

**Unaudited Financial Results (Provisional)
for the Quarter ended 30th June, 2008**

(Rs. in Lac)

Sl. No	Particulars	For Quarter ended		For Year ended
		30.06.2008 (unaudited)	30.06.2007 (unaudited)	31.03.2008 (Audited)
1	Net Turnover / Income from Operations	22,448	23,343	83,044
2	Other Income	754	882	3,312
3	Total Income	23,202	24,225	86,356
4	Expenditure			
	a) (Increase) / Decrease in Stocks	1,319	(539)	218
	b) Consumption of Materials	6,225	11,304	34,637
	c) Purchase of traded goods	429	476	1,730
	d) Manufacturing & Administrative Expenses	1,816	1,521	6,947
	e) Personnel Expenses	2,322	1,843	9,249
	f) Depreciation	1,373	918	4,300
	g) Others	4,564	1,704	9,066
	h) Total	18,048	17,227	66,147
5	Interest	484	97	1,163
6	Profit from Ordinary Activities before Tax (3-4h-5)	4,670	6,901	19,046
7	Tax Expense	1,265	2,176	5,730
8	Net Profit from Ordinary Activities after Tax (6-7)	3,405	4,725	13,316
9	Paid-up Equity Share Capital (Face Value Re.1/- per Share)	668	658	668
10	Reserves excluding Revaluation Reserves			69,053
11	Earning Per Share (EPS) (Rs.)			
	- Basic (not annualised)	5.11	7.19	20.14
	- Diluted (not annualised)	4.78	6.63	18.85
12	Public Shareholding			
	Number of Shares	23,247,606	22,235,652	23,247,606
	Percentage of shareholding	34.78%	33.76%	34.78%
	Unaudited Segment wise Revenue, Results and Capital employed			(Rs. in Lac)
1	Segment Revenue			
	a) Vaccines	15,967	18,430	63,648
	b) Formulations	6,670	5,011	20,085
	c) Research & Development	3	-	39
	d) Unallocated	-	-	-
	Gross Sales/ Income from Operations	22,640	23,441	83,772
	Less: Inter Segment Revenue	-	-	-
	Net Sales/ Income from Operations	22,640	23,441	83,772
2	Segment Results			
	a) Vaccines	7,919	7,934	28,649
	b) Formulations	2,253	811	2,207
	c) Research & Development	(1,464)	(1,185)	(5,379)
	d) Unallocated	-	-	-
	Total	8,708	7,560	25,477
	Less : Interest	484	97	1,163
	Unallocated Expenditure net of unallocated Income	3,554	562	5,268
	Total Profit Before Tax	4,670	6,901	19,046
3	Capital Employed (Segment Assets - Segments Liabilities)			
	a) Vaccines	43,687	36,601	40,860
	b) Formulations	17,006	16,319	16,577
	c) Research & Development	17,721	12,514	18,568
	d) Unallocated	(5,288)	(6,711)	(6,284)
	Total Capital employed	73,126	58,723	69,721

Notes:

