RIAZ AHMAD & COMPANY
Chartered Accountants

FFBL POWER COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED

31 DECEMBER 2014

NEXIA INTERNATIONAL

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of FFBL **POWER COMPANY LIMITED** as at 31 December 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the period was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;

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(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 31 December 2014 and of the loss, its comprehensive loss, its cash flows and changes in equity for the period then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Atif Bin Arshad

Date: 29 JAN 2015

Islamabad

FFBL POWER COMPANY LIMITED

BALANCE SHEET

AS AT DECEMBER 31,2014

	NOTE	2014 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
600,000,000 ordinary shares of Rupees 10 each		6,000,000,000
Issued, subscribed and paid-up share capital		
100,000 ordinary shares of Rupees 10 each issued as fully paid in cash	3	1,000,000
Accumulated loss		(21,041,291)
TOTAL EQUITY		(20,041,291)
Share deposit money	4	1,355,102,610
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		230,000
TOTAL LIABILITIES		230,000
CONTINGENCIES AND COMMITMENTS	5	-
TOTAL EQUITY AND LIABILITIES		1,335,291,319

	NOTE	2014 Rupees
ASSETS		
NON-CURRENT ASSETS		
Plant and equipment	6	1,321,678,835
CURRENT ASSETS		
Stores and spares		12,940,705
Prepayment		70,411
Advance income tax		2,823
Bank balances	7	598,545
		13,612,484
TOTAL ASSETS		1,335,291,319

The annexed notes form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

FFBL POWER COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM JUNE 27, 2014 TO DECEMBER 31, 2014

	NOTE	For the period from June 27, 2014 to December 31, 2014 Rupees
ADMINISTRATIVE EXPENSES	8	(21,069,525)
OTHER INCOME	9	28,234
LOSS BEFORE TAXATION		(21,041,291)
TAXATION		-
LOSS AFTER TAXATION		(21,041,291)
LOSS PER SHARE - BASIC AND DILUTED	10	(210)

The annexed notes form an integral part of these financial statements.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR

FFBL POWER COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JUNE 27, 2014 TO DECEMBER 31, 2014

	For the period from June 27, 2014 to December 31, 2014 Rupees
LOSS AFTER TAXATION	(21,041,291)
OTHER COMPREHENSIVE INCOME	
Items that will not be reclassified to profit or loss	-
Items that may be reclassified subsequently to profit or loss	-
Other comprehensive income for the period	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(21,041,291)

The annexed notes form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

FFBL POWER COMPANY LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD FROM JUNE 27, 2014 TO DECEMBER 31, 2014

	For the period from June 27, 2014 to December 31, 2014
	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(21,041,291)
Adjustments for non-cash charges and other items:	
Depreciation	1,175,757
Cash used in operating activities before working capital changes	(19,865,534)
Working capital changes	
Increase in current assets	
Stores and spares	(12,940,705)
Prepayment	(70,411)
Increase in trade and other payables	230,000
	(12,781,116)
Cash used in operations	(32,646,650)
Income tax paid	(2,823)
Net cash used in operating activities	(32,649,473)
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditure on plant and equipment	(1,322,854,592)
Net cash used in investing activities	(1,322,854,592)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of share capital	1,000,000
Share deposit money	1,355,102,610
Net cash from financing activities	1,356,102,610
Net increase in cash and cash equivalents	598,545
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	598,545

The annexed notes form an integral part of these financial statements.

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR

FFBL POWER COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM JUNE 27, 2014 TO DECEMBER 31, 2014

	Share capital	Accumulated loss	Total equity
	Rupees		
Balance as at June 27, 2014	-	-	-
Transactions with owners:			
Ordinary shares issued during the period	1,000,000	-	1,000,000
	1,000,000	-	1,000,000
Loss for the period	-	(21,041,291)	(21,041,291)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(21,041,291)	(21,041,291)
Balance as at December 31, 2014	1,000,000	(21,041,291)	(20,041,291)

The annexed notes form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

1. THE COMPANY AND ITS OPERATIONS

FFBL Power Company Limited ("the Company") is a public limited company incorporated on June 27, 2014 in Pakistan under the Companies Ordinance, 1984. The registered office of the Company is situated at 73 Harley Street, Rawalpindi. The principal activity of the Company is generation and supply of electricity and all other forms of energy. However, the Company has not started its commercial operations as the Company is in its pre-commencement phase. The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited (the holding company) with shareholding of 99.99%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the historical cost convention.

c) Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency.

