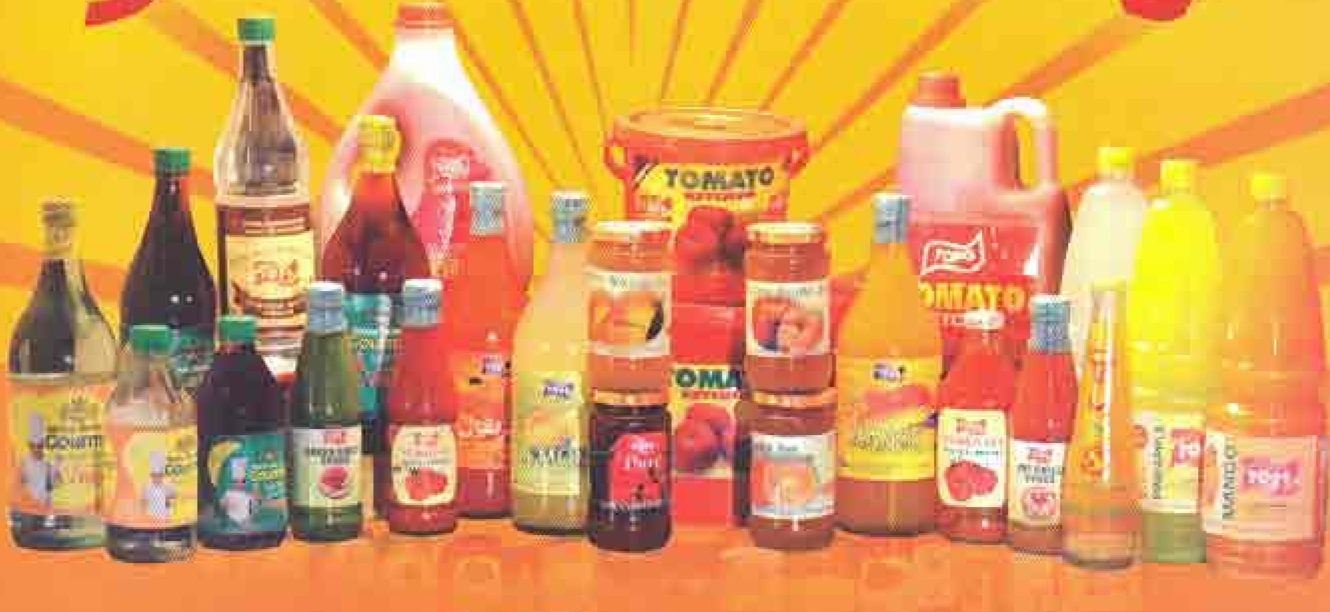
MURREE BREWERY COMPANY LIMITED

Estd. 1860

ANNUAL REPORT 2009

From our Family to your Family



TOPS

CONTENTS

CONTENTS	*Page*
Vision & Mission Statement	*1*
Corporate Information	*2-3*
Notice of Annual General Meeting	*4-5*
Directors' Report for Financial Year 2008-09	*6-8*
Six Years Financial Summary	*9*
Pattern of Shareholding	*10-14*
Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance	*15*
Statement of Compliance with the Code of Corporate Governance	*16-17*
Auditors' Report	*18-19*
Balance Sheet	*20*
Profit and Loss Account	*21*
Cash Flow Statement	*22*
Statement of Changes in Equity	*23*
Notes to the Financial Statements	*24-53*
Form of Proxy	

VISION STATEMENT

Our office is in the market

MISSION STATEMENT

We the people of Murree Brewery Co. make personal commitment to first understand our customers' requirement then to meet & exceed their expectations, by performing the correct tasks on time and every time through:

Continuous improvement
Alignment of our missions & goals
Responsibility and respect of our jobs and each other
Educate one another

MURREE BREWERY COMPANY LIMITED

ESTABLISHED 1860

CORPORATE INFORMATION

BOARD OF DIRECTORS	
Chairman	Mr. Khurram Muzaffar
Chief Executive	Mr. Isphanyar M. Bhandara
	Ch. Mueen Afzal
	Mr. Aamir H. Sherazi
	Mrs. Goshi M. Bhandara
	Lt. Gen (R) Zarrar Azim
	Mr. Usman Khalid Waheed
PRINCIPAL OFFICERS	
Company Secretary	Mr. M. Zaffar Iqbal
Chief Financial Officer	Mr. Ejaz Muhammad
General Manager (Brewery Division)	Mr. Mohammad Javed
Business Manager (Murree Glass)	Mr. A.W.K Sherwani
General Manager (Tops Food & Beverages)	Mr. Talat Yaqoob Awan
AUDIT COMMITTEE	Mr. Khurram Muzaffar (Chairman)
	Ch. Mueen Afzal (Member)
	Mrs. Goshi M. Bhandara (Member)

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants.
6th Floor, State Life Bldg,
Jinnah Avenue, Islamabad.

PRINCIPAL BANKERS

Bank Alfalah Ltd., Rawalpindi
Standard Chartered Bank, Rwp./Lahore/Karachi.
Askari Bank Ltd., Rawalpindi.
National Bank of Pakistan, Rwp/Hattar.
The Bank of Khyber, Hattar.
Allied Bank Ltd., Lahore / Gujranwala.

MURREE BREWERY COMPANY LIMITED

ESTABLISHED 1860

REGISTERED OFFICE

Murree Brewery Company Limited
National Park Road, Rawalpindi
Tel: 051-5567041-47
Fax: 051-5584420.
E-mail: **murreebrewery@isb.paknet.com.pk**
murbr@isb.paknet.com.pk
Website: www.murreebrewery.com

FACTORIES

(i) **Murree Brewery Company Limited**
National Park Road, Rawalpindi
Tel: 051-5567041-47
Fax 051-5584420

(ii) (a) **Tops Food & Beverages.**
National Park Road, Rawalpindi
Tel: 051-5567041-47, Fax 051-5565461

(b) Plot No. 14/1, Phase III, Industrial Estate,
Hattar, N. W. F. P. (Pakistan)
Tel: 0995-617013, 617493, 617494

DISTRIBUTION OFFICES

(a) Tops Food & Beverages.
121/3, Industrial Estate, Kot Lakhpat,
Lahore. Tel: 042-5117501

(b) Tops Food & Beverages.
Bldg Hamalia, Stainless Steel Industry.
Pindi by Pass, Gujranwala.
Tel:055-3891571

(iii) **Murree Glass**
Plot No. 24, Phase III, Industrial Estate.
Hattar. N. W. F. P. (Pakistan).
Tel: 0995-617233, Fax: 0995-617188

LEGAL ADVISERS

(a) **M/S Hamid Law Associates**
409-410, Alfalah Building,
Shahrah-e-Quaid-e-Azam,
Lahore. Tel: 042-6301801)

(b) **M/S Tanveer Law Associates**
3rd Floor. Baig Plaza, Canning Road,
Saddar Rawalpindi.
Ph: 051-5510879

(c) **M/S Azam Chaudhry Law Associates**
5-st. No.9, F-8/3, Islamabad.

TAX ADVISERS

M/S Naseem Zafar Associates
16-A. First Floor. Sadiq Plaza,
69-Shahrah-e-Quaid-e-Azam,
Lahore.
Tel: 042-6360275-6)

MURREE BREWERY COMPANY LIMITED

NATIONAL PARK ROAD RAWALPINDI (PAKISTAN)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 142nd Annual General Meeting of the Company will be held at the Registered Office National Park Road, Rawalpindi on Friday, 30th October, 2009 at 1030 Hours to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of 141st Annual General Meeting held on 30th October, 2008.

2. To receive, consider and adopt audited Financial Statements of the Company for the year ended 30th June, 2009 together with the Directors' and Auditors' Reports thereon.

3. To approve recommendation of the Board of Directors for the issue of Cash Dividend @ 50% (i.e. Rs.5/- per share and Stock Dividend (Bonus Shares) in the ratio of one for every ten shares held. Bonus Shares so allotted shall rank pari passu in all respects with the existing shares of the Company except for the entitlement for the dividend being declared. The Bonus Shares, if approved will be issued to those shareholders, whose names appear in the Register of Members of the Company on 22nd October, 2009.

4. To appoint Auditors of the Company for the year ending 30th June, 2010 and fix their remuneration as recommended by the Audit Committee and Board of Directors. The present retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants, being eligible have offered themselves for re-appointment.

5. **OTHER BUSINESS:**
   To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

Rawalpindi
3rd September, 2009

M. ZAFFAR IQBAL
Company Secretary

STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984 WITH RESPECT TO SPECIAL BUSINESS CONTAINED IN THE NOTICE OF MEETING:

To consider and if thought fit, to pass the following Resolution:

SPECIAL RESOLUTION:

"Resolved

a. that a sum of Rs. 13,121,270/- out of free reserves of the Company and applied toward the issue of 1,312,127 Ordinary Shares as bonus shares in the ratio of 1:10 i.e. one Bonus Share for every ten Ordinary Shares held by the shareholders, whose names appear on the Register of Members on 22nd October, 2009. These shares shall rank pari passu in all respect with the existing shares.

b. that in the event of any member holding shares which are not in exact multiply of his / her entitlement, the Directors of the Company be and are hereby authorised to sell in the stock Market such fractional entitlement till date and to pay the net proceeds of sale to a charitable institution as approved by the Directors.

c. that company Secretary be and is hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for the issued, allotment and distribution of bonus shares".

NOTES:

i. The Share Transfer Book of the Company will remain closed from **23rd October, 2009 to 30th October, 2009 (both days inclusive).**

ii. A member entitled to attend and vote at the above Meeting, may appoint any other member as his/her proxy to attend and vote. The Form of Proxy duly completed, should reach the Registered Office of the Company 48 hours before the time of the meeting.

iii. CDC Account holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan

(A) For attending the Meeting.

(a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his identity by showing his original National Identity Card or original passport at the time of attending the meeting.

(b) In case of corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be produced at the meeting.

(B) For appointing proxies:

(a) In case of individuals, the account holder or sub-account holder and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulation, shall submit the Proxy Form of another member as per the above requirement.

(b) The Proxy Form shall be witnessed by two persons whose names, address and NIC numbers shall be mentioned on the form.

(c) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

(d) The proxy shall produce his original NIC or original passport at the time of meeting.

(e) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted, alongwith Proxy Form to the Company.

