

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 Mission & goals

Responsibility and respect of our jobs and each other

Educating one another

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

14.3 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) | (Rs.'000) | (Rs.'000) |
| Land | 2,743 | - | 2,743 |
| Buildings | 72,818 | (59,361) | 13,457 |
| Plant and machinery | 750,435 | (594,581) | 155,854 |
| 2010 | 825,996 | (653,942) | 172,054 |
| 2009 | 825,996 | (496,573) | 329,423 |

14.4 Depreciation charge has been allocated as follows:

| | Note | 2010 (Rs.'000) | 2009 (Rs.'000) |
|-------------------------|-------------|--------------------------|--------------------------|
| Cost of sales | 26 | 113,025 | 75,430 |
| Distribution cost | 27 | 3,130 | 3,168 |
| Administrative expenses | 28 | 9,055 | 8,576 |
| | | 125,210 | 87,174 |

14.5 Detail of capital work in progress is as follows:

| | | |
|---|--------------|--------------|
| Conveyor belt | - | 3,000 |
| Bottle capper for PVC caps | - | 9 |
| Canning filler plant | - | 526 |
| Tunnel pasteurizer | - | 123 |
| Furnace feasibility for regeneration system | 4,364 | - |
| | 4,364 | 3,658 |

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

| | Original cost | Book value | Sale proceeds | Gain or (loss) | Sold to | |
|--|----------------------|-------------------|----------------------|-----------------------|----------------|-------------------------------------|
| Note | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) | | |
| VEHICLES | | | | | | |
| Mercedes | 14.6.1 | 5,938 | 1,412 | 3,900 | 2,488 | M/s Kalama Communications (Pvt) Ltd |
| Suzuki Baleno | 14.6.2 | 730 | 292 | 374 | 82 | Mr.Fakhar-e-Mehmood - employee |
| Toyota Corolla | 14.6.2 | 945 | 378 | 466 | 88 | Mr.Manzoore Alam Shah - employee |
| Suzuki Cultus | 14.6.2 | 610 | 230 | 312 | 82 | Mr.Abdullah Zafar - employee |
| Suzuki Margalla | 14.6.2 | 330 | 95 | 138 | 43 | Mr.Yasin Sadiq - employee |
| Suzuki FX | 14.6.2 | 210 | 58 | 112 | 54 | Mr.Abdul Rauf - employee |
| Suzuki Mehran | 14.6.2 | 385 | 167 | 197 | 30 | Mr.Shahid Hussain - employee |
| Suzuki Mehran | 14.6.2 | 383 | 224 | 276 | 52 | Mr.Mohammad Ayub - employee |
| | | 9,531 | 2,856 | 5,775 | 2,919 | |
| Aggregate value of other items of property, plant and equipment with individual book value not exceeding Rs. 50,000 | | | | | | |
| | | 915 | 44 | 453 | 409 | |
| 2010 | | 10,446 | 2,900 | 6,228 | 3,328 | |
| 2009 | | 25,104 | 19,522 | 15,741 | (3,781) | |

14.6.1 This disposal is made by negotiation.

14.6.2 These disposals are made as per the Company's policy.

**MURREE BREWERY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

| | Share capital | Capital reserve | General reserve | Contingency reserve | Unappropriated profit | Total equity |
|--|------------------|--------------------|--------------------|------------------------|--------------------------|------------------|
| | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) |
| 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 | | | | | | |
| Total comprehensive income for the year | - | - | - | - | 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 |
| Balance as at 01 July 2009 | 131,213 | 30,681 | 327,042 | 20,000 | 668,388 | 1,177,324 |
| Changes in equity for the year ended 30 June 2010 | | | | | | |
| Total comprehensive income for the year | - | - | - | - | 327,069 | 327,069 |
| Final dividend for the year ended 30 June 2009 (Rs. 5.0 per share) | - | - | - | - | (65,607) | (65,607) |
| Bonus shares issued for the year ended 30 June 2009 @ 10% | 13,121 | - | - | - | (13,121) | - |
| Balance as at 30 June 2010 | 144,334 | 30,681 | 327,042 | 20,000 | 916,729 | 1,438,786 |

The annexed notes 1 to 44 form an integral part of these financial statements.

