Contents

FFC Energy Limited

Directors' Report

The Directors are pleased to present the Annual Report together with the Company's audited accounts for the year ended December 31, 2010.

I am pleased to inform that major milestones for establishment of a 49.5 MW wind farm project in Jhimpir, Sindh have been achieved which include execution of Engineering Procurement & Commissioning (EPC) and Operations & Maintenance (O&M) Contracts with Nordex, Germany who have partnered with Descon Engineering Limited in Pakistan.

The tariff for the project has also been determined by National Electric Power Regulatory Authority (NEPRA). Negotiations with National Transmission and Dispatch Company (NTDC) regarding the Energy Purchase Agreement, with Alternative Energy Development Board (AEDB) related to the Implementation Agreement and with consortium of local banks for project financing are close to finalization. After Financial Close, it will take sixteen months to construct the facilities and, if all goes well, the Company expects commercial generation by mid 2012.

The EPC Contractors have been mobilized at site. Manufacture of Wind Turbine Generator nacelles and blades are also in progress at Nordex's facilities in China expected to be completed by February 2011. The manufacturing process is being jointly supervised by independent inspectors and the Company's own inspection teams.

The operational phase of the wind farm is expected to be smooth as the O&M Contract has been concluded with the EPC Contractors for the first two years, renewable for further three years. During this period, the Company employees will be trained to assume full responsibilities for the project.

Total project costs incurred by the Company as of December 31, 2010 aggregate to Rs. 512 million, representing 5% of the approved budget allocation. Out of this amount incurred, Rs. 36.93 million are being carried forward as operating loss (Re. 0.57 per share), as per Company's accounting policy, which shall be adjusted against revenue on the project attaining commercial production.

The existing auditors, KPMG Taseer Hadi & Co., Chartered Accountants, have completed their assignment for the period and shall retire at the conclusion of the forthcoming Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

The Company is presently a wholly owned subsidiary of Fauji Fertilizer Company Limited and the pattern of shareholding as on December 31, 2010 is indicated below:

No of Shareholders	From	To	Shares Held	Percentage
7	1	10,000	70,000	0.11
1	10,001	65,000,000	64,930,000	99.89
8			**65,000,000**	**100.00**

Note
Directors hold 70,000 ordinary shares in trust on behalf of Fauji Fertilizer Company Limited

Being the pioneer project in Pakistan, FFCEL has become a benchmark for the Wind Industry. This project will pave the way for setting up of many more wind farms to reduce dependency on fossil fuel. The Sponsor currently has the option to establish two more wind farms of similar capacity in the same area.

We take this opportunity to thank all regulatory authorities, contractors, lenders, consultants and our employees for their cooperation and assistance towards implementation of this pioneering project.

On behalf of the Board of Directors

Chairman

January 27, 2011
Rawalpindi

KPMG

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AUDITORS' REPORT TO THE MEMBERS OF FFC ENERGY LIMITED

We have audited the annexed balance sheet of FFC Energy Limited ("the Company") as at 31 December 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the period from 18 November 2009 to 31 December 2010 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2010 and of the loss, its cash flows and changes in equity for the period from 18 November 2009 to 31 December 2010; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 27 January 2011
ISLAMABAD

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner
Muhammad Rehan Chughtai

FFC ENERGY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2010

	Note	December 31, 2010		Note	December 31, 2010
		(Rupees)			(Rupees)
EQUITY AND LIABILITIES			**ASSETS**		
EQUITY			**NON-CURRENT ASSETS**		
Share capital	4	650,000,000	Property and plant	7	15,065,723
Accumulated loss		(36,931,947)	Capital work in progress	8	401,677,587
Total equity		**613,068,053**	*Total non-current assets*		**416,743,310**
CURRENT LIABILITIES			**CURRENT ASSETS**		
Payable to holding company	5	25,553,324	Other receivables and prepayments	9	58,599,280
Taxation - net		1,777,704	Accrued interest		359,855
Accrued and other liabilities		341,667	Bank balances	10	165,038,303
Total liabilities		**27,672,695**	*Total current assets*		**223,997,438**
Total equity and liabilities		**640,740,748**	*Total assets*		**640,740,748**
COMMITMENTS	6				

The annexed notes 1 to 16 form an integral part of these financial statements.

