

Directors' Report

The Directors are pleased to present 16th Annual Report along with audited Financial Statements of the Company and the Auditors' report thereon for the year ended 31 Dec 2009, with an achievement of the best results to-date.

Pakistan Economy and its Outlook

Pakistan's economy grew by 2 percent in the last financial year (2008-09) with major contribution of agriculture sector of 4.7 percent, as compared to 1.1 percent witnessed last year. Though the overall growth is at slowest pace in eight years, after an average annual pace of 6.8 percent in the previous five years, but looks satisfying in the backdrop of global recession where positive growth is a rare exception.

Pakistan economy faced many challenges during 2009. The government was required to adopt tight fiscal and monetary policies in the form of high interest rates contrary to global trends, increase in taxes and reducing subsidies. Deteriorating law and order situation and severe power shortages not only affected local investors and businessmen but also made foreign investors cautious in bringing additional capital. The fight against terrorism itself is quite an expensive venture with no or very little international community support.

Growth of about 3 percent is expected in 2010 provided pledges by the Friends of Democratic Pakistan (FoDP) are materialized and law and order situation is improved to restore the confidence of both local and foreign investors.



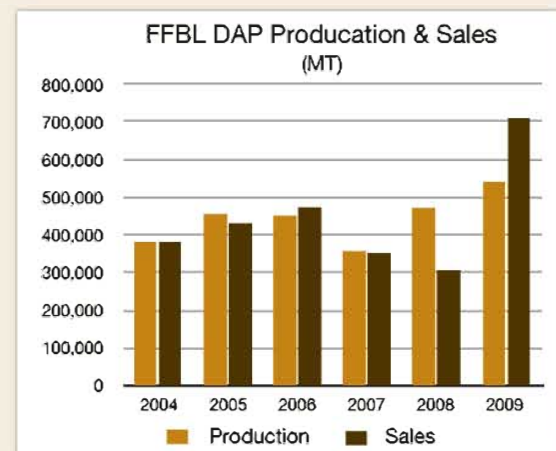
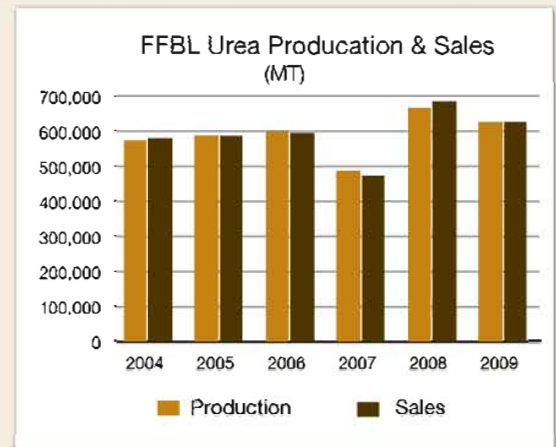
Operational Highlights

With DAP achieving a record yearly production of 540 thousand MT, the overall performance of all plants remained satisfactory. Ammonia and Urea production during the year were lower than last year by 1% and 6% respectively, while DAP production remained better than last year by 15%. The productions, however, were slightly lower than targets mainly due to unplanned gas curtailment by SSGC and shutdown of DAP plant during first quarter 2009 owing to high DAP inventories, high price of phosphoric acid and low DAP price.

Marketing Highlights

International Agriculture & Fertilizer Situation

The global recession, which had affected the agriculture & fertilizer markets, seems over, and the global economy appears to be expanding again, driven by the robust growth of Asian emerging economies. The pace of recovery is slow and the global economic activity is still far below pre-crisis levels. During 2009, unfavorable weather conditions persisted in some of the major agricultural regions these were: poor south-west monsoon in India, persistent drought in Argentina, very wet spring and autumn in the United States and dry conditions in the Black Sea area. In the rest of the world, conditions were average to good. Global cereal and oilseed production in 2009 is expected to equal the 2008 output and the International prices of all cereals and oilseeds stabilized during 2009. The impact of global recession reduced the use of nitrogen in the industrial sector worldwide, which in turn increased the supply of Urea, and other nitrogenous products for agriculture use. More supply and less demand caused the prices of Urea & DAP to drop in the International market in 2009 as drastically as they had risen in 2008. International fertilizer prices over