RAWALPINDI

CHIEF EXECUTIVE

DIRECTOR

MURREE BREWERY COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

| Note | 2010 (Rs.'000) | 2009 (Rs.'000) |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit before taxation | 524,581 | 340,854 |
| Adjustments for non cash items: | | |
| Depreciation | 125,210 | 87,174 |
| Provision for staff retirement benefits | 11,862 | 4,177 |
| Return on deposits | (21,716) | (7,866) |
| Dividend income | (764) | (1,882) |
| Capital (gain)/ loss on sale of investments | (1,514) | 2,334 |
| Finance cost | 2,507 | 5,350 |
| Unrealized (gain)/ loss on re-measurement of investments held for trading | (8,868) | 9,826 |
| (Gain)/ loss on disposal of property, plant and equipment | (3,328) | 3,781 |
| | 103,389 | 102,894 |
| Operating profit before working capital changes | 627,970 | 443,748 |
| Decrease/ (increase) in stores, spare parts and loose tools | 30,090 | (36,769) |
| Increase in stock in trade | (91,981) | (10,751) |
| Decrease/ (increase) in trade debts - considered good | 47,812 | (9,116) |
| (Increase)/ decrease in advances - considered good | (3,901) | 22,815 |
| Increase in short term prepayments | (1,250) | (86) |
| Decrease in other receivables - considered good | 646 | 122 |
| Increase/ (decrease) in trade and other payables | 95,329 | (2,189) |
| Increase in unearned income | 1,265 | - |
| | 78,010 | (35,974) |
| Cash generated from operations | 705,980 | 407,774 |
| Finance cost paid | (2,507) | (5,350) |
| Staff retirement benefits paid | (5,608) | (3,877) |
| Income taxes paid | (135,337) | (133,274) |
| Net cash generated from operating activities | 562,528 | 265,273 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (176,649) | (244,773) |
| Purchase of investment property | (18,198) | - |
| Proceeds on disposal of property, plant and equipment | 6,228 | 15,741 |
| Increase in long term advances | (915) | 3,270 |
| Increase in long term deposits | (776) | (368) |
| Sales/ purchases of investments held for trading-net | 4,761 | 120,007 |
| Return on deposits received | 19,679 | 7,838 |
| Dividends received | 764 | 1,882 |
| Net cash used in investing activities | (165,106) | (96,403) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of finance lease | (2,529) | (1,821) |
| Dividend paid | (64,047) | (58,598) |
| Net cash used in financing activities | (66,576) | (60,419) |
| Net increase in cash and cash equivalents | 330,846 | 108,451 |
| Cash and cash equivalents at beginning of the year | 222,140 | 113,689 |
| Cash and cash equivalents at end of the year | 552,986 | 222,140 |

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The annexed notes 1 to 44 form an integral part of these financial statements.

RAWALPINDI

CHIEF EXECUTIVE

DIRECTOR

MURREE BREWERY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010

| | Note | Liquor Division | | Glass Division | | Tops Division | | Total | |
|--|------|-----------------|-------------|----------------|-----------|---------------|-----------|-------------|-------------|
| | | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) |
| TURNOVER | | | | | | | | | |
| Third party sales-net | 25 | 2,765,254 | 2,303,505 | 52,344 | 53,924 | 897,298 | 881,863 | 3,714,896 | 3,239,292 |
| Inter divisional sales | 25.1 | 124,589 | 117,586 | 361,319 | 271,066 | - | - | - | - |
| | | 2,889,843 | 2,421,091 | 413,663 | 324,990 | 897,298 | 881,863 | 3,714,896 | 3,239,292 |
| Duties and taxes | 25.2 | (960,697) | (851,406) | (7,605) | (7,835) | (168,061) | (162,693) | (1,136,363) | (1,021,934) |
| | | 1,929,146 | 1,569,685 | 406,058 | 317,155 | 729,237 | 719,170 | 2,578,533 | 2,217,358 |
| COST OF SALES | | | | | | | | | |
| Third parties | 26 | (957,653) | (799,335) | (380,980) | (311,065) | (439,137) | (485,563) | (1,777,770) | (1,595,963) |
| Inter divisional | | (307,823) | (230,114) | - | - | (178,085) | (158,538) | - | - |
| | | (1,265,476) | (1,029,449) | (380,980) | (311,065) | (617,222) | (644,101) | (1,777,770) | (1,595,963) |
| GROSS PROFIT | | 663,670 | 540,236 | 25,078 | 6,090 | 112,015 | 75,069 | 800,763 | 621,395 |
| Distribution cost | 27 | (103,068) | (90,939) | (1,860) | (1,672) | (73,048) | (67,296) | (177,976) | (159,907) |
| Administrative expenses | 28 | (81,462) | (73,504) | (15,610) | (13,397) | (22,805) | (20,626) | (119,877) | (107,527) |
| Finance cost | 29 | (1,620) | (4,580) | (592) | (368) | (295) | (402) | (2,507) | (5,350) |
| | | (186,150) | (169,023) | (18,062) | (15,437) | (96,148) | (88,324) | (300,360) | (272,784) |
| | | 477,520 | 371,213 | 7,016 | (9,347) | 15,867 | (13,255) | 500,403 | 348,611 |
| Other expenses | 30 | | | | | | | (37,661) | (26,311) |
| Other operating income | 31 | | | | | | | 61,839 | 18,554 |
| NET PROFIT/ (LOSS) BEFORE TAXATION | | 477,520 | 371,213 | 7,016 | (9,347) | 15,867 | (13,255) | 524,581 | 340,854 |
| Provision for taxation | 32 | | | | | | | (209,252) | (125,022) |
| NET PROFIT AFTER TAXATION | | | | | | | (26,224) | 315,329 | 215,832 |
| | | | | | | | | | (Restated) |
| EARNINGS PER SHARE - BASIC and DILUTED (RUPEES) | 33 | | | | | | | 21.85 | 14.95 |

The annexed notes 1 to 44 form an integral part of these financial statements.