Chairman

Chief Executive

Director

FFC ENERGY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM NOVEMBER 18, 2009 TO DECEMBER 31, 2010

	Note	November 18, 2009 to December 31, 2010
		(Rupees)
Administrative and general expenses	11	(41,490,800)
Finance income		7,013,620
Loss before tax		**(34,477,180)**
Provision for income tax		(2,454,767)
Loss after tax		**(36,931,947)**

The annexed notes 1 to 16 form an integral part of these financial statements.

Chairman **Chief Executive** **Director**

FFC ENERGY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM NOVEMBER 18, 2009 TO DECEMBER 31, 2010

	November 18, 2009 to December 31, 2010
	(Rupees)
Loss for the period	**(36,931,947)**
Other comprehensive Income	-
Total comprehensive loss for the period	**(36,931,947)**

The annexed notes 1 to 16 form an integral part of these financial statements.

Chairman

Chief Executive

Director

FFC ENERGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM NOVEMBER 18, 2009 TO DECEMBER 31, 2010

	Note	November 18, 2009 to December 31, 2010
		(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operating activities	12	(74,001,057)
Income taxes paid		(677,063)
Net cash used in operating activities		**(74,678,120)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure		(416,937,342)
Interest received		6,653,765
Net cash used in investing activities		**(410,283,577)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued		650,000,000
Net cash generated from financing activities		**650,000,000**
Net increase in cash and cash equivalents during the period		**165,038,303**
Closing cash and cash equivalents at end of the period		**165,038,303**

The annexed notes 1 to 16 form an integral part of these financial statements.

Chairman **Chief Executive** **Director**

FFC ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM NOVEMBER 18, 2009 TO DECEMBER 31, 2010

	Share capital	Accumulated loss	Total equity
		(R u p e e s)	
Issuance of share capital	650,000,000	-	650,000,000
Total comprehensive loss for the period	-	(36,931,947)	(36,931,947)
Balance as at December 31, 2010	**650,000,000**	**(36,931,947)**	**613,068,053**

The annexed notes 1 to 16 form an integral part of these financial statements.

Chairman **Chief Executive** **Director**

FFC ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 18, 2009 TO DECEMBER 31, 2010

1. STATUS AND NATURE OF BUSINESS

1.1 FFC Energy Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on November 18, 2009. Certificate of Commencement of Business was awarded to the Company on April 16, 2010. The Company, at present, is a wholly owned subsidiary of Fauji Fertilizer Company Limited ("FFC"). The registered office of the Company is situated at 93 Harley Street, Rawalpindi, Pakistan. The Company is incorporated to setup a 49.5 MW Wind energy power project at Jhampir, Distt thatta, Sindh.

The Company has executed Engineering Procurement and Commissioning (EPC) and Operation & Maintenance Contract (O&M) and is currently in negotiations with National Electric Power Regulatory Authority (NEPRA), Alternative Energy Development Board (AEDB) and local lenders for finalization of Energy Purchase Agreement (EPA), Implementation Agreement (IA) and project financing. The negotiations are in advance stage and the Company is expected to achieve financial close by the first quarter of 2011.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions will be reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in respective policy notes.

2.5 Comparative figures

These are the first financial statements of the Company after incorporation, hence no comparative figures exist.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied in the preparation of these financial statements.

3.1 Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any, except capital work in progress, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

As the Company has no significant variable interest-bearing assets, therefore, the Company's income and operating cash flows are substantially independent of changes in the market interest rates.

Depreciation is provided on a straight-line basis and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life. Depreciation on additions in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised, if any. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in profit or loss.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

3.2 Provisions

Provisions are recognised when the Company has a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.3 Cash and cash equivalents

Cash and cash equivalents represents cash with bank on saving accounts.

3.4 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortised cost respectively. The Company derecognises the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Company recognises the regular way purchase or sale of financial assets using settlement date accounting.

a) Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

b) Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount/cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

c) Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.5 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprises of bank charges on transfer of funds and are recognized on accrual basis.

Foreign currency gains and losses are reported on a net basis.

3.6 Foreign currency transactions

Foreign currency transactions are recorded in Pak Rupees at the rate of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevalent on the balance sheet date. All foreign exchange differences are recognised in the profit an loss account.

