

<u>CONTENTS</u>	<u>PAGE</u>
Vision & Mission Statement	1
Company Information	2-3
Directors' Report	4
Balance Sheet	5
Profit & Loss Account	6-7
Statement of Comprehensive Income	8
Cash Flow Statement	9
Statement of Changes in Equity	10
Notes to The Financial Statements	11-16

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 and 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

Educating one another

MURREE BREWERY COMPANY LIMITED

ESTABLISHED 1860

BOARD OF DIRECTORS

Chairman

Mr. Khurram Muzaffar

Chief Executive Officer
Directors

Mr. Isphanyar M. Bhandara
Ch. Mueen Afzal
Mr. Aamir H. Sherazi
Mrs. Goshi M. Bhandara
Lt. Gen (R) Zarrar Azim
Mr. Osman Khalid Waheed

PRINCIPAL OFFICERS

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

Mr. M. Zaffar Iqbal
Mr. Mazhar Iqbal
Mr. Malik Saqib Gul Nawaz
Mr. Mohammad Javed
Mr. Arshad Zaheer
Mr. Talat Yaqoob
Mr. Fayyaz Ahmad

AUDIT COMMITTEE

Lt. Gen @ Zarrar Azim (Chairman)
Ch. Mueen Afzal (Member)
Mrs. Goshi M. Bhandara (Member)

HUMAN RESOURCE AND REMUNERATION (HR & R COMMITTEE)

Ch. Mueen Afzal (Chairman)
Mrs. Goshi M. Bhandara (Member)
Mr. Khurram Muzaffar (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 / Gujranwala / F/Abad

MURREE BREWERY COMPANY LIMITED

REGISTERED OFFICE

Murree Brewery Company Limited
National Park Road, Rawalpindi
Tel: 051-5567041-47, Fax: 051-5584420.
E-mail: murreebrewery@isb.paknet.com
murbr@isb.paknet.com
Website: www.murreebrewery.com.pk

FACTORIES

- (i) **Murree Brewery Company Limited**
National Park Road, Rawalpindi
Tel: 051-5567041-47, Fax 051-5584420
- (ii) (a) **Tops Food & Beverages.**
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
- (iii) **Murree Sparklette**
Plot, No. 10/2, Phase-III, Industrial Estate,
Hattar, District Haripur (K.P.K.)
- (iv) **Murree Glass**
Plot No. 24, Phase III, Industrial Estate,
Hattar, District Haripur (K.P.K.)
Tel: 0995-617233, Fax: 0995-617188

DISTRIBUTION OFFICES

♦ **Tops Food & Beverages,**
121/3, Industrial Estate, Kot Lakhpat,
Lahore. -5117501

Aziz Chowk Pindi Bypass,
Galla Sonica Industry,
G.T Road, Gujranwala
Tele: 055-3891571
Mansoor Abad
Near Sant Sing Railway Gate
Jumra Road, Faisalabad
Tele: 041-8522182, 041-2420580

LEGAL ADVISORS

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

TAX ADVISOR

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

CORPORATE ADVISOR

Mr. Javed Panni
Corporate and Capital Market Consultant
House No. 15, Street No. 59,
F-8/4, Islamabad.
Tel: 051-2856087-88

MURREE BREWERY COMPANY LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors take pleasure in presenting their report alongwith un-audited financial statements for the third quarter and nine months to 31st March, 2014.

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

- Gross sales at Rs.4,764 million increased by 24.29%.
- Gross profit at Rs.1,206 million increased by 24.37%.
- Operating profit at Rs.869 million increased by 24.20%
- Profit after taxation at Rs. 604 million increased by 29.02%.
- Earning per share was Rs.26.23 against Rs.20.33 in the previous year.

Shareholders attention is drawn to Note # 4.1 'Contingencies regarding Capacity Tax. The Honourable High Court, Lahore has constituted a commission to examine the matter and submit a report.

The capacity tax favours large producers of aerated waters and penalises small producers which runs contrary to the Government policy of encouraging small and medium enterprises. The company is hopeful of obtaining exemption from the levy of this tax. If relief is not forthcoming the company will be forced to discontinue production of aerated waters on which very substantial Government levies are paid and deploy the plant to produce other products. Cessation of production of aerated waters will also adversely affect parties providing materials for their production.

