



# 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 with limited scope review by the auditors for the half year ended 31 December 2008.
2. The demand for cement continued during the first half of current fiscal year 2008-09. Total cement despatches during this period reached 14.343 million tons, up by 3%, as compared to 13.935 Million tons over the corresponding first half of the last year. Cement exports registered a growth of 69.82% and domestic demand depicted a decrease of 15.39%. Capacity utilization of the cement industry stood at 69.20% of total installed capacity.
3. As in the past, your Company performed better than the industry average and achieved capacity utilization of 91.16%. FCCL exported 144,017 tons as compared to 127,889 tons in the same period of the last year depicting an increase of 12.61%. Local despatches stood at 387,226 tons as compared to 457,801 tons during the corresponding period of the last year depicting a decrease of 15.42%.
4. Fauji Cement continued to command premium brand. As a result, the net profit of the Company witnessed an increase from 115.270 Million to 514.377 Million owing to higher demand in exports, better margins and higher retention price.
5. Our domestic despatches will remain under pressure as our economy is in a recession phase owing to high inflation, excessive increase in cost of utilities, significant increase in mark up rates and sluggishness in the Government funded projects. However, we are hopeful that the Company will maintain the displayed performance during the next half of the fiscal year as well.
6. Work on New Line of Production is progressing satisfactorily in accordance with the planned activities. Shipment of main plant and machinery from Europe has commenced as per delivery schedule.

Rawalpindi  
18 February 2009

Lt Gen Hamid Rab Nawaz, HI (M) (Retd)  
Chairman