



MEGHMANI ORGANICS LIMITED
(Incorporate in Gujarat, India)

Second Quarter Financial Statements and Dividend Announcement

The Board of Directors of Meghmani Organics Limited (“MOL” or “the Company” or “the Issuer”) wishes to make the announcement of the Group’s results for the second quarter ended September 30, 2006 as follows:

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF YEAR AND FULL YEAR RESULT

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended		%	6 months ended		%
	30 /09/2006	30 /09/2005	Increase (Decrease)	30 /09/2006	30 /09/2005	Increase (Decrease)
	Rs '000	Rs '000		Rs' '000	Rs' '000	
Revenue	1,366,843	1,064,665	28.4	2,381,170	1,929,495	23.4
Cost of sales	(1,056,111)	(796,520)	32.6	(1,850,426)	(1,465,807)	26.2
Gross Profit	310,732	268,145	15.9	530,744	463,688	14.5
Other operating income	5,195	12,330	(57.9)	15,358	31,977	(52.0)
Distribution expenses	(119,514)	(87,829)	36.1	(215,597)	(157,623)	36.8
Administrative expenses	(54,953)	(30,967)	77.5	(84,237)	(60,762)	38.6
Other operating expenses	(702)	(1,218)	(42.4)	22,326	(5,071)	n.m
Profit from operations	140,758	160,461	(12.3)	268,594	272,209	(1.3)
Finance cost	(28,201)	(16,130)	74.8	(50,507)	(26,998)	87.1
Income from investments	30	-	n.m	30	151	(80.1)
Share of Loss in Associate	(3,135)	-	n.m	(627)	-	n.m.
Profit before tax	109,452	144,331	(24.2)	217,490	245,362	(11.4)
Income tax	(2,844)	(38,441)	(92.6)	(20,486)	(62,431)	(67.2)
Profit after income tax	106,608	105,890	0.7	197,004	182,931	7.7

1(a) (ii) The net profit attributable to the shareholders includes the following (charges) / credits:

	Group			Group		
	3 months ended		%	6 months ended		%
	30 /09/2006	30 /09/2005	Increase (Decrease)	30 /09/2006	30 /09/2005	Increase (Decrease)
	Rs '000	Rs '000		Rs '000	Rs '000	
Bad trade receivables written off /recovered	1,057	15	n.m.	1,156	16	n.m.
Foreign currency exchange adjustment loss/gain	(1,759)	1,203	n.m.	21,641	5,028	n.m.
Research and development expenditure	4,314	4,251	1.5	11,556	6,452	79.1
Loss/Profit on sales of property, plant	-	-	-	(471)	-	n.m.
Loss/Profit on sales of investments	-	-	-	-	27	n.m.

Note: n.m. means not meaningful.

1(b)(i) A balance sheet of the Group and the Company together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30.09.2006	As at 31.03.2006	As at 30.09.2006	As at 31.03.2006
	Rs '000	Rs '000	Rs '000	Rs '000
ASSETS				
Current assets				
Cash & bank Balances	58,512	57,302	58,512	50,335
Trade receivables	2,238,753	1,545,123	2,246,564	1,665,351
Other receivables and prepayments	378,162	314,163	378,162	312,394
Inventories	885,036	842,460	880,678	744,819
Income tax recoverable	36,245	18,431	36,245	18,431
Total current assets	3,596,708	2,777,479	3,600,161	2,791,330
Non - current assets				
Property, plant and equipments	1,262,458	1,224,415	1,262,458	1,223,555
Interests in subsidiaries / associate	-	-	373	373
Available for sale investments	5,462	5,462	5,462	5,462
Total non – current assets	1,267,920	1,229,877	1,268,293	1,229,390
Total assets	4,864,628	4,007,356	4,868,454	4,020,720
LIABILITIES AND EQUITY				
Current liabilities				
Bank borrowings	1,424,898	1,030,142	1,424,898	1,029,562
Trade payables	664,840	361,455	664,840	359,234
Other payables	79,544	51,247	79,544	51,103
Total current liabilities	2,169,282	1,442,844	2,169,282	1,439,899
Non - current liabilities				
Deferred tax liabilities	100,043	102,707	100,043	102,707
Interest in associate	254	-	-	-
Total non – current liabilities	100,297	102,707	100,043	102,707
Capital & reserves				
Issued capital	200,630	200,630	200,630	200,630
Share premium	663,259	663,259	663,259	663,259
General reserve	444,130	444,130	444,130	444,130
Capital redemption reserve	18,433	18,433	18,433	18,433
Dividend reserve	0	80,069	0	80,069
Currency translation reserve	0	5,967	0	-
Accumulated profits	1,268,597	1,049,317	1,272,677	1,071,593
Total equity	2,595,049	2,461,805	2,599,129	2,478,114
Total liabilities and equity	4,864,628	4,007,356	4,868,454	4,020,720

