



MARKETRECAP

Volatility remained the prime forte of Karachi share market on Thursday with most of the investors eyeing on short-term gains and were reluctant to take any risk. Apart from unstable domestic scenario, international factors such as weakening oil prices and turmoil in world stock markets dented the investors' sentiments by putting some psychological pressure. Consequently KSE 100 index slumped by 67.87 points to close at 13719.16 points. Subdued activity and absence of big shots can be substantiated by ready market volume that plunged by 83.344 million shares whereas market capitalization also dipped by PKR 23 billion to PKR 4.2 trillion.

Considering recovery in oil prices by 3 percent to reach at USD 89 per barrel we expect some recovery in the market today while volatility would remain intact. Since it's the last day of futures contract so some panic might be observed. We recommend investors to remain cautious and sell on strength as we foresee the choppy behavior to prevail till the upcoming elections.

FFBL & PPL result review!

FFBL...actual EPS up by 8 percent against our estimations!

Due to the rising trend in DAP prices during the coming year, prices are expected to hover in the range of PKR 1825-1850/bag. Keeping this price range in mind we estimated that FFBL being the leader in the fertilizer industry would reap the benefit of these escalating prices. However due to its plant shutdown during the 1Q07 we estimated that the gross profit would go down by 4 percent while in actuality sales went down to PKR 12.2 billion in CY07 as compared to PKR 14.7 billion in CY06. For this very reason the cost of goods sold went down beyond our expectations, the expected 4 percent decline in gross profit to PKR 4.48 billion, actually hiked up the gross profit to PKR 4.8 billion during CY07. At the same time our estimated 4 percent decline for PAT was accurate as PAT actually went down by 4.2 percent. Although the FFBL's finance costs have increased due to the plant de-bottle necking process, the low costs of production have enabled the company to marginally increase its PAT to PKR 2.5 billion in CY07 from PKR 2.4 billion. Therefore there was a marginal difference in our EPS where we expected the value to be PKR 2.52 in CY07 while actually EPS went up to PKR 2.72.

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KSE - 100 Index

KSE-100 Index KSE-100 index (Jan 24, 08)	13719.17
Change from last closing	-67.86
Change from last closing (%)	-0.49%
YTD (since dec 29,06)	-2.54%
12mth high (july05, 07) (Rs.bn)	14787.00
12mth low (july10, 06) (Rs.bn)	9504.47

KSE Market Capatalisation

KSE market capitalization (Jan 24, 08) (Rs.bn)	3747.46
KSE market capitalization (US\$.bn)	60.44
Change from last closing (%)	-0.50%
YTD (since dec29,06)	-3.50%

LATEST SCRA POSITION (Amount in '000')

22-1-2008			Cumulative Net flow during the Month (January,08)	Cumulative Net flow during the Year (July, 07)
Inflow	Outflow	Net		
875	50,613	(49,738)	(122,411)	(82,654)



Closing (24 Jan)	40.75
EPS CY07	2.72
EPS CY06	2.62
DPS CY07	13
Target Price	50
Market Cap, USD (m)	613.94
Price% change 1 day	-2.28
Price% Change QTD	-11.79
Price% canhgge YTD	35.16
Beta	0.9
52 wk high-low	48.9-29.3



Fauji Fertilizer Bin Qasim Limited

CY07 Earnings Review

PKR ('000)	Actual	Our Estimates	Margin of Error
Net sales	12,242,888	14,948,077	-18.1%
Total expenses	7,420,310	10,463,654	-29.1%
Operating profit	4,822,578	4,484,423	7.5%
Profit before tax	3,899,929	3,615,364	7.9%
Profit after tax	2,540,033	2,349,986	8.1%
EPS	2.72	2.52	7.9%



PPL...almost in line with our expectations

We estimated PPL to experience a growth in its revenues due to the increase in the production level. Our estimated earnings were 22.5 billion which were close to the actual earnings of 21.2 billion during 1HY08. We also predicted that due to higher production and higher wellhead gas prices a hefty bottom line growth would come into effect and our estimated PAT for 1HY08 was estimated to be around PKR 9.8 billion while the actual figure during this period is 9.3 billion thus proving our forecast of significant growth during the 1HY08. For this very reason we predicted that PPL would experience an EPS of PKR 12.8 whereas the actual estimate is PKR 12.32; coming almost in the same range as our forecasts. Also an encouraging factor for investors is the pure dividend play that the company has adopted with its payout ratio at 50 percent or PKR 5 per share announced as interim dividend.

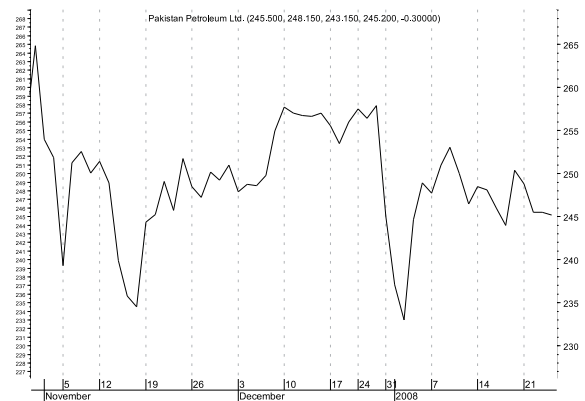
Closing (24 Jan)	245.2
EPS HY08	12.32
EPS HY07	11.2
DPS HY08	5
Target Price	320
Market Cap,USD (m)	271.17
Price% change 1 day	-0.12
Price% Change QTD	-1.5
Price% change YTD	19.29
Beta	1.91
52 wk high-low	279.05-209.09

At current levels, PPL is trading attractively with Price to Earnings multiples at 9.36 for expected FY08 earnings making it a pure buy for the investors. In addition with our DCF based target price of PKR 320, the company offers a healthy upside potential of 12 percent. BUY!

