

MURREE BREWERY COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

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Murree Brewery Company Limited ("the Company") was incorporated under the repealed Indian Companies Act (now the Companies Ordinance, 1984) in February 1861 as a public limited Company in Pakistan.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, glass bottles and jars in Hattar.

2 BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard No. 34 "Interim Financial Reporting" as applicable in Pakistan
- 2.2 This condensed interim financial information is unaudited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.
- 2.3 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended 30 June 2007. Comparative balance sheet is extracted from the annual audited financial statements for the year ended 30 June 2007 whereas comparative profit and loss account, statement of changes in equity and cash flow statement are stated from unaudited condensed interim financial information for the six months period ended 31 December 2006.
- 2.4 Accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the preceding year ended 30 June 2007.

3 SHARE CAPITAL

During the period, the Company has issued 1,084,402 ordinary shares (six months ended 31 December 2006: 985,820 ordinary shares) of Rs. 10 each representing 10% bonus shares, 01share for every 10 shares held.

4 SHORT TERM RUNNING FINANCE

This represents running finance facility amounting to Rs. 35 million from Bank Alfalah Limited, Rawalpindi. This facility is available till 31 March 2008 and carries mark up at the rate of KIBOR plus 1.0 % per annum. It is secured against first hypothecation charge on current assets of the Company amounting to Rs. 60 million.

5 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 2007 except for the following:

- 5.1 The Company is contingently liable in respect of guarantees amounting to Rs 24.487 million (30 June 2007 Rs.25.463 million) issued by the banks on behalf of the Company in normal course of business.
- 5.2 The Company has opened Letters of Credit for the import of machinery and inventory items valuing Rs 143.841 million (30 June 2007: Rs. 26.112 million).
- 5.3 The Company's capital commitment outstanding at the period end amounts to Rs. 10.58 million (30 June 2007: Rs 5.40 million)

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TAXATION:

- 5.4** Assessment of the Company for the Tax year 2003 was amended by the tax authorities on question of taxation of amount representing remeasurement of investments to fair value. Appeal filed by the Company is pending decision by the Commissioner (Appeals). The likely tax impact is of Rs. 2 million approximately.
- 5.5** The returns for the Tax years 2004 to 2007 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 date of assessment.

	Note	Six months ended	
		31 Dec 07 (Rs. '000)	31 Dec 06 (Rs. '000)
6 PROPERTY, PLANT AND EQUIPMENT			
Opening balance		743,801	767,349
Add: Additions during the period	6.1	31,358	37,065
		<u>775,159</u>	<u>804,414</u>
Less: Disposals during the period at book value		(929)	(1,715)
Depreciation charged during the period		(39,656)	(44,994)
		<u>734,574</u>	<u>757,705</u>
6.1 Additions during the period:			
Buildings		2,791	2,597
Plant and machinery		10,855	10,522
Furniture and fixtures		335	321
Vehicles - owned		3,393	4,829
Vehicles - leased		124	1,950
Capital work in progress		13,860	16,846
		<u>31,358</u>	<u>37,065</u>