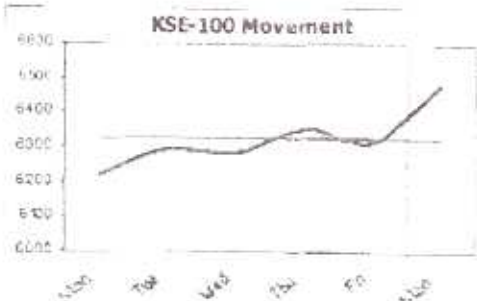




**KEY DATA**



EQ. MARKET	High	Low	Close	Chg.	Vol. (m sh)
KSE-100	6500	6318	6484	165.24	765
P.T.C.L.A	49.50	46.65	49.60	3.45	191.92
P.S.D	316.40	295.25	315.00	16.00	69.70
Oil & Gas Dev. Co.	74.30	72.60	73.50	0.90	44.32
National Bank	97.00	92.90	97.00	5.85	43.65
D.G. Khan Cement	57.40	55.75	56.95	1.55	39.54

COT MARKET	C. Rate (%)	C. Vol (mm sh)	P. Rate (%)	P. Vol (mm sh)
KSE-100	16.85	15.68	15.68	503
P.T.C.L.A	12.04	49.40	10.68	50.06
P.S.D	16.55	54.35	12.03	53.53
Oil & Gas Dev. Co.	16.88	40.62	15.73	42.71
National Bank	17.53	58.25	14.63	58.99
D.G. Khan Cement	17.53	37.27	16.00	38.13

MONETARY MARKET DESK	T-Bills	REPO	Call
1 Month	N/A	7.26 %	7.36 %
3 Month	4.50 %	4.98 %	5.88 %
6 Month	4.75 %	5.30 %	6.21 %
3 & 6 - Month Kibor	5.43% & 5.90%		
3 - Month PTB Yield	- A 7.70%		

MARKET	Bid	Offer	Close
2Y	59.5600	59.5900	59.5750

EVENT CALENDAR	Date	Event
Shell Pakistan	20-01-2005	BoD Meeting
BOC Pakistan	27-01-2005	BoD Meeting
Fauji Fert. Co.	31-01-2005	BoD Meeting
Engro Chemical Pakistan	08-02-2005	BoD Meeting

**NEWS HIGHLIGHTS**

➤ PTCCL revenues to get inflated by potential reversal in APC revenues provisioning in 1QFY05 (Our Sources)

(POSITIVE)

According to our sources in the company, PTCCL's revenues are likely to be inflated by about PKR200 (PKR0.25/share) in its 2QFY05 results. This is due to (i) an addition of about PKR400mil of the revenues related to Interconnect, which were not incorporated in 1QFY05 due to non-finalization of Interconnect draft rules. The Ministry of Telecom and IT has recently released rules for Access Promotion Contribution Fund (APC), which are applicable from January 1, 2005. Therefore any provisions, which were made by PTCCL in the period during 1QFY05, would be reversed. (ii) PTCCL is likely to book about PKR 200 million revenues under APC account during 2QFY05. Provisions for APC revenue and cost will be applicable from 2H FY05 while the Ministry still has to finalize Global Service Fund rules for which it is still in search of an adviser. Therefore we do not expect these rules to be applicable on PTCCL during FY05. PTCCL booked a net profit of PKR22mm (EPS: 1.23) in 1QFY05. However, we are still in the process of refining our earnings estimates, we believe that PTCCL is likely to book a net profit of PKR200 million (EPS: PKR2.16 -8.50n) in 2QFY05.

➤ Four firms submit bids for PTCCL (BFI)

(NEUTRAL)

According to the privatization Minister Mr. Abdul Hafeez Sheikh, 4 firms have submitted Expression of Interest (EOI) for acquiring 26% interest with strategic control in PTCCL and more EOIs are expected before the end of the deadline of January 28. However, no names were mentioned. While the news flow on PTCCL privatization is quite positive and we do believe that it is a double transaction within this year, we believe that there is a need for the government officials to understand the sensitivity of the news flow in this regard for the stock market. In our view, such news should be announced in either specially held news conferences or through proper government announcements to curb speculation in the stock market due to which the stock market usually suffer. PTCCL made its largest one-day move of 16% on 11th January 2005. The news of the privatization front will further fuel the stock price in the near to medium term.

➤ Hungarian MOL Reports 2nd Pakistan Discovery in Tal Block (Dow Jones)

(POSITIVE)

The operator of Tal block, MOL has declared 2<sup>nd</sup> discovery of oil gas at Makran field located in the block, OGBCL, PAKOC, and POC have significant stake in the field. We would be covering this development in detail shortly.

➤ Singapore firm buys stake in NDL (Dow Jones)

(NEUTRAL)

A Singapore state investment agency, Temasek Holdings (Singapore) Pte Ltd has agreed to purchase 25% stake in NDL-DFC Bank (NDB) from the Government of the bank. Temasek would conduct this transaction through its 100% owned subsidiary, Bugis Investment (Mauritius) Pte Ltd. Reportedly, Temasek seeks to diversify its investment to realize better yields. Deal size has not been mentioned but as an assumed P/BV of 1.75x, we estimate the total size of investment to be PKR583mm (USD9.96mm). The book value per share of the bank stands at PKR10.3 as per latest quarterly published accounts. As one of the main investors of foreign investor is likely to (1) improve overall management performance and (2) enhance capacity to better meet regulatory requirement related with any possible branch expansion plan.

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