



# 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 30 September 2008.
2. The demand for cement in the country remained mixed during the quarter under review as the exports witnessed a growth of 67%, while local demand scaled down by 15% because of slow construction activities. The overall dispatches for the first quarter stood at 7.33 Million tons as compared to 7.28 Million tons in the same period of the last year. Capacity utilization of the Cement Industry stood at 78.91% of total installed capacity.
3. Comparing with the Industry, FCCL achieved a higher capacity utilization of 95.52% mainly due to the fact that during the quarter under review, the Company exported 86,435 tons as compared to 60,360 tons in the same quarter of the last year depicting an increase of 43.20%. On the other hand, local dispatches stood at 191,893 tons as compared to 250,750 tons during the corresponding quarter of the last year reflecting a decrease of 21.34%.
4. Fauji Cement continued to command premium brand. As a result, the net profit of the Company witnessed an increase from 63 Million to 220 Million owing to higher demand in export, better margins and higher retention price (rupees) for export sales.
5. Our economy is passing through a difficult phase with high inflation, exorbitant increase in the cost of utilities, substantial increase in mark up rates and slow progress in meeting the Government PSDP target. These factors will continue to exert pressure on the domestic dispatches. However, due to continuous rise in export demand, we are hopeful of better performance in the next quarter as compared to the last year.

Rawalpindi  
29 October 2008

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