Members are requested to immediately notify any change of address to the Company's Registrar M/s Central Depository Company Of Pakistan CDC House, 99-B, Block 'B', SMCHS, Main Shahra-e-Faisal, Karachi-74400. Tel:- +(92-21) 0800-Cdcpl(23275) Facsimile: +(92-21) 021-4326053

Statement under Section 160 of the Companies Ordinance, 1984 is attached with the Annual Report circulated to the members of the Company.

DIRECTOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2009

Directors take pleasure in presenting their report along with audited financial statements of the company for the year ended 30th June, 2009.

BOARD OF DIRECTORS

During the year Mr. M. M. Shahbaz and Mr. Asadullah Khawaja resigned as Directors of the Company. The Directors wish to record their appreciation of the valuable contribution of both gentlemen during their long tenure as directors of the company.
The Board welcomes Lt. Gen ® Zarrar Azim and Mr. Osman Khalid Waheed, who have joined the Board for the remaining tenure of the outgoing directors.

FINANCIAL OVERVIEW

Gross turnover for the year at Rs.3,243 million shows an increase of 27.63% from the previous year at Rs 2,541million.
Gross profit of the company for the year at Rs.629million is 24.0% higher than in the previous year
Profit after taxation of Rs216 million is 10.20% higher than the previous year.

DIVISIONAL OPERATING RESULTS

The working results of our three divisions were:

LIQUOR DIVISION

	2009 Rs. in million	%	2008 Rs. in million	%
Sales exclusive of applicable taxes	1,573		1,270	
Cost of sales	1,025	65.16	819	64.48
Gross profit	548	34.84	451	35.51
Operating profit	375	23.84	305	24.01

The turnover of the division reflects an increase of Rs.303 million (23.86%) over the previous year. This increase is mainly in Pakistan made foreign liquor (PMFL) and beer.
A canning plant has been installed which started production from April, 2009.

GLASS DIVISION

	2009 Rs. In million	%	2008 Rs. in million	%
Sales exclusive of applicable taxes	317		228	
Cost of sales	311	98.11	243	106.57
Gross Profit /(Loss)	6	1.89	(15)	6.57
Operating Loss	(9)	2.84	(28)	12.28
Glass containers sales in metric ton	14,446		12,530	

This division has reduced the operating loss from Rs.28million to Rs. 9million and increased sales by 15.30%. Major repairs, balancing and modernisation of production machines raised the efficiency of the plant to 72% from 56% in the previous year. We expect plant efficiency to increase further next year.

TOPS DIVISION

	2009 Rs. in million	%	2008 Rs. in million	%
Sales exclusive of applicable taxes	719		531	
Cost of sales	644	89.57	460	86.82
Gross profit	75	10.43	71	13.37
Operating (Loss) / profit	(13)	(1.81)	6	1.12

The result is below expectation, as products prices were very competitive. New strategies are under consideration to improve the profitability of this division.
Economic challenges with the global financial recession, adverse law and order situation in the country hit the beverage industry.
A new Tetra Pak Filing Machine worth Rs.57million is being installed in the current year to improve sales / profitability of the division.

FUTURE OUT LOOK

The management is conscious of the fierce competition in the industry and is hopeful to retain its market share.
In order to achieve targets the company is continuing its policy of balancing and modernization and costs reduction.

NATIONAL ACCOUNTABILITY BUREAU CASE (NAB)

The Accountability Court filed a reference in 2001 against certain Directors and the ex-General Manager of the Company. The decision was suspended by the High Court of Sindh and is still pending with the Honorable Court.

AUDIT COMMITTEE

The Audit Committee constituted by the Board of Directors under the Code of Corporate Governance and comprises three non-executive directors of the company. The Committee meets at least once every quarter of the year and prior to the approval of the quarterly results of the company by the Board of Directors. This statutory committee reviews Internal Audit Reports on the company's financial procedures and system of internal control. The Audit Committee also recommends the appointment of external auditors, their audit fee and reviews the quality of work and performance of external auditors.
The Audit Committee comprises of the following non-executive directors:

1. Mr. Khurram Muzaffar (Chairman)
2. Ch. Mueen Afzal (Member)
3. Mrs. Goshi M. Bhandara (Member)

AUDITORS

The present auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ended June 30, 2009.

EARNING PER SHARE

Earning per share for the current year is Rs 16.45 against Rs.14.93 last year.

DIVIDEND / BONUS SHARES

The Board has recommended cash dividend @50% and bonus shares in the ratio of 1 for 10.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The directors state that,

- The financial statements prepared by the management of the Company fairly present its state of affairs, the result of its operation, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgement.
- In the preparation of financial statements International Accounting Standards, as applicable in Pakistan, have been followed and any departure there from has been adequately disclosed.
- There are no statutory payments on account of taxes, levies and charges outstanding as on June 30, 2009, except as disclosed in the financial statements.
- The existing system of internal controls and other procedures are being continued and any weakness in controls will have the immediate attention of the management.
- There are no significant doubts about the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form are annexed.
- The value of the Provident Fund investment at the year-end June 30, 2009 was Rs.40.97 million and Pension Fund Rs.15.90 million.
- During the year four meetings of the Board of Directors were held. Attendance by each director is as follows:

Names of Directors	No of meetings attended
Mr. Khurram Muzaffar	4
Mr. M. M. Shahbaz	2
Mr. Isphanyar M. Bhandara	3
Mr. Asadullah Khawaja	3
Ch. Mueen Afzal	2
Mr .Aamir H. Sherazi	3
Mrs. Goshi M. Bhandara	4
Lt. Gen ® Zarrar Azim	1
Mr. Osman Khalid Waheed	---

ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation on the outstanding performance of the Chief Executive who was appointed on 21st June, 2008 along with his team of executives, staff and workers whose dedication and constant efforts resulted in the growth of the company and assured the continued success of its operations.

The valuable advice and guidance of the directors in directing the Company's affairs is also greatly appreciated.

The Board is committed to enhance and protect the interest of members and value their support in achieving the company's objectives.

On behalf of the Board

Khurram Muzaffar
Chairman

Rawalpindi: 3rd October, 2009

MURREE BREWERY COMPANY LIMITED
SIX YEARS AT A GLANCE

RS. IN MILLIONS

S.#	PARTICULARS	2009	2008	2007	2006	2005	2004
1	PAID UP CAPITAL	**131.2**	119.2	108.4	98.58	89.62	71.70
2	RESERVE & SURPLUS	**1,046.1**	889.2	746.5	610.3	508.30	396.59
3	FIXED ASSETS (LESS DEPRECIATION)	**2,946.6**	2,906.0	743.8	773.6	636.14	567.81
4	SALES WITH TAXES	**3,242.6**	2,541.2	2,241.4	1,678.5	1,142.73	910.63
5	COST OF SALES WITH TAXES	**2,613.3**	2,034.5	1,829.3	1,373.5	895.23	718.72
6	GROSS PROFIT	**629.3**	506.7	412.0	305.4	247.50	191.91
7	PROFIT BEFORE TAX	**340.8**	296.6	259.8	214	169.32	121.60
8	CASH DIVIDEND %	**50**	50	50	50	50	35
9	STOCK DIVIDEND %	**10**	10	10	10	10	25
10	RETURN ON EQUITY %	**19.7**	21	24	22.66	21.89	19.80
11	BREAK-UP VALUE OF SHARE OF RS. 10 EACH	**89.73**	84.54	78.81	65.34	60.65	65.32
12	EARNINGS PER SHARE (E.P.S)	**16.45**	14.93	15.73	13.65	12.12	9.84

FORM-34

MURREE BREWERY CO. LTD
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2009

NO OF SHAREHOLDER	FROM	TO	TOTAL SHARES HELD
212	1	100	6,810
171	101	500	43,209
81	501	1000	58,678
170	1001	5000	439,583
57	5001	10000	422,887
18	10001	15000	227,928
9	15001	20000	155,781
13	20001	25000	289,458
7	25001	30000	184,769
9	30001	35000	293,945
3	35001	40000	118,002
2	40001	50000	84,261
3	45001	50000	139,628
1	55001	60000	58,564
2	60001	65000	123,571
1	65001	70000	69,671
1	70001	75000	74,226
3	75001	80000	232,023
1	90001	95000	93,170
1	95001	100000	96,908
1	130001	135000	133,895
1	135001	140000	138,357
1	165001	170000	168,247
1	195001	200000	199,325
1	240001	245000	243,163
1	300001	305000	302,610
1	320001	325000	322,833
1	390001	395000	391,063
1	415001	420000	415,170
1	425001	430000	425,400
1	485001	490000	486,812
1	495001	500000	495,245
1	1190001	1195000	1,191,966
1	1510001	1515000	1,514,349
1	1565001	1570000	1,566,891
1	1910001	1915000	1,912,875
781			**13,121,273**

6. MUTUAL FUND

S. NO.	FOLIO / CDS A/C #	NAME	SHARES	HOLDING %
1.	06072-23	CDC-TRUSTEE FIRST DAWOOD MUTUAL FUND	31057	0.24

7. JOINT STOCK COMPANIES

S. NO.	FOLIO / CDS A/C #	NAME	SHARES	HOLDING %
1.	20041	BUSINESS INVESTMENT LTD	40	0.00
2.	60021	FIKREE DEVELOPMENT CORPORATION	4,493	0.03
3.	80037	H. M. INVESTMENT (PVT.) LTD.	117	0.00
4.	140075	N. H. SECURITIES (PVT.) LTD.	16	0.00
5.	05801-24	ADEEL AND NADEEM SECURITIES (PVT.) LTD.	72	0.00
6.	00364-55242	CRAFTSMAN (PVT.) LTD.	1,100	0.01
7.	01552-45	FIRST CAPITAL EQUITIES LTD	1,316	0.01
8.	05405-23	GENERAL INVESTMENT AND SECURITIES (PVT.) LTD.	769	0.01
9.	03525-63416	H. M. INVESTMENT (PVT.) LTD.	1,295	0.01
10.	03525-63817	N. H. SECURITIES (PVT.) LTD	181	0.00
11.	01917-41	PRUDENTIAL SECURITIES LTD.	327	0.00
12.	03293-12	S. H. BOKHARI SECURITIES (PVT.) LTD.,	218	0.00
13.	03202-29	SAT SECURITIES (PVT.) LTD.	605	0.00
14.	05728-24	STOCK STREET (PRIVATE) LIMITED	1	0.00
15.	04903-17027	SULTAN TEXTILE MILLS KARACHI LIMITED	900	0.01
16.	05116-28	TIME SECURITIES (PVT.) LTD.	133	0.00
17.	03525-6581	TREET CORPORATION LTD	6	0.00
18.	03210-28	Y. S. SECURITIES AND SERVICES (PVT.) LTD.	66	0.00
19.	03525-15021	ZIMPEX PAKISTAN (PVT.) LTD.	39,333	0.30
20.	08847-1447	CRESCENT STANDARD BUSINESS MANAGEMENT (PVT.) LTD	1	0.00
		TOTAL	**50,989**	**0.39**