On dilution to 49% of the Company's controlling interest in Meghmani Europe BVBA, Belgium ("Meghmani BVBA"), by March 31, 2006, Meghmani BVBA ceased to be a subsidiary of the company and is an associate. The Group figures as at March 31, 2006 included the figures of Meghmani BVBA as subsidiary and the same as at September 30, 2006 have been included as an associate. Under the circumstances, figures are not comparable.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 September 2006		As at 31 March 2006	
Secured	Unsecured	Secured	Unsecured
Rs '000	Rs '000	Rs '000	Rs '000
755,538	669,360	685,475	344,667

Amount repayable after one year

As at 30 September 2006		As at 31 March 2006	
Secured	Unsecured	Secured	Unsecured
Rs '000	Rs '000	Rs '000	Rs '000
-	-	-	-

The details of bank borrowing from various banks and securities are shown below:

Bank borrowing from a consortium of banks (SBI, Corporation and ICICI)

As at September 30, 2006, bank borrowing amounting to **Rs. 697,742,775** are secured by:

- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation on the Group's trade receivables and inventories ; and
- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation and/or legal mortgage over certain of Group's present and future properties, plant and equipment.

As at March 31, 2006, bank borrowing amounting to Rs. 518,700,000 are secured by:

- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation on the Group's trade receivables and inventories ; and
- first ranking pari passu charge in favour of a consortium of banks by way of hypothecation and/or legal mortgage over certain of Group's present and future properties, plant and equipment.

Bank borrowing from other banks

Bank A (ICICI Bank Limited – Working Capital)

As at September 30, 2006, bank borrowing amounting to **Rs. 57,712,500** are secured by :

- first ranking pari passu charge by way of hypothecation on the Group's current assets; and
- first ranking pari passu charge by way of hypothecation and/or legal mortgage over certain of Group's present and future properties, plant and equipment.

As at March 31, 2006, bank borrowing amounting to Rs. 165,946,000 are secured by :

- first ranking pari passu charge by way of hypothecation on the Group's current assets; and
- first ranking pari passu charge by way of hypothecation and/or legal mortgage over certain of Group's present and future properties, plant and equipment.

Bank B (HDFC Bank Limited – Buyers Credit)

As at September 30, 2006, bank borrowings amounting to **Rs 669,360,000** are unsecured.

As at March 31, 2006, bank borrowings amounting to Rs 344,667,000 are unsecured.

As at September 30, 2006, Motor Vehicle Loans amounting to **Rs 83,001** are secured by hypothecation of the respective motor vehicles purchased.

As at March 31, 2006, Motor Vehicle loans amounting to Rs. 829,022 are secured by way of hypothecation of the respective motor vehicles purchased.

