

KERNEX MICROSYSTEMS (INDIA) LIMITED
 " Thrushna ", Plot.No.7 , Software Units layout.
 Madhapur, Hyderabad-081 , Andhra Pradesh , INDIA
BALANCE SHEET AS AT 31st AUGUST,2005

	<i>Schedule No.</i>	<i>For the period ended 31.08.2005</i>	<i>AS AT 31.03.2005</i>
I. SOURCES OF FUNDS			
<i>(1) Shareholders' funds :</i>			
(a) Capital	A	74,028,790	74,028,790
(b) Reserves and surplus	B	234,347,104	172,190,294
(c) Defferred Tax Liability		-	-
<i>(2) Loan funds :</i>			
(a) Secured Loans	C	41,261,277	21,532,563
(b) Unsecured Loans	D	-	-
TOTAL		349,637,171	267,751,647
II. APPLICATION OF FUNDS			
<i>(1) Fixed Assets :</i>			
(a) Gross block	E	122,796,048	122,019,669
(b) Less : Depreciation		43,177,017	38,695,398
(c) Net block		79,619,031	83,324,271
(d) Capital Work-in-progress		-	-
<i>(2) Investments :</i>			
	F	11,830,950	11,830,950
<i>(3) Current Assets, Loans and advances</i>			
(a) Inventories	G	30,720,426	54,114,513
(b) Sundry Debtors	H	202,388,833	108,855,800
(c) Cash and bank balances	I	85,027,669	91,208,867
(d) Loans and advances	J	98,255,732	50,920,025
<i>Less :</i>		416,392,661	305,099,205
<i>Current Liabilities and Provisions</i>			
(a) Current Liabilities	K	64,225,214	54,367,252
(b) Provisions		96,054,915	79,462,392
<i>Net current assets</i>		256,112,533	171,269,562
<i>(4) (a) Miscellaneous expenditure to the extent not written off or adjusted</i>			
(b) Deffered Tax Asset	L	-	-
		2,074,657	1,326,865
TOTAL		349,637,171	267,751,647
<i>Notes on Accounts</i>	S	-	-

Schedules form part of the Accounts
 As Per our report of even date
for GMK ASSOCIATES,
Chartered Accountants

for and behalf of the board
for KERNEX MICROSYSTEMS (INDIA) LIMITED

(G.SATYANARAYANA MURTY)
 Partner

Col.L.V.Raju (Retd)
 Managing Director

B.Murali Mohan
 Director-Technical

Membership No. 29919
 Place : Hyderabad
 Date :

I.Srinivas
 Company Secretary

KERNEX MICROSYSTEMS (INDIA) LIMITED
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 Madhapur, Hyderabad-081 , Andhra Pradesh , INDIA
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st August,2005

	Schedule No.	For the period ended 31-08-2005	For the Year ended <i>31.03.2005</i>
INCOME			
<i>Sales and Services</i>	M		
(a) Exports			-
(b) Domestic		198,298,652	524,817,768
<i>Other Income</i>	N	2,258,768	6,473,015
TOTAL		200,557,420	531,290,783
EXPENDITURE			
Cost of Sales and Services	O	68,813,251	263,263,727
Personnel Expenses	P	16,747,038	38,069,876
Operating, Admn and Selling Expenses	Q	23,725,668	62,580,579
Finance Charges	R	2,082,000	8,719,010
Depreciation	E	4,481,618	12,680,423
TOTAL		115,849,575	385,313,615
Profit before Tax		84,707,845	145,977,168
Less : Provision for Taxation :			
(a) Current tax		23,098,828	58,404,776
(b) Deferred Tax		(747,792)	(2,267,513)
(c) Fringe Benefit Tax		200,000	-
Profit after Tax		62,156,809	89,839,904
Add : Profit brought forward from Previous year		95,437,481	22,386,840
Profit Available for Appropriation		157,594,291	112,226,744
Less : Provision for Dividend		-	7,402,879
Less : Tax on distributed Profits		-	967,464
Less : Utilised on Issue of Bonus Shares		-	3,418,920
Less : Transfer to General Reserve		-	5,000,000
Balance Carried to Balance Sheet		157,594,291	95,437,481

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