8. OTHERS

S. NO.	FOLIO / CDS A/C #	NAME	SHARES	HOLDING %
1.	30028	SECURITY & EXCHANGE COMMISSION OF PAKISTAN	1	0.00
2.	200006	THE DEPUTY ADMINISTRATOR (A/C DR. T. H. KHAN)	2278	0.02
3.	180019	RAWALPINDI ELECTRIC POWER CO. LTD	1789	0.01
4.	03277-37309	MANAGING COMMITTEE OF EBRAHIM ALIBHAI FOUNDATION	168,247	1.28
5.	03277-13154	TRUSTEES HOMMIE & JAMSHED NUSSERWANJEE C. T.	5,465	0.04
6.	03277-6164	TRUSTEE KANDAWALLA TRUST	9,620	0.07
7.	10660-25	CDC - TRUSTEES JS PENSION SAVING FUND - EQUITY ACCOUNT	9,460	0.07
8.	02287-14	ISLAMABAD STOCK EXCHANGE	1	0.00
9.	10254	MR. A.W.K. SHERWANI (EXECUTIVE OFFICER)	201	0.00
		TOTAL	197,062	1.50

DETAIL OF DIRECTORS, CEO, AND THEIR SPOUSE, CHILDREN SHAREHOLDING AS ON 30-06-2009

S. NO.	FOLIO / CDS A/C #	NAME	SHARES	HOLDING %
1.	90022	MR. ISPHANYAR M. BHANDARA	1,889,724	14.40
2.	03459-2042	MR. KHURRAM MUZAFFAR	8,873	0.07
3.	06700-793	MR. AAMIR H. SHIRAZI	1,464	0.01
4	120025	CH. MUEEN AFZAL	1,829	0.01
5.	03277-1310	MR. ASAD ULLAH KHAWAJA	8,224	0.06
6.	120025	LT. GEN. ® ZARRAR AZIM	1,000	0.01
7.	70021	MRS. GOSHI M. BHANDARA	2,376,989	18.11
		TOTAL	4,288,103	32.68

DETAILS OF TRADING IN THE SHARES BY THE DIRECTORS, CEO, AND THEIR SPOUSE AND MINOR CHILDREN

Non of the Director, their Spouse and minor children has traded in the Shares of the Company during the year.

Chief Executive of the Company Mr. Isphanyar M. Bhandara gifted 1,000 shares on 03-01-2009

SHAREHOLDERS (HOLDING 10% OR MORE)

S. No.	FOLIO / CDS A/C #	NAME	SHARES	HOLDING %
1	40029	D. P. EDULJI & CO. (PVT.) LTD.	1,912,875	14.58
2	90022	MR. ISPHANYAR M. BHANDARA	1,889,724	14.40
3	70021	MRS. GOSHI M. BHANDARA	1,514,349	11.54
		TOTAL	18,024,815	137.36

Individuals and other than those mentioned above	5,796,195	44.17
TOTAL =	13,122,467	100.00

REVIEW REPORT TO THE MEMBERS
ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Murree Brewery Company Limited ("the Company") to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2009.

Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner : Riaz Akbar Ali Pesnani

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE TO THE MEMBERS.

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. During the year ended 30th June, 2009 the Board includes six independent non-executive directors out of a total strength of seven members.

2. The directors have confirmed that none of them is serving as a director in ten or more listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI, or an NBFI or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancy occurred in the Board during the year ended 30th June, 2009 due to resignation of Mr. M. M. Shahbaz on 1st January, 2009 and was filled by Lt. Gen ® Zarrar Azim.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has formulated and adopted a vision / mission statement.

7. All the powers of the Board have been duly exercised and decisions on material transaction, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executives directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and four Board of Directors meetings were held during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board members participated in orientation course to apprise them of their duties and responsibilities.

10. The Company has a Chief Financial Officer (CFO), Company Secretary and an Internal Audit function. The Board has approved their appointments including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has outsourced the internal audit function to M/s Ford Rhodes Sidat Hyder & Co. who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied.

21. Related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulation number 37 of the Karachi Stock Exchange (Guarantee) Limited.

Rawalpindi
3rd September, 2009

Isphanyar M. Bhandara
Chief Executive

AUDITORS' REPORT TO THE MEMBERS
Of MURREE BREWERY COMPANY LIMITED

We have audited the annexed balance sheet of Murree Brewery Company Limited ("the Company") as at 30 June 2009 and the related profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to the note 13.1 of the financial statements where it is explained that matters relating to vend fee payments are being contested in the Honourable High Court of Sindh. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

ISLAMABAD

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

MURREE BREWERY COMPANY LIMITED
BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 (Rs.'000)	2008 (Rs.'000)
SHARE CAPITAL AND RESERVES			
Share capital	5	131,213	119,284
Reserves:			
Capital reserve		30,681	30,681
Contingency reserve		20,000	20,000
General reserve		327,042	327,042
Unappropriated profit		668,388	511,525
		1,046,111	889,248
		1,177,324	1,008,532
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax	6	2,358,432	2,391,793
NON - CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	7	1,072	1,612
Deferred liabilities - staff retirement benefits	8	15,769	14,494
Deferred taxation	9	137,529	100,020
		154,370	116,126
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease	7	2,122	1,614
Trade and other payables	10	367,596	368,797
Provision for taxation - net	11	-	20,349
		369,718	390,760
		4,059,844	3,907,211
CONTINGENCIES AND COMMITMENTS	13		

	Note	2009 (Rs.'000)	2008 (Rs.'000)
NON - CURRENT ASSETS			
Property, plant and equipment	14	2,946,626	2,906,058
Investment property	15	78,207	-
Long term advances - Considered good	16	631	3,901
Long term deposits		2,704	2,336
CURRENT ASSETS			
Stores and spare parts	17	102,474	65,705
Stock in trade	18	503,415	492,664
Trade debts - Considered good	19	86,697	77,581
Advances and other receivables - Considered good	20	17,778	39,796
Short term prepayments		4,295	4,210
Interest accrued		50	22
Investments held for trading	21	69,083	201,249
Advance income tax - net	22	25,744	-
Cash and bank balances	23	222,140	113,689
		1,031,676	994,916
		4,059,844	3,907,211

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MURREE BREWERY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Liquor Division 2009 Rs.'000	Liquor Division 2008 Rs.'000	Glass Division 2009 Rs.'000	Glass Division 2008 Rs.'000	Tops Division 2009 Rs.'000	Tops Division 2008 Rs.'000	Total 2009 Rs.'000	Total 2008 Rs.'000
TURNOVER									
Third party sales-net	24	2,306,862	1,878,022	53,924	29,662	881,863	633,599	3,242,649	2,541,283
Inter divisional sales	24.1	117,586	113,421	271,066	202,429	-	-	-	-
		2,424,448	1,991,443	324,990	232,091	881,863	633,599	3,242,649	2,541,283
Duties and taxes	24.2	(851,406)	(721,504)	(7,835)	(4,091)	(162,693)	(102,114)	(1,021,934)	(827,709)
		1,573,042	1,269,939	317,155	228,000	719,170	531,485	2,220,715	1,713,574
COST OF SALES									
Third parties	25	(794,757)	(643,933)	(311,065)	(243,052)	(485,563)	(319,864)	(1,591,385)	(1,206,849)
Inter divisional		(230,114)	(175,133)	-	-	(158,538)	(140,717)	-	-
		(1,024,871)	(819,066)	(311,065)	(243,052)	(644,101)	(460,581)	(1,591,385)	(1,206,849)
GROSS PROFIT/(LOSS)		548,171	450,873	6,090	(15,052)	75,069	70,904	629,330	506,725
Distribution cost	26	(90,939)	(76,216)	(1,672)	(1,127)	(67,296)	(43,623)	(159,907)	(120,966)
Administrative expenses	27	(78,483)	(69,654)	(13,765)	(12,239)	(20,741)	(20,472)	(112,989)	(102,365)
Finance cost	28	(4,179)	(163)	-	-	(287)	(544)	(4,466)	(707)
		(173,601)	(146,033)	(15,437)	(13,366)	(88,324)	(64,639)	(277,362)	(224,038)
		374,570	304,840	(9,347)	(28,418)	(13,255)	6,265	351,968	282,687
Other expenses	29							(26,311)	(21,379)
Other operating income	30							15,197	35,308
NET PROFIT/ (LOSS) BEFORE TAXATION		374,570	304,840	(9,347)	(28,418)	(13,255)	6,265	340,854	296,616
Provision for taxation	31							(125,022)	(100,771)
NET PROFIT AFTER TAXATION								215,832	195,845
									(Restated)
EARNINGS PER SHARE - BASIC and DILUTED (RUPEES)	32							16.45	14.93

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MURREE BREWERY COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 (Rs.'000)	2008 (Rs.'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		340,854	296,616
Adjustments for non cash items:			
Depreciation		87,174	73,510
Provision for staff retirement benefits		4,177	4,437
Profit on deposits		(7,866)	(5,763)
Dividend income		(1,882)	(3,202)
Capital (loss)/ gain on sale of investment		2,334	(1,519)
Finance cost		4,466	707
Unrealized loss/ (gain) on re-measurement of investments held for trading		9,826	(4,916)
Loss/ (gain) on disposal of property, plant and equipment		3,781	(2,262)
		102,010	60,992
Operating profit before working capital changes		442,864	357,608
Increase in stores and spare parts		(36,769)	(3,458)
Increase in stock in trade		(10,751)	(145,024)
Increase in trade debts		(9,116)	(33,721)
Decrease in advances and other receivables		22,937	23,775
Increase in short term prepayments		(86)	(676)
		(33,785)	(159,104)
(Decrease)/ increase in trade and other payables		(2,189)	35,563
Cash generated from operations		406,890	234,067
Finance cost paid		(4,466)	(707)
Staff retirement benefits paid		(3,877)	(6,646)
Income taxes paid		(133,274)	(77,285)
NET CASH GENERATED FROM OPERATING ACTIVITIES		265,273	149,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(244,773)	(130,816)
Proceeds on disposal of property, plant and equipment		15,741	5,141
Decrease in long term advances		3,270	191
(Increase)/ decrease in long term deposits		(368)	102
Purchase/ sale of investments held for trading		120,007	(12,764)
Profit on deposits received		7,838	6,325
Dividends received		1,882	3,202
NET CASH USED IN INVESTING ACTIVITIES		(96,403)	(128,619)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance leases		(1,821)	(2,101)
Dividend paid		(58,598)	(52,128)
NET CASH USED IN FINANCING ACTIVITIES		(60,419)	(54,229)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		108,451	(33,419)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		113,689	147,108
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	33	222,140	113,689

