

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 Un-Audited condensed interim financial information of the Company for the nine months ended 30 Sept 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 nine months ended 30 Sept 2018 the Company has recorded Revenue amounting to PKR 11,852 Million (4,572 million in 2017) against Cost of Sales of PKR 7,938 Million (2,782 million in 2017). Profit after Taxation stood at PKR 2,166 Million as against Profit of PKR 1,087 Million posted during the nine months ended 30 Sept 2017 resulting in Earnings per share (EPS) of PKR 2.52 (PKR 1.36 in 2017).

The decrease in fixed asset by PKR 174.9 million is mainly attributable to depreciation for the period of PKR 746.4 million netted off by addition in Property Plant & Equipment of PKR 384 million and increase in Capital Work in Progress of 189.5 million.

Current assets mainly comprise of Stock-in-Trade amounting to PKR 1,919 Million, Trade Debt amounting to PKR 1,015 Million includes receivable from FFBL (PKR 633 Million) and K-Electric (PKR 328 Million). Advances, prepayments & other receivables amounting to PKR 1,050 Million and Short Term Investments comprise of Term Deposits Receipts of PKR 1,600 Million.

Current Liabilities mainly comprises of Payable to Coal Supplier PKR 1,249 Million, Payable to FFBL PKR 87.9 Million, Retention Money payable amounting to PKR 108 Million and PKR 1,687 Million being the current portion of Long Term Finance Facilities.

The sixth principal repayment under the Long Term Finance Facilities amounting to PKR 401 Million have been paid during the quarter ended 30 Sept 2018. Outstanding Long Term Finance Facilities as at 30 Sept 2018 amount to PKR 19,567 Million.

Operational Results

During the Period the Company delivered Electricity of 112,348 MWh (100.19% of Budget) to Fauji Fertilizer Bin Qasim Ltd and 296,141 MWh (104.07% of Budget) to K-Electric Ltd. The Company has also delivered 1,079,836 Metric Tons (94.82% of Budget) 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	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.

For and on behalf of the Board

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

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

Islamabad
October 24, 2018