



DIRECTORS' REPORT TO THE MEMBERS

BEGIN IN THE NAME OF ALLAH
THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)

Assalam-o-Alykum!

I, on behalf of Board of Directors of your Company, am pleased to present herewith un-audited financial statements of the Company for the first quarter ended September 30, 2009 together with figures for the corresponding periods.

Performance Review

The Company during the first quarter of the financial year earned a profit before tax of Rs. 45.962 million and profit after tax of Rs. 44.067 million as compared to loss before tax of Rs. 85.680 million and loss after tax of Rs. 87.144 million for the corresponding period. The Company has earned an operating profit of Rs. 63.969 million as compared to operating loss of Rs. 15.347 million for the same period during last year. The increase in profits is mainly contributed by the brokerage income and gain on sale of investments as the volumes at stock exchanges have improved and share prices have also increased as compared to corresponding period. Further, cost cutting and closure of some branch offices have resulted in decrease in administrative and general expenses. Financial charges have also decreased from Rs. 45.968 million to Rs. 8.739 million mainly due to low utilization of finance facilities as compared to corresponding period. Earnings per share for the quarter are Rs. 0.73 as compared to loss per share of Rs. 1.59 for the corresponding period.

Economic and Stock Market Review

Pakistan's economic conditions moved from volatile, towards some semblance of stability during the first quarter of 2009-2010. Pakistan continues to regularly meet the targets set in consultation with the IMF, and has entered a period of fiscal discipline. High level of inflation has also shown a decline to 10.1% in September, thanks to high-base effect of previous year, but food and fuel inflation remains a worry for the government going forward. Interest rates were lowered by the State Bank of Pakistan in August, with the discount rate being reduced from 14% to 13%.

The Pakistan Rupee remained relatively stable throughout the quarter. However, foreign direct investment showed a Y/Y decline of 59% during the quarter. Foreign portfolio flows and remittances have enabled the country to provide a slight boost to its foreign exchange reserves, which surpassed US\$14bn during the quarter.

The stock market performed well during the quarter, with the volumes also getting better as there was increased foreign participation. Foreign portfolio investors have returned to investing in Pakistan, as regional markets have also picked up during the quarter. Average daily volume at the KSE during the first quarter stood at 189mn shares.



Pakistan's stock market is likely to continue to take its cues from how the economy fares under the current IMF programme. Recent deterioration in law and order situation is also something which could impact market sentiment in the medium term.

Future Outlook

We believe that as the government is working out ways to improve the country's economic performance, the stock market volumes are improving. Near term outlook for Company's business appears promising.

Acknowledgements

The Board of Directors of your Company wishes to place on record its gratitude to the Regulators, its bankers, Members, clients and business partners for their continued cooperation and support. Further, the Board appreciates the valuable, loyal, and commendable services rendered to the Company by its employees.

In conclusion, we pray to almighty Allah for his blessings, guidance, health and prosperity to us, our company, country and nation.

For and on behalf of the Board of Directors

AMYN NASIRUDDIN
Chairman & Chief Executive Officer

Karachi, October 19, 2009