



Jasti Construction Engineers

SEMI ANNUAL REPORT

DATE: JANUARY 20TH 2007

We will be issuing two reports (every six months) per year going forward. We are sorry for the delay for this report. Next Report will be issued on May 15th 2007.

All Figures are in USD

	2005-2006	2006-2007	9 Months (Actual)	Last 3 Months (Est.)
Revenues	616 K USD	2.56 Mil USD	1.27 + 83K= 1.35 Mil	1.21 Mil USD
Profit Before Taxes	74 K USD	593 K USD	245 +83= 328 K	265 K USD
Profit After Taxes	49 K USD	396 K USD	163 + 55= 218 K	178 K USD

Financials Update:

- In first 9 months numbers for “Work in Progress Revenues” we have to add 18% more for Top line which passes down to Profit before taxes. Income taxes are 33.66%.
- We have an existing back log of 2.5 Mil USD. Of which we are trying to finish billing of 1.2 Mil USD by end of March.
- Revenue Split is about 60% from Sub contracts and 40% from Direct and Joint Venture.
- In our 2nd year we are qualified as Class 2 contractor. This allows us to bid contracts up to 55K USD. All the bigger contracts we have to be sub contractors.
- We will likely to be qualified as class 1 contractor in next fiscal year, which will allow us to bid on larger contracts. We will be able to increase revenues much faster once we attain Class I contractor status. Next fiscal we still believe 50% of our revenues will be from Direct Clients and 50% from Sub contracts.

Operations Update:

- We have built 2 persons Advisory board consisting of Mr. Muni Narayana Swami and Mr. Chandra Sekhariah. They both retired as Chief Engineers from Public Works Department and National Highways They are extremely well connected in the Department. We are using them for Business Development, Planning and Strategy for growth.
- Sambandham has been hired as Manager Tenders and Execution.
- We have hired one site engineer, 4 Supervisors and one Admin Support person.
- We have built a 10 seat office. We are renting space from CAMO Group.
- List of Clients includes Bangalore City Corporation, PWD, Minor Irrigation Department, BSNL, VSNL and Bangalore Development Authority.



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Board Update:

- Our Board of Directors consists of four members. Namely Mr. BKR Rao, Pradeep Saxena, G. Sreenath and Ashwani Jasti.
- We have invited Mr. Pradeep Saxena to join our board to replace Mr. S C Thimmapa. Unfortunately Mr. Thimmapa passed away this year.

Liquidity:

- In 2006 we raised 500K USD of Equity (convertible Loan) and 333K USD of Debt (Rs.75 Lakhs Term Loan and Rs. 75 Lakhs of Line of Credit) from Corporation Bank.
- Going forward we will be looking for projects (direct bidding) where we will be given mobilization funds (Advance) of 10 to 20% of cost of the project.
- And we will be looking for projects with ready funds availability so we can rotate our working capital fast.
- We have to raise more equity for us to achieve a 300% growth next year.

Capital Expenditure:

- We spent 45K USD to buy a JCB Excavator.
- We spent 3K USD to build our office.

Forward Looking Statement:

We are looking forward to finish this year with 2.5 Mil USD in revenue. And we are setting up 7.5 Mil USD target for next fiscal (2007-2008).

Thanks,

Ashwani Jasti
Managing Director