quarter ended 30 September 2017	Quarter ended 30 September 2016
	(Rs. '000)	(Rs. '000)
Profit after tax	345,304	284,120
Other Comprehensive income for the period	-	-
Total Comprehensive Income for the year	345,304	284,120

The annexed notes 1 to 15 form an integral part of interim financial information



CHIEF EXECUTIVE OFFICER



DIRECTOR

11



CHIEF FINANCIAL OFFICER

Murree Brewery Company Limited
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended 30 September 2017 (Rs. '000)	Quarter ended 30 September 2016 (Rs. '000)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	479,625	405,457
Depreciation	79,908	69,500
Provision for staff retirement benefits	7,269	16,457
Profit on deposits / dividend income	(18,789)	(20,017)
Finance cost	987	1,621
Interest on PIBs	(10,164)	(21,453)
Unrealized gain on short term investments	(7,887)	(175)
(Profit)/loss on disposal of property, plant and equipment	(310)	(6,328)
	51,014	39,605
Operating profit before working capital changes	530,639	445,062
(Increase)/decrease :		
- Stock and stores	(5,810)	358
- Stock in trade	252,285	249,083
- Trade debts	20,222	(43,620)
- Advances, receivables and prepayments	(105,697)	(21,483)
- Current Liabilities	31,490	46,359
	192,490	230,697
	723,130	675,759
Finance cost paid	(987)	(1,621)
Staff retirement benefits paid	(5,175)	(3,437)
Income tax paid	(174,444)	(214,869)
NET CASH GENERATED/(USED IN) OPERATING ACTIVITIES	542,524	455,832
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(68,166)	(23,199)
Proceeds of property, plant and equipment	1,499	6,463
Long term deposits and advances	(1,094)	(3,393)
Decrease/(Increase) in short term investments	-	31,000
Increase in advance for capital expenditure	(33,278)	-
Profit on deposits/dividend income	27,662	14,441
NET CASH GENERATED/(USED IN) INVESTING ACTIVITIES	(73,377)	25,392
CASH FLOW FROM FINANCING ACTIVITIES		
Re-payment of finance leases	(2,789)	(1,950)
Dividend paid	(36,680)	(416)
NET CASH USED IN FINANCING ACTIVITIES	(39,469)	(2,366)
Net increase in cash and cash equivalents	429,678	478,859
Cash and cash equivalents at beginning of the period	1,642,306	1,701,696
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,071,986	2,180,554

The annexed notes 1 to 15 form an integral part of interim financial information


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Murree Brewery Company Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Share Capital (Rs.'000)	Capital reserve (Rs.'000)	General reserve (Rs.'000)	Contingency reserve (Rs.'000)	Reserve for issuance of bonus shares (Rs.'000)	Unappropriated profit (Rs.'000)	Total equity (Rs.'000)
Balance at 01 July 2016	230,530	30,681	327,042	20,000		5,189,816	5,798,069
Total comprehensive income for the three months period ended 30 September 2017	-	-	-	-	-	284,120	284,120
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	-	3,028	3,028
Transactions with owners, recorded directly in equity							
Interim dividend for the year ended 30 June 2016 Rs.10 per share	-	-	-	-	-	(230,530)	(230,530)
Transfer of Interim Bonus shares for the year ended 30 June 2016 @ 1500% i.e. 15 shares against one share					3,457,974	(3,457,974)	-
					3,457,974	(3,688,504)	(230,530)
Balance at 30 September 2016	230,530	30,681	327,042	20,000	3,457,974	1,788,481	5,854,688
Balance at 01 July 2017	230,530	30,681	327,042	20,000	3,457,954	1,983,881	6,050,088
Total comprehensive income for the three month period ended 30 September 2017	-	-	-	-	-	345,304	345,304
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	-	12,352	12,352
Balance at 30 June 2017	230,530	30,681	327,042	20,000	3,457,954	2,341,538	6,407,744

The annexed notes 1 to 15 form an integral part of interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Murree Brewery Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

1 THE COMPANY AND ITS OPERATION

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 Indian Subcontinent. The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at National Park Road in Rawalpindi. The Company is principally engaged in the manufacturing of alcoholic beer, non alcoholic beer, Pakistan Made Foreign Liquor (P.M.F.L), juices in tetra packs in Rawalpindi and food products, juices, mineral water, glass bottles and jars in Hattar. The Company is presently operating three divisions namely Liquor Division, Tops Division and Glass Division to carry out its principle activities.

