

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2006

Amount Rs. in Lakhs

PARTICULARS	UNAUDITED		AUDITED		Consolidated		
	9 months ended	3 months ended	Year Ended		Year Ended		
	12/31/2005	3/31/2006	3/31/2006	3/31/2005	3/31/2006 Audited	3/31/2005 Audited	
1.	Net Sales / Income from Operations	3,036.06	1,093.23	4,129.29	5,248.18	4,139.02	5,255.58
2.	Other Income	41.91	119.63	161.54	64.73	161.54	58.10
3.	Total Expenditure						
	a.(Increase) / decrease in stock - in - trade	-	-	-	-	-	-
	b.Cost of sales and services	942.55	641.57	1,584.12	2,632.64	1,584.12	2,632.64
	c.Staff cost	315.58	183.71	499.29	378.22	499.37	378.22
	d.Other Expenditure	458.79	225.92	684.71	616.29	691.91	617.76
4.	Interest	56.63	85.57	142.20	99.18	144.35	100.16
5.	Depreciation	81.61	28.35	109.96	126.80	109.96	128.06
6.	Public Issue expenses written off	15.54	(15.54)	-	-	-	-
7	Profit (+) /Loss(-) before tax (1+2-3-4-5-6)	1,207.27	63.28	1,270.55	1,459.78	1,270.85	1,456.84
8	Provision for Taxation						
	- Current Tax	400.00	20.00	420.00	584.05	420.00	584.05
	- Deferred Tax	-	(16.66)	(16.66)	(22.68)	(16.66)	(22.68)
	- Fringe Benefit Tax	3.97	4.95	8.92	-	8.92	-
9.	Net Profit (+) / Loss (-) (7-8)	803.30	54.99	858.29	898.41	858.58	895.47
10	Paid up Equity Share Capital (Face Value of Rs.10/- each per share)	1,136.33	1,136.33	1,136.33	740.29	1,136.33	740.29
11	Reserves excluding revaluation reserves	-	-	11,163.00	1,721.90	11,131.41	1,687.68
12	Earnings per Share (not annualised)						
	- Basic Rs.	7.07	0.48	7.55	12.14	7.56	12.10
	- Diluted Rs.	10.54	-	9.93	12.55	9.94	12.51
13	Aggregate of Non-promoter Shareholding						
	a. Number of Shares	4,675,329	4,675,329	4,675,329	714,885	-	-
	b. Percentage of Shareholding (%)	41.14	41.14	41.14	9.66	-	-

NOTES :

- 1 The above financial results were taken on record by the Board of directors at their meeting held on 28th June'2006.
- 2 The Board has recommended a dividend @15% on shares of Rs.10/- each for the year ended March 31,2006.
- 3 Number of Investor complaints left un-resolved at the beginning of the Quarter - Nil, received during the Quarter - 75, Disposed off during the Quarter - 75 and pending - Nil
- 4 The Company operates in one reportable segment i.e. Anti Collision Devices for Railways and in one geographical segment i.e.within India and as such segment reporting as per AS-17 is not applicable.
- 5 The Company has raised Rs.9901.11 lakhs by way of Initial Public Offer of 39,60,444 shares of Rs.10/- each at a premium of Rs.240/-. The IPO was closed on December 3, 2005 and the shares were listed on December 20, 2005. In terms of clause 43 of the listing agreement, an amount of Rs.927.79 lakhs was utilised as against the the projected deployment of Rs.2321.10 lakhs as on March 31,2006. Further the company has redrawn its plans to carry on the expansion and diversification program as against the scheduled time, estimated amount and quantity as mentioned in the prospectus dated December 6,2005 due to the non-availability of required quantum of land, steep increase in the prices of Land, steel, cement and other materials. The company utilised an amount of Rs.851.70 lakhs as against the estimated amount of Rs.575.00 lakhs in connection with the procurement of Land for establishing manufacturing facilities for ACDs and Provision of temporary simulation facilities in the existing premises of the company, the partial activity of intelligent transportation centre, is carried in advance as against the scheduled time in this regard.

Further special R&D projects are expected to be completed in July'2007 as against the scheduled time mentioned in the prospectus in this regard.

The company has already set up the international marketing head quarters in the existing company's premises and the recruitment of required man power in this regard is in the process as against the scheduled time of February'2006. The establishment of overseas marketing offices as mentioned in the prospectus is in the process.The project centres and warranty maintenance centres are setup in few places and others will be established in phased manner as per the commencement of work ordered by Indian Railways as against the scheduled time of May'2006.

- 6 The number of shares used in computing the basic and diluted EPS is the weighted average number of shares outstanding for the respective periods.
- 7 The Company has become a listed Company On 20th December 2005 and as such the company has not reported corresponding previous figures for the quarter ended March 31,2005.

- 8 The public issue expenses of Rs.922.26 lakhs as against the estimated amount of Rs.800.00 lakhs was written off against securities premium.
- 9 Previous years figures have been regrouped / rearranged wherever necessary

For **KERNEX MICROSYSTEMS (INDIA) LTD.**

Place : Hyderabad
Date : 28th June, 2006

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