

DYNEA PAKISTAN LIMITED
DIRECTORS' REVIEW
FOR THE PERIOD ENDED MARCH 31, 2008

The directors take pleasure in presenting the un-audited accounts for the nine months and quarter ended March 31, 2008.

During nine months ended March 31, 2008, sales amounting to Rs.920.58 million were generated as against sales of Rs.898.33 million achieved during the corresponding period last year. By the grace of Allah, Gross Profit and Operating Profit were improved and the Company was able to post Rs.44.07 million as Profit before Taxation as against Rs.31.52 million posted during the same period last year.

Resin Division

Resin Division generated sales amounting to Rs.483.82 million and Rs.183.34 million during the nine month and quarter ended March 31, 2008 respectively as against Rs.432.04 million and Rs.174.62 million achieved during the corresponding periods of the preceding year. Improvement in sales was mainly attributed to better selling prices which were improved due to increase in methanol and melamine prices.

Aminoplast Division

For the last 3 years, because of continued influx of Chinese material at cheaper rates, tough competition coupled with additional capacities entering the indigenous market and unethical practices followed by some importers, sales of moulding division is under pressure and this quarter also witnessed the same trend.

Sales during the nine months period and quarter ended respectively were registered at Rs.436.76 million as against sales of Rs.466.29 million of the same period of the preceding year and Rs.155.21 million against sales of Rs.151.62 achieved during the corresponding period last year. The marginal increase in sales revenue is attributed to increased prices due to increase in raw material prices.

Future Outlook

Due to acute power shortage, load shedding will continue in the remaining period of the year which in turn will effect production of our customers and our sales to the customers.

The persistent fall in Rupee value against major currencies particularly US \$, Euro and Pound Sterling will make the imports more costlier which will adversely affect our bottom line in the remaining period of the year.

Vend Fee and Permit Fee Case

After two favourable decisions of the Sindh High Court, the case is now pending for hearing and final decision with the honourable Supreme Court of Pakistan. In view of the merits of the case, the management is also expecting a favourable decision from the apex court.

Acknowledgement

The Management is committed to providing better services to its customers, to improve the working conditions for all employees and to give reasonable return to shareholders on their investment.

On behalf of the Board

Alireza M. Alladin
Chief Executive Officer

Karachi,
Dated: April 29, 2008