1(c) A cash flow statement of the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Particulars	Group	
	6 months ended 30.09.2006 Rs '000	6 months ended 30.09.2005 Rs '000
Cash flows from operating activities		
Profit from operations	268,595	272,209
Adjustments for :		
Depreciation of property, plant and equipment	66,085	60,311
Unrealised Foreign Exchange Gain	(9275)	-
Balance of subsidiary eliminated (see note below)*	21,648	-
Profit / Loss on disposal of Property, Plant & Equipments	471	-
Operating cash flows before movements in working capital	347,524	332,520
Trade receivables	(693,630)	(287,070)
Other receivables and prepayments	(54,724)	(60,325)
Inventories	(42,577)	(159,055)
Trade payables	303,385	140,566
Bills payables	118,731	50,892
Interest in associate	254	-
Other payables	28,296	(25,586)
Cash generated (used in) from operations	7,259	(8,058)
Income taxes paid	(40,964)	(48,361)
Interest and finance charges paid	(50,507)	(26,998)
Net cash (used in) from operating activities	(84,212)	(83,417)
Cash flows from investing activities:		
Purchase of property, plant & equipments	(105,792)	(193,953)
Purchase of available-for-sale investments	-	(400)
Proceeds on disposal of property, plant & equipments	1,194	-
Investment income received	30	151
Net cash used in investing activities	(104,568)	(194,202)
Cash flows from financing activities:		
Dividend & Dividend tax paid	(80,069)	(68,055)
Proceeds from bank borrowings, net of repayments	276,026	343,164
Proceeds from other borrowings, net of repayments	-	-
Net cash used in financing activities	195,957	275,109
Net effect of exchange rate change on consolidation	(5,967)	1,341
Net (decrease) increase in cash and cash equivalents	1,210	(1,169)
Cash and cash equivalents at beginning of period	57,302	54,870
Cash and cash equivalents at end of period	58,512	53,701

*Note: On dilution to 49% of the Company's controlling interest in Meghmani Europe BVBA, Belgium ("Meghmani BVBA"), by March 31, 2006, Meghmani BVBA ceased to be a subsidiary of the company and is an associate. The Group figures as at March 31, 2006 included the figures of Meghmani BVBA as subsidiary and the same as at September 30, 2006 have been included as an associate. Under the circumstances, figures are not comparable.

1(d)(i) A statement (Group and Company) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Rs '000								
Group	Issued capital	Share premium	General reserve	Capital redemption reserve	Dividend reserve	Currency Translation Reserve	Accumulated Profits	Total
Balance as at June 30,2005	200,630	663,259	404,130	18,433	68,055	653	893,716	2,248,876
Net profit for the period	-	-	-	-	-	-	105,891	105,891
Dividend Paid	-	-	-	-	(68,055)	-	-	(68,055)
Add currency translation reserve	-	-	-	-	-	14	-	14
Balance as at September 30, 2005	200,630	663,259	404,130	18,433	-	667	999,607	2,286,726
Balance as at June 30,2006	200,630	663,259	444,130	18,433	80,069	-	1,161,989	2,568,510
Dividend Paid	-	-	-	-	(80,069)	-	-	(80,069)
Net profit for the period	-	-	-	-	-	-	106,608	106,608
Balance as at 30 September, 2006	200,630	663,259	444,130	18,433	-	-	1,268,597	2,595,049

Rs '000							
Company	Issued capital	Share premium	General reserve	Capital redemption reserve	Dividend reserve	Accumulated Profits	Total
Balance as at June 30,2005	200,630	663,259	404,130	18,433	68,055	899,278	2,253,785
Dividend Paid	-	-	-	-	(68,055)	-	(68,055)
Net profit for the period	-	-	-	-	-	105,492	105,492
Balance as at September 30, 2005	200,630	663,259	404,130	18,433	-	1,004,770	2,291,222
Balance as at June 30,2006	200,630	663,259	444,130	18,433	80,069	1,159,885	2,566,406
Dividend Paid	-	-	-	-	(80,069)	-	(80,069)
Net profit for the period	-	-	-	-	-	112,792	112,792
Balance as at 30 September, 2006	200,630	663,259	444,130	18,433	-	1,272,677	2,599,129

- 1(d)(ii) Details of any changes in the Group's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities , issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the Group's share capital during the reporting period since the end of the previous reported period.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed , the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual Financial Statements have been applied.**

The Group's financial statements have been prepared from those accounting records maintained under General Accepted Accounting Practices in India ("Indian GAAP") and adjusted to comply, in all material respects, with the requirements of the International Financial Reporting Standards ("IFRS").

