

DIRECTORS REVIEW REPORT - FFBL POWER COMPANY LIMITED

For the Half Year Ended June 30, 2019

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 financial information of the Company for the half year ended June 30, 2019.

Principal Activity

FPCL was incorporated as a Public Limited Company on 27 June 2014 with Fauji Fertilizer Bin Qasim Limited and Fauji Foundation subscribing 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 half year ended June 30, 2019, FPCL has recorded Revenue amounting to PKR 8,126 Million (2018: 8,125 Million) against Cost of Sales of PKR 4,910 Million (2018: 5,375 Million). Profit after Tax stood at PKR 1,754 Million as against Profit of PKR 1,627 Million posted during the half year ended June 30, 2018 resulting in Earnings per share (EPS) of PKR 2.04 (2018: PKR 1.90).

The decrease in fixed asset by PKR 169 Million is mainly attributable to depreciation for the period amounting to PKR 487.4 Million which is netted off against addition in Property Plant & Equipment for PKR 32.6 Million & increase in Capital Work in Progress of PKR 285.7 Million.

Current assets mainly comprise of Stock-in-Trade amounting to PKR 1,180 Million, Trade Debt amounting to PKR 2,068 Million which includes receivable from FFBL (PKR 947 Million) and K-Electric (PKR 1,093 Million) and Advances, prepayments & other receivables amounting to PKR 353 Million.

Current Liabilities mainly comprises of payable against 20th Coal Shipment of PKR 630 Million, Payable to GE Oil & Gas PKR 70.9 Million, Payable to FFBL PKR 113.68 Million, Retention Money payable amounting to PKR 20.6 Million and PKR 1,788 Million being the current portion of Long Term Finance Facilities.

The ninth (9th) principal loan repayment under the Long Term Finance Facilities amounting to PKR 425.6 Million have been paid during the quarter ended 30 Jun 2019. Outstanding Long Term Finance Facilities as at 30 Jun 2019 amounts to PKR 18,343 Million.

Operational Results

During the Period FPCL delivered 69,499 MWh (91.36% of Budget) Electricity to Fauji Fertilizer Bin Qasim Ltd and 214,213 MWh (112.88% of Budget) to K-Electric Ltd. The Company has also delivered 677,220 Metric Tons (98.89% 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 still expected to remain 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 every quarter in a year 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)
- Maj Gen Kaleem Saber Taseer (Retd)
- Brig Asif Ali (Retd)
- Mr. Rehan Laiq
- Syed Iqtidar Saeed
- Syed Aamir Ahsan

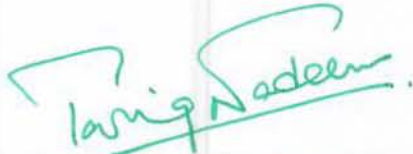
Pattern of Shareholding

<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
July 25, 2019