2 BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the three months period ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim financial information do not include the information that reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2017. Comparative balance sheet is extracted from the annual audited financial statements as of 30 June 2017, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from condensed interim financial information for the three months period ended 30 September 2016.

2.2 This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.3 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations and the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2017.

2.4 The Companies Act, 2017 was enacted on 30 May 2017 and Securities and Exchange Commission of Pakistan (SECP) vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. SECP has further clarified vide circular 23 of 2017 dated 04 October 2017 that companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on 01 January 2018 requires certain additional disclosures and changes for certain accounting treatments including accounting for surplus on revaluation of property, plant and equipment which may require change in the relevant accounting policy.

3 CONTINGENCIES AND COMMITMENTS

There are no changes in the contingencies and commitment of the company as disclosed in the financial statements for the year ended 30 June 2017, except the following:

CONTINGENCIES:

3.1 The Company is currently liable in respect of guarantees amounting to Rs 71.4 million (30 June 2017 : Rs. 57.5 million) issued by banks on behalf of the company in the normal course of business

Murree Brewery Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

- 3.2 Regarding Gas Infrastructure Cess (GIDC) the unpaid amount upto 30 September 2017 is Rs. 164.5 million (30 June 2017 Rs: 160.1 million. For details note 11.2 of the financial statements for the year ended 30 June 2017 is to be referred.

COMMITMENTS

- 3.3 The Company has opened Letter of Credit for the import of machinery and inventory items valuing approximately Rs 183.9 million (30 June 2017 : Rs. 227.8 million)
- 3.4 The Company's contracted capital commitments outstanding at the balance sheet date amounting to Rs. 125.6 million (30 June 2017 : Rs. 152 million)

4 PROPERTY PLANT AND EQUIPMENT

Note	30-Sep-17 (Rs '000)	30-Jun-17 (Rs '000)
Opening balance	4,675,502	3,942,906
Additions / transfer during the period / year	68,166	475,057
Revaluation during the year	-	552,730
Disposals during the period / year at book value	(880)	(11,060)
Depreciation charged during the period / year	(79,908)	(284,131)
	<u>(80,787)</u>	<u>257,539</u>
	<u>4,662,881</u>	<u>4,675,502</u>
4.1 Additions / Transfer during the period :		
Land	-	38,293
Buildings	17,292	18,448
Plant and Machinery	60,049	221,009
Furniture and Fittings	1,086	820
Motor Vehicles	7,565	15,554
Capital work in progress	(17,826)	180,933
	<u>68,166</u>	<u>475,057</u>

- 4.2 Additions in and depreciation on property , plant and equipment during the quarter ended 30 September 2016 were Rs 23.1 million and Rs. 69.5 million respectively.

5 INVESTMENT PROPERTY

The investment properties are land and building held for capital appreciation and to earn rental income. At the balance sheet date, and exercise was carried out by the management to assess the fair value of the investment property. Based on the exercise, management of the Company ascertained that there is no significant change in the valuation of the investment property.

6 TURNOVER

Turnover is net of discount & freight amounting to Rs. 74.4 million for the quarter ended 30 September 2017, (30 September 2016: Rs 51.7 million) as the company's non alcoholic goods are sold on the delivered basis as per the market practices of the comparable industries.

