

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2007**

Amount Rs In Lakhs

PARTICULARS		STANDALONE		
		UNAUDITED		AUDITED
		Quarter ended 30/6/2007	Quarter ended 30/6/2006	Year ended 31/03/2007
1	Gross Sales / Income from Operations	510.07	719.85	2,518.63
	Less : Excise Duty & Service Tax	43.15	75.54	239.94
	Net Sales / Income from Operations	<b>466.92</b>	<b>644.31</b>	<b>2,278.69</b>
2	Other Income	120.59	149.03	689.14
	<b>Total Income</b>	<b>587.51</b>	<b>793.34</b>	<b>2,967.83</b>
3	Total Expenditure			
	a.(Increase) / decrease in stock - in - trade	(99.76)	68.52	(540.60)
	b.Cost of Materials & services	141.12	96.96	952.74
	c.Staff cost	161.25	138.46	625.16
	d.Other Expenditure	94.31	57.00	483.48
4	Interest	34.60	46.57	171.46
5	Depreciation	62.72	23.90	209.84
6	<b>Profit (+)/Loss(-) before tax(1+2-3-4-5)</b>	<b>193.27</b>	<b>361.93</b>	<b>1,065.75</b>
7	Provision for Taxation			
	- Current Tax	54.00	75.00	317.00
	- Deferred Tax	(8.86)	(3.12)	98.37
	- Fringe Benefit Tax	2.50	1.05	9.54
	- Earlier Year Tax			3.35
8	<b>Net Profit (6-7)</b>	<b>145.63</b>	<b>289.00</b>	<b>637.49</b>
9	Paid up Equity Share Capital (Face Value of Rs.10/- per share)	1,136.33	1,136.33	1,136.33
10	Reserves excluding revaluation reserve	--	--	11,473.19
11	Earnings per share ( not annualised) - Basic	1.28	2.54	5.61
	- Diluted	--	--	
12	Aggregate of Non-Promoter Shareholding			
	a. Number of Shares	4,675,329	4,675,329	4,675,329
	b. Percentage of Shareholding (%)	41.14	41.14	41.14

Notes:

1. The above financial results were reviewed by the Audit Committee and taken on record by the Board of directors in their meeting held on July 27, 2007.

2. Number of Investor complaints left unresolved at the beginning of the Quarter – Nil, received during the Quarter – Nil, Disposed off during the Quarter – Nil 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, pursuant to the share holders approval obtained in the 14th Annual General meeting, has redrawn its plans to carry on the expansion programme, wherever required, as against plans mentioned in the prospectus dated December 6, 2005 in regard to scheduled time of completion, estimated amount and quantity.

The total amount spent out of the IPO proceeds up to June 30, 2007 is Rs.2,893.79 lacs as against the projected deployment of Rs.6,384.60 lacs . The balance issue proceeds are placed with the Monitoring Agency.

5. All site Acceptance tests in NF Railways conducted by Railway Authorities on the ACD System installed by the Company were satisfactory, culminating in successful completion of Phase –I development of ACD system. Railways are in the process of finalizing further deployment of ACD System upon which orders will be released to the Company.

6. Auditors have carried out limited review of the Financial results for the quarter ended 30<sup>th</sup> June 2007 as required under clause 41 of the listing requirements.

7. Figures for the previous periods have been regrouped/rearranged, wherever considered necessary.

**By order of the Board of Directors  
FOR KERNEX MICROSYSTEMS (INDIA) LTD.,**

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

**Place: Hyderabad  
Date: July 27, 2007**