The Board would like to express its appreciation for the commitment and hard work of all employees support of our customers, stakeholders and Government departments in our operations which have resulted in the substantial increase in profitability ..

Rawalpindi
Date: 28th April, 2014


Chairman

MURREE BREWERY COMPANY LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2014

	31 Mar 14 (Un-audited)	30 June 13 (Audited)		31 Mar 14 (Un-audited)	30 June 13 (Audited)
	(R\$ '000)	(R\$ '000)	Note	(R\$ '000)	(R\$ '000)
SHARE CAPITAL AND RESERVES					
Authorised share capital		300,000			
30,000,000 (2012: 30,000,000) ordinary shares of R\$. 10 each					
Share capital	234,531	209,572	3		
Reserves:					
Capital reserve	30,681	30,681			
Contingency reserve	20,000	20,000			
General reserve	327,041	327,042			
Unappropriated Profit	2,515,466	2,437,930			
	3,291,108	2,805,673			
	3,521,719	3,025,245			
	2,663,929	2,592,870			
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net of Tax					
NON CURRENT LIABILITIES					
Liabilities against assets subject to finance lease	2,364	1,879			
Deferred liabilities - staff retirement benefits	165,681	66,590			
Deferred taxation	159,612	177,436			
	284,908	245,905			
CURRENT LIABILITIES					
Current portion of liabilities against assets subject to finance lease	3,128	2,783			
Trade and other payables	639,389	622,761			
Provision for transition-net	1,453	54,564			
	644,082	680,110			
CONTINGENCIES AND COMMITMENTS					
	7,094,539	6,644,130			
NON-CURRENT ASSETS					
Property, plant and equipment	3,792,898	3,670,403	6		
Investment Property	212,437	212,437			
Long Term Advance - Considered good	5,821	5,519			
Long Term Deposits	19,891	18,353			
CURRENT ASSETS					
Stocks, spare parts and loose tools	97,821	80,800			
Stock in trade	1,077,137	863,673			
Trade debts - unsecured	26,734	34,859			
Advance - considered good	56,965	38,906			
Short term prepayments	9,999	15,332			
Interest accrued	11,053	63			
Other receivables	9,397	1,447			
Short term investments	33,380	31,619			
Advance income tax	16,270	16,270			
Cash and bank balances	1,311,797	1,654,377			
	3,183,539	2,737,418			
CONTINGENCIES AND COMMITMENTS					
	7,094,539	6,644,130			

The enclosed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

MURREE BREWERY

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)

	Liquor Division					Glass Division				
	Quarter ended		Nine months ended			Quarter ended		Nine months ended		
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 13	

8

TURNOVER
Third party sales - net
Inter divisional sales

	1,449,632	1,104,199	3,746,901	2,926,405	29,108	48,282	29,108	77,118	
	54,034	40,259	191,332	139,166	242,854	154,487	639,865	454,803	
	1,503,666	1,144,458	3,938,233	3,065,571	271,963	202,769	668,974	351,621	
	(456,612)	(336,310)	(1,175,907)	(885,592)	(4,229)	(6,660)	(4,229)	(10,637)	
	1,047,054	808,148	2,762,326	2,179,979	267,733	196,109	664,744	520,984	

COST OF SALES

	(475,675)	(365,943)	(1,290,212)	(1,020,464)	(160,797)	(163,728)	(455,817)	(424,400)	
	(245,590)	(151,053)	(637,526)	(430,062)	-	-	-	-	
	(721,266)	(516,996)	(1,927,739)	(1,450,526)	(160,797)	(163,728)	(455,817)	(424,400)	
	325,788	291,152	834,587	729,453	106,936	32,381	208,927	96,584	

9

Third party
Inter divisional

GROSS PROFIT

	(55,240)	(47,910)	(151,688)	(110,056)	(1,277)	(675)	(3,181)	(2,043)	
	(41,896)	(30,740)	(102,071)	(85,054)	(6,515)	(5,397)	(15,547)	(13,701)	
	(336)	(603)	(1,144)	(933)	(14)	(33)	(53)	(890)	
	(97,462)	(79,253)	(254,903)	(195,023)	(7,807)	(6,105)	(18,782)	(16,634)	
	228,326	211,897	579,684	530,431	99,129	26,276	190,145	79,950	