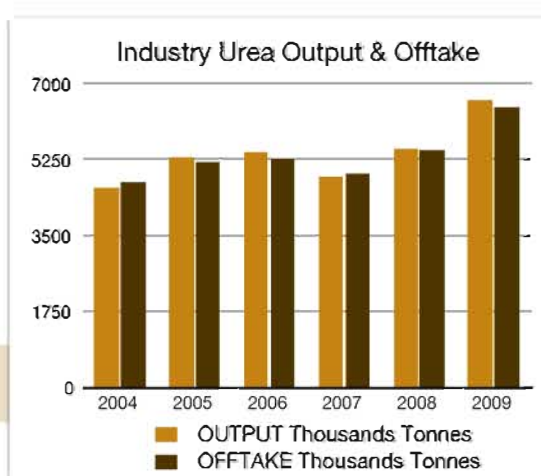
Directors' Report

the past three years have followed a similar trend to international grain prices. Since fertilizer & agricultural commodity prices in 2009, were fast evolving and hardly predictable therefore, many farmers world over reduced their fertilizer application on soils where medium to high levels of nutrients were available. World over the Phosphate (P) and Potassium (K) fertilizer application rates were also well below crop requirements in 2009. Although prices of DAP and Urea reduced through most of 2009, but the fundamentals for the gains in prices have not changed and a rebound in the fertilizer prices can come in 2010. This process has already started. Exporters are driving up the prices of DAP at all loading points. There is considerable DAP demand in US and European markets and it seems set to intensify further. Inventories in these areas have depleted and the season is approaching so buyers need to restock the products which is pushing the DAP/ Phosphate demand up. Demand from Latin America, India, Pakistan and the South Asia is also very strong and high. The supply side is presently weaker therefore, DAP price outlook in the international market shows all the signs of further rise.

Domestic Fertilizer Market Situation

The Urea industry of Pakistan has witnessed a robust growth of approximately 18% as the market has grown from 5.5 million tons in 2008 to 6.5 million tons in 2009. Production of Urea increased from 4.9 million tons in 2008 to 5.0 million tons in 2009, registering a growth of 1%. The reduction of Urea prices in the international market reduced the subsidy impact on the government expenditure and therefore, substantially high quantity of around 1.6 million tons was imported in the country. This is the highest ever quantity of Urea imported in the country. In 2009, GOP distributed imported Urea through National Fertilizer Corporation (NFC) unlike previous years when it was allocated to all the Urea producers based on their production shares. Better availability, timely announcement of support prices and cultivation of BT Cotton increased the demand of Urea in the domestic market. As per GOP, the decision to allocate imported Urea to NFC was to overcome shortages, discourage hoarding and avoid exploitation of farmers. GOP under its supervision through NFC made direct sales to the farmers.

However, since NFC lacked necessary infrastructure and well spread dealer network, this led widespread shortages in the country despite having sufficient imported quantity available. Urea availability throughout the year 2009 was much better as compared to 2008. Nevertheless, locally produced branded Urea was sold at premium over the company suggested prices almost throughout the year. Urea inventory at end December 2009 is estimated at 241 thousand tons, as compared to 140 thousand tons at end December 2008.



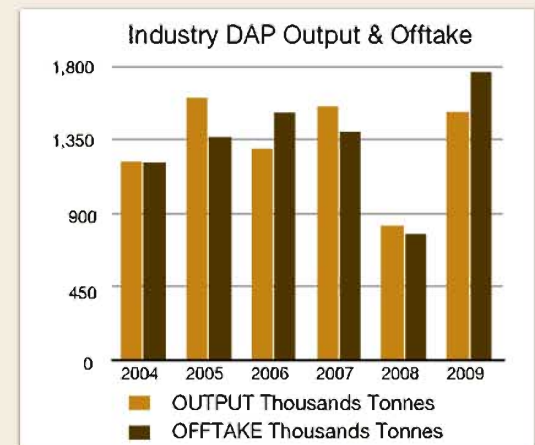
High opening inventory of 2010 together with the commencement of production from two new fertilizer plants is likely to eliminate the requirement of Urea imports in 2010.

All time high Industry DAP sales at around 1.8 million tons are estimated in the domestic market during 2009, registering a growth of 128% over the last year. Throughout 2009, DAP prices in the international market remained low and consequently heavy quantities of DAP were imported in the country. DAP imports were 0.98 million tons during 2009 against 0.35 million tons imports of 2008. International DAP prices ex-US Gulf

