

**MURREE BREWERY COMPANY LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2010**

**6 TAX STATUS**

Tax returns for the Tax years 2004 to 2010 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 end of the financial year in which the returns were filed. The assessment for the Tax Year 2009 has recently been amended by the Taxation Officer as discussed in note 5.1 (d) above.

**7 PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 31 December 2010 the Company acquired property, plant and equipment aggregating Rs. 97.11 million (31 December 2009: Rs. 108.39 million) and assets with the carrying value of Rs. 4.536 million (31 December 2009: Rs. 3.162 million) were disposed off. Detail of additions are as under:

	<b>Six months ended</b>	
	<b>31 Dec 10</b>	<b>31 Dec 09</b>
	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
Land	<b>9,990</b>	-
Buildings	<b>897</b>	33,140
Plant and machinery	<b>27,393</b>	35,703
Furniture and fixtures	<b>484</b>	267
Vehicles - owned	<b>7,204</b>	13,753
Capital work in progress	<b>51,143</b>	25,534
	<b>97,111</b>	108,397

<b>8 COST OF SALES</b>	<b>Note</b>	<b>Six months ended 31 Dec 2010</b>			<b>Six months ended</b>	
		<b>Liquor</b>	<b>Glass</b>	<b>Tops</b>	<b>31 Dec 10</b>	<b>31 Dec 09</b>
		<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
Raw material consumed	<b>8.1</b>	546,427	71,056	266,848	<b>884,331</b>	765,525
Stores and spares consumed		3,480	17,036	80	<b>20,596</b>	17,378
Fuel and power		35,171	67,121	6,087	<b>108,379</b>	85,823
Salaries, wages and other benefits		26,840	13,299	8,296	<b>48,435</b>	39,232
Repair and maintenance		7,133	7,040	6,015	<b>20,188</b>	30,100
Other manufacturing overhead		4,303	4,129	2,883	<b>11,315</b>	9,877
Depreciation		19,746	32,360	11,066	<b>63,172</b>	54,323
		643,100	212,041	301,275	<b>1,156,416</b>	1,002,258

**Work in process including stock under maturation**

Opening stock	233,920	585	5,784	<b>240,289</b>	237,423
Closing stock	(240,870)	(585)	(11,037)	<b>(252,492)</b>	(251,670)
	(6,950)	-	(5,253)	<b>(12,203)</b>	(14,247)
<b>Cost of goods manufactured</b>	<b>636,150</b>	<b>212,041</b>	<b>296,022</b>	<b>1,144,213</b>	<b>988,011</b>
Add: Opening stock of finished goods	19,524	21,399	12,872	<b>53,795</b>	44,212
Less: Closing stock of finished goods	(22,317)	(31,568)	(19,619)	<b>(73,504)</b>	(64,613)
	(2,793)	(10,169)	(6,747)	<b>(19,709)</b>	(20,401)
	633,357	201,872	289,275	<b>1,124,504</b>	967,610
Less: Interdivisional transfers	(159,970)	-	(81,436)	<b>(241,406)</b>	(212,113)
	<b>473,387</b>	<b>201,872</b>	<b>207,839</b>	<b>883,098</b>	<b>755,497</b>

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	Six months ended 31 Dec 2010			Six months ended	
	Liquor (Rs. '000)	Glass (Rs. '000)	Tops (Rs. '000)	31 Dec 10 (Rs. '000)	31 Dec 09 (Rs. '000)
<b>8.1 Raw material consumed</b>					
Opening stock of raw material	190,267	9,263	100,892	<b>300,422</b>	211,244
Purchases	564,847	68,533	278,628	<b>912,008</b>	814,172
	755,114	77,796	379,520	<b>1,212,430</b>	1,025,416
Less: Closing stock of raw material	(208,687)	(6,740)	(112,672)	<b>(328,099)</b>	(259,891)
	546,427	71,056	266,848	<b>884,331</b>	765,525

<b>9 EARNINGS PER SHARE - BASIC AND DILUTED</b>	Quarter Ended		Six months ended	
	31 Dec 10	31 Dec 09 (Restated)	31 Dec 10	31 Dec 09 (Restated)

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)	<b>93,349</b>	88,289	<b>177,371</b>	128,311
Weighted average number of shares - Numbers	<b>17,320,080</b>	17,320,080	<b>17,320,080</b>	17,320,080
Earnings per share - Rupees	<b>5.39</b>	5.10	<b>10.24</b>	7.41

For the purpose of computing earnings per share, the number of shares for the previous periods have been restated for the effect of bonus shares issued during the period as mentioned in note 4 above.

**10 SEGMENT INFORMATION**

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

	Liquor Division (Rs. '000)	Glass Division (Rs. '000)	Tops Division (Rs. '000)	Unallocated (Rs. '000)	Total (Rs. '000)
<b>Assets</b>					
31 December 2010	<b>4,051,319</b>	<b>149,512</b>	<b>232,186</b>	<b>92,351</b>	<b>4,525,368</b>
30 June 2010	3,596,061	315,322	474,529	77,412	4,463,324
<b>Liabilities</b>					
31 December 2010	<b>244,022</b>	<b>28,216</b>	<b>48,733</b>	<b>313,715</b>	<b>634,686</b>
30 June 2010	219,304	26,987	74,456	357,099	677,846
<b>Capital expenditure</b>					
31 December 2010	<b>53,924</b>	<b>14,582</b>	<b>28,605</b>		<b>97,111</b>
31 December 2009	46,406	31,289	5,168	-	82,863
<b>Depreciation</b>					
31 December 2010	<b>24,132</b>	<b>32,432</b>	<b>13,386</b>	-	<b>69,950</b>
31 December 2009	23,311	29,372	8,219	-	60,902

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**11 TRANSACTIONS 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. Transactions with related parties during the period are as follows:

	<b>Six months ended</b>	
	<b>31 Dec 10</b>	<b>31 Dec 09</b>
	<b>(Rs. '000)</b>	<b>(Rs. '000)</b>
<b>Transactions with associated companies under common directorship</b>		
Lease installments paid	-	540
Sales commission	<b>12,265</b>	10,607
Purchase of raw materials	<b>46,303</b>	41,052
Services acquired	<b>480</b>	240
<b>Transactions with other related parties</b>		
Contribution to staff provident fund	<b>653</b>	679
Remuneration of key management personnel	<b>6,944</b>	4,541

**12 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 24 February 2011.

**13 General**

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

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**CHIEF EXECUTIVE**

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**DIRECTOR**