

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2008

(Rs. In lacs except for share data)

PARTICULARS	UNAUDITED		AUDITED
	3 Months ended 30.06.2008	3 Months ended 30.06.2007	Year ended 31.03.2008
1 Gross Sales / Income from Operations	569.07	510.07	2,280.08
Less : Excise Duty & Service Tax	61.52	43.15	249.45
Net Sales / Income from Operations	507.55	466.92	2,030.63
2 Other Income	89.40	120.59	457.29
3 Total Income	596.95	587.51	2,487.92
4 Total Expenditure			
a.(Increase) / decrease in stock - in - trade	(15.11)	(99.76)	(246.13)
b.Cost of sales and services	83.11	141.12	499.15
c.Staff cost	179.21	161.25	673.67
d.Depreciation	45.58	62.72	253.58
e.R & D Expenditure	56.20	13.45	216.30
f.Other Expenditure	85.30	80.86	351.65
Total	434.29	359.64	1,748.22
5 Interest	28.34	34.60	100.49
6 Exceptional Items	-	-	-
7 Profit (+)/Loss(-) before tax (3-4-5-6)	134.32	193.27	639.21
8 Prior Period Income	-	-	39.19
9 Provision for Taxation			
- Current Tax	21.40	54.00	291.59
- Deferred Tax	3.60	(8.86)	(57.24)
- Fringe Benefit Tax	2.50	2.50	9.08
- Earlier Year tax	-	-	0.21
# Net Profit (7+8-9)	106.82	145.63	434.76
# Extra ordinary Items			
# Net Profit (10- 11)	106.82	145.63	434.76
# Paid up Equity Share Capital (Face Value of Rs.10/- per share)	1,249.97	1,136.33	1,249.97
# Reserves excluding revaluation reserves	-	-	11,648.08
# Earnings per share (not annualised)- Basic	0.85	1.28	3.48
- Diluted	-	-	-
# Aggregate of Non-Promoter Shareholding			
a. Number of Shares	5,312,833	4,675,329	5,320,031
b. Percentage of Shareholding (%)	42.50	41.14	42.56

Notes:

- The above financial results for theyear were reviewed by the Audit Committee and taken on record by the Board of directors in their meeting held on July 29, 2008
- Number of Investor complaints left unresolved at the beginning of the Quarter – Nil, received during the Quarter – 3, Disposed off during the Quarter – 3 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 June 30, 2008 is Rs 4849.05 lacs as against the projected deployment of Rs 6384.60 lacs. The balance issue proceeds are placed with the Monitoring Agency.
- Auditors have carried out limited review of the Financial results for the quarter ended June 30, 2008 as required under clause 41 of the listing requirements
- 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 : July 29, 2008

COL L.V.RAJU (RETD)
MANAGING DIRECTOR