

For Immediate Release

Panacea Biotec reports unaudited financial results for the Quarter Ended June 30, 2008

New Delhi, July 28, 2008: Panacea Biotec today announced its unaudited financial results for the quarter ended June 30, 2008. The Company's Board met here on Monday, 28 July 2008 to consider and approve its unaudited financial results for the quarter ended June 30, 2008. The results were also reviewed by the Company's Audit committee in their meeting on that day.

The key financial highlights are as follows:

| | Quarter Ended | |
|---------------------------|---------------|----------|
| | 30.06.08 | 30.06.07 |
| Net Turnover | 2,244.8 | 2,334.3 |
| EBITDA | 817.6 | 703.4 |
| Profit Before Tax (PBT) | 467.0 | 690.1 |
| Profit After Tax (PAT) | 340.5 | 472.5 |
| EPS (Rs./share) - Basic | 5.1 | 7.2 |
| EPS (Rs./share) - Diluted | 4.8 | 6.6 |

The Company registered net turnover of Rs.2, 244.8 million during the QE June 30, 2008 as compared to Rs.2, 334.3 million for the corresponding period of previous financial year. The Formulations segment registered an impressive growth of 31.4% in its net turnover at Rs.653.5 million during the QE June 30, 2008 as compared to Rs.497.5 million during the corresponding quarter of previous financial year. The private vaccine segment turnover also grew by 65% at Rs.91.7 million during the QE June 30, 2008 as compared to Rs.55.7 million during the corresponding quarter of previous financial year. The overall Vaccine segment's turnover declined on account of lower volumes. The EBITDA (excluding notional forex loss) during the QE June 30, 2008 improved by 16.2% to Rs.817.6 million as compared to Rs.703.4 million during the corresponding quarter of previous financial year. The PBT and PAT for the QE June 30, 2008 was Rs.467.0 million and Rs.340.5 million respectively as compared to Rs.690.1 million and Rs.472.5 million resp. during the corresponding quarter of previous financial year. The decline in PBT and PAT is mainly due to recent appreciation of US Dollar against Indian rupee which resulted in the provisioning of foreign exchange fluctuation expenses of Rs.240.3 million during the QE June 30, 2008 against the forex gain of Rs.122.8 million towards the outstanding forex liabilities for FCCB and foreign currency term loans.

Mr. Rajesh Jain, Joint Managing Director, said, "Panacea Biotec has consolidated its position to enter into the next growth phase. The new financial year has commenced with WHO pre-qualification of our Pentavalent Easyfive vaccine, which is an important milestone for the Company. The performance during the QE June 30, 2008 was affected by the provisioning of the notional forex expenses to comply with the accounting standards. The company's continued efforts to expand in international markets resulted in 169.4% growth in the export sales of formulations during the QE 30.06.08 at Rs.175.4 million as compared to Rs.65.1 million during the corresponding period of previous financial year. We will continue to achieve new milestones to sustain and grow the revenues and profitability of the company".

Other Highlights for the QE June 30, 2008

WHO Prequalification of Easyfive vaccine

Panacea Biotec has received WHO prequalification for its fully liquid innovative combination Pentavalent vaccine, EasyFive against five deadly infectious diseases (DTwP+ Hep B+ Hib) of early childhood. This feat comes close on heels of Panacea Biotec's pre-qualification by WHO for two other combination vaccines, EasyFour (DTP + Hib) and Ecovac (DTP + Hep B) in January this year. Developing countries would need a combination vaccine to the tune of around 300 million doses annually. The combined demand of all combination pediatric vaccines worldwide was valued at USD 600 million in 2005 and is estimated to grow up to USD 1.6 billion by 2012. Pentavalent vaccine market is estimated to cross a mark of USD1 Billion out of which UN agencies are likely to procure this vaccine worth more than Rupees 1,500 crore (>USD 350 million) by 2009 itself. The WHO prequalification for Easy Five makes Panacea Biotec a strong contender in this important market segment.

Launch of Value India, domestic SBU in formulations segment

As part of its strategy to expand in the domestic pharmaceutical industry the Company launched a new SBU 'Value India' in June 2008 which will focus on providing value added products to the people at affordable prices. The SBU is being launched in a phased manner, starting from Maharashtra State. It would focus on General Practitioners not only in major towns but also in interiors. It is planned to launch more than 15 products in this financial year.

US Patent for Thank God™

During the quarter under review the Company has been granted a patent from US Patent & Trademark Office for their product **Thank God™** (Euphorbia Prostrata) for effective management of hemorrhoids & piles (Patent No. 7,371,412 B2). With this, the company is looking forward to launch this product in high potential markets of US and EU. As per current industry trends, the total potential of anti-hemorrhoids & piles market in US & EU is between USD 500-600 million. (™Trade Mark in India)

Commercialization of Vaccine Formulations Plant at Baddi

The Company has successfully commissioned its state of the art vaccine formulations plant at Baddi during the quarter under review. The plant has commenced commercial operations and the Company has launched new injectable polio vaccine "Polprotec" in pre-filled syringe device from this facility.

New Product Launches

The company launched several new specialty products for diabetic hypertension; fever & pain; chronic constipation and systemic infections through its Diacar, Grow & Pro SBUs. A specialized product for treatment of advanced lung cancer was also launched by the Oncotrust SBU.

About Panacea Biotec

Panacea Biotec is one of India's leading research-based health management companies with established research, manufacturing and marketing capabilities. Panacea Biotec is the 2nd largest vaccine producer in India. Panacea Biotec has been ranked as the 3rd largest biotechnology company (ABLE Survey 2008) and is also amongst the top 50 pharmaceutical companies in India. The product portfolio of the Company includes highly innovative prescription products in important therapeutic areas such as pain management, diabetes management, renal-disease management, anti-osteoporosis, anti-tubercular, gastro-intestinal care products and vaccines. The company has collaborations and tie-ups with leading national and international research organizations and corporations. The company's state of the art manufacturing facilities for vaccines and pharmaceutical formulations comply with the US-FDA, UK-MHRA, SA-MCC and WHO-cGMP standards. Panacea Biotec has five dedicated research and development centers. The company has around 2800 employees including over 280 scientists. The company also has 24 product patents, valid in more than 60 countries worldwide.

For further details please contact:

Mr. Pradeep Kumar Jain
GM - Corporate Communications & Govt. Affairs
Mobile: 09313482886
Land Line: 011-41678000; Fax: 011-41679096
Email: pradeepjain@panaceabiotec.com
Website: www.panaceabiotec.com

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