Distribution cost
Administrative expenses
Finance cost

Other expenses

Other operating income

NET PROFIT BEFORE TAXATION

TAXATION

- Current year
- Deferred

NET PROFIT AFTER TAXATION

EARNINGS PER SHARE - BASIC AND DILUTED (Rupees) - Note 10

The annexed notes form an integral part of these interim financial statements.



CHIEF EXECUTIVE

06

COMPANY LIMITED

FOR THE NINE MONTHS ENDED 31 MARCH 2014

	Liquor Division					MBC				
	Quarter ended		Nine months ended			Quarter ended		Nine months ended		
	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 14	31 Mar 13	31 Mar 13	

	304,849	266,780	987,649	829,010	1,783,590	1,419,261	4,763,659	3,832,534	
	8,059	3,078	22,870	5,253	-	-	-	-	
	312,909	269,858	1,010,520	834,263	1,783,590	1,419,261	4,763,659	3,832,534	
	(64,820)	(48,683)	(210,278)	(152,779)	(525,662)	(391,653)	(1,390,415)	(1,049,008)	
	248,088	221,175	800,241	681,484	1,257,927	1,027,608	3,373,243	2,783,526	

	(131,094)	(111,267)	(421,339)	(369,063)	(767,566)	(640,938)	(2,167,368)	(1,813,927)	
	(59,357)	(46,771)	(216,541)	(168,861)	-	-	-	-	
	(190,451)	(158,038)	(637,880)	(537,924)	(767,566)	(640,938)	(2,167,368)	(1,813,927)	
	57,637	63,137	162,361	143,560	490,361	386,670	1,205,875	969,598	

	(34,779)	(30,441)	(94,493)	(75,370)	(91,296)	(79,026)	(249,362)	(187,469)	
	(13,215)	(7,468)	(29,906)	(23,228)	(61,614)	(43,605)	(147,524)	(124,963)	
	(78)	(191)	(281)	(535)	(429)	(829)	(1,479)	(2,558)	
	(48,070)	(38,100)	(124,680)	(99,133)	(153,338)	(123,460)	(398,364)	(314,790)	
	9,568	25,037	37,682	44,427	337,023	263,212	807,511	654,808	

(27,224)

44,145

353,944

(122,245)

12,856

(109,389)

244,555

(Restated)

10.61

7.63

26.23

(Restated)

26.23

86,596

699,695

(272,332)

41,222

(231,110)

468,585



DIRECTOR

07

MURREE BREWERY COMPANY LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

	Quarter ended 31 Mar 14 (Rs. '000)	Quarter ended 31 Mar 13 (Rs. '000)	Nine months ended 31 Mar 14 (Rs. '000)	Nine months ended 31 Mar 13 (Rs. '000)
Profit after tax	244,555	175,939	604,716	468,585
Other comprehensive income for the period				
Experience adjustments on defined benefit obligation (Note 2.3)	(5,987)	-	(17,961)	-
Tax effect on experience adjustments	2,035	-	6,107	-
Total other comprehensive income	(3,952)	-	(11,855)	-
Total comprehensive income for the period	240,603	175,939	592,862	468,585

The annexed notes form an integral part of these interim financial statements.



CHIEF EXECUTIVE



DIRECTOR

MURREE BREWERY COMPANY LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2014