during 2009 were in the range of US\$ 270-382 per ton fob as against DAP prices as high as US\$ 1,230 per ton fob ex- US Gulf during 2008. High DAP sales were mainly because of lower domestic prices in 2009 and factors such as application of DAP in lower quantities during 2008, and anticipation of DAP price recovery in the international market. Because of this anticipation much of the DAP was purchased by the dealers in advance and dealers kept replenishing their stocks, keeping a certain quantity with them at all times. Private DAP importers on the other hand kept importing DAP and due to large imports and heavy stocks with them they continuously offloaded stocks available with them to dealers at attractive rates and at times with credit facility. The DAP stocks in the country at the beginning of the year was 339 thousand tons which was 23% higher than 276 thousand tons opening inventory of 2008. During 2009, 540 thousand tons of DAP was produced in the country, which is 15% higher than 470 thousand tons production during 2008. Industry DAP inventory at the end of 2009 was 92 thousand tons, 73% lower as compared to 339 thousand tons closing inventory at end of 2008. Domestic DAP prices could rise in the future keeping in view the increasing trend of DAP prices in the international market and increase in input costs.

FFBL Sales Performance

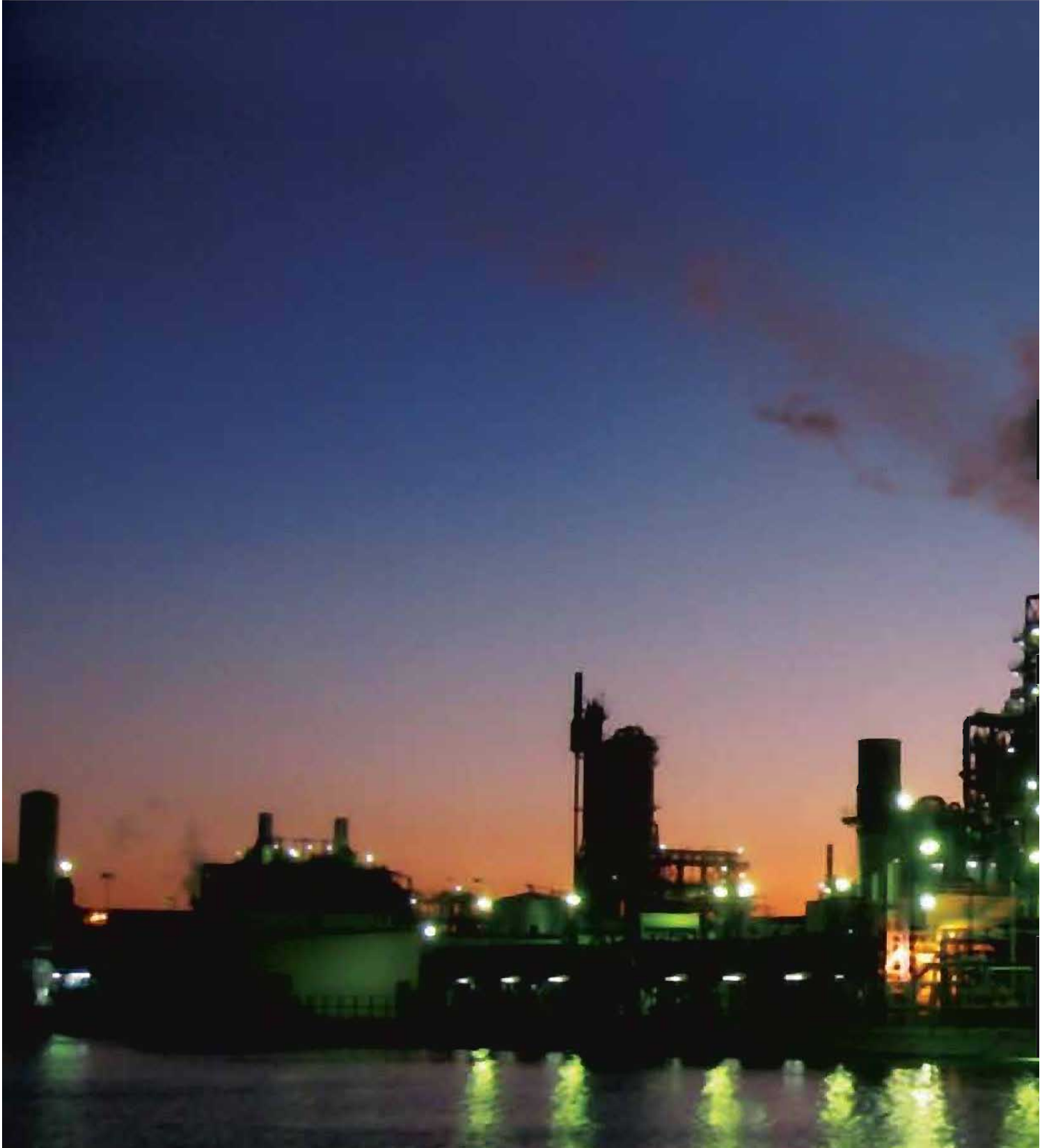
- Sona Urea (G) sales during 2009 were 627 thousand tons. The entire production of Sona Urea (G) was sold during the year.
- Sona DAP sales of 709 thousand tons during 2009 were the highest ever annual sales. The entire production of Sona DAP along with opening inventory of 172 thousand tons was sold during the year.
- FFBL Urea market share during 2009 remained about 9.7%.
- FFBL DAP market share during 2009 remained about 40%.
- Highest ever daily shipment of 7,105 metric tons ex-FFBL, was made on Oct 28, 2009, comprising 3,440 metric tons of Sona Urea (G) and 3,665 metric tons of Sona DAP. This surpassed the previous record of 6,160 metric tons.



