

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH, 2007

- Murree Brewery Company Limited ("the Company") is a public limited company incorporated in February, 1860 under the repealed Indian Companies Act. (Now the Companies Ordinance, 1984). The Shares of the Company are quoted on the Karachi, Lahore and Islamabad Stock Exchanges.
- These financial statements are un-audited and are being submitted to the shareholders as required by SRO (746)2001 dated November 05, 2001 of the Securities Exchange Commission of Pakistan. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34: Interim Financial Reporting.
- The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the preceding year ended 30 June 2006.

4 SHARE CAPITAL
ISSUED, SUBSCRIBED AND PAID UP CAPITAL

31 Mar 07 Numbers	30 Jun 06 Numbers		31 Mar 07 Rs. '000	30 Jun 06 Rs. '000
264,000	264,000	Ordinary shares of Rs 10 each fully paid in cash	2,640	2,640
		Ordinary shares of Rs 10 each issued as fully paid bonus shares		
<u>10,580,027</u>	<u>9,594,206</u>		<u>105,800</u>	<u>95,942</u>
<u>10,844,027</u>	<u>9,858,206</u>		<u>108,440</u>	<u>98,582</u>

AUTHORISED SHARE CAPITAL

This represents 30,000,000 ordinary shares (30 June 2006: 30,000,000 ordinary shares) of Rs 10 each.

**5 SURPLUS ON REVALUATION OF
PROPERTY, PLANT AND EQUIPMENT - net of tax**

	31 Mar 07 Rs. '000	31 Mar 06 Rs. '000
Opening balance	353,989	365,915
Surplus on revaluation of property, plant and equipment transferred to retained earnings on disposal	-	(387)
Surplus transferred to un-appropriated profits in respect of incremental depreciation charged during the period - (net of deferred tax)	(5,736)	(5,726)
Related deferred tax liability	(3,088)	(3,082)
	<u>(8,824)</u>	<u>(8,808)</u>
	345,165	356,720
Less: Provision for deferred tax on depreciable surplus	(21,026)	(25,071)
	<u>324,139</u>	<u>331,649</u>

6 CONTINGENCIES AND COMMITMENTS

- There is no change of status of contingencies and commitments of the Company as disclosed in the financial statements for the year ended 30 June 2006.
- The Company is contingently liable in respect of guarantees amounting to Rs 21.76 million (30 June 2006 Rs.18.76 million) issued by the banks on behalf of the Company in normal course of business.
- The Company has opened Letters of Credit for the import of machinery and inventory items valuing Rs 33.313 million (30 June 2006: Rs.44.304 million).
- The Company's capital commitment outstanding at the period end amounts to Rs. 4.1 million (30 June 2006: Rs 3.14 million)
- Taxation:**
There is no significant change in tax status of the Company from that given in the financial statements for the year ended 30th June 2006 except that
 - the return for Tax Year 2006 has been filed and stands assessed in the terms of section 120 of the Income Tax Ordinance 2001.
 - assessment year 2001-02, for which the department is in the appeal before Income Tax Appellate Tribunal against (CIT) orders.
 - assessment year 2002-03, for which we are in appeal before CIT(A) against the orders of ITO on certain add backs.

7 PROPERTY, PLANT AND EQUIPMENT

		Nine months ended	
		31 Mar 07 (Rs. '000)	31 Mar 06 (Rs. '000)
	Opening balance	767,349	574,987
	Add: Additions during the period	24,762	39,472
		<u>792,111</u>	<u>614,459</u>
Less:	Disposals during the period at book value	1,716	918
	Depreciation charged during the period	67,542	44,519
		<u>69,258</u>	<u>45,437</u>
		722,853	569,022
	Capital work in progress	20,554	170,164
		<u>743,407</u>	<u>739,186</u>
7.1 Additions			
	Buildings	6,152	2,570
	Plant and machinery	11,396	26,137
	Furniture and fixtures	436	637
	Vehicles (owned)	4,829	10,128
	Vehicles (leased)	1,950	-
		<u>24,762</u>	<u>39,472</u>
7.2 Disposals			
	Plant and machinery	152	620
	Furniture and fixtures	-	15
	Vehicles	1,564	283
		<u>1,716</u>	<u>918</u>

