

MURREE BREWERY CO. LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS

I have pleasure in presenting the un-audited financial statements duly reviewed by our external auditors for the half year ended December 31, 2008.

A brief review of the Company's performance for the period with the corresponding period of the last year (hereafter referred as previous) is as under:

- Gross sales at Rs.1,315.7m higher by 20.64% vs previous Rs.1,090.7m
- Gross profit at Rs.268.2m higher by 27% vs previous Rs.210.9m
- Operating profit at Rs.148.4m higher by 54.42% vs previous Rs.96.1m
- Profit after taxation at Rs.82.5m higher by 7.14% vs previous Rs.77m
- Earning per share increased to Rs.6.29 vs Rs.5.87 previous.

Your directors decided not to opt for the concession allowed by The Securities & Exchange Commission of Pakistan per S. R. O. 50(1) 2009 dated February 13, 2009 and continued to follow International Accounting Standard 39. We have recognized the impairment loss of Rs.17.5m on account of valuation of listed equity securities in the Profit and Loss account on the same basis as in the annual financial statements for the year ended June 30, 2008. The loss is notional as the investments have not been sold.

Mr. M. M. Shahbaz resigned from the Board of Directors on 1st January, 2009. The Board recorded appreciation of his services. Lt. Gen @ Zarar Azeem was invited on the Board to fill the casual vacancy arising due to Mr. M. M. Shahbaz's resignation for the remainder of his term.

In the present economic conditions, the directors consider the financial and operational performance of the company for the half year under review to be satisfactory.

Rawalpindi
Dated 25th February, 2009

Chairman