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2006.

- 5. If there are any changes in the accounting policies and methods of computation , including any required by an accounting standard , what has changed , as well as the reasons for and the effect of, the change.**

There is no change in accounting policy.

6. **Earning per ordinary share of the Group and the Company for the current financial period reported on and the corresponding period of the immediately preceding financial year , after deducting and provision for preference dividends.**

There is no dilution as no share options were granted during the financial period.

Earnings per Ordinary shares	Group		Company	
	6 months ended		6 months ended	
	30.09.2006	30.09.2005	30.09.2006	30.09.2005
(a) Based on weighted average number of ordinary shares in issue (Rs)	0.98	0.91	1.00	0.90
Earning per SDS (Rs)	0.49	0.46	0.50	0.45
(b) On a fully diluted basis (detailing any adjustments made to the earnings) (Rs)	0.98	0.91	1.00	0.90
Earning per SDS (Rs.)	0.49	0.46	0.50	0.45
Weighted average number of ordinary shares (Nos.)	200,630,000	200,630,000	200,630,000	200,630,000

7. **Net asset value (for the issuer and Company) per ordinary share based on issued share capital of the issuer at the end of the :-**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	Group		Company	
	As at 30.09.2006	As at 31.03.2006	As at 30.09.2006	As at 31.03.2006
Net assets value per ordinary share based on issued share capital at the end of the period / year reported in Rs.	12.93	12.27	12.95	12.35

- 8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Revenue –Group

The principal activities of the Group include manufacturing and trading of Pigments, Agrochemicals, dyes, dyes intermediates and Agrochemicals technical and intermediates products.

Quarter to Quarter:-

Group revenue increased by 28.4%, from Rs.1064.7 million in 2Q FY 2006 to Rs.1366.8 million for 2Q FY 2007 due to increase in export and domestic sales.

Increase in domestic sales

Group revenue from domestic sales increased substantially by 48.0% from Rs. 395.6 million in 2Q FY 2006 to Rs 585.6 million in 2Q FY 2007 due to higher sales of (i) pigments from Panoli Units and (ii) Agrochemicals from Agro-I Unit at Chharodi and Agro – II Unit at Ankleshwar.

Increase in export sales

Group revenue from export sales increased marginally by 16.8% from Rs.669.0 million in 2Q FY 2006 to Rs.781.2 million in 2Q FY 2007.

Half year to Half year:-

Group revenue increased by 23.4%, from Rs.1929.5 million in 1H FY 2006 to Rs.2381.2 million for 1H FY 2007 due to increase in export and domestic sales.

Increase in domestic sales

Group revenue from domestic sales increased substantially by 37.3% from Rs.615.5 million in 1H FY 2006 to Rs.845.4 million in 1H FY 2007.

Increase in export sales

Group revenue from export sales increased marginally by 16.9% from Rs.1313.9 million in 1H FY 2006 to Rs.1535.8 million in 1H FY 2007.

Gross Profit – Group

Quarter to Quarter :-

Group gross profit for 2Q FY 2007 increased by Rs.42.6 million (i.e. 15.9%) from Rs.268.1 million in 2Q FY 2006 to Rs.310.7 million 2Q FY 2007. However, the group gross profit margin decreased from 25.2% in 2Q FY 2006 to 22.7% in 2Q FY 2007 due to:

1. Competitive pricing of Agrochemical products:
 - Average domestic selling price of Cypermethrin Technical reduced from Rs.470 per kg to Rs.391 per kg while export price reduced from Rs.481 per kg to Rs.421 per kg.
2. Increase in raw material cost:-
 - Average import price of Copper increased to Rs.365 per kg from Rs.152 per kg and of Phthalic increased to Rs.64 per kg from Rs.37 per kg.

Half year to Half year:-

Group gross profit for 1H FY 2007 increased by Rs.67.0 million (i.e. 14.5%) from Rs.463.7 million in 1H FY 2006 to Rs 530.7 million 1H FY 2007. However, the gross profit margin decreased from 24.0% in 1H FY 2006 to 22.3% in 1H FY 2007.

