

DYNEA PAKISTAN LIMITED
DIRECTORS' REVIEW
FOR THE QUARTER ENDED SEPTEMBER 30, 2007

The directors take pleasure in presenting the un-audited accounts for the quarter ended September 30, 2007.

During the period under review, the Company generated sales amounting to Rs. 266 million as against sales of Rs. 257.4 million achieved during the same period last year showing an improvement of about 3%. By the grace of Allah, Gross Margin increased by 88% to Rs. 48.123 million as against Rs. 25.644 million earned during the same period last year. Operating Profit also showed an excellent improvement and increased to Rs. 16.4 million as against Rs. 6.346 million posted during the same period last year.

Resin Division

Resin operations achieved a sales turnover of Rs. 140.9 million as against sales of Rs.115 million generated during the same period last year showing an increase of 23%.

Aminoplast Division

Aminoplast operations remained under pressure and its sales decreased by 12% to Rs.125 million as against sales of Rs. 142.4 million generated during the same period last year.

Future Outlook

It is expected that Resin sector, in line with the growth in construction industry will expand further while Aminoplast operations because of unethical practices followed by importers, lesser anti-dumping duties on Chinese moulding compound and entrance of new indigenous manufacturing unit will remain under pressure in the remaining period of the year.

Methanol which is a basic raw material for production of formaldehyde, urea formaldehyde resins and urea formaldehyde concentrated used for the production of aminoplast moulding compounds is witnessing unprecedented price increase which may adversely affect Company's profitability in the remaining period of the year.

Vend Fee and Permit Fee Case

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

Acknowledgement

In the end, the Management of the Company would like to convey its appreciation to all of its customers, financial institutions and other stakeholders for their continued support and confidence in the Company. We would also like to recognize efforts of staff and workers of the Company who have worked together to achieve the results.

On behalf of the Board

Karachi,
Dated: October 26, 2007

Alireza M.Alladin
Chief Executive Officer