	31 MAR 14 (Rs. '000)	31 MAR 13 (Rs. '000)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	869,034	699,697
Adjustment for:		
Depreciation	128,098	121,551
Provision for staff retirement benefits	24,676	41,777
Profit on deposits/dividend income	(87,544)	(58,857)
Dividend Income	(5)	(8)
Finance cost	1,479	2,357
Unrealised/(Profit)/loss on re-measurement of available for sale securities	(1,760)	(1,838)
Realised/(Profit)/loss on Short term Investments	-	(2,723)
Profit on disposal of property, plant and equipment	(152)	6,212
	<u>64,792</u>	<u>108,471</u>
Operating profit before working capital changes	933,826	808,168
(Increase)/decrease :		
- Stock and stores	(17,021)	(2,164)
- Stock in trade	(213,462)	(71,365)
- Trade debts	5,125	(52,832)
- Advances, receivables and prepayments	(20,776)	14,572
- Current Liabilities	16,628	(86,678)
	<u>(229,505)</u>	<u>(151,464)</u>
	704,321	656,704
Finance cost paid	(1,479)	(2,357)
Staff retirement benefits paid	(1,747)	(46,594)
Income tax paid	(348,989)	(246,519)
NET CASH (USED IN) OPERATING ACTIVITIES	<u>832,107</u>	<u>361,234</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(166,521)	(101,585)
Purchase of Investment Property	-	(76,285)
Sale of Investment Held for Trading	-	55,751
Proceeds of property, plant and equipment	5,016	33,100
Long term deposits and advances	(1,840)	(2,124)
Decrease in short term Investments	(1,761)	-
Increase in long term investments	-	-
Dividend Received	5	8
Profit on deposits/dividend Income	76,535	57,363
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	<u>(88,546)</u>	<u>(33,772)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Re-payment of finance leases	(860)	(1,460)
Dividend paid	(105,470)	(91,534)
NET CASH USED IN FINANCING ACTIVITIES	<u>(106,331)</u>	<u>(92,994)</u>
Net Increase in cash and cash equivalents	157,230	234,468
Cash and cash equivalents at beginning of the period	1,654,527	1,107,422
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>1,811,757</u>	<u>1,341,890</u>

The annexed notes form an integral part of these interim financial statements.


CHIEF EXECUTIVE

09


DIRECTOR

MURREE BREWERY COMPANY LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2014

	Share capital (Rs. '000)	Capital reserve (Rs. '000)	Contingency reserve (Rs. '000)	General reserve (Rs. '000)	Unappropriated profit (Rs. '000)	Total equity (Rs. '000)
Balance at 01 July 2012 - as previously reported	190,520	30,681	20,000	327,042	1,785,127	2,353,370
Effect of change in accounting policy (Note 2.3)	-	-	-	-	(16,287)	(16,287)
Balance at 01 July 2012 - as restated	190,520	30,681	20,000	327,042	1,768,840	2,337,083
Total comprehensive income for the Nine months period ended 31 March 2013	-	-	-	-	468,585	468,585
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	22,547	22,547
<i>Transaction with owners, recorded directly in equity</i>						
Final dividend for the year ended 30 June 2012 (Rs. 5.0 per share)	-	-	-	-	(95,260)	(95,260)
Bonus shares issued for the year ended 30 June 2012 @ 10%	19,052	-	-	-	(19,052)	-
	19,052	-	-	-	(114,312)	(95,260)
Balance as at 31 March 2013	209,572	30,681	20,000	327,042	2,145,660	2,732,955
Balance at 01 July 2013 - as previously reported	209,572	30,681	20,000	327,042	2,463,872	3,050,367
Effect of change in accounting policy (Note 3.1)	-	-	-	-	(25,122)	(25,122)
Balance at 01 July 2013 - as restated	209,572	30,681	20,000	327,042	2,437,950	3,025,245
Total comprehensive income for the six months period ended 31 December 2012	-	-	-	-	592,862	592,862
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-	-	-	-	29,355	29,355
<i>Transactions with owners, recorded directly in equity</i>						
Final dividend for the year ended 30 June 2013 (Rs. 6.0 per share)	-	-	-	-	(125,744)	(125,744)
Bonus shares issued for the year ended 30 June 2013 @ 10%	28,957	-	-	-	(28,957)	-
	28,957	-	-	-	(146,781)	(125,744)
Balance as at 31 March 2014	238,529	30,681	20,000	327,042	2,913,466	3,521,718

The annexed notes form an integral part of these interim financial statements.



CHIEF EXECUTIVE



DIRECTOR

MURREE BREWERY COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

1 STATUS AND NATURE OF OPERATIONS

Murree Brewery Company Limited ("the Company") was incorporated under the repealed Indian Companies Act (now the Companies Ordinance, 1984) in February 1861 as a public limited Company in Pakistan. The shares of the Company are listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated 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 principal activities.