Other Operating Income

Other Operating Income of the Group which consists mainly of export benefits such as Duty Entitlement Passbook Benefit (DEPB), duty drawback, etc. has decreased by 57.9% to Rs.5.2 million in 2Q FY 2007 and by 52.0% to Rs.15.4 million in 1 H mainly due to reduction in exports of agrochemical products manufactured at Agro-I at Chharodi division and reduction in the rates of DEPB benefits. The income decreased due to export sales made against advance licenses during the current period, in which case, export benefits are not available. Exports during the current period, from Pigment Unit at Panoli and Agrochemical Unit-II at Ankleshwar being approved Export Oriented Units, are not entitled for the export benefits.

Distribution, Administrative and Other Operating Expenses

Distribution expenses of the Group increased by Rs.31.7 million in 2Q FY 2007 and Rs.58.0 million in 1H FY 2007. This is mainly due to increase in sales and higher proportion of export sales from Pigment Units at Vatva and at Panoli and Agro-II Unit at Ankleshwar during the current period. Transportation costs in cases of export sales are more as compared to domestic sales.

Administrative expenses increased by Rs.24.0 million in 2Q FY 2007 and Rs.23.5 million in 1H FY 2007. This is due to payment of performance bonus of Rs.18.3 million to working directors during 2Q FY 2007, increase in number of human resources and increments at the rate of 10%.

Other operating expenses decreased by Rs.0.5 million in 2Q FY 2007 and Rs.27.4 million in 1H FY 2007 mainly due to appreciation of Indian Rupee vis-à-vis US Dollar as well as vis-à-vis Euro.

Finance costs

Finance costs of the Group increased by Rs.12.1 million in 2Q FY 2007 and Rs.23.5 million in 1H FY 2007. The same is mainly due to higher utilization of working capital facilities in 1H FY 2007 by Rs.394.8 million extended by the banks / financial institutions because of increase in:

1. Inventory levels by Rs.42.6 million,
2. Trade receivables by Rs.693.6 million,
3. Investment in property, plant and equipment Rs.38.0 million,
4. Statutory receivables included in other receivables by Rs.64 million.

Share of associate's profit / loss

On dilution to 49% of the Company's controlling interest in Meghmani Europe BVBA, Belgium ("Meghmani BVBA"), by March 31, 2006, Meghmani BVBA ceased to be a subsidiary of the company and is an associate. Profit / loss of associate to the extent of 49% is shown as share of profit / loss of the Group.

Balance sheet

Trade receivables

Trade receivables of group increased by Rs.693.6 million from Rs.1545.1 million as at March 31, 2006 to Rs.2,238.7 million as at September 30, 2006.

Other receivables & prepayments

During the 1H FY 2007, other receivables and prepayments for the Group increased by Rs.64.0 million mainly due to (i) advance payments made for raw materials purchase (ii) statutory receivables, etc.

Inventories

During the 1H FY 2007, the Group inventory level increased by Rs.42.6 million mainly due to increase in installed capacity of agrochemical products in Agro-II division at Ankleshwar Unit and increase in production of pigment products.

Property, plant and equipment

During the 1H FY 2007, property, plant and equipment for the Group increased by Rs.38.0 million due to installation of new capacities of Cypermethric Acid Chloride (CMAC), Trichloro Acid Chloride (TCAC) and Chlor pyriphos.

Bank Borrowings

During the 1H FY 2007, bank borrowings for the Group increased by Rs.394.8 million from Rs.1030.1 million as at March 31, 2006 to Rs.1424.9 million as at September 30, 2006.

Trade payables and other payable

During the 1H FY 2007, trade and other payable for the Group increased by Rs.331.7 million which is proportionate to increase in group operations.

Cash flow statement

During the 1H FY 2007, the Group has generated negative net cash flows of Rs.84.2 million from operating activities because of increase in inventories, trade receivables and other receivables and prepayments. However, additional working capital facilities to the tune of Rs.733 million have been sanctioned by a consortium of banks to cover the shortfall from internal accruals.

