

**Unaudited Financial Results (Provisional) for the
Quarter and Half-year ended 30th September, 2006**

(Rs. in Lac)

Particulars	For the quarter ended		For the half-year ended		Year ended
	30.09.2006 (Unaudited)	30.09.2005 (Unaudited)	30.09.2006 (Unaudited)	30.09.2005 (Unaudited)	31.03.2006 (Audited)
Turnover	17,676	13,649	41,359	29,743	54,797
Less: Excise Duty	249	449	593	623	1,162
Income from Operations	17,427	13,200	40,766	29,120	53,635
Other Income	1,727	120	2,567	172	709
Total Income	19,154	13,320	43,333	29,292	54,345
(Increase) / Decrease in Stocks	(2,491)	1,006	282	4,608	30
Consumption of Materials & bought outs	9,391	5,384	17,388	10,098	26,724
Manufacturing Expenses	411	459	1,042	885	1,986
Personnel Expenses	1,352	812	2,749	1,483	3,588
Others	2,972	1,695	5,030	4,314	8,969
Total Expenditure	11,635	9,356	26,491	21,388	41,297
Interest	301	298	1,080	580	1,182
Gross Profit after Interest but before Depreciation & Tax	7,218	3,666	15,762	7,324	11,866
Depreciation	870	424	1,564	821	1,822
Operating Profit before Tax & Prior Period Items	6,348	3,242	14,198	6,503	10,044
Prior Period Expenses	-	10	-	10	23
Profit before Tax	6,348	3,232	14,198	6,493	10,021
Provision for taxation	1,251	755	3,783	1,735	2,559
Fringe Benefits Tax	80	46	140	70	250
Deferred Tax Liabilities/ (Assets)	364	144	646	261	1,117
Net Profit	4,653	2,287	9,629	4,427	6,094
Paid-up Share Capital					
Equity (Face Value Re.1/- per Share)	571	571	571	571	571
Preference (Face Value Rs.10/- per Share)	4,343	9,043	4,343	9,043	9,043
Reserves & Surplus					15,460
E.P.S. (Rs.)					
- Basic	8.02	3.81	16.53	7.36	9.86
- Diluted	6.78	3.81	13.66	7.36	9.64
Aggregate of Non-Promoters' Shareholding					
Number of Shares	13,600,910	13,035,000	13,600,910	13,035,000	13,584,000
Percentage of holding	23.77	22.84	23.77	22.84	23.74

Unaudited Segment wise Revenue, Results and Capital Employed

Particulars	For the quarter ended		For the half-year ended		Year ended
	30.09.2006 (Unaudited)	30.09.2005 (Unaudited)	30.09.2006 (Unaudited)	30.09.2005 (Unaudited)	31.03.2006 (Audited)
Segment Revenue					
A. Vaccines	13,015	9,640	32,414	22,004	40,669
B. Formulations	4,480	3,521	8,416	7,063	12,965
C. Research & Development	23	-	53	19	139
Gross Sales/ Income from Operations	17,518	13,161	40,883	29,086	53,773
Less : Inter Segment Revenue	-	-	-	-	-
Net Sales/ Income from Operations	17,518	13,161	40,883	29,086	53,773
Segment Results					
A. Vaccines	6,227	4,134	15,418	8,715	16,022
B. Formulations	1,002	892	1,636	1,502	2,218
C. Research & Development	(1,332)	(798)	(2,203)	(1,265)	(2,670)
Total	5,897	4,228	14,851	8,952	15,570
Less : Interest & Financial Charges	389	298	1,168	580	1,182
Unallocated Overheads net of unallocated Income	(840)	688	(515)	1,869	4,344
Prior Period Expenses	-	10	-	10	23
Total Profit Before Tax	6,348	3,232	14,198	6,493	10,021
Capital Employed					
A. Vaccines	25,956	15,750	25,956	15,750	19,976
B. Formulations	19,038	7,698	19,038	7,698	14,493
C. Research & Development	9,119	3,635	9,119	3,635	7,654
Capital employed in Segments	54,113	27,083	54,113	27,083	42,123
Add: Unallocable Assets Less Liabilities	(24,302)	(1,117)	(24,302)	(1,117)	(17,047)
Total Capital employed	29,811	25,966	29,811	25,966	25,076

The above financial results were reviewed by the Audit Committee and taken on record by the Board of Directors at their meetings held on 19th October, 2006.

The formulation facility at Baddi, Himachal Pradesh for soft gelatin capsules was inaugurated during July, 2006. This world class facility complies with global standards including US FDA, UK MHRA, SA MCC and WHO cGMP.

The new marketing office of the Company at Mumbai was also inaugurated during July, 2006.

During the quarter, the Company has entered into an agreement with P. T. Biofarma, Indonesia for manufacturing and marketing of Measles vaccine in International Markets.

During the quarter, the Company has received WHO pre-qualification for supply of Recombinant Hepatitis B Vaccine.

The Company has been granted patent by Govt. of India, for invention entitled process for the preparation of 'Extended Release Pharmaceutical Composition containing Nimesulide' for 20 years

Out of the US\$ 100 million Foreign Currency Convertible Bonds (FCCBs) raised by the Company during February, 2006, an amount of Rs.61.49 Crore (US\$ 13.55 Million) have been utilised till the end of the quarter. An amount of Rs.4.38 Crore (US\$ 0.95 Million) was lying in the Bank Account in India. As per FEMA Guidelines, pending utilisation, the balance funds have been invested in Fixed Deposits with Bank abroad.

The Company redeemed 4,70,00,000 Preference Shares (Series III) of Rs.10/- each during the quarter, the dividend of Rs.71.27 Lac upto the date of redemption has been provided for.

Other Income includes exchange fluctuation gain of Rs 900 Lacs on account of the re-valuation of US\$ 50 million 4.5% FCCB (Tranche 1) at the fixed exchange price of Rs.44.14 per US\$.

Provision for taxation for the quarter includes availment of weighted deduction in respect of R&D expenses incurred at Okhla Centre for the period from April, 2005 to September, 2006.

The conversion price for the US\$50 million - 4.5% FCCB (Tranche 1) has been fixed at Rs.276.30 per share and for the US\$50 million Zero coupon FCCB (Tranche 2) has been fixed at Rs.357.57 per share. The Company has allotted 36,90,312 equity shares of Re.1/- each on 9th October, 2006 pursuant to conversion option availed by the Tranche 1 Bondholders in respect of US\$ 23.1 million. Further, the Company has sent mandatory conversion notices on 7th October, 2006 in respect of the remaining Tranche I Bonds of US\$ 26.9 million.

During the quarter, the Company launched **Siropan** Tablets for Organ Transplant, **Inrica - 75 and 150** Capsules for treatment of Diabetes.

Status of Investors' complaints [in nos.] during the quarter, pursuant to clause 41 of listing agreement: Opening [0]; Received [2]; Disposed [2]; Closing [0].

The previous period's figures have been regrouped/ rearranged/ reclassified wherever necessary.

For and on behalf of the Board

New Delhi

Soshil Kumar Jain

October 19, 2006

Chairman

Panacea Biotech Ltd.

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