2 BASIS OF PREPARATION

- 2.1 This condensed interim unconsolidated financial information of the Company for the nine months period ended 31 March 2014 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 unconsolidated 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 2013. Comparative unconsolidated balance sheet is extracted from the annual audited unconsolidated financial statements as of 30 June 2013, whereas comparative unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information for the nine months period ended 31 March 2013.
- 2.2 This condensed interim unconsolidated 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 Karachi 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 unconsolidated financial information and financial risk management policy are the same as those applied in preparation of annual audited unconsolidated financial statements for the year ended 30 June 2013 except the following:

IAS 19 (as revised in June 2011) "Employees Benefits" became effective during the period. The amendments to IAS 19 change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

MURREE BREWERY COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

The Company has applied IAS 19 (as revised in June 2011) retrospectively in accordance with requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, opening balance sheet of the earliest comparative period presented (01 July 2012) has been restated. This change has resulted in decrease in the balance of deferred liabilities - staff retirement benefit, receivable from provident fund and deferred tax liability by amounts mentioned below with corresponding effect on equity. The effect on the condensed interim statement of comprehensive income for the nine months period ended 31 March 2013 has not been disclosed separately since the actuarial valuation is carried out on annual basis. However, there is no impact of this change in accounting policy on condensed interim profit and loss account and condensed interim cash flow statement.

Effect due to change in accounting policy	30 June 2013	01 July 2012
	(Rs. '000)	(Rs. '000)
Deferred liabilities, staff retirement benefit		
Present value of defined benefit obligation - as previously reported	43,775	36,307
Increase due to change in accounting policy	<u>22,815</u>	<u>25,418</u>
Present value of defined benefit obligation - as restated	<u>66,590</u>	<u>61,725</u>
Deferred taxation liability - as previously reported	190,377	231,889
Decrease due to change in accounting policy	<u>7,757</u>	<u>8,897</u>
Deferred taxation liability - as restated	<u>182,621</u>	<u>222,993</u>
Net effect of change in accounting policy on equity recognised in unappropriated profit	<u>15,059</u>	<u>16,521</u>
Other receivables, Receivables from pension fund		
Present value of net assets of the fund as previously reported	8,073	5,692
(Decrease) / increase due to change in accounting policy	<u>(15,248)</u>	<u>360</u>
Present value of net (liabilities) / assets of the fund - as restated	<u>(7,175)</u>	<u>6,052</u>
Deferred taxation liability - as previously reported	190,377	231,889
(Decrease) / increase due to change in accounting policy	<u>(5,184)</u>	<u>126</u>
Deferred taxation liability - as restated	<u>185,193</u>	<u>232,015</u>
Net effect of change in accounting policy on equity recognised in unappropriated profit	<u>10,064</u>	<u>234</u>
Net decrease due to change in accounting policy in:		
- Deferred taxation liability	<u>12,941</u>	<u>8,771</u>
- Equity recognised in unappropriated profit	<u>25,122</u>	<u>16,287</u>

This change has also resulted in recognition of experience adjustments on defined benefit obligations amounting to Rs. 11.855 million, net of tax in other comprehensive income for the nine months period ended 31 March 2014.

2.4 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014 and are not expected to have any significant effect on condensed interim unconsolidated financial information of the Company.

MURREE BREWERY COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

- IFRIC 21 'Levies'	(effective 01 January 2014)
- IAS 32 'Financial Instruments: Presentation'	(effective 01 January 2014)
- IAS 36 'Impairment of Assets'	(effective 01 January 2014)
- IAS 39 'Financial Instruments: Recognition and Measurement'	(effective 01 January 2014)
- IAS 19 'Employee Benefits'	(effective 01 July 2014)
- IAS 27 'Consolidated and Separate Financial Statements'	(effective 01 January 2014)

Amendments to following standards as annual improvements cycle of 2010-2012 and 2011-2013. Most amendments will apply prospectively for annual period beginning on or after 1 July 2014

- IFRS 2 'Share-based Payment'	- IAS 16 Property, plant and equipment
- IFRS 3 Business Combinations	- IAS 24 Related Party Disclosure
- IFRS 8 Operating Segments	- IAS 40 Investment Property

3 SHARE CAPITAL

During the period, the Company has issued 2,095,729 ordinary shares of Rs. 10 each representing 10% bonus shares, 01 share for every 10 shares held (six months ended 31 December 2012: 1,905,209 ordinary shares of Rs. 10 each representing 10% bonus shares, 01 share for every 10 shares held).

