

Directors' Report – FFBL Power Company Limited

On behalf of the Board of Directors, I am pleased to present 2nd Annual Report along with audited Financial Statements of the Company and the Auditors' report thereon for the year ended December 31, 2015.

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 Company is setting up a coal fired power generation facility for supply of electricity to K-Electric and Fauji Fertilizer Bin Qasim Limited (FFBL) Karachi along with supply of steam to the later on requirement. The Project is at advance stage of Construction and work is being executed on fast track basis. Expected date of commercial operations is March 2017.

Capital Structure

Equity injection has been made by FFBL and Fauji Foundation (the "Sponsors") having a share of 75% and 25% respectively. The Sponsors have injected their entire share of equity in the project. The detail is as follows:

Fauji Fertilizer Bin Qasim Limited : Rs. 5,465,625,000

Fauji Foundation : Rs. 1,821,875,000

The debt financing has arranged through consortium of local banks for Rs. 21.86 billion. The Company has achieved financial closing and currently is in a process of completing the requirements of lenders for disbursement of debt.

Financial Highlights

Since the company has not started commercial production yet so profit & loss account shows administrative expenses of 15.2 million which mainly includes depreciation, renovation and other expenses. Other income of Rs. 16 million is on bank deposits. The commercial operations is expected to begin in first quarter of year 2017.

Property and equipment mainly comprises of Capital Work in Progress of Rs. 12.05 billion and other assets that include computers, furniture and vehicles of Rs. 17.80 million. Current liabilities comprise of retention money, audit & advisory fee and security refundable of Rs. 13.20 million, short term borrowings (including markup payable) of Rs. 7.47 billion, while current assets include Rs. 0.90 thousand on account of stores items, bank balance of Rs. 2.50 billion, advances and prepayments of Rs. 5.56 million and Rs. 155.74 million on account of advance tax on imports and profit on bank deposits.

Pattern of Shareholding

The pattern of Shareholding as on December 31, 2015 is as following:

Pattern of Shareholding	Number of Shares
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1. Holding Company and Related Parties

Fauji Fertilizer Bin Qasim Limited	516,749,991
Fauji Foundation	172,250,000

2. Directors, CEO, their spouses and minor children

Lt Gen Khalid Nawaz Khan (Retd)	1
Lt Gen Muhammad Haroon Aslam (Retd)	1
Lt Gen Shafqaat Ahmed (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
Mr. Mokarram Mirza	1

Future Outlook and Strategy

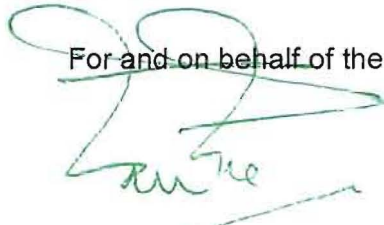
To achieve multifold objective, the company opted for an unconventional challenging strategy that is project execution through package approach counting on in-house technical strength and history of successes. Alhumdollilah, project is progressing in the right direction and on fast-track as per targeted timeline.

The management is striving to undertake projects of larger magnitude in power sector having confidence on the positive future outcome. This will create further job opportunities, skills training, connection with global market opportunities, and capacities to earn an income for transformation of communities.

Acknowledgment

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

For and on behalf of the Board



Lt Gen Khalid Nawaz Khan (Retd)

Chairman