

Unaudited Financial Results (Provisional) for the Quarter and Nine Months Period ended on 31st December, 2008

Particulars	(Rs. in Lacs)				
	For the Quarter ended		For 9 months ended		Year Ended
	31.12.08 (Unaudited)	31.12.07 (Unaudited)	31.12.08 (Unaudited)	31.12.07 (Unaudited)	31.03.2008 (Audited)
1. (a) Net Turnover / Income from Operations	17,591	22,635	54,579	63,492	83,044
(b) Other Operating Income	263	106	661	481	1,470
Total Income	17,854	22,741	55,240	63,973	84,514
2. Expenditure					
a. (Increase)/decrease in stock in trade and work in progress	(2,046)	2,432	(2,087)	73	218
b. Consumption of materials	8,308	7,448	20,308	26,860	34,637
c. Purchase of traded goods	490	380	1,298	1,451	1,730
d. Manufacturing & Administrative Exp.	1,981	1,819	5,897	4,966	6,947
e. Employees cost	2,238	2,058	6,896	5,728	9,249
f. Depreciation	1,542	1,120	4,416	3,039	4,300
g. Other expenditure	5,139	2,571	10,096	7,022	9,066
h. Total	17,652	17,828	46,824	49,139	66,147
3. Profit from Operations before other income, Interest, Foreign Exchange Fluctuation Gain/ (Loss) & Exceptional items (1-2h)	202	4,913	8,416	14,834	18,367
4. Other Income	622	14	1,538	306	525
5. Profit before Interest & Exceptional Items (3+4)	824	4,927	9,954	15,140	18,892
6. Interest	1,074	472	2,162	783	1,163
7. Unrealised Exchange Fluctuation Gain/ (Loss)	(1,804)	(87)	(8,410)	1,534	1,317
8. Profit after Interest but before Exceptional Items (5-6+7)	(2,054)	4,368	(618)	15,891	19,046
9. Exceptional items	-	-	-	-	-
10. Profit / (Loss) from Ordinary Activities before tax (7+8)	(2,054)	4,368	(618)	15,891	19,046
11. Tax expenses	(167)	1,475	2,270	5,066	5,730
12. Net Profit / (Loss) from Ordinary Activities after tax (9-10)	(1,887)	2,893	(2,888)	10,825	13,316
13. Extraordinary items (net of tax expenses)	-	-	-	-	-
14. Net Profit / (Loss) for the period (11-12)	(1,887)	2,893	(2,888)	10,825	13,316
15. Paid up equity share capital (face value of Re.1 per share)	668	668	668	668	668
16. Reserves excluding Revaluation Reserves	-	-	-	-	69,053
17. Earning Per Share (EPS)					
Basic	(2.83)	4.39	(4.33)	16.42	20.14
Diluted	(2.65)	4.11	(4.05)	15.36	18.85
18. Public shareholding					
- No. of shares	22,776,616	23,223,770	22,776,616	23,223,770	23,247,606
- Percentage of shareholding	34.07	34.74	34.07	34.74	34.78
Unaudited Segment-wise Revenue, Results, and Capital Employed					
Particulars	(Rs. in Lacs)				
	For the Quarter ended		For 9 months ended		Year Ended
	31.12.08 (Unaudited)	31.12.07 (Unaudited)	31.12.08 (Unaudited)	31.12.07 (Unaudited)	31.03.2008 (Audited)
1. Segment Revenue					
(a) Vaccines	12,131	17,742	37,190	48,623	63,647
(b) Formulations	5,431	4,984	17,722	15,065	20,085
(c) Research & Development	(0)	4	17	39	39
(d) Unallocated	292	11	311	246	743
Gross Sale/Income from Operation	17,854	22,741	55,240	63,973	84,514
Less : Inter Segment Revenue	-	-	-	-	-
Net Sales/Income from Operations	17,854	22,741	55,240	63,973	84,514
2. Segment Results Profit (+) before tax and interest from each segment					
(a) Vaccines	5,550	7,345	17,611	21,059	28,649
(b) Formulations	734	574	4,246	2,015	2,207
(c) Research & Development	(1,557)	(1,279)	(4,647)	(3,715)	(5,379)
(d) Unallocated	-	-	-	-	-
Total	4,727	6,640	17,210	19,359	25,477
Less : i) Interest	1,074	472	2,162	783	1,163
ii) Other Un-allocated Expenditure net off Un-allocated income.	5,707	1,800	15,666	2,685	5,268
Total Profit Before Tax	(2,054)	4,368	(618)	15,891	19,046
3. Capital Employed					
(Segment assets-Segment Liabilities)					
(a) Vaccines	52,297	48,795	52,297	48,795	40,860
(b) Formulations	16,532	16,242	16,532	16,242	16,577
(c) Research & Development	20,176	15,180	20,176	15,180	18,568
(d) Unallocated	(22,173)	(11,863)	(22,173)	(11,863)	(6,284)
Total Capital Employed	66,832	68,354	66,832	68,354	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 January, 2009 and 29th January, 2009, respectively.
- Tax expense includes provision for income tax, wealth tax, fringe benefit tax and deferred tax.
- During the quarter, the Company's indirect Wholly-owned subsidiary, Kelisia Holdings Ltd., Cyprus has set-up an WOS Company, viz. Kelisia Investment Holding S.A., Switzerland.
- During the quarter, the Company has remitted an amount of Rs.6,667 Lac (US\$14 million) to its wholly-owned subsidiary Company, Rees Investments Ltd., Islands of Guernsey.
- During the quarter, the Company has launched new products, **Diclogold 50**, **Diclogold SR**, **Diclogold Plus** (Diclofenac) under its SBU Value India and **Nimulid HF DT** (for acute pain) under its SBU PRO.
- The results for the quarter and nine months ended 31st December, 2008 have been adversely affected due to provisioning for notional exchange fluctuation loss of Rs.1,804 Lac and Rs.8,411 Lac, respectively on account of reinstatement of long-term foreign currency debts including FCCBs, as against exchange fluctuation gain of Rs. 258 Lac and gain of Rs.1,879 Lac, respectively for the corresponding periods of previous year.
- The unrealized foreign exchange loss of Rs.15,934 Lac on the outstanding forward contracts amounting to USD 163 million as at 31st December 2008 has not been provided in the books as 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 gain/loss, if any, will be considered appropriately at the year end.
- 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 non 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 during the quarter and nine months ended December 31, 2008, amounting to Rs.398 Lac and Rs. 1,168 Lac, respectively has also not been provided. The total unprovided redemption premium for period upto December 31, 2008 amounts to Rs.4,130 Lac. Further, in the eventuality of bonds not getting converted, premium on redemption shall be adjusted out of the Securities Premium Account and would not have any consequential impact on the Profit & Loss Account.
 - With regard to capitalization of expenditure on clinical trials amounting to Rs.1,856 Lac for 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.299 Lac and Rs.1,092 Lac towards above said expenditure on clinical trials during quarter and nine months ended December 2008, respectively, has also been capitalised on similar grounds. The total amount of such capitalisation upto December 31, 2008 is Rs.4,139 Lac.
- The above matters have been shown as a matter of emphasis in the Auditors' Limited Review Report on the above results as well.
- The Statutory auditors have also carried out limited review of these results and have given their observations in their report in respect of para 7 & 8 above.
- The promoters group held 44,066,130 shares (65.93%) in the company as on 31st December, 2008 and none of these shares have been pledged by them.
- Status of Investors' complaints [in nos.] during the quarter, pursuant to clause 41 of listing agreement: Opening [0]; Received [1]; 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.

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For Panacea Biotec Ltd.
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