Self-reliance in fertilizers will lead to self-reliance in agriculture



*Growth is never by mere chance;
it is the result of forces working together*



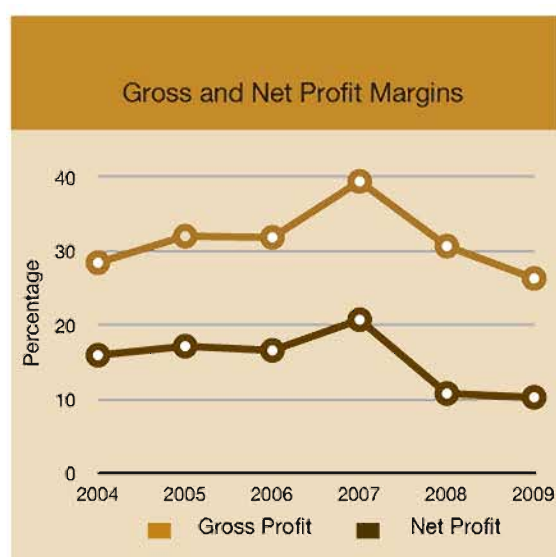


Directors' Report

Financial Highlights

The summary of key financial results amply depicts the Company's to-date best performance:

	2009 Rs (millions)	2008 Rs (millions)
Turnover	36,725	26,821
Gross profit	9,665	8,226
Profit before tax	5,808	4,405
Net profit after tax	3,784	2,900
Earnings per share - EPS (Rs)	4.05	3.10



*Industrious worker brings
extra-ordinary triumph*



Directors' Report

Fiscal Review

Company's profitability witnessed record level with aggregate sales revenue of Rs 36.7 billion, demonstrating a growth of startling 37% over last year. The enhancement in revenue is attributable primarily to improved DAP sales volume. DAP and Urea sales accounted for 76% and 24% of total revenue respectively as compared to 70% and 30% in 2008. The Gross profit remained at Rs 9.67 billion with GP margin of 26.3%. The GP margin is less than margin of 30.67% of 2008 mainly due to completion of feed gas subsidy in Year 2008.

Total finance cost was recorded at Rs 1,160 million, which was lower by 18% compared to last year owing to substantially reduced currency fluctuation, and significantly reduced utilization of borrowed funds. Other income of Rs 683 million was mainly on account of income on bank deposits and mutual fund amounting Rs 960 million netting off with share of loss of PMP amounting Rs 336 million for the 12 months period Oct 2008 – Sep 2009.

Profit before tax was recorded at Rs 5,808 million, higher by 32% compared to last year. After tax net profit, arrived at Rs 3,784 million at 31 Dec 2009, higher by 31% as compared to last year profit. The Company's earnings per share (EPS), therefore, reached Rs 4.05, from an EPS of Rs 3.1 of last year.

Cash flow Management

With an effective Cash Flow Management System in place whereby cash inflows and outflows are projected on regular basis, repayments of all long term and short term loans dues have been duly accounted for. Working capital requirements have been planned to be financed through internal cash generations and short term borrowings from external sources where necessary.

Capital Management

During the year there were no changes to the Company's approach to capital management and the Company is not subject to externally imposed capital requirements. In order to achieve our goals for the betterment of this Company and to the overall economy of Pakistan, we shall continue to explore and tap opportunities, face challenges wherever required. Government policies, global & domestic economic forces and the money market would play a vital role in our decisions and ability to meet business objectives.



Risk Mitigation

We manage a variety of risks including liquidity, credit, market and other risks.