RAWALPINDI

CHIEF EXECUTIVE

DIRECTOR

MURREE BREWERY COMPANY LIMITED
BALANCE SHEET
AS AT 30 JUNE 2010

| | Note | 2010 (Rs.'000) | 2009 (Rs.'000) | | Note | 2010 (Rs.'000) | 2009 (Rs.'000) |
|--|------|-------------------------|-------------------------|--------------------------------------|------|-------------------------|-------------------------|
| SHARE CAPITAL AND RESERVES | | | | NON - CURRENT ASSETS | | | |
| Share capital | 5 | 144,334 | 131,213 | Property, plant and equipment | 14 | 2,997,183 | 2,946,626 |
| Reserves: | | | | Investment property | 15 | 96,405 | 78,207 |
| Capital reserve | | 30,681 | 30,681 | Long term advances - considered good | 16 | 1,546 | 631 |
| Contingency reserve | | 20,000 | 20,000 | Long term deposits | | 3,480 | 2,704 |
| General reserve | | 327,042 | 327,042 | | | | |
| Unappropriated profit | | 916,729 | 668,388 | | | | |
| | | <u>1,294,452</u> | <u>1,046,111</u> | | | | |
| | | 1,438,786 | 1,177,324 | | | | |
| SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- net of tax | | | | CURRENT ASSETS | | | |
| | 6 | 2,346,692 | 2,358,432 | Stores, spare parts and loose tools | 17 | 72,384 | 102,474 |
| NON - CURRENT LIABILITIES | | | | Stock in trade | 18 | 595,396 | 503,415 |
| Liabilities against assets subject to finance lease | 7 | 1,633 | 1,072 | Trade debts - considered good | 19 | 38,885 | 86,697 |
| Deferred liabilities - staff retirement benefits | 8 | 23,713 | 15,769 | Advances - considered good | 20 | 18,936 | 15,035 |
| Deferred taxation | 9 | 150,156 | 137,529 | Short term prepayments | | 5,545 | 4,295 |
| | | <u>175,502</u> | <u>154,370</u> | Interest accrued | | 2,087 | 50 |
| CURRENT LIABILITIES | | | | Other receivables - considered good | 21 | 3,787 | 2,743 |
| Current portion of liabilities against assets subject to finance lease | 7 | 1,050 | 2,122 | Investments held for trading | 22 | 74,704 | 69,083 |
| Trade and other payables | 10 | 464,485 | 367,596 | Advance income tax - net | 23 | - | 25,744 |
| Unearned income | 3.16 | 1,265 | - | Cash and bank balances | 24 | 552,986 | 222,140 |
| Provision for taxation - net | 11 | 35,544 | - | | | 1,364,710 | 1,031,676 |
| | | <u>502,344</u> | <u>369,718</u> | | | | |
| | | <u>4,463,324</u> | <u>4,059,844</u> | | | <u>4,463,324</u> | <u>4,059,844</u> |
| CONTINGENCIES AND COMMITMENTS | | | | | | | |
| | 13 | | | | | | |

The annexed notes 1 to 44 form an integral part of these financial statements.

RAWALPINDI

CHIEF EXECUTIVE

DIRECTOR

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

| | <u>2009</u> | | <u>2008</u> | |
|-------------------------------------|------------------------------|----------|------------------------------|----------|
| | <u>Rs. in million</u> | % | <u>Rs. in million</u> | % |
| Sales exclusive of applicable taxes | 1,573 | | 1,270 | |
| Cost of sales | <u>1,025</u> | 65.16 | <u>819</u> | 64.48 |
| Gross profit | <u>548</u> | 34.84 | <u>451</u> | 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

| | <u>2009</u> | | <u>2008</u> | |
|--------------------------------------|------------------------------|----------|------------------------------|----------|
| | <u>Rs. in million</u> | % | <u>Rs. in million</u> | % |
| Sales exclusive of applicable taxes | 317 | | 228 | |
| Cost of sales | <u>311</u> | 98.11 | <u>243</u> | 106.57 |
| Gross Profit /(Loss) | <u>6</u> | 1.89 | <u>(15)</u> | 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

| | <u>2009</u> | | <u>2008</u> | |
|-------------------------------------|------------------------------|----------|------------------------------|----------|
| | <u>Rs. in million</u> | % | <u>Rs. in million</u> | % |
| Sales exclusive of applicable taxes | 719 | | 531 | |
| Cost of sales | <u>644</u> | 89.57 | <u>460</u> | 86.82 |
| Gross profit | <u>75</u> | 10.43 | <u>71</u> | 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 @ of 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:

| <u>Names of Directors</u> | <u>No of meetings attended</u> |
|----------------------------------|---------------------------------------|
| 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 advise 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.