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

MURREE BREWERY COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	Share capital	Capital reserve	General reserve	Contingency reserve	Unappropriated profit	Total equity
	Rupees in '000					
Balance as at 01 July 2007	**108,440**	**30,681**	**327,042**	**20,000**	**368,787**	**854,950**
Changes in equity for the year ended 30 June 2008						
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax		-	-	-	11,957	11,957
Total income recognized directly in equity	-	-	-	-	11,957	11,957
Net profit for the year 2008	-	-		-	195,845	195,845
Total recognized income and expense	-		-	-	207,802	207,802
Final dividend for the year ended 30 June 2007 (Rs. 5.0 per share)	-	-		-	(54,220)	(54,220)
Bonus shares issued for the year ended 30 June 2007 @ 10%	10,844				(10,844)	-
Balance as at 30 June 2008	**119,284**	**30,681**	**327,042**	**20,000**	**511,525**	**1,008,532**
Balance as at 01 July 2008	**119,284**	**30,681**	**327,042**	**20,000**	**511,525**	**1,008,532**
Changes in equity for the year ended 30 June 2009						
Surplus on revaluation of property, plant and equipment realized through depreciation for the year - net of deferred tax	-			-	11,957	11,957
Transferred from surplus on revaluation of property, plant and equipment on disposal net of deferred tax	-	-			645	645
Total income recognized directly in equity		-		-	12,602	12,602
Net profit for the year 2009	-		-	-	215,832	215,832
Total recognized income and expense	-	-		-	228,434	228,434
Final dividend for the year ended 30 June 2008 (Rs. 5.0 per share)	-			-	(59,642)	(59,642)
Bonus shares issued for the year ended 30 June 2008 @ 10%	11,929	-	-		(11,929)	-
Balance as at 30 June 2009	**131,213**	**30,681**	**327,042**	**20,000**	**668,388**	**1,177,324**

The annexed notes 1 to 13 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1 THE COMPANY AND ITS 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 Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at National Park Road in Rawalpindi. The Company is principally engaged in the manufacturing of Pakistan Made Foreign Liquor (PMFL) including Alcoholic Beer, Non-Alcoholic Beer (NAB), Non-Alcoholic Products (NAP) which includes Juices in Tetra packs in Rawalpindi and food products, juices, glass bottles and jars in Hattar. The Company is presently operating three divisions namely Liquor Division, Tops Division and Glass Division to carry out its principal activities.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except that certain components of property, plant and equipment and investment property have been stated at revalued amounts and fair value respectively and the investments held for trading have been measured at fair market value while obligations under employees' benefits have been recognized at present value on the basis of actuarial valuation.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (PKR), which is the Company's functional and presentation currency

2.4 Initial application of an approved accounting (IFRS) or an interpretation

During current year, the Company adopted IFRS 7 "Financial Instruments" which is applicable for annual periods beginning on or after 01 July 2008. IFRS 7 requires extensive disclosures about the significance of financial instruments for the Company's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks. These requirements include many disclosures previously required by International Accounting Standard (IAS) 32- "Financial Instruments : Presentation". The Company has adopted this standard from the financial year beginning 01 July 2008 and its initial application has led to extensive disclosures in the Company's financial statements.

2.5 Early adoption of an approved accounting (IFRS) or an interpretation

During the year, the Company has opted for early adoption of IFRS 8 "Operating Segments" which was originally effective for annual periods beginning on or after 01 January 2009. This application has resulted in certain increased disclosures. However, there is no impact in the reported figures of profit and loss account and earnings per share due to application of this IFRS.

2.6 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2.6 Significant accounting estimates (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in subsequent years are discussed in the ensuing paragraphs:

(a) Income taxes

The Company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items is of material nature is in accordance with law, the amounts are shown as contingent liabilities. (Refer note 3.1 for accounting policy of taxation and note 31 for disclosures).

(b) Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 3.2 (b) to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under these schemes in those years. (Refer note 3.2 (b) for accounting policy of retirement benefits and notes 8 and 20.1 for disclosures).

(c) Property, plant and equipment

The Company reviews the useful life of property plant and equipment on regular basis. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment. (Refer note 3.3 for accounting policy of property, plant and equipment and note 14 for disclosures).

(d) Stores and spare parts and stock in trade

The Company reviews the value of inventory of stores and spares and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spare parts and stock in trade with a corresponding affect on the provision. (Refer notes 3.7 and 3.8 for accounting policies of stores and spares and stock in trade respectively and notes 17 and 18 for disclosures).

(e) Provision against trade debts

The Company reviews its trade debts to assess any amount of bad debts and provision required there against on regular basis. (Refer note 3.9 for accounting policy of trade debts and note 19 for disclosures).

(f) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Any change in the estimates in future years might affect the carrying amounts of the respective assets with a corresponding affect on the depreciation/ amortization charge and impairment. (Refer note 3.4 for accounting policy of impairment).

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Taxation

Income tax on profit or loss for the year comprises current and deferred taxation. Current and deferred tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity in which case it is recognized in equity.

(a) Current

Taxation charged in the financial statements is based on taxable income at the current rates of taxation after taking into account tax rebates and tax credits available, if any and any adjustment to tax payable in respect of previous years.

(b) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated at the rates that are expected to apply to the period when the temporary differences are expected to reverse, based on tax rates that have been enacted at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. At each balance sheet date, the Company re-assesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The Company recognizes the previously unrecognized deferred tax asset to the extent that it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilized.

3.2 Staff retirement benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by the employees of the Company. The accounting policy for pension, provident fund, gratuity and compensated absences is described below:

(a) Defined contribution plan

The Company operates a Provident Fund Trust for which the Company and the employees contribute equally @ 8.33 % of the basic salaries of employees. The Company's contribution is charged to profit and loss account.

(b) Defined benefit plans

The Company operates pension and gratuity plans for its eligible staff. The Pension Plan is funded while the Gratuity Plan is unfunded. The liabilities under the plans are determined on the basis of actuarial valuations carried out by independent actuary using the Projected Unit Credit Method. The Company has a policy of carrying out actuarial valuations after every two years. Latest valuations were conducted as of 30 June 2009. Significant actuarial assumptions used were as follows:

Discount rate	13%
Increase in salary	13%
Mortality rate	EFU 61-66 mortality rate

The amount recognized in the balance sheet represents the present value of defined benefits as is adjusted for unrecognized actuarial gains and losses. Unrecognized actuarial gains and losses, exceeding corridor limits defined in International Accounting Standard - 19 "Employee benefits" are amortized over the expected average remaining working lives of the employees participating in the plan.

(c) Compensated absences

The Company provides for compensated absences according to the Company's rules.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

3.3 Property, plant and equipment

(a) Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for:

- Land, which was revalued on 31 July 1995, 30 June 2002 and 01 July 2007 is stated at revalued figures.
- Buildings, which were revalued on 22 August 1991, 30 November 1991, 31 July 1995, 30 June 2002 and 01 July 2007 are stated at revalued figures less accumulated depreciation and impairment losses, if any.
- Plant and machinery which was revalued on 10 August 1992, 31 July 1992, 30 June 2002 and 01 July 2007 is stated at revalued figures less accumulated depreciation and impairment losses, if any.

Depreciation is charged to the profit and loss account on straight line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives at the rates specified in note 14. The Company charges depreciation on all additions to property, plant and equipment and assets subject to finance lease from the date asset is available for use till the date of its disposal. Depreciation on depreciable assets is commenced from the date the asset is available for use up to the date when the asset is retired.

Minor renewals, replacements and repairs are charged to the profit and loss account as and when incurred. Major improvements are capitalized and property, plant and equipment so replaced; if any, are retired. Gains and losses on disposals of property, plant and equipment are taken to profit and loss account.

Capital work in progress is stated at cost less impairment losses, if any and are transferred to the respective item of property, plant and equipment when available for intended use.

(b) Leased

Leases in term of which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Outstanding obligations under the lease less finance charges allocated to the future periods are shown as liability. Value of leased assets is depreciated over the useful life of the asset using the straight line method at the rates given in note 14 to these financial statements.

3.4 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

3.5 Borrowing costs

All borrowing costs are charged to the profit and loss account as incurred.

3.6 Investments held for trading

Investments designated as held for trading upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy. These are the investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are designated as investments held for trading and are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account. The fair value of such investments representing listed equity securities are determined on the basis of prevailing market price. Investment in de- listed/suspended companies are carried at nil value. The Company recognises the regular way purchase or sale of investments using settlement date accounting.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

3.7 Stores and spare parts

Stores and spare parts are stated at lower of cost or net realizable value. Cost is determined using the weighted average method. Items in transit are valued at invoice price and related expenses incurred up to the balance sheet date. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

3.8 Stock in trade

These are valued at lower of cost or net realizable value. Cost is determined as follows:

- Raw materials and finished goods are valued at weighted average cost.
- Stocks under maturation and work in process are valued at manufacturing cost.
- Goods in transit are valued at actual cost, which includes invoice value and other charges incurred thereon.

Cost of finished goods include prime cost and appropriate portion of production overheads. Net realizable value represents the estimated selling price less costs necessary to make the sale.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

3.9 Trade and other receivables

These are originated by the Company and are stated at cost less provision for any uncollectible amount. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

3.10 Revenue recognition

- Sales are recorded on dispatch of goods to the customers and when risks and rewards are transferred.
- Return on deposits is accounted for on a time proportion basis using the applicable rate of interest.
- Capital gains or losses on sale of investments are taken to the profit and loss account in the period in which they arise.
- Dividend income is recognized when the Company's right to receive the dividend is established.