3.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all major temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

In view of the uncertainty about taxable profits in the foreseeable future against which the losses could be utilised, the Company has not recognised deferred tax asset and therefore has created an equivalent amount of the valuation reserve against deferred tax asset amounting to Rs. 14.52 million. This mainly relates to tax losses.

3.8 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned there against are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

-Amendments to IFRS 7 – Financial Instruments Disclosures	(effective 1 July 2010)
-Amendments to IAS 1 – Presentation of Financial Statements	(effective 1 January 2011)
-Amendments to IAS 24 – Related Party Disclosures	(effective 1 January 2011)
-Amendments to IAS 28 – Investments in Associates	(effective 1 July 2010)
-Amendments to IAS 31 – Interests in Joint ventures	(effective 1 July 2010)
-Amendments to IAS 32 – Financial Instruments Presentation	(effective 1 February 2010)
-Amendments to IFRIC 13 – Customers Loyalty Programmes	(effective 1 January 2011)
-Amendments to IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding equipments and their Interaction	(effective 1 January 2011)
-IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	(effective 1 July 2010)
-IFRS 9 – Financial Instruments	(effective 1 January 2013)

4. SHARE CAPITAL

		December 31, 2010
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		(Rupees)
(Numbers)		
65,000,000	Ordinary shares of Rs. 10 each, Issued for consideration in cash	650,000,000
65,000,000		**650,000,000**

4.1 Fauji Fertilizer Company Limited ("holding company") holds 65,000,000 shares of the Company at the period end.

AUTHORISED SHARE CAPITAL

This represents 65,000,000 ordinary shares of Rs. 10 each amounting to Rs. 650,000,000.

5. PAYABLE TO HOLDING COMPANY

This represents amount payable to holding company in respect of various expenses incurred on behalf of the Company. This is unsecured, interest free and payable on demand.

6. COMMITMENTS

Commitments in respect of capital expenditure amount to Rs. 9,336,534 thousand at the period end.

The holding company has issued an unconditional performance guarantee of USD 123,750 in favour of Alternative Energy Development Board in order to secure the performance of the Company's obligations under the letter of support. The performance guarantee shall expire on April 30, 2011.

The Company has entered into engineering, procurement and commissioning contract (EPC) with a consortium of Nordex Singapore Equipment (Private) Limited, Nordex Singapore Services (Private) Limited, Nordex Aktiengesellshaft, Descon Engineering FZE and Descon Engineering Limited. The EPC contract value is equivalent to approximately Rs. 9,452 million and is for a period of 16 months from the date of notice to commence.

		Lease hold land	Plant	Total
		(Rupees)	(Rupees)	(Rupees)
7.	**PROPERTY AND PLANT**	7.1	7.2	
	Additions during the period	12,003,275	3,256,480	15,259,755
	Amortisation / depreciation for the period	-	(194,032)	(194,032)
	Closing written down value	**12,003,275**	**3,062,448**	**15,065,723**

7.1 This represents amount paid to Alternate Energy Distribution Board (AEDB) in respect of land acquired on lease for a period of 20 years. However, the lease agreement is in the process of signing between the Company and AEDB.

7.2 Additions represents Wind Mast along with other monitoring equipment installed at Jhampir, Sindh. This is being depreciated over a useful life of 18 years.

		Note	December 31, 2010
			(Rupees)
8.	**CAPITAL WORK IN PROGRESS**		
	Advances to suppliers	8.1	300,282,961
	Project development expenditure	8.2	101,394,626
			401,677,587
8.1	Breakup of advances to suppliers is as follows:		
	Nordex Singapore Equipment Private Limited		162,580,078
	Descon Engineering FZE		80,054,892
	Descon Engineering Limited		57,647,991
			300,282,961
8.2	Breakup of project development expenditures is as follows:		
	Project monitoring and evaluation		33,933,116
	Salaries and other benefits		31,898,283
	Travelling and conveyance		16,016,027
	Project legal consultancy		14,114,750
	Alternative Energy Development Board lawyers cost		3,924,960
	Project technical consultancy		1,507,490
			101,394,626
9.	**OTHER RECEIVABLE AND PREPAYMENTS**		
	Financial arrangement and advisory fees	9.1	51,372,517
	Advances to employees		6,022,309
	Prepaid rent		940,000
	Prepaid generation licence fee		202,408
	Insurance claim		47,488
	Prepaid insurance		14,558
			58,599,280

FFC ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM NOVEMBER 18, 2009 TO DECEMBER 31, 2010

9.1 This represents arrangement and advisory fees paid to various consultants and financial institutions for financing arrangements.