- The above financial results were reviewed by the Audit Committee of the Board and approved by the Board of Directors at their meetings held on 28th July, 2008. The statutory auditors have also carried out limited review of these results.
- Tax expense includes provision for income tax, wealth tax, fringe benefit tax and deferred tax.
- The Company's Share Transfer Books and Register of Members will remain closed from Tuesday, 23rd September, 2008 to Saturday, 27th September, 2008 (both day inclusive) for ascertaining the entitlement for dividend, if any, declared by the shareholders in the ensuing Annual General Meeting scheduled to be held on Saturday, 27th September, 2008.
- The Company has been successfully pre-qualified by WHO for its innovative pentavalent combination vaccine for pediatric immunization - **Easyfive** (DTP-HepB-Hib).
- During the quarter, the company has been granted a patent in USA for their product **Thank God™** (Euphorbia Prostrata) for effective management of hemorrhoids & piles.
- The Company has successfully commissioned its state of the art Vaccine Formulations Plant at Baddi, H.P., during the quarter. The Company has also launched a new injectable vaccine, **Polprotect** (Inactivated Polio Virus) in pre-filled syringe device from this facility.
- During the quarter, the Company has further invested an amount of Rs.2,000 Lac for acquiring 6,66,666 Optionally Convertible Preference Shares in its wholly-owned subsidiary company, Best On Health Ltd.
- During the quarter, the Company has entered into a collaboration with Umkal Group, to set up a 220 Bed super speciality hospital with the most modern equipment in the National Capital Region of Delhi at Gurgaon by way of subscribing for 37,65,701 Equity Shares of Rs.10 each representing 75.2% stake in Umkal Medical Institute Pvt. Ltd. and has invested an amount of Rs. 564 Lac therein.
- During the quarter, the Company has invested an amount of Rs.54.7 Lac (AED 0.5 million) towards capital contribution in its wholly-owned subsidiary company, Panacea Biotec FZE, UAE.
- During the quarter, the Company has remitted an amount of Rs.15.8 Lac (Euro 25,000) towards capital contribution in its proposed wholly-owned subsidiary company, Panacea Biotec GmbH, Germany.
- During the quarter, the Company has given an amount of Rs.797.9 Lac (£ 1 million) as convertible loan to its Joint Venture Company, Cambridge Biostability Ltd., U.K.
- As a part of its strategy to expand its domestic pharmaceutical formulation business, the Company has launched a new SBU 'Value India' in June 2008 which will focus on providing value added products to the people at affordable prices.
- The net profit for the quarter has been adversely affected due to exchange fluctuation loss of Rs.2,182 Lac during the quarter as against exchange fluctuation gain of Rs.628 Lac during the corresponding quarter of previous year.
- As regards the Auditors' observations in their report on the Audited Accounts for the Financial Year 2007-08:
 - With regard to non-provision of proportionate premium on redemption of US\$ 36.8 million Zero Coupon Convertible Bonds due 2011, the management is of the opinion that the bonds are redeemable only if there is no conversion of bonds earlier, the likelihood of which cannot be ascertained presently. Hence the payment of premium on redemption is contingent in nature, the outcome of which is dependent upon uncertain future events. Therefore, the same was disclosed as a contingent liability in Annual Accounts. Likewise, the proportionate premium on said Bonds amounting to Rs.335 Lac during quarter ended June, 2008 has also not been provided. The total premium for period upto June 30, 2008 amounts to Rs. 2950 Lac.
 - With regard to capitalization of expenditure on clinical trials amounting to Rs.2,771.4 Lac upto FY 2007-08 for the purpose of registration of Company's product in US and / or Europe, the management believes that these products would be commercially viable and there is no reason to believe that there is any uncertainty that may lead to not securing registration for the products from the regulatory authorities. An amount of Rs.344.8 Lac towards above said expenditure on clinical trials during quarter ended June, 2008 has also been capitalised on similar grounds.
 - As regards Auditors' observation in their limited review report on the above Results in respect of non-provision of unrealized foreign exchange loss of Rs.6,175.5 Lac on the outstanding forward contracts amounting to USD 205.00 million as at 30th June 2008, the management is of the opinion that since market exchange rate on the various settlement dates is not certain, the unrealized foreign exchange loss is contingent in nature. The unrealised foreign exchange profit/loss, if any, will be considered appropriately at the year end.
- Status of Investors' complaints (in nos.) during the quarter, pursuant to clause 41 of listing agreement: Opening [1]; Received [0]; Disposed [1]; Closing [0].
- The necessary certificate in respect of above Results in terms of requirement of clause 41 of the Listing Agreement, has been placed before the Board of Directors.
- The previous period's figures have been regrouped/ rearranged/ reclassified wherever necessary.

For Panacea Biotec Ltd.

New Delhi
July 28, 2008

Panacea Biotec Ltd.

Soshil Kumar Jain
Chairman

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