

KERNEX MICROSYSTEMS ( INDIA ) LIMITED  
 " Thrushna ", Plot.No.7 , Software Units layout.  
 Madhapur, Hyderabad-081 , Andhra Pradesh , INDIA

**CONSOLIDATED BALANCE SHEET AS AT 31st AUGUST,2005**

	<i>Schedule No.</i>	<i>AS AT 31.08.2005</i>	<i>AS AT 31.03.2005</i>
<b>I. SOURCES OF FUNDS</b>			
<i>( 1 ) Shareholders' funds :</i>			
(a) Capital	A	74,028,790	74,028,790
(b) Reserves and surplus	B	231,145,352	168,767,714
(c) Defferred Tax Liability		-	-
<i>( 2 ) Loan funds :</i>			
(a) Secured Loans	C	41,261,277	21,532,563
(b) Unsecured Loans	D	-	-
<b>TOTAL</b>		<b>346,435,419</b>	<b>264,329,067</b>
<b>II. APPLICATION OF FUNDS</b>			
<i>( 1 ) Fixed Assets :</i>			
(a) Gross block	E	123,939,096	123,162,715
(b) Less : Depreciation		44,169,804	39,688,185
(c) Net block		79,769,292	83,474,530
(d) Capital Work-in-progress		-	-
<i>( 2 ) Investments :</i>			
	F	-	-
<i>( 3 ) Current Assets, Loans and advances :</i>			
(a) Inventories	G	30,720,426	54,114,513
(b) Sundry Debtors	H	203,172,013	108,855,800
(c) Cash and bank balances	I	85,031,802	91,648,687
(d) Loans and advances	J	85,014,010	37,804,968
<i>Less :</i>		403,938,251	292,423,968
<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>		<b>243,658,122</b>	<b>158,594,324</b>
<i>( 4 ) ( a ) Miscellaneous expenditure to the extent not written off or adjusted</i>			
(b) Preliminary Expenses	L	98,221	98,221
(c) R & D Expenses		-	-
(d) Deffered Tax Asset		20,835,127	20,835,127
		2,074,657	1,326,866
<b>TOTAL</b>		<b>346,435,419</b>	<b>264,329,067</b>
<i>Notes on Accounts</i>	S	-	-

Schedules referred above and notes thereon form part of Consolidated balance sheet.  
 This is the consolidated Balance sheet referred to in 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  
Membership No. 29919  
Place : Hyderabad  
Date :

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

B.Murali Mohan  
Director-Technical

I.Srinivas  
Company Secretary

KERNEX MICROSYSTEMS ( INDIA ) LIMITED  
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<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED</b>			
<b>31st AUGUST, 2005</b>			
	<i>Schedule No.</i>	<i>For the Period ended 31.08.2005</i>	<i>For the Year ended 31.03.2005</i>
<b>INCOME</b>			
<i>Sales and Services</i>	M		
(a ) Exports		-	-
(b ) Domestic		199,081,832	525,558,458
 <i>Other Income</i>	N	 2,311,992	 5,810,299
Increase / ( decrease ) in stocks			
<b>TOTAL</b>		<b>201,393,824</b>	<b>531,368,757</b>
<b>EXPENDITURE</b>			
Cost of Sales and Services	O	68,813,251	263,263,727
Personnel Expenses	P	16,754,652	38,069,876
Operating, Admn and Selling Expenses	Q	24,272,720	62,737,458
Finance Charges	R	2,082,000	8,807,581
Depreciation & Amortization	E	4,481,618	12,806,024
Priliminary Exp.w/o		-	-
<b>TOTAL</b>		<b>116,404,241</b>	<b>385,684,666</b>
<b>Profit before Tax</b>		<b>84,989,583</b>	<b>145,684,091</b>
<b>Less : Provision for Taxation :</b>			
(a ) Current Year		23,098,828	58,404,776
(b ) Deferred Tax		(747,792)	(2,267,513)
(c ) Fringe Benefit Tax		200,000	-
<b>Profit after Tax</b>		<b>62,438,547</b>	<b>89,546,827</b>
Prior Period (Expenditure)/ income			8.4344
<b>Add : Profit brought forward from</b>			<b>20.243</b>
Previous year		94,915,685	22,158,120
<b>Profit Available for Appropriation</b>		<b>157,354,233</b>	<b>111,704,947</b>
<b>Less : Provision for Dividend</b>		-	7,402,879
<b>Less : Tax on distributed Profits</b>		-	967,464
<b>Less : Utilised on Issue of Bonus Shares</b>		-	3,418,920
<b>Less : Transfer to General Reserve</b>		-	5,000,000
<b>Balance Carried to Balance Sheet</b>		<b>157,354,234</b>	<b>94,915,685</b>

Schedules referred above and notes thereon form part of Consolidated Profit and Loss Account.

This is the consolidated Profit and Loss Account referred to in 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

Membership No. 29919

Place : Hyderabad

Date : 20.05.05

Col.L.V.Raju (Retd)

Managing Director

B.Murali Mohan

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