10. BANK BALANCES

This represents amounts in savings accounts. These carry interest rate ranging from 5% to 10% per annum.

11. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	November 18, 2009 to December 31, 2010 (Rupees)
Feasibility study		21,587,772
Incorporation expenses		7,557,937
Director's fee and expenses	11.1	3,420,487
Legal and professional fee		2,274,141
Traveling and lodging		2,046,384
Communication and other expenses		1,266,689
Insurance, repair and maintenance expenses		1,259,526
Salaries and other benefits		779,376
Office rent		500,000
Auditors' remuneration		200,000
Depreciation	7	194,032
Annual licence fee		134,939
Bank chargers		115,094
Printing and stationery		114,303
Training and employees welfare		40,120
		41,490,800

11.1 This represents meeting fees and travelling expenses paid to the Directors of the Company mainly for attending the BOD meetings. Directors and Chief Executive are not paid any remuneration and allowances except for attending these meetings.

12. CASH GENERATED FROM OPERATING ACTIVITIES

	Note	November 18, 2009 to December 31, 2010 (Rupees)
Loss for the period - before tax		(34,477,180)
Adjustments:		
Interest income		(7,013,620)
Depreciation charge for the period	7	194,032
		(6,819,588)
Working capital changes		
Increase in payable to holding company		25,553,324
Accrued and other liabilities		341,667
Increase in other receivables and prepayments		(58,599,280)
		(32,704,289)
Cash used in operating activities		**(74,001,057)**

13. REMUNERATION TO KEY MANAGEMENT PERSONAL

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the executives of the Company are given below:

	November 18, 2009 to December 31, 2010	
	Chief Executive	**Executives**
	(Rupees)	
Managerial remuneration	-	21,944,000
Contribution to provident fund	-	646,000
Others	-	7,469,000
Total	-	30,059,000
No. of person(s)	1	7

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Fauji Fertilizer Company Limited holds 100% shares of the Company at the period end. Therefore all subsidiaries and associated undertakings of holding company are related parties of the Company.The related parties also comprise of directors, major shareholders, key management personnel and entities over which the directors are able to exercise influence. Remuneration of Directors and key management personnel has been disclosed in note 11 and 13 respectively. Transactions with holding company and balance outstanding at the period end are given below:

	November 18, 2009 to December 31, 2010
	(Rupees)
Transactions with the holding company	
Issuance of share capital	**650,000,000**
Payable to holding company	
Balance payable - unsecured - in respect of expenses incurred on behalf of the Company	**25,553,324**

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

15.1 Concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit at reporting date is as follows:

	2010
	Rupees
Other receivable	407,343
Bank balances	165,038,303
	165,445,646

Geographically there is no concentration of credit risk.

As of the balance sheet date, none of the financial asset was impaired or over due. The Company has placed funds in financial institutions with high credit ratings. The Company does not hold any collateral as security against any of its financial assets. The Company assess the credit risk for these financial assets as satisfactory.

15.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity dates. The amount disclosed in the table are the contractual undiscounted cash flows.

31 December 2010	Carrying amount	Contractual cash flows	Within one year
		Rupees	
Payable to holding Company	25,553,324	(25,553,324)	(25,553,324)
Other payables	341,667	(341,667)	(341,667)
	25,894,991	(25,894,991)	(25,894,991)

15.3 Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument will change due to changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

15.3.1 Interest rate risk

As the Company has no significant variable interest-bearing assets, therefore, the Company's income and operating cash flows are substantially independent of changes in the market interest rates.

15.3.2 Currency risk

As the Company has no significant foreign currency liabilities, therefore, the Company's income and operating cash flows are substantially independent of changes in the foreign exchange rates.

15.4 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities reflected in financial statements approximate their respective fair values.

15.5 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain stakeholders' confidence and to ensure sustainable future development of the business. The Board of Directors monitors the equity and ensures that the Company has an appropriate capital mix. The Company is not subject to external capital requirements.

16. DATE OF APROVAL

These financial statements were approved by the Board of Directors in their meeting held on January 27, 2011.

Chairman **Chief Executive** **Director**