

January 20, 2012

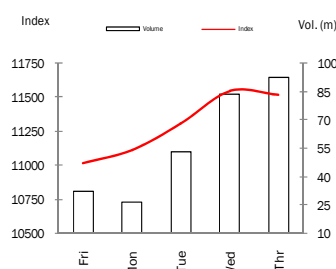
	Wed, Jan 18	Thu, Jan 19
KSE-100 Index	11,547.72	11,515.59
KSE-30 Index	10,641.23	10,600.95
Shares Traded (mn)	84	92
Value Traded - PKRm	4,061	3,539
Market Cap. - PKRbn	2,999	2,992

Market Overview

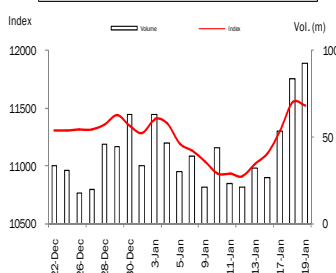
The market was mixed on Thursday as profit taking begun in some major stocks. The KSE-100 Index shed 32 points to close at 11,515 on the back of 92m shares transacted. Most of the activity was concentrated in the Chemicals, Banks, Construction & materials and Financial services sectors. The top gainers according to Index points were NESTLE, PPL and MCB; likewise the top decliners were OGDC, NBP and HBL.

We advise investors to sell on strength.

Market- Last 5 Days



Market- Last One Month



Pakistan Petroleum 2QFY12 Preview

PPL's BoD is expected to meet on January 25 to approve the 2QFY12 and 1HFY12 results and so we are presenting our forecast.

We project 2QFY12 PAT to be PKR 10.10bn (EPS: PKR 7.68), an increase of 14.4% from PKR 8.83bn (EPS: PKR 6.72) in 2QFY11. **This brings the 1HFY12 projected PAT to PKR 19.99bn (EPS: PKR 15.21)**, a growth of 20.3% YoY. Mainly higher prices have led to improvement in revenues, as production growth has been modest. During 2QFY12, we expect crude oil/condensate/NGL production to be 7.85k barrels per day and gas production of 927mmcf, an improvement of 9.8% and 3.7% YoY, respectively. The average Arab Light Crude price during 2QFY12 was US\$ 108.32 a barrel as compared to US\$ 84.16 during the 2QFY11, while the average realized price of natural gas is expected to be PKR 196.97 per mcf, an increase of 13.1% YoY. The topline is estimated to grow by 25.8% YoY to PKR 24.16bn. We forecast that the bottom line will be supplemented by other income (mainly financial income) of PKR 1.64bn, a surge of 68.7% YoY on the back of rising short

Pakistan Petroleum- Preview 2QFY12

	PKRm					
	2QFY12E	2QFY11A	% Chg	1HFY12E	1HFY11A	% Chg
Net Sales	24,159	19,197	25.8%	46,806	37,416	25.1%
Operating Cost	9,304	7,844	18.6%	17,690	14,413	22.7%
Operating Profit	14,855	11,353	30.8%	29,116	23,003	26.6%
Other Income	1,641	972	68.7%	3,231	1,931	67.3%
Other Expenses	1,134	842	34.7%	2,225	1,715	29.7%
Financial Charges	56	57	-1.3%	100	110	-9.3%
Profit Before Tax	15,305	11,426	33.9%	30,023	23,109	29.9%
Taxation	5,204	2,597	100.4%	10,035	6,491	54.6%
Profit After Taxation	10,101	8,829	14.4%	19,988	16,618	20.3%
Earning Per Share PKR	7.68	6.72	14.4%	15.21	12.64	20.3%
Operating Profit Margin	61.5%	61.0%		62.2%	61.0%	
Net Profit Margin	41.8%	40.8%		42.7%	40.8%	

Source: TSL Research & Company A/c

Corporate Office:

6th floor, Progressive Plaza,
 Beaumont Road, Karachi
 UAN: +92 (21) 111-828-787
 Fax: +92 (21) 3568-6279
 Email: research@taurus.com.pk
 URL: <http://www.taurus.com.pk>

Dealing Room Ph:

+92 (21) 35682690
 35662817, 35682559,
 35681420

Continued on Page 2

World Indices		Jan 19, 2012	
Markets at Close	Index	Chg%	
DJIA	12,624.00	0.36	
Nasdaq	2,788.33	0.67	
S&P	1,314.50	0.49	
FTSE	5,741.15	0.68	
DAX	6,416.26	0.97	
CAC-40	3,328.94	1.96	
Nikkei	8,639.68	1.04	
H.Seng	19,942.90	1.30	

term investments. In addition, we expect the company to declare a cash dividend of PKR 5 per share.

Salman Rasheed
salman@taurus.com.pk
Ext: 202

Board Meetings	Date	Time
Engro Foods	24-Jan	9:30 a.m.
PPL	25-Jan	11:00 a.m.
FFBL	26-Jan	10:30 a.m.
LOTPTA	26-Jan	1:30 p.m.
ATRL	1-Feb	10:30 a.m.
POL	2-Feb	1:30 p.m.
APL	2-Feb	2:30 p.m.
UPFL	2-Feb	2:30 p.m.
ULEVER	9-Feb	2:30 p.m.
KAPCO	15-Feb	12:30 p.m.
Indus Motor	22-Feb	9:30 a.m.

News Snapshot

Monetary and Fiscal Coordination Board meeting: The State Bank of Pakistan has shown its uneasiness on growing reliance of the federal government on borrowings, which shoot up to Rs188 billion till January 6, against the envisaged target of zero borrowings by the end of every quarter, from the central bank to finance the budget deficit, official sources said on Thursday. The central bank expressed its concerns during a meeting of the Monetary and Fiscal Coordination Board, which held its meeting Thursday with minister of finance in the chair. (The News)

Monetary announcements rescheduled: The State Bank of Pakistan (SBP) on Thursday said that the monetary policy statement for February and March 2012 will be unveiled on February 11. (The News)

Govt considering going to IMF for fresh package: The government is likely to approach the International Monetary Fund (IMF) in about two months` time for a fresh bailout package as continued rise in international oil prices and limited foreign inflows threaten Pakistan`s balance of payments position, informed sources told Dawn. (Dawn)

Fiscal tightening: SBP opposes debt swap with commercial banks: State Bank of Pakistan on Thursday opposed the debt swap deal with commercial banks, warning the federal government to stop ruining the private sector as the country`s budget deficit widened to 4.5 per cent or Rs932 billion in the first half of the financial year. (Express Tribune)

Forex reserves flat at \$16.90bn: Foreign exchange reserves were flat at \$16.90 billion in the week ending January 13, unchanged from the previous week, the central bank said on Thursday. (Daily Times)

ECC to slash GST on tractors to five percent: The Economic Co-ordination Committee (ECC) of the Cabinet which is scheduled to meet on Friday (today) will slash General Sales Tax (GST) on tractors by 11 per cent i.e. from 16 per cent to 5 per cent which according to analysts will encourage flying invoice of tractors, well informed sources told Business Recorder. (BR)