

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-2913

N O T I C E

May 08, 2009

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(Copy of the same is also available on our Website www.kse.com.pk).

LAFARGE
CEMENT

Pakistan

LP/KSE/SC-2009

May 7, 2009

Mr. Muhammad Ghufan
Deputy General Manager-Company Affairs
Karachi Stock Exchange (G) Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi-74000.

SHOW CAUSE NOTICE UNDER REGULATION NO. 32(1)(b)

Dear Sir,

This is with reference to the discussion held during the hearing of the case in your office on April 27, 2009. In continuation of our earlier letter dated January 29, 2009 and suggested by your good self, the factual position as to incorporation, delays, the Company's operations etc. are given as under:

- i. Chakwal Cement Company Limited (CCCL) was incorporated in May 1993 as a Private Limited Company, subsequently was converted into Public Limited Company in October 1994 and listed on all the three stock exchanges in Pakistan with the objective of setting up a cement manufacturing plant in Kallar Kahar, Distt. Chakwal.
- ii. The project's viability was dependent on a number of incentives given by the Government including exemption from import duties and sales tax on imported plant and machinery. Unexpected withdrawal of these exemptions in 1995 led to an escalation in project cost. The situation was further aggravated as the cement sector entered a period of over capacity and recession, which led to several financial institutions who had agreed to participate in the project, withdrawing their support. As a result of these events project completion was delayed. The work on the plant was stopped in 1996.
- iii. Orascom Construction Industries (OCI), a leading cement producer and construction contractors active in emerging markets and the largest cement producer in Middle East took over the management of the Company in April 2005 and began work for the revival of the project. The new management changed its name to Pakistan Cement Company Limited, (PCCL) on July 11, 2005.
- iv. On 18th December 2006 PCCL announced commencement of its commercial operations with an annual capacity of 2.4 MMT of cement. PCCL's impressive