Liquidity Risk

Liquidity risk is the risk of being unable to accommodate liability maturities, fund asset growth and meet contractual obligations through access to funding at reasonable market rates. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines.

Credit risk

Credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations. All financial assets of the Company, except cash in hand, are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers secured by bank guarantees and diversification of investment portfolio placed with 'A' ranked banks and financial institutions.

Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to market risk in the normal course of its business operations.

Best Corporate Practices

All periodic financial statements of the Company and consolidated financial statements of the Company were circulated to the Directors duly endorsed by the Chief Executive Officer and the Chief Financial Officer for approval before publication. Quarterly un-audited financial statements along with Directors' Reviews were published and circulated to the shareholders and regulators within one month. Half yearly financial statements reviewed by the Auditors were circulated within two months of the end of the period.

Annual financial statements including consolidated financial statements, Directors' Report in addition to Auditors' Reports and other statutory statements and information are being circulated for consideration and approval by the shareholders, within two months from the close of the financial year.

These statements have also been made available on the Company website and all important information including distributions to shareholders, considered sensitive for share price fluctuation, were transmitted to stakeholders and regulators immediately. Regular Analysts' Briefings were also held during the year after end of every quarter to up-date the existing as well as potential investors about Company's state of affairs and its prospects.



Directors' Report

Financial Statements

Financial statements prepared by the management present fairly and accurately the Company's state of affairs, results of its operations, cash flows and changes in equity.

Accounting Policies

- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- Proper books of accounts have been maintained.
- International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements.
- Transactions undertaken with related parties during the financial year are ratified by the Audit Committee and then approved by the Board of Directors. Amounts or appropriate proportions of outstanding items pertaining to the related parties and provision for doubtful debts and receivables from such parties, as at the balance sheet date, are disclosed in the financial statements.

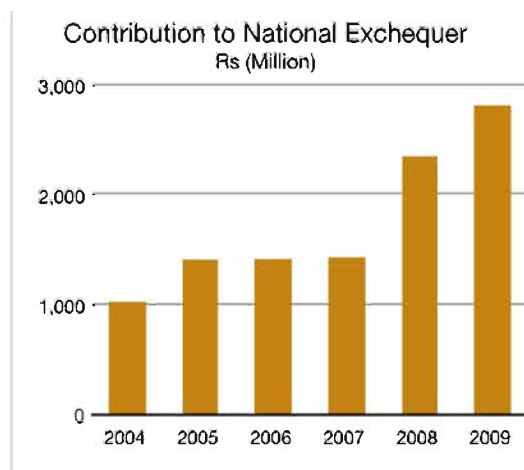
Key Financial Data

Key operating and financial data of the last six years is attached to the Annual Report.

Contribution to National Exchequer and Value Addition

During the year, the Company has contributed an amount of Rs 2,807 million, as against Rs 2,314 million in 2008, towards the National Exchequer on account of Government levies, taxes and import duties, etc.

Value addition in terms of foreign exchange savings worked out to US \$ 250 million through import substitution by manufacturing 627 thousand MT of Urea and 540 thousand MT of DAP during 2009. Contribution to the economy included Rs 3,485 million in the form of Shareholders' returns through cash dividends, Rs 1,319 million on account of payments to providers of capital in the form of mark-up and interest, while employees' remuneration & benefits stood at Rs 1,690 million.



Financial Reporting

The Chief Executive & Managing Director and CFO declare in writing to the Board that the Company's financial statements for the year under review present a true and fair view, in all material respects of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.

Dividend

Based on the performance of the company, the Board is pleased to propose a final dividend of Rs 2.25 per share in respect of the financial year ended Dec 31, 2009. This final dividend will be subject to the approval of shareholders in their meeting scheduled on 16 Mar 2010. Moreover, two interim dividends were also paid during the year.

Corporate Governance

The Company complies with the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. The Board's primary role is to protect and enhance long term Shareholders' value. To fulfill the same it is responsible for the overall corporate governance of the Company including approving and monitoring the capital expenditure, giving strategic direction, appointing, removing and creating succession policies for directors and senior management, defining and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting. The Board has formally delegated responsibility for administration and operation of the Company to the Chief Executive & Managing Director. Following committees have also been constituted which work under the guidance of the Board of Directors:-

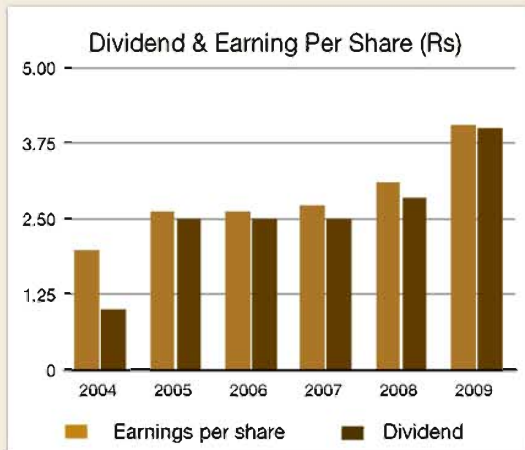
- Audit Committee.
- Technical Committee.
- Human Resource Committee.

