

**UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30'2008**

(Rs. In Lakhs)

Particulars	3 months ended (30/09/2008)	Corresponding 3 months ended in the previous year (30/09/2007)	Year to date figures for current period ended (30/09/2008)	Year to date figures for the previous year ended (30/09/2007)	Previous accounting year ended (31/03/2008)
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
(a) Net Sales/Income from Operations	525.70	501.92	1,033.25	968.83	2,030.63
(b) Other Operating Income	-	-	-	-	-
	<b>525.70</b>	<b>501.92</b>	<b>1,033.25</b>	<b>968.83</b>	<b>2,030.63</b>
<b>2. Expenditure</b>					
a. Increase/decrease in stock in trade and work in progress	(15.32)	(36.14)	(30.44)	(135.90)	(246.13)
b. Consumption of raw materials	82.01	106.53	160.71	243.53	480.48
c. Purchase of traded goods	0.28	2.85	4.70	6.96	18.67
d. Employees cost	188.84	161.59	368.05	322.85	673.67
e. Depreciation	46.11	62.83	91.68	125.55	253.58
f. Other expenditure	140.68	113.37	282.19	207.68	567.95
g. Total	<b>442.60</b>	<b>411.03</b>	<b>876.89</b>	<b>770.67</b>	<b>1,748.22</b>
(Any item exceeding 10% of the total expenditure to be shown separately)					
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	<b>83.10</b>	<b>90.89</b>	<b>156.36</b>	<b>198.16</b>	<b>282.41</b>
4. Other Income	92.87	114.65	182.27	235.24	496.48
5. Profit before Interest & Exceptional Items (3+4)	<b>175.97</b>	<b>205.54</b>	<b>338.63</b>	<b>433.40</b>	<b>778.89</b>
6. Interest	18.26	24.20	46.60	58.79	100.49
7. Profit after Interest but before Exceptional Items (5-6)	<b>157.71</b>	<b>181.34</b>	<b>292.03</b>	<b>374.61</b>	<b>678.40</b>
8. Exceptional Items	-	-	-	-	-
9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	<b>157.71</b>	<b>181.34</b>	<b>292.03</b>	<b>374.61</b>	<b>678.40</b>
10. Tax expense	54.25	49.88	81.75	97.52	243.64
11. Net Profit (+)/Loss(-) from Ordinary Activities after tax (9-10)	<b>103.46</b>	<b>131.46</b>	<b>210.28</b>	<b>277.09</b>	<b>434.76</b>
12. Extraordinary Item (net of tax expense Rs.....)	-	-	-	-	-
13. Net Profit ( )/Loss(-) for the period (11-12)	<b>103.46</b>	<b>131.46</b>	<b>210.28</b>	<b>277.09</b>	<b>434.76</b>
14. Paid-up equity share capital (1,24,99,655 shares of Rs.10 each aggregating to Rs.12,49,96,550)	1,249.97	1,136.33	1,249.97	1,136.33	1,249.97
15. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	11,796.18	11,796.18	11,796.18	11,796.18	11,648.08
16. Earnings Per Share (EPS)	0.83	1.16	1.68	2.44	3.48
(a) Basic and diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	-	-	-	-	-
(b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	-	-	-	-	-
17. Public shareholding					
- Number of shares	5,312,833	4,756,338	5,312,833	4,756,338	5,320,031
- Percentage of shareholding	42.50	41.86	42.50	41.86	42.56
*Strike off whichever is not applicable					

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 30-10-2008

Number of Investor complaints left unresolved at the beginning of the Quarter – Nil, received during the Quarter - 1, Disposed off during the Quarter -1 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 schedule time of completion, estimated amount and quantity.

The total amount spent out of the IPO proceeds up to September 30, 2008 is Rs5163.81 lacs as against the projected deployment of Rs 6384.60. lacs as on September 30, 2008. The balance issue proceeds are placed with the Monitoring Agency.

Auditors have carried out limited review of the financial results for the quarter ended September 30' 2008 as required under Clause 41 of the listing agreement.

As already reported, the Phase -I of the development of ACD system has been completed and pilot project commissioned. The railways have accepted the ACD system for deployment in all the railways. Essential procedural 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 near future.

The Company received order from Egyptian National Railways, Egypt for development of Level Crossings. The execution of contract with Egyptian National Railways is under progress

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

**By order of the Board of Directors  
for KERNEX MICROSYSTEMS (INDIA) LIMITED**

Place: Hyderabad  
Date : 30-10-2008

Sd/-  
COLL.V.RAJU(RETD.)  
MANAGING DIRECTOR