

Directors' Report – FFBL Power Company Limited

General

The Board of Directors' is pleased to present Operational and Financial overview of FFBL Power Company Limited (FPCL) along with the Un-audited condensed interim financial information of the Company for the Half Year ended 30 June 2018.

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 Half Year ended 30 June 2018, the Company has recorded Revenue amounting to PKR 8,125 Million (1,510 million in 2017) against Cost of Sales of PKR 5,372 Million (898 million in 2017). Profit, after Taxation, stood at PKR 1,628 Million as against Profit of PKR 356 Million posted during the last Half Year ended 30 June 2017 resulting in Earnings Per Share (EPS) of PKR 1.90 (PKR 0.47 in 2017).

Increase in the Fixed Assets of PKR 460 Million is attributable to the capitalization of Property, Plant & Equipment of PKR 434 Million and increase in Capital Work in Progress of 26 Million.

Current assets, mainly comprise of Stock-in-Trade amounting to PKR 499 Million, Trade Debt amounting to PKR 2,205 Million includes receivable from FFBL (PKR 790 Million) and K–Electric (PKR 847 Million). Advances, pre-payments & other receivables amounting to PKR 415 Million and Short Term Investments comprise of Term Deposits Receipts (TDRs) of PKR 1,400 Million.

Current Liabilities mainly comprises of Payable to Coal Supplier PKR 1,528 Million, Payable to FFBL PKR 79.5 Million, Retention Money payable amounting to PKR 106 Million and PKR 1,654 Million being the current portion of Long Term Finance Facilities.

The Fifth principal repayments under the Long Term Finance Facilities amounting to PKR 394 Million have been paid during the Quarter ended 30 Jun 2018. Outstanding Long Term Finance Facilities as at 30 June 2018 amount to PKR 19,969 Million.

Operational Results

During the Period, the Company delivered Electricity of 71,540 MWh (101.9% of Budgeted) to Fauji Fertilizer Bin Qasim Ltd and 209,601 MWh (115.83% of Budgeted) to K-Electric Ltd. The Company has also delivered 686,848 M.Tons (96.52% of Budgeted) 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's Management has adopted 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 the Directors of the Company

- Lt Gen Syed Tariq Nadeem Gilani, HI (M), (Retd)
- Lt Gen Javed Iqbal, HI (M),(Retd)
- Lt Gen Tariq Khan, HI (M), (Retd)
- Maj Gen Tahir Ashraf Khan, HI (M), (Retd)
- Mr Qaiser Javed
- Dr Nadeem Inayat
- Syed Aamir Ahsan
- Mr. Anwar Mahmood Shahid
- 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 operation of the Company and expects the same to continue in the future.

For and on behalf of the Board

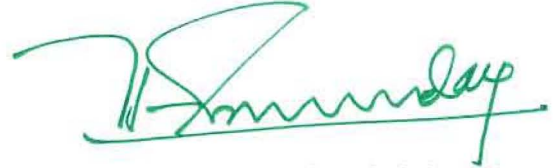


Lt Gen Syed Tariq Nadeem Gilani, HI (M), (Retd)

Chairman

Islamabad

July 27, 2018



Lt Gen Javed Iqbal, HI (M), (Retd)

Chief Executive & Managing Director