Code of Conduct

The Company has advised each director, manager and employee that they must comply with the Corporate Code of Conduct and Ethics Policy.

Internal Control System

An internal control system is a collection of controls designed to provide reasonable assurance that the company fulfills the compliance with policies, plans and laws, efficient use of resources, accomplishment of goals and availability and integrity of financial and management information. The internal control system of FFBL is very sound and is effectively implemented and monitored regularly.



Directors' Report

Company has increased its emphasis on control procedures of each business unit to confirm that corporate policies are executed and to mandate corrective action when necessary. Instrument of morning meeting, both at Head office and at Plantsite is being applied by the top management to ensure that controls remain adequate and functions properly.

Auditors

Present auditors, Messrs KPMG Taseer Hadi & Company, Chartered Accountants, have retired and offered themselves for re-appointment. The Audit Committee recommended their re-appointment for the year 2010 on mutually agreed terms and conditions. The Board has also recommended M/S BDO Ebrahim & Co as cost auditors for the financial year 31 Dec 2009 and approval from Securities and Exchange Commission of Pakistan has been obtained.

Assessment of Effectiveness of Risk Management

The Board of Directors is responsible for ensuring that an internal control system exists properly. The Board, examines the reports of audit committee, assesses that the company's internal control system is efficient and effectively operating. The audit committee reports to the Board on quarterly or more frequent basis on such things as audit plans, audit findings and other items deemed to be significant. Audit committee always keeps its eyes and ears open for potential weaknesses in internal control and continuously probe the responsible regarding operation of the system. To ensure that internal auditors carry out their responsibilities, the audit committee approves and periodically reviews the internal audit program. The head of internal audit reports directly to the audit committee on the results of its work.

Environment, Health and Safety

FFBL actively strives to mitigate all adverse environmental impact arising out of our operations and strictly adheres to all legal regulations. We care deeply about how our operations and products affect our stakeholders. We bring awareness to all our employees for the improvement of environment, health and safety at work place. There is no doubt to say that FFBL's commitments in these areas are at par with productivity, quality and profitability.

Shareholders' Information

To update shareholders about the operations, growth and state of affairs of the Company, the management promptly disseminates all material information, including announcement of interim and final results to the Stock Exchanges. Quarterly, half yearly and annual financial statements are accordingly circulated within stipulated timeframe to all concerned. Company has also obtained certificate from National Institutional Facilitation Technologies (Pvt) Ltd (NIFT) for submission of financial results to Stock Exchanges and E-filing with Registrar of the Companies. Similarly, notices and announcements of dividend are transmitted to all stakeholders and regulators within the time, laid down in the Code of Corporate Governance, the Companies Ordinance 1984 and listing regulations of Stock Exchanges. The same are also uploaded on website of the Company.

Shareholding Pattern

Company shares are quoted on all three Stock Exchanges i.e, Karachi, Lahore and Islamabad. A total of 990.47 million Company shares were traded only on the Karachi Stock Exchange during the year and the free float stood at 31.32 %. The market capitalization of the Company stock was recorded at Rs 25.88 billion at the close of 2009. FFBL shares were subject to a wide range of trading from a high of Rs 28.15 per share to a low of Rs 12.48 per share, closing the year at Rs 26.13 per share.

There were 15,782 holders of the Company's equity at the close of 2009. About 83.75% of total shares outstanding were closely held by the sponsors, investment companies, financial institutions and other corporate bodies. About 1.93% shares were kept by the foreign shareholders.

Human Capital Development

At FFBL, we believe there must be more intentional, results-oriented, and visible Human Capital initiatives through delivery of innovative, quality human resources systems, programs and services. Our human resources department strives to provide our employees with an enterprising work environment, so that they can live up to their full potential. Several initiatives were rolled-out to ensure the development of Human Capital in order to cater to the changing business challenges. Human Resource initiatives focused on encouraging empowerment in the organization. As part of the ongoing effort to improve the HR department's effectiveness, an agreement for "HR functional Re-Engineering" project was signed with Abacus Consulting.

