

**Statement of unaudited financial results for the quarter ended June 30th,2012**

(Rs. in Lacs)

Particulars	For quarter ended			For year ended
	30.6.2012	31.3.2012	30.6.2011	31.3.2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>PART - I</b>				
<b>1. Income from operations</b>				
a. Net sales / income from operations (net of excise duty)	8,310	8,998	22,099	68,838
b. Other operating income	558	97	470	1,220
<b>Total income from operations (net)</b>	<b>8,868</b>	<b>9,095</b>	<b>22,569</b>	<b>70,058</b>
<b>2. Expenditure</b>				
a. Cost of materials consumed	1,909	1,191	14,586	30,239
b. Purchase of stock in trade	508	512	607	2,452
c. Change in inventories of finished goods, work in progress and stock-in-trade	567	2,545	(6,549)	2,056
d. Employees benefits expense	3,437	3,467	3,663	15,045
e. Depreciation and amortisation expense	2,000	1,967	1,632	7,539
f. Manufacturing and administrative expenses	2,321	2,521	2,038	9,187
g. Other expenses	1,992	6,089	2,920	15,786
<b>Total expenses</b>	<b>12,734</b>	<b>18,292</b>	<b>18,897</b>	<b>82,304</b>
<b>3. (Loss)/Profit from operations before other income, finance cost, foreign exchange fluctuation gain/ (loss) &amp; exceptional items (1-2)</b>	<b>(3,866)</b>	<b>(9,197)</b>	<b>3,672</b>	<b>(12,246)</b>
4. Other income	12	280	167	746
<b>5. (Loss)/Profit from ordinary activities before finance cost, foreign exchange fluctuation gain / (loss) &amp; exceptional items (3+4)</b>	<b>(3,854)</b>	<b>(8,917)</b>	<b>3,839</b>	<b>(11,500)</b>
6. Finance cost	2,751	2,545	2,113	9,539
7. Foreign exchange fluctuation loss/ (gain)	1,371	1,320	(346)	1,041
<b>8. (Loss)/Profit from ordinary activities after finance cost before exceptional items (5-6-7)</b>	<b>(7,976)</b>	<b>(12,782)</b>	<b>2,072</b>	<b>(22,080)</b>
9. Exceptional items (refer note 7)	-	(4,214)	-	(4,214)
<b>10. Profit / (loss) from ordinary activities before tax (8+9)</b>	<b>(7,976)</b>	<b>(16,996)</b>	<b>2,072</b>	<b>(26,294)</b>
11. Tax expenses	(1,379)	(5,081)	400	(5,516)
<b>12. Net profit / (loss) from ordinary activities after tax (10-11)</b>	<b>(6,597)</b>	<b>(11,915)</b>	<b>1,672</b>	<b>(20,778)</b>
13. Extraordinary items (net of tax expenses)	-	-	-	-
<b>14. Net profit / (loss) for the period (12-13)</b>	<b>(6,597)</b>	<b>(11,915)</b>	<b>1,672</b>	<b>(20,778)</b>
15. Paid up equity share capital (face value of Re.1 per share)	613	613	613	613
16. Reserves excluding revaluation reserves				42,285
17. Earning per share (EPS)				
- Basic (in Rs.)	(10.77)	(19.46)	2.73	(33.92)
- Diluted (in Rs.)	(10.77)	(19.46)	2.73	(33.92)
<b>PART - II</b>				
<b>A. Particulars of shareholding</b>				
<b>1. Public shareholding</b>				
- No. of shares	15,426,992	15,427,192	15,369,872	15,427,192
- Percentage of shareholding	25.19	25.19	25.09	25.19
<b>2. Promoters and promoter group Shareholding</b>				
a) Pledge / encumbered				
- No. of shares	-	-	38,000	-
- % of Shares (as a % of the total shareholding of promoter & promoter group)	-	-	0.08	-
- % of Shares (as a % of the total share capital of the Company)	-	-	0.06	-
b) Non-encumbered				
- Number of shares	45,823,754	45,823,554	45,842,874	45,823,554
- % of Shares (as a % of the total shareholding of promoter & promoter group)	100.00	100.00	99.92	100.00
- % of Shares (as a % of the total share capital of the Company)	74.81	74.81	74.85	74.81

<b>B. Investor complaints</b>	
Pending at the beginning of the quarter	-
Received during the quarter	1
Disposed of during the quarter	1
Remaining unresolved at the end of the quarter	-