Financial Analysis

Rs. in millions

Group Key Financial Highlights	As at 30.09.2006	As at 30.09.2005	Variance	Variance (%)
<u>Profitability</u>				
Sales	2381.17	1929.49	451.68	23.4
Gross Profit	530.74	463.69	67.05	14.5
Gross Profit Margin (%)	22.3%	24.1%	(1.80)	(7.5)
Profit before tax	217.49	245.36	(27.87)	(11.4)
Profit before tax Margin (%)	9.1%	12.8%	(3.7)	(28.9)
Net profit	197.00	182.93	14.07	7.7
Net profit Margin (%)	8.3%	9.5%	(1.2)	(12.6)
Earning per Share (EPS in Rs.)	0.98	0.91	-	-
Annualised return on equity (ROE)	0.08	0.08	-	-
<u>Financial position</u>				
Net tangible assets	2595.05	2286.73	308.32	13.5
Debt (short term +long term)	1424.90	892.87	532.03	59.6
Capital Gearing ratio	0.6	0.4	0.2	50.0
Net tangible assets per share	12.93	11.40	1.53	13.4
Stock turnover (days)	88	86	2	-
Trade debts turnover (days)	172	151	21	-

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Industry Prospects

Pigments

The ink, paints and plastics industries continue to witness steady and sustained growth in demand. India's ability to provide high quality manufacturing is also attracting a higher level of outsourcing from more companies from the developed countries. In addition, companies in US, Europe, Central and South America, and Japan are also increasing their direct supplies of Pigments from India. The Indian ink industry is also expected to consume more Pigments.

The scale of operations installed by the group is adequate to withstand the competition within the country. To position itself better, the group has installed facilities to manufacture 17 DA additives and gearing it self to manufacture high performance pigments to offer more and diversified products.

Agrochemicals

To meet the growing demand for Organo phosphorous and Synthetic pyrothid, the Group has installed multifaceted production capacities to produce Permethrin, Alpha Cypermethrin and Acephate at the Ankleshwar Plants.

Registrations

The Group continued to make its concerted efforts to obtain overseas registrations. The Group has already sent registration dossiers to 56 countries. The Group has received 61 registrations worldwide.

The registrations are in countries such as China, Bangladesh, Indonesia, Nigeria, Paraguay, Thailand, Turkey, and Vietnam. The group has 394 new registrations in pipeline at various stages which will further strengthen the growth plan of the Group.

Outlook for FY 2007

Raw Material Price

During FY 2006 crude oil price continued to increase resulting in higher raw materials cost that are derivatives of crude oil, such as Phathlic, Ortho Nitro Toluene and solvents. There was also a bullish trend in the metal market, resulting in increases in the prices of Copper and Aluminium.

In recent months, the price of crude oil has once again begun to increase. Nevertheless, should the trend of rising raw material costs resume, our profitability is likely to be affected in the third quarter of FY 2007. We are also continuously negotiating with customers to pass on the higher raw material costs.

Market Price

The global market for pigment products continued to show signs of recovery in the sales price of some products. The agro product witnessed pressure on pricing during 1H 2007.

Profitability

The Group achieved higher revenue in 2 Q FY 2007 on a Qtr-on-Qtr basis. Gross profit and Net Profit after tax increased. Although the gross profit margins are under pressure. The company endeavours to manage finance cost, inventory level, and speedy realisation of debtors.

11. Dividend**(a) Current financial period reported on**

Any dividend for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year :

Any dividend for the corresponding period of the immediately preceding financial year? No

(c) Date payable: Not applicable

(d) Books closure date: Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend for the period ended 30 September, 2006 is recommended or declared.

By ORDER OF THE BOARD

KD Mehta
Company Secretary
Date : 13/11/2006

Confirmation by Directors pursuant to Rule 705(4) of the Listing Manual of the SGX-ST

On behalf of the Board of Directors of the Company, we, Mr. Ashish N. Soparkar and Mr. Anand I. Patel, being two directors of the Company, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter ended 30 September 2006 to be false or misleading.