

DYNEA PAKISTAN LIMITED
Directors' Review
FOR THE HALF YEAR ENDED DECEMBER 31, 2009.

The Directors hereby present the unaudited accounts for the quarter and half year ended 31st December, 2009.

During the half year ended December 31, 2009 your company made pretax profit of Rs. 35.872 million and after tax profit of Rs 23.582 million as against pretax profit of Rs. 10.566 million and after tax profit of 13.881 million respectively during the corresponding period last year. This improvement in profitability is attributed mainly to higher sales volume in Resin division, and higher Plant efficiency, better marketing strategies and effective control over administrative and financial cost.

Resin division

Resin division generated sales amounting to Rs. 390.624 million as against Rs. 370.323 million that was registered during the same period last year showing an improvement of 5.48%. Improvement in sales revenue was mainly due to improvement in sales volume to the extent of 30.05%.

Aminoplast Moulding compound Division

Aminoplast Moulding division generated sales revenue amounting to Rs. 242.522 million as against Rs. 274.898 million achieved during the same period last year showing a decline of 11.78%. This division however earned a gross profit of Rs. 4.148 million during this quarter ended 31st December, 2009 which helped in reducing the gross loss to Rs. 7.702 million for the half year ended 31st December, 2009.

Future Outlook

Prices of methanol, melamine and cellulose that are basic raw materials are showing significant upward trend in global market and continuous depreciation of Pak Rupees may adversely affect the profitability of the company in the second half of the year.

The Company will invest in Chinese technology for production of Amino Plast Moulding Compound as manufacturers of tableware prefer Chinese technology product as compared to our existing product.

Vend Fee and permit Fee Case

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

Acknowledgement

The Management of the Company would like to convey its appreciation to all its Customers, financial institutions and other stakeholders for their continued support and confidence that they have shown in the Company.

On behalf of the Board

Shabbir Abbas
Chief Executive Officer

Karachi: February 08, 2010