



FAUJI CEMENT COMPANY LIMITED

DIRECTORS' REVIEW

1. The Board of Directors is pleased to present their review report along with the un-audited accounts of the Company for the quarter ended 31 March 2007.

2. The accelerated demand for cement continued during the third quarter of the current fiscal year 2007 as well. Total cement despatches during this quarter reached 6.3 Million tons as compared to 4.6 Million tons over the corresponding quarter of last year showing growth of 37%. Cement exports registered a growth of 115.6% and domestic demand grew by 28.96%. Capacity utilization of the cement industry stood at 84.4% from an expanded capacity base made available by start up of new production lines and optimization of production capacity undertaken by several units.

3. In line with the industry, FCCL performed well and maintained its upward trend. During the quarter under review, FCCL local despatches stood at 229,871 tons as compared to 217,597 tons during the corresponding quarter of last year depicting an increase of 5.64% and exports of 50,395 tons as compared to 31,690 tons in same quarter of last year depicting an increase of 59.02%. Thus, with the total despatches of 280,266 tons, the Company achieved capacity utilization of 96.2% as compared to 85.6% in the corresponding quarter of last year.

4. Fauji Cement continued to command a premium brand. However, due to general fall in prices of cement, the net profit of the Company decreased from Rs. 288.5 Million to Rs. 102.1 Million during the quarter under review.

5. Given the business scenario at present, the Board of Directors is confident that long term prospects for the Company stakeholders would remain bright.

A handwritten signature in black ink, appearing to read 'Arif Hasan'.

Lt Gen Syed Arif Hasan, HI (M) (Retd)
Chairman