4 CONTINGENCIES AND COMMITMENTS

There is no change in the contingencies and commitments of the Company as disclosed in the financial statements for the year ended 30 June 2013, except the following:

Contingencies:

- 4.1 During the period, Federal Board of Revenue has issued the Federal Excise Duty and Sales Tax on Production Capacity (Aerated Water) Rules, 2013 ("the Rules") vide SRO 649(j)/2013 effective 10 July 2013. These Rules require the Companies involved in the production of aerated waters to pay tax on gross production capacity of sprouts and filling valves installed in the Company instead of sales tax and federal excise duty on the basis of sales. Management of the Company considers that measure of determination of "Capacity Tax" in the Rules is inequitable and accordingly filed a writ petition with the Honourable Lahore High Court ("the Court") to set aside these Rules. The Court through its Order dated 02 August 2013 provided interim relief by allowing the Company to continue to pay Federal Excise Duty and sales tax on the basis of manner in which the taxes were paid before the promulgation of the Rules. Management however believes that since the capacity tax is inequitable, an industry wide issue and accordingly it is likely that these Rules will be set aside by the Court. Accordingly the Company has not recorded a liability of Rs. 330 million in this interim financial information in respect of capacity tax payable for the nine months' period ended 31 March 2014.
- 4.2 The Company is contingently liable in respect of guarantees amounting to Rs. 47.09 million (30 June 2013: Rs. 47.05 million) issued by banks on behalf of the Company in normal course of business.

Commitments:

- 4.3 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 301.09 million (30 June 2013: Rs. 298.50 million).
- 4.4 The Company's contracted capital commitments outstanding at the balance sheet date amounting to Rs. 93.71 million (30 June 2013: Rs. 181.57 million).

MURREE BREWERY COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

TAX STATUS

Tax Returns for the Tax years 2004 to 2013 stand assessed in terms of section 120 of the Income Tax Ordinance 2001. However, the tax authorities are empowered to reopen these assessments within five (5) years from the end of the financial year in which the returns were filed.

	Note	Nine months ended	
		31 Mar 14 (Rs. '000)	30 Jun 13 (Rs. '000)
6 PROPERTY, PLANT AND EQUIPMENT			
Opening balance		3,670,403	3,649,647
Additions during the period / year		<u>166,521</u>	<u>225,187</u>
		3,836,924	3,874,834
Disposals during the period / year at book value		<u>5,967</u>	<u>41,598</u>
Depreciation charged during the period / year		<u>128,098</u>	<u>162,833</u>
		<u>134,065</u>	<u>204,431</u>
		3,702,859	3,670,403

i.1 Additions during the period:

Buildings	841	155
Plant and machinery	29,089	22,147
Furniture and fixtures	846	1,641
Motor vehicles	8,000	20,912
Capital work in progress	<u>127,745</u>	<u>180,332</u>
	166,521	225,187

6.2 Additions in and depreciation on property, plant and equipment during the nine Months ended 31 March 2013 were Rs 101.58 million and Rs 121.55 million respectively.

7 INVESTMENT PROPERTY

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

8 TURNOVER

Turnover is net of discounts amounting to Rs. 87.21 million (31 March 2013: Rs. 62.65 million) for the nine months period ended 31 March 2014..