Murree Brewery Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	Quarter ended			Quarter ended	
		Liquor (Rs '000)	Glass (Rs '000)	Tops (Rs '000)	30-Sep-17 (Rs '000)	30-Sep-16 (Rs '000)
7 COST OF SALES						
Raw material consumed	7.1	1,230,928	96,316	533,940	1,861,184	1,326,255
Stores and spares consumed		13,643	22,312	192	36,147	27,573
Fuel and Power consumed		44,003	51,780	13,948	109,731	100,959
Salaries and wages		55,719	21,202	25,673	102,594	102,621
Repair and maintenance		10,727	7,016	10,857	28,599	27,019
Other manufacturing overhead		17,488	5,379	2,285	25,152	11,885
Depreciation		4,958	49,047	7,199	61,204	63,177
		1,377,466	253,052	594,093	2,224,611	1,659,490
Work in process:						
Work in process - opening		279,528	1,445	12,567	293,540	319,064
Work in process - closing		(248,792)	(1,445)	(10,849)	(261,086)	(287,198)
		30,736	-	1,718	32,454	31,866
Cost of goods manufactured		1,408,202	253,052	595,812	2,257,065	1,691,356
Finished goods:						
Finished goods - opening		63,498	45,208	56,898	165,604	249,898
Finished goods - closing		(71,147)	(25,000)	(56,914)	(153,061)	(202,131)
		(7,650)	20,208	(16)	12,543	47,766
Less: Inter division transfers		361,527	-	223,380	584,907	414,183
		1,039,025	273,260	372,416	1,684,701	1,324,938
7.1 Raw material consumed						
Opening stock		620,420	12,775	294,442	927,637	908,169
Purchases		1,087,190	92,417	489,778	1,669,384	1,157,028
		1,707,609	105,192	784,220	2,597,021	2,065,197
Less: Closing stock		476,681	8,876	250,280	735,838	738,942
		1,230,928	96,316	533,940	1,861,184	1,326,255
8 EARNING PER SHARE - BASIC AND DILUTED					Quarter ended	
					30-Sep-17	30-Sep-16
There is no diluted effect on the basic earning per share of the Company, which is based on:						
Net Profit for the period - Rupees in ('000)					345,304	284,121
Weighted average number of shares - Number					23,053,025	23,053,025
Earning per share - Rupees					14.98	12.32
9 ADDITIONAL INFORMATION ON DIVISION						
The detail of utilization of the Company assets by the divisions as well as related liabilities is as follows:						
		Liquor Division (Rs '000)	Glass Division (Rs '000)	Tops Division (Rs '000)	Unallocated (Rs '000)	Total (Rs '000)
Assets						
30 September 2017		6,769,682	900,308	1,217,676	1,769,435	10,657,101
30 June 2017		6,032,522	974,427	1,098,654	2,251,183	10,356,786
Liabilities						
30 September 2017		891,809	74,371	171,560	160,654	1,298,394
30 June 2017		846,053	66,421	171,878	255,977	1,340,329
Property, plant and equipment						
30 September 2017		9,837	12,111	46,218	-	68,166
30 June 2017		132,015	205,017	138,025	-	475,057
Depreciation						
30 September 2017		21,862	49,078	8,968	-	79,908
30 June 2017		99,706	145,310	39,115	-	284,131

Murree Brewery Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

10 TAXATION

10.1 Tax assessments upto the and including year 2016 have been finalized . However the tax authorities are empowered to reopen these assessments within five years from the end of the date of the financial year in which the returns were filed.

10.2 Regarding Sales tax case for the year 2012 mentioned at note 32.3 of the financial statements for the year ended 30 June 2017, the Appellate Tribunal Inland Revenue (ATIR) vide its order dated 3 October 2017 , vacated the demand of Rs.25.17 million and remanded back the matter to Taxation Officer for the denovo proceedings.