This project envisages to bring FFBL organization structure, policies and procedures in line with market practices to achieve:

- Streamlined Business Processes
- Competitive Compensation Practices
- One Team One Goal
- Employer Branding
- Talent Lifecycle Development



Trading in Company Shares

The key elements of policy for trading in Company shares by Chief Executive (CE), Directors, Executives or their spouses are:

- CE, Directors and executives of the Company or their spouses may acquire shares, but are prohibited from dealing in Company shares.
- If CE, any Director, Executives or their spouses sell, buy or take any position, whether directly or indirectly, in the shares of the Company, he/they will notify in writing within four days of affecting the transaction to the Company Secretary of their/his intention along with record of price, number of shares, form of shares certificates and nature of transaction.
- No Director, CE or Executive shall, directly or indirectly, deal in the shares of the Company in any manner during the closed period as determined by the Company prior to the announcement of interim / final results and any business decisions which may affect the market price of the Company's share.
- Directors, Chief Executive, CFO, Company Secretary, their spouses and minor children did not trade in Company's shares during the year.

Directors' Report

Employees Retirement Benefits

Value of investments of Provident and Gratuity Funds as on 31 Dec 2009 (un-audited) is as under:-

	2009 Rs (millions)	2008 Rs (millions)
Provident Fund	372	204
Gratuity Fund	122	76

Relations with Personnel and Community

The company is committed to have a high caliber team with a zeal for winning by maintaining corporate culture, recognition of talent and performance to benefit from the collective efforts and dedication of all its employees. Relationship amongst the Company, its employees and the community continues to be extremely cordial, based on mutual respect and confidence, contributing to the optimum efficiency. Industrial Peace Agreement between the management and Collective Bargaining Agent (CBA) of Employees Union is expiring on 22 Apr 2010 and will be signed for another two years, for the satisfaction of both parties and harmonious functioning of the plant.

IT Enabled Organizational Transformation (ITET)

FFBL Management is focused on the strategy of modernization with the vision to adopt and attain the best information technology. Realizing the deficiencies in areas like scalability, lack of integration and consolidation, FFBL Management decided to transform the entire organization through IT enablement and launched ITET (IT Enabled Organizational Transformation). Main areas are:

- SAP implementation with Big Bang approach with nine modules covering all business disciplines of the organization. SAP implementation will help FFBL to integrate its business processes within departments, resulting in transparency, timely availability of information and efficiency improvement. The project is expected to be completed this year.
- WAN establishment between Head Office & Plantsite.
- Unified e-mail system @ffbl.com, integrated with Blackberry Services.
- Video Conferencing facility enablement between Head Office & Plantsite.
- IT infrastructure establishment including TIER-3 Data Centers, Cisco based LAYER-3 network and structured cabling system (Fiber Optic as Backbone).

Hand in hand with Morocco



Pakistan Maroc Phosphore, SA (PMP)

The overall plant performance remained satisfactory with production of phos acid during the year remained as per business plan.

However, on the fiscal side, PMP remained under financial pressure due to the drastic decline in the international prices of phosphoric acid during the year 2009 and in the absence of corresponding decrease in the input prices. It is, nevertheless, expected that with the uptum of the international prices of phosphoric acid in the near future, the financial position will improve.



Up-holding the flag of Corporate Social Responsibility



Contribution for Welfare

- During the operation of Government against terrorist in Swat region, massive people were displaced from their residences. Substantial assistance in the form of shelter, food and health facilities from the country fellows was a dire need to support them. Seeing the gravity of situation, the company moved forward and helped make their suffering a little less by extending financial support of Rs 32 million to the displaced families.
- We also continued our tradition of spending Rs one million in education sector.
- Donated Rs 0.7 million to Al-Shifa Eye Trust.

President's Mass Afforestation Programme

Implementation of President's Mass Afforestation Programme was taken in true letter and spirit. A comprehensive strategy was derived to complete the task assigned by the Ministry of Environment, with dedicated efforts. As a result, so far, approximately 6,000 saplings of various kinds have been planted at our Plantsite, Karachi, to make the environment pollution free, more greener and enhance the beautification of our Plant area.



Directors' Report

Board of Directors

The Board exercises the powers conferred to it by the Code of Corporate Governance, the Companies Ordinance, 1984 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, coupled with review and adoption of Business plan.