3.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between originally recognized amount and redemption value being recognized in profit and loss account over the period of borrowing on an effective interest

The Company accounts for lease obligations by recording the asset and corresponding liability there against determined on the basis of discounted value of total minimum lease payments. Finance charge is recognized in the profit and loss account using the effective mark-up

3.12 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received.

3.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of any past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.14 Foreign currency transactions

Foreign currency transactions during the year are translated into PKR at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into PKR at the rates of exchange prevailing at the balance sheet date. Exchange differences if any, are charged to the profit and loss account.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

3.15 Dividend appropriation

Dividends and other reserve movements are recognized in the financial statements in the period in which they are declared or appropriated.

3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, short term running finance and bank balances .

3.17 Investment property

Investment property is stated at its fair value at the balance sheet date. Gains or losses, if any, arising from changes in the fair value of investment property are recognized as profit or loss for the period in which they arise.

3.18 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument i.e. on trade date basis. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

3.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to setoff the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.20 Segment Reporting

The Company has three reportable segments which are the Company's strategic business units. Related disclosures are given in note 36 to the financial statements. Common expenses of the Company are allocated in reportable segments in the ratio of turnover of the respective segments.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

4 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE:

The following standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases.

- Revised IAS 1- "Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

- Revised IAS 23- "Borrowing costs' (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2010 financial statements and will constitute a change in accounting policy for the Company. In accordance with the transitional provisions, the Company will apply the revised IAS 23 to qualifying assets for which capitalization of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Company's 2010 financial statements.

- Amendments to IAS 32- "Financial instruments: Presentation" and IAS 1 "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2009) – Puttable financial instruments and obligations arising on liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met.

- Amendment to IFRS 2- "Share-based Payment' – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations.

- Revised IFRS 3- Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis.

- Amended IAS 27- Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss.

  IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 January 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete.

- IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss.

- The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used.

- IFRIC17- Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009) states that when a Company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

4 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE (CONTINUED)

- IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items (effective for annual periods beginning on or after 1 July 2009 clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.

- IAS 27 'Consolidated and separate financial statements'(effective for annual periods beginning on or after 1 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.

- IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts.

- Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009). These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

- Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value.

- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRSs requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

5 SHARE CAPITAL

5.1 AUTHORIZED SHARE CAPITAL

This represents 30,000,000 ordinary shares of Rs. 10 each (2008: 30,000,000 ordinary shares of Rs. 10 each).

5.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2009 Numbers	2008 Numbers		2009 (Rs.'000)	2008 (Rs.'000)
264,000	264,000	Ordinary shares of Rs. 10 each fully paid in cash	2,640	2,640
12,857,273	11,664,430	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	128,573	116,644
13,121,273	11,928,430		131,213	119,284

5.3 M/s D.P. Edulji & Company (Pvt) Limited ("an associated undertaking") holds 1,912,875 (2008: 1,738,977) ordinary shares of Rs.10 each at the balance sheet date.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- net of tax	2009 (Rs.'000)	2008 (Rs.'000)
As at 01 July	2,431,658	342,224
(Deficit)/ surplus on revaluation during the year	(21,091)	2,107,829
Reversal on disposal of property, plant and equipment	(992)	-
	2,409,575	2,450,053
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(11,957)	(11,957)
Related deferred tax liability	(6,438)	(6,438)
	(18,395)	(18,395)
Surplus on revaluation of property, plant and equipment as at 30 June	2,391,180	2,431,658
Related deferred tax liability:		
On revaluation surplus as at 01 July	(39,865)	(19,997)
On revaluation (deficit)/ surplus during the year	332	(26,306)
On property, plant and equipment disposed off during the year	347	
On incremental depreciation charged during the year	6,438	6,438
	(32,748)	(39,865)
	2,358,432	2,391,793

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2009			2008		
	Minimum lease payments	Finance charge for future periods	Principal outstanding	Minimum lease payments	Finance charge for future periods	Principal outstanding
		Rs. (000)			Rs. (000)	
Not later than one year	2,336	214	2,122	1,878	264	1,614
Later than one year and not later than five years	1,215	143	1,072	1,673	61	1,612
	3,551	357	3,194	3,551	325	3,226

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

7.1 The Company has leased vehicles from Atlas Investment Bank Limited ("an associated undertaking"), Bank Alfalah Limited and Askari Leasing Limited. The lease term for these arrangements is 3 years. All leases carry markup ranging from 13.27% to 17.64% per annum (2008: 8% to 13.43% per annum). The rentals are payable in thirty six monthly installments upto 01 April 2012. At the end of the lease term, the Company has the option to acquire the assets on payment of all installments. Minimum lease payments outstanding at the year end include Rs. 1.3 million (2008: Rs. 2.22 million) payable to an associated undertaking.

8 DEFERRED LIABILITIES - STAFF RETIREMENT BENEFITS	2009 (Rs.'000)	2008 (Rs.'000)
Provision for gratuity	15,769	14,494
The amount recognized in the balance sheet is as follows:		
Present value of defined benefit obligation	16,333	14,327
Unrecognized actuarial (loss)/ gain	(564)	167
Net liability at end of the year	15,769	14,494
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	14,494	16,202
Charge for the year	2,423	2,491
Benefits paid during the year	(1,148)	(4,199)
Present value of defined benefit obligation at end of the year	15,769	14,494
Expense recognized in profit and loss account:		
Current service cost	990	887
Interest cost	1,433	1,604
	2,423	2,491

Comparison of present values of defined benefit obligation for five years is as follows:

	2009	2008	2007	2006	2005
			(Rs.'000)		
Present value of defined benefit obligation	16,333	14,327	16,035	15,948	15,999

9 DEFERRED TAXATION	2009 (Rs.'000)	2008 (Rs.'000)
Taxable temporary differences:		
Surplus on revaluation of property plant and equipment	32,748	39,865
Accelerated depreciation	118,174	72,971
	150,922	112,836
Deductible temporary differences:		
Provision for employee benefits and finance leases	(13,393)	(12,816)
	137,529	100,020

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

10 TRADE AND OTHER PAYABLES	Note	2009 (Rs.'000)	2008 (Rs.'000)
Creditors	10.1	70,562	91,739
Accrued liabilities		35,652	29,807
Advances from customers		30,461	22,012
Unpaid dividend		3,756	8,961
Unclaimed dividend		11,567	5,318
Workers' (Profit) Participation Fund (WPPF)	10.2	18,303	14,948
With holding tax payable		358	140
Sales tax payable - net		50,558	40,056
Special excise duty payable		8,089	9,440
Export duty payable	10.3	110,821	110,821
Workers Welfare Fund (WWF)		6,956	6,053
Payable to provident fund	10.4	97	153
Zila tax payable		6,871	6,871
Other liabilities		13,545	22,478
		367,596	368,797

10.1 This includes Rs 1.411 million (2008: Rs. 2.137 million) payable to associated undertaking on account of services received for the sale of the Company's products. This balance is interest free and payable on demand.

10.2 Workers' (Profit) Participation Fund	Note	2009 (Rs.'000)	2008 (Rs.'000)
Opening balance		14,948	6,274
Interest for the year	28	-	66
Allocation for the year	10.2.1	17,605	14,301
		32,553	20,641
Less: Payments during the year		(14,250)	(5,693)
		18,303	14,948

10.2.1 Computation of Workers' (Profit) Participation Fund

Profit for the year before WPPF and WWF		365,415	316,970
Add/ (less) adjustments:			
Loss/ (gain) on disposal of property, plant and equipment		3,781	(2,262)
Interest on advances		(355)	(21)
Return on deposits		(7,866)	(5,763)
Loss/ (gain) on sale of investments		2,334	(1,519)
Other income		(21,035)	(16,473)
Unrealized loss/ (gain) on re-measurement of investments to fair value		9,826	(4,916)
		(13,315)	(30,954)
		352,100	286,016
Allocation for the year at the rate of 5%	29	17,605	14,301

10.3 This amount is payable on account of Export Duty on PMFL and beer.

10.4 Payable to provident fund

Opening balance		153	42
Contribution for the year		1,093	988
		1,246	1,030
Less: Payments during the year	40	(1,149)	(877)
		97	153

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

11 PROVISION FOR TAXATION - net	Note	2009 (Rs.'000)	2008 (Rs.'000)
Advance tax at beginning of the year	22	-	(4,288)
Income tax paid during the year		-	(77,285)
Provision for current taxation - for the year	31	-	101,922
Tax payable at end of the year		-	20,349

12 SHORT TERM RUNNING FINANCE FACILITIES - SECURED

12.1 The Company has a running finance facility amounting to Rs. 35 million from Bank Alfalah Limited, Rawalpindi. This facility is available till 31 March 2010 and carries mark up at the rate of 6 months', KIBOR plus 1% per annum. It is secured against first hypothecation charge on current assets of the Company amounting to Rs. 60 million. The facility was utilized during the year, however, its was repaid in full as at the Balance Sheet date.

12.2 The company has a running finance facility amounting to Rs. 200million from Askrai Bank Limited. This facility is available till 31 July 2009 and carries mark up @of 3 months KIBOR plus 0.95% per annum.

The facility was utilized during the year, however it was repaid in full as at the Balance Sheet date. It is secured against following:

- Second hypothecation charge over stock and spares of the Company amounting to Rs. 20 million.
- First charge by way of equitable mortgage amounting to Rs. 267 million over two banglows of the Company.
- First charge by way of equitable mortgage amounting to Rs. 25 million over land and building of Glass Division.

13 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

13.1 As a result of investigations by the National Accountability Bureau (NAB), relating to vend fee payments, a fine of Rs. 20 million was imposed by the Accountability Court on an employee of the Company. The Honorable High Court of Sindh in its order dated 29 May 2003 acquitted the employee, however, NAB preferred an appeal in the Honorable Supreme Court of Pakistan. Supreme Court of Pakistan in its order dated 21 April 2005 finally dismissed NAB appeal in employees' favour. The Accountability Court has also held that reference be filed against certain directors and the General Manager of the Company. The case is currently pending with the Honorable High Court of Sindh.

In the opinion of the management and on the basis of legal opinion, the Company is not exposed to any liability on account of the above matter.

13.2 The Company is contingently liable in respect of guarantees amounting to Rs. 49.51 million (2008: Rs.35.678 million) issued by a bank on behalf of the Company in normal course of business.