11 TRANSACTION AND BALANCES WITH RELATED PARTIES

Related parties comprise of directors, key management personnel , major share holders, entities over which the directors are able to exercise influence and employees' provident fund. Transactions and balances with the related parties for the period are as follows:

	Quarter ended	
	30-Sep-17 (Rs '000)	30-Sep-16 (Rs '000)
Transaction with associated companies under common directorship		
Sales commission	24,607	19,778
Services acquired	3,000	3,000
Transaction with other related parties		
Contribution to staff provident fund	1,331	1,250
Contribution to staff pension fund	998	829
Dividend paid	36,680	-
Remuneration of the key management personnel	8,055	6,891

Murree Brewery Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

12 FAIR VALUE FINANCIAL INSTRUMENTS

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	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 September 2017		(Rs.'000)			(Rs.'000)				
Financial assets measured at fair value									
Shares of listed companies		84	-	-	84	84	-	-	84
Mutual funds		1,229,960	-	-	1,229,960	1,229,960	-	-	1,229,960
		<u>1,230,044</u>	<u>-</u>	<u>-</u>	<u>1,230,044</u>	<u>1,230,044</u>	<u>-</u>	<u>-</u>	<u>1,230,044</u>
Financial assets not measured at fair value									
Long term advances		-	13,829	-	13,829	-	-	-	-
Long term investments		-	529,227	-	529,227	-	-	-	-
Long term deposits		-	26,344	-	26,344	-	-	-	-
Trade debts		-	62,120	-	62,120	-	-	-	-
Advances and other receivables	12.1	-	48,804	-	48,804	-	-	-	-
Interest accrued		-	10,164	-	10,164	-	-	-	-
Cash and bank balances		-	2,071,986	-	2,071,986	-	-	-	-
		<u>-</u>	<u>2,762,474</u>	<u>-</u>	<u>2,762,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Liabilities against assets subject to finance lease		-	-	16,666	16,666	-	-	-	-
Trade and other payables	12.2	-	-	452,893	452,893	-	-	-	-
		<u>-</u>	<u>-</u>	<u>469,559</u>	<u>469,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Murree Brewery Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

On-balance sheet financial instruments	Note	Carrying amount			Fair value			Total
		Fair value through profit and loss	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	
<u>30 June 2017</u>			(Rs.'000)			(Rs.'000)		
Financial assets measured at fair value								
Shares of listed companies		482	-	-	482	-	-	482
Mutual funds		1,220,560	-	-	1,220,560	-	-	1,220,560
		<u>1,221,042</u>	-	-	<u>1,221,042</u>	-	-	<u>1,221,042</u>
Financial assets not measured at fair value								
Long term advances		-	13,392	-	13,392	-	-	-
Long term investments		-	526,509	-	526,509	-	-	-
Long term deposits		-	25,687	-	25,687	-	-	-
Trade debts		-	82,342	-	82,342	-	-	-
Advances and other receivables	12.1	-	19,733	-	19,733	-	-	-
Interest Accrued		-	19,037	-	19,037	-	-	-
Cash and bank balances		-	1,642,306	-	1,642,306	-	-	-
		-	<u>2,329,006</u>	-	<u>2,329,006</u>	-	-	-
Financial liabilities not measured at fair value								
Liabilities against assets subject to finance lease		-	-	19,455	19,455	-	-	-
Trade and other payables	12.2	-	-	578,169	578,169	-	-	-
		-	-	<u>597,624</u>	<u>597,624</u>	-	-	-

12.1 It excludes advances to suppliers.

12.2 It excludes advances from customers, withholding tax payable, sales tax payable - net, Federal Excise Duty (FED) payable, export duty payable on PMFL and beer, Worker's Welfare Fund

Murree Brewery Company Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

13 DATE OF APPROVAL

The condensed interim unaudited financial information was approved by the Board of Directors of the Company in their meeting held on 27 October 2017.

14 POST BALANCE SHEET EVENTS

14.1 The Board of Directors proposed a final cash dividend @ 100% (i.e. Rs.10/- per share), for the year ended 30 June 2017 at their meeting held on 22 September 2017 for the approval of members at the Annual General Meeting held on 26 October 2017.

14.2 The Board of Directors, in their meeting held on 27 October 2017, has declared an interim cash dividend @ 50% (i.e. Rs 5/- per share) for the year ending 30 June 2018.

15 GENERAL

- Figures have been re-arranged / re-classified wherever necessary for the purpose of comparison.
- Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER