

**DYNEA PAKISTAN LIMITED**  
**Directors' Review**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

The directors have pleasure in presenting the un-audited accounts for the quarter and half year ended December 31, 2008.

During the half year ended December 31, 2008, sales amounting to Rs.645.22 million were achieved as against sales of Rs.582.03 million generated during the corresponding period last year. The improvement in sales is mainly attributed to improvement in selling rates while sales volume during the period were lower than those achieved in corresponding period last year.

During the last six months period, PKR devaluation against US Dollar continued unabated making imported material more costlier. Due to market constraints, increase in cost of production could not be passed on to the customers and thus lesser Gross Profit and Profit before taxation was achieved when compared to the corresponding period last year.

**Resin division**

Resin Division generated sales amounting to Rs.370.32 million as against Rs.300.48 million registered during same period last year showing an improvement of 23%. Improvement in sales was attributed to increase in selling prices.

**Aminoplast Division**

Aminoplast Division generated sales amounting to Rs.274.90 million as against Rs.281.50 million achieved during same period last year showing a marginal decrease of 2%.

Moulding operations remained under pressure due to excess/over capacities in the indigenous market. Cut throat competition and price war amongst manufacturers have adversely affected our sales volumes and have shrunk gross margins of the Division.

**Future Outlook**

Looming recession, continued electric load shedding coupled with higher tariff, tight monetary policy and higher interest rates are the factors effecting economic activities in the country. This situation is to continue in near future. The operations, therefore, would remain under pressure during the remaining half of the year.

**Vend Fee and permit Fee Case**

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

**Acknowledgement**

The Management is committed to provide 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: February 25, 2009