

DIRECTOR'S REVIEW REPORT - FFBL POWER COMPANY LIMITED

Directors' Report

The Board of Directors' is pleased to present Operational and Financial overview of FFBL Power Company Limited (FPCL) along with the audited Financial Statements of the Company and the Auditors' report thereon for the year ended 31 December 2017.

Principal Activity

FPCL was incorporated as a Public Limited Company on 27 June 2014 with Fauji Fertilizer Bin Qasim Limited and Fauji Foundation subscribing to 75% and 25% of the total paid-up capital, respectively. The principal activity of the Company is to Build, Own and Operate a Coal Based Power Generation Facility at Port Qasim Karachi with a Gross Capacity of 118 MW. The Company commenced its Commercial Operation on 19 May 2017.

Financial Results

During the year ended 31 Dec 2017 the Company has recorded Revenue amounting to PKR 7,957 Million against Cost of Sales of PKR 4,952 Million. Profit after Taxation stood at PKR 1,740 Million as against Loss of PKR 52.9 Million posted during the last financial year resulting in Earnings per share (EPS) of PKR 2.14 (2016: LPS PKR 0.07).

Increase in the Fixed Assets of PKR 3,439 Million is attributable to the capitalization of Property, Plant & Equipment from Capital Work in Progress.

Current assets mainly comprise of Stock-in-Trade amounting to PKR 780 Million, Trade Debt amounting to PKR 1,382 Million includes receivable from FFBL (PKR 556 Million) and K-Electric (PKR 824 Million). Advances, pre-payments & other receivables amounting to PKR 569 Million include receivable from Adamjee Insurance PKR 198 Million on account of revenue loss. Short Term Investments comprise of Term Deposits Receipts of PKR 2,900 Million.

Current Liabilities mainly comprises of Payable to Coal Supplier PKR 1,219 Million, Payable to FFBL PKR 160 Million, Retention Money payable amounting to PKR 106 Million and PKR 1,591 Million being the current portion of Long Term Finance Facilities. Short Term Borrowing of PKR 1,316 Million was availed during the year.

The first three principal repayments under the Long Term Finance Facilities amounting to PKR 1,114 Million have been paid during the year ended 31 Dec 2017. Outstanding Long Term Finance Facilities as at 31 Dec 2017 amount to PKR 20,748 Million.

Operational Results

The Company successfully achieved Commercial Operations (COD) on May 19, 2017. During the year the Company delivered Electricity of 75,060 MWh (68% of Budget and 57.4% of installed capacity) to Fauji Fertilizer Bin Qasim Ltd and 281,691 MWh (103% of Budget and 99.4% of installed capacity) to K-Electric Ltd. The Company has also delivered 952,690 Metric Tons (95% of Budget and 87.4% of installed capacity) of Steam to Fauji Fertilizer Bin Qasim Ltd.

The demand of electricity has always been on the rise and the trend is expected to remain the same. Though the Government of Pakistan has been actively pursuing various Power Projects to bridge the gap of demand and supply and many projects being in the pipeline, the gap is not expected to close in the near future.

Internal Control System

The company management has adopted good internal control policies and procedures to achieve its objective of efficient conduct of business operations. Internal Audit function has also been setup by the board which reports to the Audit Committee.

Board of Directors

The Board exercises the power conferred to it by the Companies Act, 2017 and the Memorandum and Articles of Association of the Company, through Board meetings, which are held in every quarter for reviewing and approving the adoption of Company's Financial Statements, formulating strategies, providing guidance to the Company's Management and monitoring their performance.

List of Directors

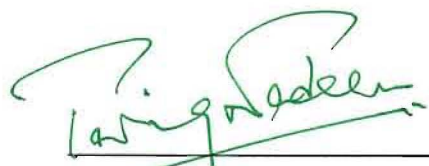
- a. Lt Gen Syed Tariq Nadeem Gilani, HI (M), (Retd)
- b. Lt Gen Javed Iqbal, HI (M),(Retd)
- c. Lt Gen Shafqaat Ahmed, HI (M), (Retd)
- d. Maj Gen Tahir Ashraf Khan, HI (M), (Retd)
- e. Mr Qaiser Javed
- f. Dr Nadeem Inayat
- g. Syed Aamir Ahsan
- h. Mr. Anwar Mahmood Shahid
- i. Brig Raashid Wali Janjua (Retd)

Pattern of Shareholding

<u>Categories</u>	<u>No of Shares</u>	<u>%</u>
Directors, CEO and their spouses	9	
Fauji Fertilizer Bin Qasim Limited (FFBL)	644,062,491	75%
Fauji Foundation (FF)	214,687,500	25%

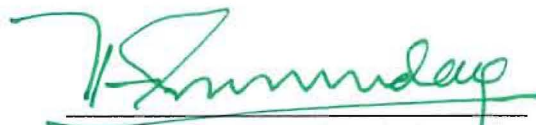
Acknowledgements

The Board acknowledges and appreciates with thanks the continued efforts and contributions of all stakeholders in smooth operations of the Company and expects the same to continue in the future.



Lt Gen Syed Tariq Nadeem Gilani, HI (M), (Retd)
Chairman

For and on behalf of the Board



Lt Gen Javed Iqbal, HI (M), Retd
Chief Executive & Managing Director

Islamabad
January 25, 2018