13.3 The Company is contesting certain claims and levies imposed by various government authorities and departments amounting to Rs. 1.37 million (2008: Rs.4.30 million) in various courts of law and other assessment forums. The Company is hopeful of favourable settlement of these cases and therefore, no provision has been made in these financial statements.

13.4 For contingencies related to tax matters - Refer note 31.2

(b) Commitments:

13.5 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 2.659 million (2008: Rs. 104.953 million).

13.6 The Company's contracted capital commitments outstanding at the year end amounting to Rs. 2.88million (2008: Rs. 11.89 million).

MURREE BREWERY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

14 Property, plant and equipment

	Owned							Leased	Grand
	Freehold lands	Buildings on freehold land	Plant, machinery and equipment	Furniture, fixtures and equipment	Motor vehicles	Capital work in progress (note: 14.6)	Sub total	Motor vehicles	Total
					(Rs. '000)				
Original cost/ reassessed value									
Balance as at 01 July 2007	287,833	116,531	555,999	11,201	41,658	4,150	1,017,372	9,840	1,027,212
Revaluation surplus	2,032,668	32,242	42,919	-		-	2,107,829	-	2,107,829
Additions	-	7,023	35,267	1,083	6,098	81,345	130,816	-	130,816
Transfers	-	-	33,778	-	-	(33,778)	-	-	-
Disposals	-	-	(1,096)	-	(5,263)	-	(6,359)	-	(6,359)
Adjustments	-	-	(516)	-	2,396	-	1,880	(2,396)	(516)
Balance as at 30 June 2008	2,320,501	155,796	666,351	12,284	44,889	51,717	3,251,538	7,444	3,258,982
Balance as at 01 July 2008	2,320,501	155,796	666,351	12,284	44,889	51,717	3,251,538	7,444	3,258,982
Revaluation deficit	(20,142)	(949)	-	-	-	-	(21,091)	-	(21,091)
Additions	-	16,039	213,265	1,321	2,405	11,743	244,773	1,789	246,562
Transfers	-	-	59,802	-		(59,802)	-	-	-
Disposals	-	-	(19,320)	(139)	(5,645)	-	(25,104)	-	(25,104)
Transferred to investment property	(74,609)	(4,102)		-	-	-	(78,711)		(78,711)
Balance as at 30 June 2009	2,225,750	166,784	920,098	13,466	41,649	3,658	3,371,405	9,233	3,380,638
Depreciation									
Balance as at 01 July 2007	-	48,682	201,016	7,252	23,482	-	280,432	2,979	283,411
Depreciation charge for the year	-	9,700	54,278	836	7,073	-	71,887	1,623	73,510
Disposals	-	-	(111)	-	(3,370)	-	(3,481)		(3,481)
Adjustments	-	-	(516)	-	1,560	-	1,044	(1,560)	(516)
Balance as at 30 June 2008	-	58,382	254,667	8,088	28,745	-	349,882	3,042	352,924
Balance as at 01 July 2008	-	58,382	254,667	8,088	28,745	-	349,882	3,042	352,924
Depreciation charge for the year	-	10,677	67,913	1,143	6,342	-	86,075	1,099	87,174
Disposals	-	-	(2,127)	(86)	(3,369)	-	(5,582)	-	(5,582)
Transferred to investment property	-	(504)	-	-	-	-	(504)	-	(504)
Balance as at 30 June 2009	-	68,555	320,453	9,145	31,718	-	429,871	4,141	434,012
Carrying amounts - 2008	2,320,501	97,414	411,684	4,196	16,144	51,717	2,901,656	4,402	2,906,058
Carrying amounts - 2009	2,225,750	98,229	599,645	4,321	9,931	3,658	2,941,534	5,092	2,946,626
Rates of depreciation per annum	-	5-10%	10-20%	10-33.3%	20%	-		20%	

14.1 The Company had its lands and buildings revalued in 1991, 1992, 1995, 2002 and 2007 by independent valuers on market value basis and plant and machinery revalued in 1991, 1992, 1995, 2002 and 2007 by independent valuers on replacement cost basis. These revaluations resulted in net surplus of Rs. 21.577 million, Rs. 38.478 million, Rs. 15.396 million, Rs. 376.885 million and Rs 2,107.829 million respectively.

14.2 As at 30 June 2009, the Company transferred certain of its land and building from property, plant and equipment to investment property. For this purpose, the land and building transferred have been revalued to comply with International Accounting Standard 40 "Investment Property". Accordingly, the amount transferred to investment property represents the revalued amount - Also refer note 15.

14.3 Land includes 2 kanals and 3 marlas given to Army Housing Colony by the Military Estate Office (MEO) for construction of a housing colony. This has been stated at 2002 revalued amount in these financial statements which comes to Rs. 2,523,240. The Company had filed a case against MEO for this unauthorised occupation. The court of Civil Judge, Rawalpindi has decreed against MEO for vacating the land. The management is confident that the final outcome of this matter will be in the Company's favour.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

14.4 As mentioned in note 14.1 above land, buildings and plant and machinery are carried at revalued amounts. Had there been no revaluations, related figures of the revalued assets would have been as follows:

		Cost	Accumulated Depreciation	Written Down Value
			(Rs. '000)	
Land		2,743	-	2,743
Buildings		72,818	(52,079)	20,739
Plant and machinery		750,435	(444,494)	305,941
	2009	**825,996**	**(496,573)**	**329,423**
	2008	836,302	(439,415)	396,887

14.5 Depreciation charge has been allocated as follows:

	Note	2009 (Rs.'000)	2008 (Rs.'000)
Cost of sales	25	75,430	62,035
Distribution cost	26	3,168	4,331
Administrative expenses	27	8,576	7,144
		87,174	73,510

14.6 Detail of capital work in progress is as follows:

	2009	2008
Conveyor belt	3,000	-
Bottle capper for PVC caps	9	-
Canning filler plant	526	-
CSD filling plant	-	25,820
Tunnel pasteurizer	123	6,780
Beer fermentor	-	5,779
Beverage machine	-	7,721
Filling machine	-	4,759
Germinating box	-	852
Heat exchanger	-	6
	3,658	51,717

14.7 Detail of property, plant and equipment disposed off during the year:

	Note	Original cost	Book value	Sale proceeds	Gain or (loss)	Sold to
			(Rs. '000)			
PLANT & MACHINERY						
Can Seamer	**14.7.2**	2,098	792	33	(759)	M/s Fazal Malik & Co. Akaura Khattak
Aspetic Filling Machine	**14.7.2**	4,759	4,682	2,750	(1,932)	M/s General Traders (Pvt) Ltd
Alfa Level Decanter	**14.7.2**	2,500	2,152	3,000	848	M/s Kamran Lubricants (Pvt) Ltd. Multan
Bopp Labelling Machine	**14.7.2**	9,380	9,015	5,500	(3,515)	M/s Engi Plastic (Pvt) Ltd. Lahore
Plate Heat Exchanger	**14.7.2**	584	552	621	69	M/s Two Star Engineering (Pvt) Ltd, Lahore
VEHICLES						
Suzuki Mehran	**14.7.1**	450	118	230	112	Mr.M.Ajmal - employee
Toyota Corolla	**14.7.1**	934	421	508	87	Mr.Ashar Jan - employee
Toyota Corolla	**14.7.1**	1,380	374	708	334	Mr.M.Javed - employee
Toyota Corolla	**14.7.1**	960	581	614	33	Mr.M.Sharif - employee
		23,045	18,687	13,964	(4,723)	
Aggregate value of other items of property, plant and equipment with individual book value not exceeding Rs. 50,000		2,059	835	1,777	942	
2009		**25,104**	**19,522**	**15,741**	**(3,781)**	
2008		6,359	2,879	5,141	2,262	

14.7.1 These disposals are made as per the Company policy.

14.7.2 These disposals are made by negotiation.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

15 On 30 June 2009, an independent exercise was carried out to calculate the fair value of investment property. To assess the land and building prices, market research was carried out in the area around the plot where the investment property is situated. Fair value of investment property is based on independent valuer's judgment about average prices prevalent on the said date and has been prepared on openly available/ provided information after making relevant inquiries from the market. Valuation was carried out by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

16 LONG TERM ADVANCES - Considered good	2009 (Rs.'000)	2008 (Rs.'000)
To employees - Secured	913	4,806
Less: Due within one year, shown under current assets	(282)	(905)
	631	3,901

16.1 These advances carry interest @ 11% p.a. and are repayable in periods up to three years.

16.2 These advances include advances given to executives amounting to Rs. 0.6 million (2008: Rs.3.447 million)

17 STORES AND SPARE PARTS	Note	2009 (Rs.'000)	2008 (Rs.'000)
Stores		23,806	15,855
Spare parts		57,571	46,298
Bottles and shells		1,636	1,042
Goods in transit		19,461	2,510
		102,474	65,705
18 STOCK IN TRADE			
Raw material		211,247	274,666
Work in process		56,745	47,722
Stock under maturation		180,678	139,837
Finished goods		44,212	30,439
Goods in transit		10,533	-
		503,415	492,664
19 TRADE DEBTS - Considered good			
Considered good		86,697	77,581
Considered doubtful		2,500	2,500
		89,197	80,081
Less: Provision for doubtful debts		(2,500)	(2,500)
		86,697	77,581
20 ADVANCES AND OTHER RECEIVABLES - Considered good			
To employees including current portion of long term advances - Secured		5,394	3,625
Suppliers		9,641	34,225
Receivable from pension fund	20.1	1,018	99
Others		1,725	1,847
		17,778	39,796

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

20.1 Receivable from pension fund	Note	2009 (Rs.'000)	2008 (Rs.'000)
The amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation		15,856	19,410
Fair value of plan assets		(18,091)	(16,177)
(Surplus)/Deficit of the fund		(2,235)	3,233
Unrecognized actuarial loss		2,257	(2,188)
Past service cost not recognized		(1,040)	(1,144)
Net asset at end of the year		(1,018)	(99)
The changes in the present value of defined benefit obligation are as follows:			
Present value of defined benefit obligation at beginning of the year		19,410	18,718
Current service cost		215	368
Interest cost		1,941	1,872
Actuarial loss		(4,176)	
Benefits paid		(1,534)	(1,548)
Present value of defined benefit obligation at end of the year		15,856	19,410
The changes in the fair value of plan assets are as follows:			
Fair value of plan assets at beginning of the year		16,177	13,858
Contributions by the Company	40	1,580	1,570
Benefits paid		(1,534)	(1,548)
Expected return		1,618	1,437
Actuarial gain		250	860
Fair value of plan assets at end of the year		18,091	16,177

The Company expects to contribute Rs. 1.659 million to its defined benefit pension plan in next year.

