



FAUJI CEMENT COMPANY LIMITED

DIRECTORS' REVIEW

1. The Board of Directors is pleased to present their review report together with the un-audited accounts of the Company for the first quarter ended 30 September 2006.
2. During the first quarter of the current Fiscal Year 2007, the Cement Industry witnessed an accelerated demand for its product. Total cement despatches during the quarter reached 5.41 Million tons compared to 4.47 Million tons over the corresponding quarter of last year showing growth of 21 percent. Cement exports registered a growth of 53.72 percent and domestic demand grew by 17.51 percent. Capacity utilization of the Cement Industry stood at 74.49 percent from an expanded capacity base made available by start up of new production lines and optimization of production capability undertaken by several units.
3. In line with the Industry, FCCL performed well and maintained its upward trend. During the quarter under review, FCCL's local despatches stood at 263,465 tons as compared to 223,491 tons during the corresponding quarter of last year depicting an increase of 18% and exports of 37,668 tons as compared to 31,160 tons last year reflecting an increase of 21%. Thus, with the total despatches of 301,133 tons, the Company achieved capacity utilization of 103.35 % as compared to 87.40 % in the corresponding quarter of last year.
4. Fauji Cement continued to command a brand premium. As a result, the net profit of the Company witnessed a rise from Rs. 260 Million to Rs. 269 Million.
5. Given the overall business scenario, the Board of Directors is confident that the Company has a shining and rewarding future for all its stake holders.

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