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. ® 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

Acting 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, Rawalpindi/Lahore/Karachi

Askari Commercial Bank Ltd, Rawalpindi

National Bank of Pakistan, Rawalpindi/Hattar

The Bank of Khyber, Hattar.

Allied Bank Ltd, Lahore / Gujranwala

REGISTERED OFFICE

Murree Brewery Company Limited

National Park Road, Rawalpindi

Tel: 051-5567041-47, UAN 111-324-111

Fax: 051-5584420.

E-mail: murreebrewery@isb.paknet.com

murbr@isb.paknet.com.pk

Website: www.murreebrewery.com.pk

LEGAL ADVISORS

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

(c) **M/S Tanveer & Associates**
3rd Floor, Baig Plaza, Canning Road,
Saddar, Rawalpindi.

(d) **M/s Azam Chaudhry Law Associates**
5-St. No. 9, F-8/3, Islamabad

FACTORIES

(i) **Murree Brewery Company Limited**

National Park Road, Rawalpindi

Tel: 051-5567041-47, UAN 111-324-111

Fax 051-5584420

TAX ADVISOR

M/S Naseem Zafar Associates

16-A, First Floor, Sadiq Plaza,

69-Shahrah-e-Quaid-e-Azam,

Lahore. Tel: 042-6360275-6

- (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. NWFP (Pakistan).
Tel: 0995-617233, Fax: 0995-617188

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

14 Property, plant and equipment

| | Owned | | | | | | Leased | Grand | |
|--|---------------|----------------------------|--------------------------------|-----------------------------------|----------------|---------------------------------------|-----------|----------------|-----------|
| | Freehold land | Buildings on freehold land | Plant, machinery and equipment | Furniture, fixtures and equipment | Motor Vehicles | Capital work in progress (note: 14.5) | Sub total | Motor Vehicles | Total |
| | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) | (Rs.'000) |
| Original cost/ reassessed value | | | | | | | | | |
| 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 |
| Balance as at 01 July 2009 | 2,225,750 | 166,784 | 920,098 | 13,466 | 41,649 | 3,658 | 3,371,405 | 9,233 | 3,380,638 |
| Additions | - | 15,459 | 134,966 | 787 | 21,073 | 4,364 | 176,649 | 2,018 | 178,667 |
| Transfers | - | - | 3,658 | - | 4,856 | (3,658) | 4,856 | (4,856) | - |
| Disposals | - | - | - | - | (10,446) | - | (10,446) | - | (10,446) |
| Balance as at 30 June 2010 | 2,225,750 | 182,243 | 1,058,722 | 14,253 | 57,132 | 4,364 | 3,542,464 | 6,395 | 3,548,859 |
| Depreciation | | | | | | | | | |
| Balance as at 01 July 2008 | - | 58,382 | 254,667 | 8,088 | 28,745 | - | 349,882 | 3,042 | 352,924 |
| 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 |
| Balance as at 01 July 2009 | - | 68,555 | 320,453 | 9,145 | 31,718 | - | 429,871 | 4,141 | 434,012 |
| Charge for the year | - | 11,849 | 105,338 | 1,127 | 5,428 | - | 123,742 | 1,468 | 125,210 |
| Transfers | - | - | - | - | 3,471 | - | 3,471 | (3,471) | - |
| Disposals | - | - | - | - | (7,546) | - | (7,546) | - | (7,546) |
| Balance as at 30 June 2010 | - | 80,404 | 425,791 | 10,272 | 33,071 | - | 549,538 | 2,138 | 551,676 |
| Carrying amounts - 2009 | 2,225,750 | 98,229 | 599,645 | 4,321 | 9,931 | 3,658 | 2,941,534 | 5,092 | 2,946,626 |
| Carrying amounts - 2010 | 2,225,750 | 101,839 | 632,931 | 3,981 | 24,061 | 4,364 | 2,992,926 | 4,257 | 2,997,183 |
| 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 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 unauthorized occupation. The court of Civil Judge, Rawalpindi has decreed against MEO for vacating the land. However, the execution of the court decree is in process as at 30 June 2010.