



## DIRECTORS' REVIEW

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 condensed interim financial statements of the Company for the Half year ended December 31, 2009 together with figures for the corresponding periods. These condensed interim financial statements have been reviewed by the external auditors of the Company.

### Performance Review

During the second quarter ended December 31, 2009, the company earned profit before tax of Rs. 62.420 million and profit after tax of Rs. 60.981 million as compared to loss before tax of Rs. 124.246 million and loss after tax of Rs. 131.284 million for the corresponding period. The Company has earned an operating profit of Rs. 46.120 million as compared to Rs. 42.181 million for the same period during last year. This turnaround can be attributed to increase in brokerage income, fees & commission, other income and revaluation impact of investments as a result of improvement in volumes at stock exchange, increase in business activities and increase in share prices as compared to corresponding period. Financial charges have also decreased from Rs. 48.201 million to Rs. 3.982 million due to low utilization of finance facilities as compared to corresponding period. Earnings per share for the quarter are Rs. 1.02 as compared to loss per share of Rs. 2.18 for the corresponding period.

For the half year ended December 31, 2009, the Company earned profit before tax of Rs. 108.382 million and profit after tax of Rs. 105.048 million as compared to loss before tax of Rs. 210.032 million and loss after tax of Rs. 218.534 million for the corresponding period. The Company has earned an operating profit of Rs. 110.089 million as compared to Rs. 26.921 million for the same period during last year. The conversion of losses to net profit during the half year is mainly contributed by the facts mentioned above and also by gain on sale of investments. Earnings per share for the half year are Rs. 1.75 as compared to loss per share of Rs. 3.77 for the corresponding period.

### Economic and Stock Market Review

Pakistan's economy continues to recuperate in its stability mode for now. However, there have been some fiscal spillovers appearing on the horizon with fiscal deficit target for the year being raised to 5.3% of GDP and inflation also rising back into double digits. The average inflation for first half of the fiscal year was 10.3%, which is expected to continue to increase in the coming months. The SBP also reduced its discount rate to 12.5% from a level of 13% previously.



The Pakistani Rupee got weaker during the half year with record low being touched against the US\$ in the interbank market. This was mainly due to Pakistan's inability to attract foreign investment (down 52%), and inability to receive funds pledged by Friends of Pakistan. The latest IMF tranche allowed the country's foreign exchange reserves to cross US\$15bn during the first half of 2009-10.

The stock market performed well during the half year. However, volumes reduced drastically towards the end of the half year as law and order situation took its toll on investor confidence, especially foreign investors. The absence of a leverage product in the stock market has also led to volumes being relatively thin and restricted to lower-priced stocks. Average daily volume at the KSE during the first half of 2009-10 stood at 173mn shares.

Pakistan's stock market is likely to continue to take its cues from how the economy fares under the current IMF programme. Law and order situation has improved slightly, but intermittent bomb attacks will continue to dampen investor sentiment. The expectation of imposition of a capital gains tax on sale of listed shares will also play a role in determining market direction and volumes going forward.

#### **Future Outlook**

Your Company is exploring new ventures in order to try and diversify its portfolio of operations. The Company has been provisionally accredited / approved as Interbank Broker by Financial Markets Association of Pakistan and arrangements are being made for the establishment of Interbank Market Brokerage Operations Department. Hopefully, upon the establishment of department and formal approval of FMAP, the Company will start Interbank Market Brokerage Operations in near future.

#### **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 executives and staff members.

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 and Chief Executive Officer

Karachi, February 16, 2010