Expense recognized in profit and loss account:	2009	2008
Current service cost	215	368
Interest cost	1,941	1,872
Expected return on plan assets	(1,618)	(1,437)
Net actuarial loss recognized	19	51
Past service cost recognized	104	104
	661	958
Plan assets comprise of:		
Units in open end funds	4,701	14,954
Defense saving certificates	13,272	-
Cash at banks	118	1,223
	18,091	16,177

Comparison of present values of defined benefit obligation, fair value of plan assets and surplus or deficit of pension fund for five years is as follows:

	2009	2008	2007	2006	2005
			(Rs.'000)		
Present value of defined benefit obligation	15,856	19,410	18,718	18,718	12,154
Fair value of plan assets	(18,091)	(16,177)	(13,858)	(936)	(1,061)
Deficit/ (surplus)	(2,235)	3,233	4,860	17,782	11,093
Experienced adjustments on obligation	4,176	-	-	125	(931)
Experienced adjustments on plan assets	250	-	(38)	-	-

21 INVESTMENTS HELD FOR TRADING

	2009 (Rs.'000)	2008 (Rs.'000)
Listed Companies		
Baluchistan Glass Limited	-	1
Habib Arkady Limited	5	3
Attock Refinery Limited	131	219
Shezan International Limited	14	43
Saudi Pak Leasing Company Limited	1	3
Pakistan State Oil Company Limited	19	36
Pak Suzuki Motors Limited	701	1,237
Thall Limited	2,551	4,612
	3,422	6,154
Listed Modarabas		
Standard Chartered Modaraba	5	7
De-listed Company		
Prince Glass Works	1	-
Funds		
ABL Income Fund	5,947	-
Pakistan Income Fund	5,045	-
AMZ Plus Income Fund	-	20,701
NAFA Multi Asset Fund	-	27,056
NAFA Cash Fund	-	7,859
Pakistan Premier Fund	807	2,631
Al Meezan Mutual Fund	968	2,570
Pakistan Capital Marketing Fund	-	8,368
HBL Income Fund	-	11,049
MCB Dynamic Cash Fund	-	5,539
Pakistan Strategic Allocation Fund (PSAF)	1,715	4,605
IGI Income Fund	47,064	44,231
United Monetary Market Fund	-	5,491
AKD Income Fund	-	26,184
NAFA Income Fund	-	10,211
National Investment Trust - NIT	4,109	8,011
Askari Income Fund	-	10,582
	65,656	195,088
	69,083	201,249

21.1 Fair value of these investments are determined using quoted market price and redemption/ repurchase price, whichever is applicable.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

22 ADVANCE INCOME TAX - net	Note	2009 (Rs.'000)	2008 (Rs.'000)
Tax payable at beginning of the year	11	(20,349)	-
Income tax paid during the year		133,274	-
Provision for current taxation - for the year	31	(87,181)	-
Advance tax at end of the year		25,744	-

23 CASH AND BANK BALANCES	Note	2009 (Rs.'000)	2008 (Rs.'000)
Cash in hand		4,052	768
Cash at banks in local currency:			
- in current accounts		83,635	89,086
- in saving accounts	23.1	131,453	20,835
- in deposit accounts	23.2	3,000	3,000
		218,088	112,921
		222,140	113,689

23.1 Effective interest rates on saving accounts ranges from 7.5% to 18% (2008: 6.5% to 9%) per annum.

23.2 Effective interest rates on deposit accounts ranges from 9.4% to 11% (2008: 9.4%) per annum.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

		Note	Liquor Division 2009	Liquor Division 2008	Glass Division 2009	Glass Division 2008	Tops Division 2009	Tops Division 2008	Total 2009	Total 2008
			Rs.'000							
24	**THIRD PARTY SALES - net**									
	Sales		2,533,717	2,049,191	53,924	29,662	997,693	702,135	3,585,334	2,780,988
	Less: Discounts		(226,855)	(171,169)	-	-	(115,830)	(68,536)	(342,685)	(239,705)
			2,306,862	1,878,022	53,924	29,662	881,863	633,599	3,242,649	2,541,283
24.1	Interdivisional sales are at normal selling prices									
24.2	Duties and taxes									
	Sales tax		577,213	452,701	7,374	4,091	143,404	95,748	727,991	552,540
	Excise duty		268,099	262,448	-	-	8,805	-	276,904	262,448
	Special excise duty		6,094	6,355	461	-	10,484	6,366	17,039	12,721
			851,406	721,504	7,835	4,091	162,693	102,114	1,021,934	827,709
25	**COST OF SALES**									
	Raw materials consumed	25.1	927,224	743,414	98,067	75,173	588,008	410,818	1,613,299	1,229,405
	Stores and spares consumed		6,884	7,856	26,399	20,987	50	109	33,333	28,952
	Fuel and power		60,514	40,855	99,735	81,130	14,987	7,286	175,236	129,271
	Salaries, wages and other benefits		36,985	32,078	26,096	22,597	17,794	13,219	80,875	67,894
	Repairs and maintenance		19,434	14,753	16,237	21,686	14,371	10,120	50,042	46,559
	Other manufacturing expenses		1,826	3,908	9,533	6,695	4,100	3,694	15,459	14,297
	Depreciation	14.5	29,114	18,570	31,438	28,731	14,878	14,734	75,430	62,035
			1,081,981	861,434	307,505	256,999	654,188	459,980	2,043,674	1,578,413
	Work in process including stock under maturation									
	Opening stock as at 01 July		183,056	139,180	585	529	3,918	2,997	187,559	142,706
	Closing stock as at 30 June		(227,893)	(183,056)	(585)	(585)	(8,945)	(3,918)	(237,423)	(187,559)
			(44,837)	(43,876)	-	(56)	(5,027)	(921)	(49,864)	(44,853)
	Cost of goods manufactured		1,037,144	817,558	307,505	256,943	649,161	459,059	1,993,810	1,533,560
	Finished goods									
	Opening stock as at 01 July		6,027	7,535	16,349	2,458	8,063	9,585	30,439	19,578
	Closing stock as at 30 June		(18,300)	(6,027)	(12,789)	(16,349)	(13,123)	(8,063)	(44,212)	(30,439)
			(12,273)	1,508	3,560	(13,891)	(5,060)	1,522	(13,773)	(10,861)
			1,024,871	819,066	311,065	243,052	644,101	460,581	1,980,037	1,522,699
	Less: Inter divisional transfers		(230,114)	(175,133)	-	-	(158,538)	(140,717)	(388,652)	(315,850)
			794,757	643,933	311,065	243,052	485,563	319,864	1,591,385	1,206,849
25.1	**Raw materials consumed**									
	Opening stock as at 01 July		205,280	115,471	4,555	7,177	64,831	62,708	274,666	185,356
	Purchases		879,377	833,223	100,822	72,551	569,681	412,941	1,549,880	1,318,715
			1,084,657	948,694	105,377	79,728	634,512	475,649	1,824,546	1,504,071
	Closing stock as at 30 June		(157,433)	(205,280)	(7,310)	(4,555)	(46,504)	(64,831)	(211,247)	(274,666)
			927,224	743,414	98,067	75,173	588,008	410,818	1,613,299	1,229,405

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

32 EARNINGS PER SHARE - Basic and diluted

	2009	2008 Restated
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Net profit for the year (Rs.'000)	**215,832**	195,845
Weighted average number of shares (Numbers)	**13,121,273**	13,121,273
Earnings per share (Rupees)	**16.45**	14.93

For the purpose of computing earnings per share, the number of shares for the previous year have been adjusted for the effect of bonus shares issued during the year.

33 CASH AND CASH EQUIVALENTS

	2009 (Rs.'000)	2008 (Rs.'000)
These are made up as follows:		
Cash in hand	**4,052**	768
Bank balances	**218,088**	112,921
	222,140	113,689

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

34 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amounts charged in the year for remuneration, including benefits and perquisites, were as follows:

	2009		2008	
	Chief Executive	Director	Chief Executive	Directors
	(Rs.'000)			
Managerial remuneration	798	846	920	1,681
Re imbursable expenses	138	129	145	242
Provident fund contributions	6	-	-	6
Other perquisites and benefits in cash or in kind:				
Pension	-	173	223	173
Bonus	277	91	108	375
Traveling expense	287	-	254	308
Gratuity	52	-	-	25
Leave salary	38	30	40	70
	1,596	1,269	1,690	2,880
Numbers	1	1	1	2

Number of persons including those who worked part of the year

Executive means any employee whose basic salary exceeds Rs. 500,000 (2008: Rs. 500,000) per year.

In addition, free furnished accommodation is provided to the Chief Executive and semi-furnished accommodation to one Director. Company maintained cars are provided to the Chief Executive and one Director of the Company.

- Meeting fee of Directors charged during the year is Rs. 42,500 (2008: Rs. 25,000), number of Directors: 6 (2008: 4).

35 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel comprises chief executive, executive directors and general managers of the Company:

	2009 (Rs.'000)	2008 (Rs.'000)
Managerial remuneration	4,355	3,575
Provident fund contributions	100	117
Other perquisites and benefits in cash or in kind	727	1,424
	5,182	5,116

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

36 SEGMENT INFORMATION

36.1 Operating segments

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and are managed separately because of the requirement of different technologies and marketing strategies. For each of the business units, the audit committee of the Board of Directors and the Company's Chief Executive Officer (CEO) along with the Chief Financial Officer (CFO) reviews internal management reports on at least a quarterly basis. These segments have been identified on the basis of business namely Liquor Division, Glass Division and Tops Division. Main products of each segment are as follows:

Liquor Division:	PMFL, Alcoholic Beer, NAB, Big Apple, Lemonade, Cindy and Malt -79.
Tops Division:	Food products and juices.
Glass Division:	Glass bottles and jars.

There are varying levels of integration between the three segments. This integration includes transfers of raw material and finished good respectively. The accounting policies of the reportable segments are the same as described in note 3.