8 COST OF SALES	Note	Nine months ended 31 Mar 2007			Nine months ended	
		Liquor (Rs. '000)	Glass (Rs. '000)	Tops (Rs. '000)	31 Mar 07 (Rs. '000)	31 Mar 06 (Rs. '000)
Raw material consumed	8.1	420,710	42,001	269,883	732,594	566,364
Stores and spares consumed		3,926	9,536	139	13,601	11,739
Fuel and power		30,161	60,682	3,604	94,447	71,812
Salaries, wages and other benefits		16,958	11,820	7,613	36,391	29,042
Repair and maintenance		11,191	10,980	6,502	28,673	24,663
Other manufacturing overhead		2,874	3,362	2,130	8,366	6,787
Depreciation		18,219	28,003	12,082	58,304	35,241
		504,039	166,384	301,953	972,376	745,648
Work in process						
Opening stock		102,273	613	4,036	106,922	66,502
Closing stock		(132,104)	(529)	(4,484)	(137,117)	(105,086)
		(29,831)	84	(448)	(30,195)	(38,584)
Cost of goods manufactured		474,208	166,468	301,505	942,181	707,064
Add: Opening stock of finished goods		5,128	733	5,000	10,861	10,394
Less: Closing stock of finished goods		(18,228)	(14,513)	(13,709)	(46,450)	(37,224)
		(13,100)	(13,780)	(8,709)	(35,589)	(26,830)
		461,108	152,688	292,796	906,592	680,234
Less: Inter divisional transfers		(94,398)	-	(87,901)	(182,299)	(157,183)
		366,710	152,688	204,895	724,293	523,051
8.1 Raw material consumed						
Opening stock of raw material		88,955	6,997	42,116	138,068	97,332
Purchases		463,787	41,184	283,417	788,388	610,795
		552,742	48,181	325,533	926,456	708,127
Less: Closing stock of raw material		(132,032)	(6,180)	(55,650)	(193,862)	(141,763)
		420,710	42,001	269,883	732,594	566,364

Quarter Ended		Nine months ended	
31 Mar 07	31 Mar 06	31 Mar 07	31 Mar 06

9 EARNINGS PER SHARE - BASIC AND DILUTED

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)	41,939	60,023	92,325	97,790
Weighted average number of shares	10,844,027	10,844,027	10,844,027	10,844,027
Earnings per share - (Rupees)	3.87	5.54	8.51	9.02

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

10 ADDITIONAL INFORMATION ON DIVISIONS

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

		Liquor Division	Glass Division	Tops Division	Unallocated	Total
		(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Assets						
	31 March 2007	940,887	181,917	249,848	122,150	1,494,802
	30 June 2006	874,592	186,048	244,242	143,758	1,448,640
Liabilities						
	31 March 2007	128,152	17,887	58,028	206,748	410,815
	30 June 2006	219,019	15,768	52,323	122,723	409,833
Capital expenditure						
	31 March 2007	23,164	5,007	10,878	-	39,049
	31 March 2006	61,037	1,211	86,230	-	148,478
Depreciation						
	31 March 2007	23,001	28,195	16,346	-	67,542
	31 March 2006	18,688	16,010	9,821	-	44,519

11 TRANSACTION 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. The Company has a policy whereby all transactions with related parties are entered into at arm's length prices generally determined under the "Comparable Uncontrolled Price Method". Transactions with related parties during the period are as follows:

	Nine months ended	
	31 Mar 07 (Rs. '000)	31 Mar 06 (Rs. '000)
Transactions with associated companies under common directorship		
Lease installment paid	150	924
Commission paid	6,202	3,946
Services provided to	612	382
Services provided by	270	330
Purchase of listed securities	-	21,900
Sale of listed securities	-	79,649
Purchase of raw materials and packing materials	33,202	33,921
Transactions with other related parties		
Contribution to staff provident fund	835	882
Remuneration including perquisites of Chief Executive	1,180	378
Remuneration including perquisites of Directors	1,042	1,499

12 General

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

Director

Chief Executive