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

Plant and equipment

The Company reviews the useful lives and residual value of plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of plant and equipment with a corresponding effect on the depreciation charge and the impairment.

Provision for inventory obsolescence

The Company reviews the carrying amount of stock, stores and spares on a regular basis and as appropriate inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

Contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any.

e) Initial application of standards, amendments and interpretations to published approved standards

These financial statements are the Company's first issued financial statements. The Company has adopted all IFRS as applicable in Pakistan.

f) Standards, interpretations and amendments to published approved standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2015 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IFRS 13 'Fair Value Measurement', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', that is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Taxation

Current

The profits and gains of the company derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001.

However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

Deferred tax has not been provided in these financial statements as the Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

2.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.4 Plant and equipment and capital work in progress

Cost

Plant and equipment except capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets, other directly attributable cost of bringing the asset to working condition and cost of dismantling and removing the items and restoring the site on which they are located. Capital work-in-progress is stated at cost less allowance for impairment, if any.

Depreciation

Depreciation on plant and equipment is charged to profit and loss account applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 6.1.

Depreciation on additions is charged from the month of acquisition while no depreciation is charged in the month of disposal.

De-recognition

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognized.

2.5 Stores and spares

These are valued at lower of weighted average cost and net realizable value, less provision for slow moving and obsolete items, if any.

2.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and/or services received, whether or not billed to the Company.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks on deposit accounts. These are carried at book values which approximate their fair values.

2.8 Revenue recognition

Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.9 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instruments.

2.10 Foreign currency transactions

Transactions in foreign currency are accounted for at exchange rates prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at the year-end are translated at exchange rates prevailing at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Exchange differences are included in profit and loss account for the year.

2.11 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.12 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3 SHARE CAPITAL

The holding company held 99,991 (99.99%) ordinary shares of the Company at the period end.

4 SHARE DEPOSIT MONEY

This represents share deposit money by the holding company.

		2014 Rupees
5	CONTINGENCIES AND COMMITMENTS	
5.1	Contingencies	Nil

5.2 Commitments in respect of letter of credit for capital expenditure amount to Rupees 22.294 million.

		NOTE	2014 Rupees
6	PLANT AND EQUIPMENT		
	Operating fixed assets	6.1	8,820,825
	Capital work in progress	6.2	1,312,858,010
			1,321,678,835

6.1 Operating fixed assets

	Computer and IT installations	Furniture and fittings	Total
	..................Rupees..................		
As at June 27, 2014			
Cost	-	-	-
Accumulated depreciation	-	-	-
Net book value	-	-	-
Period ended December 31, 2014			
Opening net book value	-	-	-
Additions during the period	6,418,777	3,577,805	9,996,582
Depreciation charge	(969,544)	(206,213)	(1,175,757)
Closing net book value	5,449,233	3,371,592	8,820,825
At December 31, 2014			
Cost	6,418,777	3,577,805	9,996,582
Accumulated depreciation	(969,544)	(206,213)	(1,175,757)
Net book value	5,449,233	3,371,592	8,820,825
Annual rate of depreciation (% per annum)	33	10	

		2014 Rupees
6.2	Capital work in progress	
	It comprises of:	
	Advance against purchase of plant and equipment	923,839,012
	Legal and professional charges	202,060,553
	Contractors and technical service charges	156,475,076
	Travelling and transportation costs	30,483,369
		1,312,858,010

7 BANK BALANCES - Deposit accounts

The balances in deposit accounts carry interest rates ranging from 6.5% to 7.7% per annum. This includes balance of Rupees 23,580 with Askari Bank Limited - an associated company.

		NOTE	From June 27, 2014 to December 31, 2014 Rupees
8	ADMINISTRATIVE EXPENSES		
	Registration charges		16,293,870
	Renovation expenses		1,222,428
	Depreciation	6.1	1,175,757
	Communication		141,000
	Advertisement		1,467,440
	Printing and stationery		401,007
	Auditors' remuneration	8.1	230,000
	Repair and maintenance		61,072
	Others		76,951
			21,069,525

8.1	Auditors' remuneration	
	Statutory audit fee	75,000
	Special audit fee	75,000
	Tax advisory services	60,000
	Out of pocket expenses	20,000
		230,000

9 OTHER INCOME

This represents profit on bank deposits.

10 LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share which is based on:

Loss attributable to ordinary shares	(Rupees)	(21,041,291)
Weighted average number of ordinary shares	(Numbers)	100,000
Loss per share	(Rupees)	(210)

11 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amount charged in the financial statements for the period as remuneration to chief executive, directors and executives is Nil.

