

KERNEX MICROSYSTEMS (INDIA) LTD

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2006			
Amount Rs In Lakhs			
PARTICULARS		UNAUDITED	AUDITED
		3 months ended	Year ended
		30/6/2006	31/03/2006
1	Gross Sales / Income from Operations	719.85	4,129.29
	Less : Excise Duty & Service Tax	75.54	456.45
	Net Sales / Income from Operations	644.31	3,672.84
2	Other Income	149.03	161.54
3	Total Expenditure		
	a.(Increase) / decrease in stock - in - t	-	-
	b.Cost of sales and services	165.48	1,321.34
	c.Staff cost	138.46	499.29
	d.Other Expenditure	57.00	491.04
4	Interest	46.57	142.20
5	Depreciation	23.90	109.96
6	Profit (+)/Loss(-) before tax(1+2-3-4-	361.94	1,270.55
7	Provision for Taxation		
	- Current Tax	75.00	420.00
	- Deferred Tax	(3.12)	(16.66)
	- Fringe Benefit Tax	1.05	8.92
8	Net Profit (6-7)	289.01	858.29
9	Paid up Equity Share Capital (Face Value of Rs.10/- per share)	1,136.33	1,136.33
10	Reserves excluding revaluation reserve	--	10,968.64
11	Earnings per share (not annualised) -	2.54	7.55
	- Diluted	--	9.93
12	Aggregate of Non-Promoter Shareholding		
	a. Number of Shares	4,675,329	4,675,329
	b. Percentage of Shareholding (%)	41.14	41.14

Notes:

1. The above financial results were taken on record by the Board of directors at their meeting held on July 29, 2006, which were also subjected to limited review by statutory Auditors.

2. Number of Investor complaints left unresolved at the beginning of the Quarter - Nil, received during the Quarter - 12, Disposed off during the Quarter - 12 and pending - NIL

3. The Company operates in one reportable segment i.e. Safety systems for railways and in one geographical segment i.e. with in India and as such segment reporting as per AS-17 is not applicable.

4. The company has redrawn its plans to carry on the expansion and diversification programme as against the scheduled time, estimated amount and quantity as mentioned in the prospectus dated December 6, 2005 due to delay in availability of required land for the project scheduled to be commenced in June/July 2006. The total amount spent out of the IPO proceeds up to June 30, 2006 is Rs. 2,549.62 lacs. The balance issue proceeds are placed with the Monitoring Agency. Overseas international market offices scheduled to be opened in July 2006, are planned after market exploration. Marketing Agent with a suitable office was appointed for Indonesia and the company is finalizing marketing agent in USA to cover Latin American countries like Brazil, Argentina and Venezuela etc.

5. The company has become a listed company on December 20, 2005 and as such the corresponding previous figures for the quarter ended June 30, 2005 are not reported. The sales for the year ended March 31, 2006 are classified to show excise duty and service tax separately.

6. Provision for taxation is provided on estimated annual basis and the actual liability for the same will be made at the end of the year.

7. Due to the reschedulement of orders to be received from Indian Railways, the Company has rescheduled its manufacturing programme which has resulted into lower turnover.

Place: Hyderabad
Date : July 29, 2006

COL.L.V.RAJU (RETD)
MANAGING DIRECTOR