MURREE BREWERY COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

9	COST OF SALES	Note	Nine Months Ended 31 March 2014			Nine Months Ended	
			Liquor (Rs. '000)	Glass (Rs. '000)	Topo (Rs. '000)	31 Mar 14 (Rs. '000)	31 Mar 13 (Rs. '000)
	Raw material consumed	9.1	1,672,951	184,218	541,523	2,398,693	1,984,963
	Stores and spares consumed		9,954	29,661	382	39,996	43,422
	Fuel and power		105,374	129,196	32,873	267,443	243,106
	Salaries, wages and other benefits		89,637	36,150	35,244	161,031	108,050
	Repair and maintenance		23,427	23,006	12,993	59,426	39,482
	Other manufacturing overhead		9,726	7,583	5,166	22,475	21,548
	Depreciation		47,351	43,193	20,285	110,827	104,955
			1,938,420	433,007	648,463	3,039,893	2,545,526
	Work in process						
	Opening stock 01 July		330,720	765	9,383	340,868	318,373
	Closing stock 31 March		(327,690)	(765)	(8,680)	(337,135)	(394,628)
			3,930	-	703	3,734	(76,255)
	Cost of goods manufactured		1,961,451	433,007	649,166	3,043,627	2,469,271
	Add: Opening stock of finished goods 01 July		38,190	16,118	36,726	91,035	53,359
	Less: Closing stock of finished goods 31 March		(71,960)	(13,309)	(48,014)	(133,224)	(109,778)
			(33,771)	2,809	(11,288)	(42,189)	(56,419)
			1,927,741	455,816	637,880	3,071,437	2,412,852
	Less: Interdivisional transfers		(637,526)	-	(216,541)	(854,068)	(598,923)
			1,290,215	455,817	421,339	2,167,369	1,813,929
9.1	Raw material consumed						
	Opening stock of raw material 01 July		283,690	8,993	139,090	431,772	404,378
	Purchases		1,760,488	188,108	572,341	2,620,936	1,889,232
			2,044,178	197,101	711,431	2,952,711	2,293,610
	Less: Closing stock of raw material 31 March		(371,227)	(12,883)	(169,908)	(554,018)	(308,648)
			1,672,951	184,218	541,523	2,398,693	1,984,962

10	EARNINGS PER SHARE - BASIC AND DILUTED	Quarter Ended		Nine Months Ended	
		31 Mar 14	31 Mar 13 (Restated)	31 Mar 14	31 Mar 13 (Restated)
	There is no dilutive effect on the basic earnings per share of the Company, which is based on:				
	Net profit for the period - Rupees in ('000)	244,858	175,939	604,716	468,585
	Weighted average number of shares - Numbers	23,853,025	23,853,025	23,853,025	23,853,025
	Earnings per share - Rupees	10.61	7.63	26.23	20.33

For the purpose of computing earnings per share, the number of shares for the previous periods have been restated for the effect of bonus shares issued during the period.

11 ADDITIONAL INFORMATION ON DIVISIONS

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

		Liquor	Glass	Topo	Unallocated	Total
		Division (Rs. '000)	Division (Rs. '000)	Division (Rs. '000)	(Rs. '000)	(Rs. '000)
Assets	31 March 2014	4,725,790	1,164,001	1,179,083	25,667	7,094,530
	30 June 2013	5,276,469	511,410	823,186	33,065	6,644,130
Liabilities	31 March 2014	540,888	35,928	90,870	241,175	908,862
	30 June 2013	475,267	27,174	123,487	283,038	908,966
Capital expenditure	31 March 2014	38,410	127,791	309	-	166,510
	31 March 2013	43,435	51,245	6,904	-	101,584
Depreciation	31 March 2014	59,187	43,342	25,569	-	128,098
	31 March 2013	54,986	42,710	23,855	-	121,551

MURREE BREWERY COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	Quarter ended	
	31 Mar 14 (Rs. '000)	31 Mar 13 (Rs. '000)
Transactions with associated companies under common directorship		
Sales commission	44,389	41,495
Services acquired	8,100	7,200
Sales commission payable	29,006	5,904
Transactions with other related parties		
Contribution to staff provident fund	1,460	1,355
Contribution to staff pension fund	2,249	1,804
Remuneration of the Key Management Personnel	16,704	13,456

13 DATE OF APPROVAL

These condensed interim unaudited financial statements were authorized by the Board of Directors of the Company in their meeting held on April 23, 2014

14

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



DIRECTOR