Information regarding the results of each reportable segment is given in the profit and loss account and related notes. Performance is measured on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's CEO along with the CFO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

36.2 Information about reportable segments

(a) The detail of utilization of the Company's assets by the reportable segments as well as related liabilities is as follows:

		Liquor Division	Glass Division	Tops Division	Unallocated	Total
				(Rs.'000)		
Assets	**2009**	**3,156,369**	**348,616**	**381,776**	**156,397**	**4,043,158**
	2008	3,095,694	214,330	395,916	201,271	3,907,211
Liabilities	**2009**	**273,276**	**22,463**	**50,238**	**178,111**	**524,088**
	2008	288,152	23,734	39,238	155,762	506,886
Capital expenditures	**2009**	**82,626**	**147,602**	**16,334**	**-**	**246,562**
	2008	123,255	2,500	5,061	-	130,816

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items are as under:

	2009 (Rs.'000)	2008 (Rs.'000)
(i) Revenues		
Total revenue for reportable segments	**3,631,301**	2,857,133
Elimination of inter-segment revenue	**(388,652)**	(315,850)
Consolidated revenue	**3,242,649**	2,541,283
(ii) Profit or loss		
Total profit or loss for reportable segments	**351,968**	282,687
Unallocated amounts - Other expenses	**(26,311)**	(21,379)
Unallocated amounts - Other operating income	**15,197**	35,308
Net profit before taxation	**340,854**	296,616

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 (Rs.'000)	2008 (Rs.'000)
(iii) Assets		
Total assets for reportable segments	**3,886,761**	3,705,940
Other unallocated amounts	**156,397**	201,271
Consolidated total assets	**4,043,158**	3,907,211
(iv) Liabilities		
Total liabilities for reportable segments	**345,977**	351,124
Other unallocated amounts	**178,111**	155,762
Consolidated total liabilities	**524,088**	506,886
(v) Other material items		
Interest income	**7,866**	5,785
Interest expense	**4,466**	641
Capital expenditure	**246,562**	130,816
Depreciation and amortization	**85,718**	73,510

(c) Geographical segments

All the assets of the Company are held in Pakistan.

(d) Geographical information

Substantially all the revenues of the Company are generated in Pakistan.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

37 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The Company believes that it is not exposed to major concentration of credit risk. The Company controls its credit risk by the following methods:

- Ascertainment of credit worthiness of customers.
- Monitoring of debt on a continuous basis.
- Legal notices and follow-up.

Exposure to credit risk

(i) The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2009 (Rs.'000)	2008 (Rs.'000)
Trade debts	**86,697**	77,581
Long term deposits	**2,704**	2,336
Advances to employees including long term portion	**6,025**	7,526
Other advances	**1,725**	1,847
Interest accrued	**50**	22
Investments held for trading	**69,082**	201,249
Cash and bank balances	**218,088**	112,921
	384,371	403,482

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(ii) The maximum exposure to credit risk for trade debts at the reporting date by type of customers was:

	2009 (Rs.'000)	2008 (Rs.'000)
Domestic	**86,697**	77,581

(iii) Impairment losses

The aging of trade debts at the reporting date was:

	2009 (Rs.'000) Gross debts	2009 (Rs.'000) Impaired	2008 (Rs.'000) Gross debts	2008 (Rs.'000) Impaired
Not past due	**62,223**	-	65,538	-
Past due 0-30 days	**8,639**	-	6,403	-
Past due 31-180 days	**15,791**	-	2,797	-
Past due 181-360 days	-	-	-	-
More than 1 year	**2,544**	**2,500**	5,343	2,500
	89,197	**2,500**	80,081	2,500

(iv) The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2009 (Rs.'000)	2008 (Rs.'000)
Balance at beginning of the year	**2,500**	2,500
Provision made during the year	-	-
Provision used to cover write off	-	-
Balance at end of the year	**2,500**	2,500

The Company believes that no impairment allowance is necessary in respect of trade debts past due other than the amounts provided. Trade debts are essentially due from hotels and authorized distributors and the Company is actively pursuing for recovery of debts and accordingly does not expect these companies to fail to meet their obligations.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(i) The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Carrying Amount	6 months or less	6 months to 12 months	1 year to 2 years	2 years to 5 years	More then 5 Years
	2009 (Rs.'000)	**2009 (Rs.'000)**	**2009 (Rs.'000)**	**2009 (Rs.'000)**	**2009 (Rs.'000)**	**2009 (Rs.'000)**
Finance lease liabilities	**3,194**	**986**	**619**	**1,124**	**464**	-
Trade and other payables	**160,438**	**80,218**	**80,219**	-	-	-
	163,632	**81,204**	**80,838**	**1,124**	**464**	-
	2008 (Rs.'000)	2008 (Rs.'000)	2008 (Rs.'000)	2008 (Rs.'000)	2008 (Rs.'000)	2008 (Rs.'000)
Finance lease liabilities	3,226	807	807	1,612	-	-
Trade and other payables	179,457	89,728	89,729	-	-	-
	182,683	90,535	90,536	1,612	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Currency risk

The Company is not exposed to currency risk.

(ii) Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company is not exposed to Interest rate risk.

(d) Fair value of financial instruments

The carrying value of financial assets and liabilities approximate their fair values.

38 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

		Measurement basis	2009	2008
39	**CAPACITY AND PRODUCTION**			
39.1	**Liquor Division**			
(a)	**Capacity of Industrial unit**			
	Beer and Non Alcoholic Beverages (NAB)	Liters	**15,000,000**	15,000,000
	PMFL	Cases (2 B.G)	**1,000,000**	1,000,000
	Alcohol (96 GL)	Liters	**2,000,000**	2,000,000
	Non Alcoholic Products (NAP)	Liters	**24,000,000**	24,000,000
(b)	**Actual Production**			
	Beer and Non Alcoholic Beverages (NAB)	Liters	**8,224,378**	7,730,547
	PMFL	Cases(2 B.G)	**761,217**	663,788
	Alcohol (96 GL)	Liters	**1,970,973**	1,796,507
	Non Alcoholic Products (NAP)	Liters	**19,614,686**	20,402,427
39.2	**Tops Division**			
(i)	**Rawalpindi**			
(a)	**Capacity**			
	Tetra pack Juices	Liters	**12,000,000**	12,000,000
	Malt Extract	Kgs	**210,000**	210,000
(b)	**Actual Production**			
	Tetra pack Juices	Liters	**21,704,327**	14,005,124
	Malt Extract	Kgs	**6,856**	14,470
(ii)	**Hattar**			
(a)	**Capacity**			
	Food Products	Cartons	**375,000**	375,000
	Juice (NR)	Liters	**2,250,000**	2,250,000
	Juice (Ret)	Liters	**2,250,000**	2,592,000
(b)	**Actual production**			
	Food Products	Cartons	**113,984**	116,275
	Juice (NR)	Liters	**2,176,107**	2,220,363
	Juice (Ret)	Liters	**8,600**	48,154
39.3	**Glass Division - Hattar**			
(a)	**Melting Capacity**	M. Tons	**27,375**	27,375
(b)	**Actual production - Glass melted**	M. Tons	**19,685**	23,597

39.4 Normal capacity is based on one shift of 8 hours per day. Actual Production represents multiple shifts which are run keeping in view the market demand.

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

40 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of directors, entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, staff retirement funds, executives and key management personnel. Balances with related parties are shown in notes 7.1, 10.1, 10.4 and 20.1 to the financial statements. The transactions with related parties, other than remuneration and benefits to Chief Executive and directors and key management personnel as per the terms of their employment which are disclosed in notes 34 and 35 respectively to the financial statements, are as follows:

	2009 (Rs.'000)	2008 (Rs.'000)
Transactions with associated companies under common directorship		
Lease installments paid	**1,176**	1,172
Sales commission	**14,927**	11,870
Purchase of raw materials	**77,508**	55,075
Sale of a vehicle	-	532
Purchase of a vehicle	-	700
Services acquired	**480**	480
Investment made in open end mutual fund	-	35,000
Sale of investment of open end mutual fund	-	45,853
Transactions with other associated undertakings		
Contribution to staff provident fund	**1,149**	877
Contribution to staff pension fund	**1,580**	1,570
Remuneration to chief executive, directors and executives - Refer note 34		
Remuneration to key management personnel - Refer note 35		

41 POST BALANCE SHEET EVENT

The Board of Directors of the Company in the meeting held on 3rd october 2009 proposed cash dividend @ 50% i.e., thus is Rs 5 per share and stock dividend of 10% i.e. 1 bonus share for every 10 shares held.

42 GENERAL

42.1 Dividend payable to Muslim Shareholders is deemed to be appropriated from income arising from the Company's investments and rental income.

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

43 APPROVAL OF FINANCIAL STATEMENTS

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

RAWALPINDI | CHIEF EXECUTIVE | DIRECTOR

MURREE BREWERY COMPANY LIMITED

NATIONAL PARK ROAD, RAWALPINDI

142ND ANNUAL GENERAL MEETING **FORM OF PROXY**

I/ we, ______________________ **of** ______________ **being a Member of the Murree Brewery Company Limited and holder of (**__________**) Ordinary Shares as per Shares Register Folio / CDC Account No.** __________

CNIC No. [| | | | | - | | | | | | | - |] Or Passport No. ______________

For beneficial owners as per CDC List.

CDC Participant I. D. No. ______________ **Sub Account No.** ______________

CNIC No. [| | | | | - | | | | | | | - |] Or Passport No. ______________

Hereby appoint ______________________ of ______________ failing him / her ______________________ of ______________ as my / our / proxy to vote and act for me / our behalf at the 142nd **Annual General Meeting of the Company to be held on Friday, 30th October, 2009 at 10300 Hours at Registered Office, National Park Road, Rawalpindi or at any adjournment thereof.**

Revenue Stamp

(Signature should agree with the specimen signature registered with the Company).

Date: This ______ day of October, 2009

Signature of Shareholder______________

Signature of Proxy______________

Witnesses

Signature	______________	Signature	______________
Name	______________	Name	______________
Address	______________	Address	______________
CNIC or Passport #	______________	CNIC or Passport #	______________
Signature	______________	Signature	______________
Name	______________	Name	______________
Address	______________	Address	______________
CNIC or Passport #	______________	CNIC or Passport #	______________

Note:

1. Proxies in order to be effective must be received by the Company, Murree Brewery Co. Ltd., National Park Road, Rawalpindi not less than forty eight hours before the time of the meeting.
2. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC / Passport is required to be produced at the time of the meeting).
3. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provide earlier) alongwith proxy form to the Company.