12 NUMBER OF PERSONS EMPLOYED

Total number of employees as at December 31, 2014	Nil

The holding company charges against services provided by its employees.

13 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

13.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to three types of market risk: currency risk, other price risk and interest rate risk.

13.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk at the balance sheet date.

13.1.2 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk as it does not have any investments in equity securities. The Company is also not exposed to commodity price risk.

13.1.3 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk at the balance sheet date.

13.2 Credit Risk

Credit risk represents the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to its bank balances.

The maximum exposure to credit risk is equal to the carrying amount of financial assets. The maximum exposure to credit risk at reporting date is as follows:

	2014
	Rupees
Bank balances	598,545

14 RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited (FFBL) with 99.99% holding. The holding company is an associate of Fauji Fertilizer Company Limited (FFCL) with 49.88% holding. FFCL is sponsored by Fauji Foundation (FF) which holds 17.29% shares in the holding company. Therefore, all subsidiaries and associated undertakings of FF, FFCL and FFBL are related parties of the Company. The Company has related parties which comprise of entities under common directorship, directors and key management personnel. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2014 Rupees
Holding company	
Plant and equipment acquired	1,322,427,726
Stores and spares purchased	12,940,705
Expense prepaid on behalf of the Company	70,411
Administrative expenses incurred on behalf of the Company	19,663,768
Associated company	
Profit on bank deposit	27,073

15 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 29 JAN 2015 by the Board of Directors of the Company.

16 CORRESPONDING FIGURES

Corresponding figures have not been presented in these financial statements as the financial statements have been prepared since the date of incorporation.

17 GENERAL

Figures have been rounded off to the nearest Rupee.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR

Directors' Report - FPCL

On behalf of the Board of Directors, I am pleased to present 1st Annual Report along with audited Financial Statements of the Company and the Auditors' report thereon for the year ended December 31, 2014.

The Company and its Operations

FFBL Power Company Limited ("the Company") is a public limited company incorporated on June 27, 2014 in Pakistan under the Companies Ordinance, 1984. The registered office of the Company is situated at 73 Harley Street, Rawalpindi. The principal activity of the Company is generation and supply of electricity and all other forms of energy. However, the Company has not started its commercial operations. The Company is a wholly owned subsidiary of Fauji Fertilizer Bin Qasim Limited.

Financial Highlights

The Company reported net loss after taxation of Rs 21.04 million for the period ended December 31, 2014 mainly due to non-commencement of commercial operations.

Property and equipment mainly comprises of Capital Work in Progress of Rs 1.31 billion and other assets that include computers and furniture of Rs 8.8 million. Current liabilities comprise of audit fee payable of Rs. 230 thousand, while current assets include Rs. 12.9 million on account of stores items, bank balance of Rs. 599 thousand, prepayments of Rs. 70 thousand and Rs 3 thousand on account of advance tax.

Holding Company

FFBL Power Company Limited is a wholly owned subsidiary of Fauji Fertilizer Bin Qasim Limited. The registered office of the Company is situated at Rawalpindi, Pakistan.

Pattern of Shareholding

The pattern of Shareholding as on December 31, 2014 is as following:

Pattern of Shareholding	Number of Shares
1. Holding Company and Related Parties	
Fauji Fertilizer Bin Qasim Limited	99,991
2. Directors, CEO, their spouses and minor children	
Lt Gen Muhammad Mustafa Khan, HI (M) (Retd)	1
Lt Gen Muhammad Haroon Aslam, HI (M), Sbt, (Retd)	1
Lt Gen Naeem Khalid Lodhi, HI (M), (Retd)	1
Mr Qaiser Javed	1
Dr Nadeem Inayat	1
Brig Dr Gulfam Alam (Retd)	1
Maj Gen Syed Jamal Shahid (Retd)	1
Syed Aamir Ahsan	1
Mokarram Mirza	1

Future Outlook and Strategy

The Company has planned to set up a 118 MW coal-fired cogeneration power plant to sell power to Karachi Electric Supply Corporation and sell power and steam to Fauji Fertilizer Bin Qasim Limited fertilizer plant.

Acknowledgment

The management has all the confidence in the future and with high investment potential opportunities in the energy sectors we believe that by increasing the investment base we expect to achieve profitability that will have a positive impact on the national economy.

On behalf of the Board, I would like to acknowledge with thanks the efforts and contributions made by the management staff, employees, regulatory authorities and various government functionaries.

For and on behalf of the Board

Lt Gen Khalid Nawaz Khan, HI (M), (Retd)
Chairman