Pakistan Petroleum Limited

1HFY08 Earnings Review

PKR ('000)	Actual	Our Estimates	Margin of Error
Net sales	21,166,197	22,562,819	-6%
Total expenses	7,871,010	8,142,375	-3%
Operating profit	13,295,187	14,420,444	-8%
Profit before tax	13,492,319	14,516,317	-7%
Profit after tax	9,295,089	9,871,096	-6%
EPS	12.32	12.82	-4%





NewsFlash

Pakistan should be evaluated on economic stability: Musharraf

President Pervez Musharraf stated here in Davos, Switzerland that Pakistan is a growing economy and it should not be put down because of political uncertainties prevailing in the country. He also made several suggestions for the west to support Musharraf on fighting against terrorism at the World Economic Forum. Any developing country, be it Pakistan, Vietnam etc, should be judged with their economic performance and the welfare of the people.

No relaxation for De-mutualization Process: SECP

The Securities and Exchange Commission of Pakistan has stated that it would give no extra time for implementation of the De-Mutualization of Bourses as specified in the stock exchanges Ordinance 2007. This Ordinance has been finally approved by the federal cabinet and will now soon be promulgated by the president. After the promulgation, all three stock markets would have to comply with its regulations and requirements.

Losses of PKR 452.3 million in income tax returns

The income tax returns had uncovered a huge loss of PKR 452.3 million, showing the corporate sector's failure to deposit their four equal installments of advances in taxes under the income tax Ordinance 2001. The income tax department was actually conducting a check on the filing of income tax returns for the year 2003, 2004 and 2005 to inquire the tax payers were paying their liabilities under the income tax ordinance 2001.

Proposed economic package by USA

The white house has recommended a tentative deal on US economic package of tax rebates for families and incentives for businesses investment purposes with a cost that would exceed USD 150 billion. This deal would aim at providing tax rebates of up to USD 600 for individuals and USD 1200 for couples. It would also plan to boost the housing market by surging up the sizes of mortgages limit.

Oil prices climb by 2 percent

The international oil prices have risen once again with US economy's improving along with the announcement on the US economic package to benefit the individuals on tax rebates and also to boost the housing market. These eased up concerns among the investors and relax the market to gain momentum. The US crude settled up USD 2.42 at USD 89.41 per barrel, whereas the London Brent

gained USD 2.45 to close at USD 89.07.



MARKET SUMMARY

KSE Stock Turnover

Total volume (Jan 24,08) (sharesmn)	185.82
Total value (Rs.bn)	21.59
Total value (US\$ mn)	348.23

KSE Volume Leaders

symbol	open	high	low	close	vol. (Mn)
Arif Habib Sec.	178.50	181.75	175.25	175.30	23.89
NIB Bank	22.05	22.45	21.90	22.00	15.51
B.O.Punjab	93.55	94.20	92.85	93.10	8.57
Azgard Nine	51.50	53.45	50.80	51.50	7.29
Bosicor Pakistan	21.15	21.50	20.65	20.70	6.22

KSE % GAINERS

symbol	open	high	low	close	vol.	%change
Adamjee Insurance	367	385.35	361.55	384.85	4,108,100	4.86
Sui South GasXD	27.2	28.2	27.15	28.2	3,000,000	3.68
Pak Services	500	514	510	514	400	2.8
Pak Refinery	256.75	267.4	255	263.7	1,446,300	2.71
P.I.A.C.(A)	6.35	6.85	6.5	6.5	925,500	2.36

volume gainers % change

KSE-future (ready market)

PIAA-JAN	4.13
SSGC-JAN	3.14
PIAA-FEB	2.94
SSGC-FEB	2.75
DSFL-FEB	0.4

KSE % LOSERS

symbol	open	high	low	close	vol.	%change
Wazir Ali	46.55	45	44.25	44.25	14,500	-4.94
Samin Tex.	41.5	41.2	39.5	39.5	7,000	-4.82
Siemens Pakistan	1699	1621	1621	1621	100	-4.59
Abbott (Lab)	204.55	200.55	195	197	59,700	-3.69
Intern Ind	136	137	130.05	131.15	19,500	-3.57

volume losers % change

KSE-future (ready market)

FFBL-JAN	-2.79
FFBL-FEB	-2.71
BAFL-JAN	-2.69
BAFL-FEB	-2.29
PIOC-FEB	-1.69

CFS Volume Leaders

CFS details	Today's Vol.(m)	Previous Vol.(m)	Today's Val.(bn)	Previous Val.(bn)
TRG	50.32	49.83	0.67	0.67
WTL	46.42	46.46	0.79	0.79
PTC	30.71	29.92	1.25	1.22
AHSL	30.17	29.18	5.23	5.05
BOSI	28.41	28.89	0.59	0.61
NBP	26.29	25.79	6.06	5.97
NIB	24.55	25	0.55	0.56
BOP	23.29	20.91	2.2	2.03
OGDC	18.76	17.64	2.25	2.13
DGKC	16.71	16.01	1.55	1.02
TOTAL	295.63	289.63	21.14	20.05

KSE CFS Summary

KSE CFS vol.(Jan 24, 08)(sharesmn)	557.33
Previous week KSE CFS vol. (shares mn)	551.17
KSE CFS value (Rs.bn)	48.26
Previous KSE CFS value (Rs.bn)	47.53
12 mth high CFS value (jun 04, 07) (Rs.bn)	52.04
12 mth low CFS value (jun26, 06) (Rs.bn)	18.35
12 mth avg.CFS value (Rs.bn)	38.88

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