

MURREE BREWERY COMPANY LIMITED
DIRECTORS REPORT TO THE SHAREHOLDERS

The Directors take pleasure in presenting the six monthly report together with un-audited interim financial information for the six months ended 31st December, 2010.

Financial and Operational Performance

In the half year ended 31st December, 2010 sales were 21% higher at Rs.1,936 million then the previous corresponding period. This is encouraging and reflects the management success in controlling half year costs and increasing capacity utilization.

Key financial indicators as compared to same period last year were.

- Gross profit of Rs. 448.3 million higher by 29.69%
- Operating profit Rs.279 million higher by 34.78%
- Profit before tax Rs.301 million higher by 38.15%
- Profit after tax Rs.177.4 million higher by 38.24%
- Earning per share Rs.10.24 against Rs.7.41 (increase of 38.20%).

The improved financial performance also increased our contributions to the Government exchequer from Rs.499 million to Rs.605 million (an increase of 21.24%).

Capital gains and other income increased to Rs.42.5 million from Rs.25.7 million in the previous period.

PERFORMANCE:

Liquor: Net turnover increased by 26.20% to Rs.1,002 million from Rs.794 million. Operating profit improved by 29.80% to Rs.257 million from Rs.198 million.

Glass: Net turnover of the division increased by 28.50% to Rs.230 million from Rs.179 million. Operating profit of the division improved by 444% to Rs.18.5 million from Rs.3.4 million.

Tops: Net turnover increased by 0.3% to Rs.341 million from Rs.340 million. However, operating profit of the division reduced from Rs.5.6 million to Rs.3.2 million. The company is reviewing marketing strategy and procedures to improve sales and profitability of the division.

Future Look

Under the current economic situation, Management continues to focus on operational performance through product optimization, price rationalization, market segmentation and reduction in operating costs, and looks to the second half year with cautious optimism

The following capital investments were made during the half year.

	Rupees in million
i. Two acres land in Hattar Industrial Estate for Glass division	12.00
ii. Plot in Gujranwala for Tops division	9.90
iii. Shrink wrapping machine for Brewery division	6.19
iv. Machine Link / UPS for Tops division	15.00

Company's staff and stakeholders

The Board congratulates the Chief Executive, management and staff on achieving substantially better results under the leadership of the Chief Executive who has developed a more active and able team.

We wish to record our appreciation to employees, valued customers, shareholders and support of various Government departments in our operations.

Rawalpindi

Date: 24-02-2011

Chairman