

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER, 2007

PARTICULARS		UNAUDITED				Rs In Lakhs
		UNAUDITED		UNAUDITED		AUDITED
		3 months ended	3 months ended	6 months ended	6 months ended	Year ended
		30/09/2007	30/09/2006	30/09/2007	30/09/2006	31/03/2007
1	Gross Sales / Income from Operations	560.23	610.44	1070.29	1330.29	2518.63
	Less : Excise Duty & Service Tax	58.31	58.76	101.46	134.30	239.94
	Net Sales / Income from Operations	501.92	551.68	968.83	1195.99	2278.69
2	Other Income	114.65	154.25	235.24	303.28	689.14
3	Total Income	616.57	705.93	1204.07	1499.27	2967.83
4	Total Expenditure					
	a.(Increase) / decrease in stock - in - trade	(36.14)	78.36	(135.90)	68.27	(540.60)
	b.Cost of sales and services	109.38	98.25	250.49	273.82	952.74
	c.Staff cost	161.59	155.09	322.85	293.54	625.16
	d.Depreciation	62.83	32.40	125.55	56.30	209.84
	e.Other Expenditure	113.37	90.20	207.68	147.20	483.48
	Total	411.03	454.30	770.67	839.13	1730.62
5	Interest	24.20	38.02	58.79	84.59	171.46
6	Exceptional Items	-	-	-	-	-
7	Profit (+)/Loss(-) before tax	181.34	213.61	374.61	575.55	1065.75
8	Provision for Taxation					
	- Current Tax	45.00	50.95	99.00	125.95	317.00
	- Deferred Tax	2.38	19.66	(6.48)	16.54	98.37
	- Fringe Benefit Tax	2.50	2.34	5.00	3.39	9.54
	- Earlier year Tax	-	-	-	-	3.35
9	Net Profit (6-7)	131.46	140.66	277.09	429.67	637.49
10	Extraordinary Items					
11	Net Profit for the period					
12	Paid up Equity Share Capital (Face Value of Rs.10/- per share)	1136.33	1136.33	1136.33	1136.33	1136.33
13	Reserves excluding revaluation reserves	-	-	-	-	11473.19
14	Earnings per share (not annualised) - Basic	1.16	1.24	2.44	3.78	5.61
	- Diluted	-	-	-	-	-
15	Public Shareholding					
	a. Number of Shares	4756338	4675329	4756338	4675329	4675329
	b. Percentage of Shareholding (%)	41.86	41.14	41.86	41.14	41.14

Notes:

- The above financial results were reviewed by the Audit Committee and taken on record by the Board of directors in their meeting held on October 29, 2007
- Number of Investor complaints left unresolved at the beginning of the Quarter – Nil, received during the Quarter – 4, Disposed off during the Quarter – 4 and pending – Nil
- 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.
- 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 September 30, 2007 is Rs 3317.97 lacs as against the projected deployment of Rs 6384.60 lacs. The balance issue proceeds are placed with the Monitoring Agency.
- As already reported, the Phase-1 of development of ACD systems has been completed and pilot project commissioned. The Railways have accepted the ACD system for deployment in all the Railways. Essential procedures and administrative formalities in this regard are being completed and hence the delay in receiving orders. The Company now expects release of orders from Railways in the near future.
- Figures for the previous periods have been regrouped/rearranged, wherever considered necessary.

By order of the Board of Directors
For Kernex Microsystems (India) Ltd

sd/-

Place: Hyderabad
Date : October 29, 2007

COL L.V.RAJU (RETD)
MANAGING DIRECTOR