During the year, five meetings of Board of Directors were held with the attendance as under:-

	Attendance	
Lt Gen Hamid Rab Nawaz (Retd)	5	
Lt Gen Anis Ahmed Abbasi (Retd)	5	
Lt Gen Malik Arif Hayat (Retd)	3	Appointed with effect from 17 Mar 09
Mr. Qaiser Javed	5	
Brig Arif Rasul Qureshi (Retd)	4	
Brig Rahat Khan (Retd)	5	
Dr Nadeem Inayat	5	
Brig Liaqat Ali (Retd)	5	
Brig Jawaid Rashid Dar (Retd)	4	Appointed with effect from 11 Feb 09

Vacation of Directors

The Board places on record their appreciations for the valuable services rendered by the outgoing Directors, Lt Gen Munir Hafiez, HI(M), (Retd) for his contribution and visionary approach. The Board also appreciates the services of Mr Istaqbal Mehdi, as a director, towards the Company.

The Board unanimously welcomes Lt Gen Malik Arif Hayat, HI (M), (Retd) as new Director and hope that the Company will prosper further under his able guidance. Board also extends welcome to Brig Jawaid Rashid Dar, SI(M), (Retd) as fellow Board member and looks forward to working in harmony towards future growth and prosperity of the Company.

Board Committees

• Audit Committee

The Committee comprises four members including its Chairman. All members are non-executive directors. The Committee meets at least once every quarter of the financial year. It reviews Company's interim and annual financial results, business plans and internal audit department reports, prior to the approval by Board of Directors. It also recommends to the Board the appointment of external auditors and advises on the establishment and maintenance of the framework of internal control and appropriate ethical standards for the management of the Company.

During the year, five meetings of the Audit Committee were held, attendance by the members was as:-

	Attendance
• Mr Qaiser Javed	5
• Brig Rahat Khan (Retd)	5
• Brig Arif Rasul Qureshi (Retd)	4
• Dr Nadeem Inayat	5

- **Technical Committee**

This Committee comprises 3 members including its Chairman. All members are non-executive directors. It reviews all technical matters pertaining to the plant operations and capital expenditure of the Company.

During the year, five meetings of the Technical Committee were held, attendance by the members was as :-

	Attendance
• Brig Arif Rasul Qureshi (Retd)	5
• Brig Rahat Khan (Retd)	3
• Dr Nadeem Inayat	4

- **Human Resource Committee**

This Committee comprises 3 members including its Chairman. All members are non-executive directors. It reviews all HR related matters of the Company.

During the year, two meetings of the HR Committee were held, attended by all the members, mentioned as:-

• Dr Nadeem Inayat
• Brig Liaqat Ali (Retd)
• Brig Jawaid Rashid Dar (Retd)

Future Outlook

FFBL intends investing an amount of upto Rs 5 billion in four power projects, subject to the approval by the Company's shareholders.

One of the projects is an independent 125 MW power generation company, which is in the development phase with an estimated project cost of US\$ 180 million and is likely to commence commercial operations by the end of 2012. Three Wind Power Projects of 50 MW and estimated project cost of US\$ 135 million each are also under consideration. These Projects are in the development phase and are likely to commence commercial operations by 2012-13.

The Directors considered that given the advantages of diversification and the growing demand for power in the country, aforementioned projects represent long term stable investments that offer steady and attractive revenue streams to the Company and would help sustain business profitability and add to shareholders' value.

The approval of the said investments, by special resolution of the Company's shareholders, will be sought at the general meeting to be convened on March 16, 2010.

Business Challenges

In spite of our record profitability in year 2009, it cannot be ignored that we are working in a tough global as well as domestic environment. FFBL however is committed and confident to tackle all challenges coming across with prime objective of delivering best possible results to the shareholders in year 2010.

Directors' Report

Acknowledgements



I, on behalf of the Board would like to convey our deepest appreciation to all employees for their sincerity, commitment and perseverance in respective fields which has helped the Company in producing outstanding performance during the year 2009.

The Board also pays gratitude to Company's customers, suppliers, bankers, SSGOL and GOP for their support, which contributed to Company's successes, and looks forward for their continued assistance in the future as well.

Finally, I convey my personal gratitude for the confidence that our shareholders have reposed in the Company. I sincerely hope that you will continue to extend your whole-hearted support to us so that we, alongwith all employees continue to further accelerate the growth and progress of the Company, Insha-Allah.

For and on behalf of the Board

A handwritten signature in black ink, appearing to be 'Hamid Rab Nawaz', written in a cursive style.

Lt Gen Hamid Rab Nawaz (Retd)
Chairman

Rawalpindi
January 26, 2010