



FAUJI CEMENT COMPANY LIMITED

DIRECTORS' REVIEW

1. The Board of Directors is pleased to present their review report along with the accounts of the Company with limited scope review by the auditors for the half year ended 31 December 2007.

2. During first half of current fiscal year 2008, the Cement Industry witnessed an accelerated demand for its product. Total cement despatches during this period reached 13.94 million tons as compared to 11.18 Million tons over the corresponding period of last year showing growth of 24.62%. Cement exports registered a growth of 149% and domestic demand increased by 9.63%. Capacity utilization of the cement industry stood at 77.22% of total installed capacity of industry.

3. As in the past, your Company performed better than the Industry average and achieved capacity utilization of 100.50% as compared to 97.80% in the corresponding period of the last year with the total despatches of 585,690 tons of cement. Whereas export stood at 127,889 tons as compared to 68,736 tons during the corresponding period of last year depicting an increase of 86.06%, its local despatches recorded a figure of 457,801 tons as compared to 501,156 tons during the same period of the last year.

4. Fauji Cement continued to command a premium for its brand. However, owing to fall in prices of cement and increase in input costs mainly of coal, power and packing material, the net profit of the Company witnessed a decrease from 366.01 Million in first half of the last fiscal year to 115.27 Million in the first half of current fiscal year.

5. The present phase of depressed prices and profits is likely to continue for sometime. The Board is confident, however, that the market conditions will turn favourable soon and coupled with FCCL's initiatives towards controlling and reducing cost of sales, the Company will be in a position to show improved profitability.

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

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