

MURREE BREWERY COMPANY LIMITED
DIRECTORS REPORT TO THE SHAREHOLDERS

We have pleasure in presenting the un-audited accounts, duly reviewed by our statutory auditors, for the six months ended December 31, 2005.

Turnover at Rs.643.2M shows an increase of 53% from the previous Rs.419.2M. Operating profit for the current half year is Rs.38.4M vs Rs.41.9M in the previous corresponding half year. Although turnover increased, the after tax profit for the half year is lower due to a major breakdown in Murree Glass, resulting in an extra ordinary loss of Rs.15.2M. The other contributory factor was an increase in the rate of sui gas.

The Glass Melter will be closed down for a period of 8 weeks from March, for a rebuild and expansion and complete renewal / modernisation of the production machines. The loss projected for the Division for the year is Rs.30M due to loss of production and cost of extraordinary repairs.

Turnover of the Tops Division increased 65.22% to Rs.237.6M from Rs.143.8M in the previous corresponding half year but a loss of Rs.4.5M was incurred due to the cost of sales promotion the benefits of which will accrue later. The price competition in Tetra Pak juices is intense. We expect the Division will be a profitable in the current fiscal year as we are planning an ambitious turnover of Rs.700M against Rs.418M of the previous corresponding half year.

In the Liquor Division the turnover of alcoholic products improved by 44.26% to Rs.346.8M from Rs.240.4M in the previous corresponding half year and the sales of non-alcoholic products improved by 123.8% to Rs.84.67 from 37.84M in the corresponding previous half year. Operating profit of the Division improved to Rs.59.4M from Rs.41.6M in the corresponding previous half year.

Capital gains and other income increased to Rs.32.5M from Rs.17.2M in the corresponding previous half year.

Pre tax profit for the period is Rs.37.76M vs Rs.38.82M in the corresponding previous half year.

Earning per share is Rs.3.83 against Rs.3.94 in the corresponding previous half year.

The Directors consider the financial and operational performance of the Company for the period to be satisfactory.

Rawalpindi

Chairman

Date: 27-02-2006