**Unaudited Segment-wise Revenue , Results, and Capital Employed**

Particulars	For quarter ended			For year ended
	30.6.2012	31.3.2012	30.6.2011	31.3.2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1. Segment revenue</b>				
(a) Vaccines	593	2,302	13,643	35,907
(b) Formulations	8,176	6,738	8,618	33,352
(c) Research & development	-	-	-	-
(d) Unallocated	99	55	308	799
<b>Gross sale/Income from operation</b>	<b>8,868</b>	<b>9,095</b>	<b>22,569</b>	<b>70,058</b>
Less : Inter segment revenue	-	-	-	-
<b>Net sales/income from operations</b>	<b>8,868</b>	<b>9,095</b>	<b>22,569</b>	<b>70,058</b>
<b>2. Segment results</b>				
Profit (+)/ loss (-) before tax and interest from each segment				
(a) Vaccines	(2,274)	(2,061)	4,924	944
(b) Formulations	2,002	(263)	2,391	6,391
(c) Research & development	(1,767)	(4,170)	(1,710)	(10,414)
(d) Unallocated				
<b>Total</b>	<b>(2,039)</b>	<b>(6,494)</b>	<b>5,605</b>	<b>(3,079)</b>
Less : i) Finance cost	2,751	4,804	1,631	9,539
ii) Other un-allocated expenditure net off un-allocated income	3,186	5,698	1,902	13,676
<b>Total profit before tax</b>	<b>(7,976)</b>	<b>(16,996)</b>	<b>2,072</b>	<b>(26,294)</b>
<b>3. Capital Employed</b>				
(Segment assets-segment liabilities)				
(a) Vaccines	72,374	74,570	75,089	74,570
(b) Formulations	30,370	28,384	18,991	28,384
(c) Research & development	24,411	23,666	20,990	23,666
(d) Unallocated	(52,820)	(45,420)	(49,719)	(45,420)
<b>Total capital employed</b>	<b>74,335</b>	<b>81,200</b>	<b>65,351</b>	<b>81,200</b>

**Notes:**

- 1 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 August 6 , 2012 and August 7, 2012 respectively.
- 2 The financial statements have been prepared as per revised schedule VI to the Companies Act, 1956 which had a significant impact on the presentation. Previous period figures have been regrouped and/ or re-arranged wherever necessary to make their classification comparable with the current quarter. The figures for the preceding 3 months ended 31st March, 2012 are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2012 and the year to date figures upto the third quarter of that financial year.
- 3 Tax expense includes income tax and deferred tax.
- 4 The Company's Share Transfer Books and Register of Members will remain closed from Monday, September 24, 2012 to Saturday, September 29, 2012 (both days inclusive) for the purpose of Annual General Meeting scheduled to be held on September 29, 2012.
- 5 During the quarter, an amount of US\$ 4,80,000 (around Rs.254.64 Lac) was remitted to the Company's WOS, Rees Investments Limited, Guernsey in terms of existing loan agreement.
- 6 During the quarter, the Company has launched 8 new products namely **MYELOGEN PG 75** (Diabetic Neuropathy), **Glizid M OD 30** (Diabetic), **Thank OD Forte** (Anti Piles), **Delupa SP, Delupa TH, Delupa CR ,Delupa P** (Pain Killers) and **Sitcom Forte** (Anti Piles).
- 7 As at March 31.03.2012, an amount of Rs.6,543.4 Lacs including interest of Rs 363 Lacs was receivable from its wholly owned subsidiary viz. Rees Investment Ltd. During the previous year, pursuant to the diminution in value of investment temporarily in US based listed company 'Pharmathene Inc.' by Rees through its subsidiary and losses in Rees & its other subsidiaries, loan repayment capability of Rees Investment Ltd. came under pressure. Based on conservative prudence approach, an amount of Rs.4,214 Lacs has been provided for as 'Provision for bad and doubtful advances'.
- 8 The Statutory Auditors have also carried out limited review of these results and have given their observations in their report in respect of para 9 (i), (ii), (iii) & 10 (i) below.
- 9 As regards Auditors' observations in their report on the audited accounts for the Financial Year 2011-12 and in their limited review report on the above results:
  - i) With regard to capitalization of expenditure on clinical trials for the purpose of registration of Company's products outside India, 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. The total amount of such capitalization up to June 30, 2012 is Rs.1,865 Lacs.
  - ii) Due to the absence of profits during the Financial Year 2011-12, the total remuneration of the Managing/Joint Managing and Whole Director Directors has exceeded the ceiling prescribed in Section II of Part II of Schedule XIII to the Act. Applications for approval of the Central Government in respect of excess remuneration have already been filed and requisite approval is still awaited.
  - iii) During the quarter ended September 30, 2011, following a routine site audit, WHO had delisted the Company's DTP-based combination and monovalent hepatitis B vaccines from its list of pre-qualified vaccines on account of deficiencies in quality management system. WHO team also visited Okhla facility during Jan-Feb, 2012, after the Company had undertaken several measures regarding refurbishment of facility and strengthening of quality management systems in Sept-Dec, 2011, to assess GMP compliance and QMS applied to production and control of oral polio vaccines. Considering the series of changes made to the facility and WHO assessment, further corrective actions need to be implemented. Thus, the Company had arrived at a voluntary decision on 7 February 2012 to withdraw its OPV from the WHO list of Pre-qualified vaccines, following which WHO has removed the oral polio vaccine (OPV) produced by the Company from its list of prequalified vaccines.  
The Company has stock of raw material and finished goods inventory of Rs.15,161 Lacs and Rs.3,591 Lacs, respectively as at June 30, 2012 of the above said vaccines. Fixed assets relating to the products delisted cannot be separately identified. The Company has initiated corrective and preventive measures to ensure compliance with the WHO pre-qualification guidelines. The Company is in touch with WHO in this respect and is confident that with these corrective & preventive measures, the Company will be able to get re-listing of above said vaccines in the list of WHO pre-qualified vaccines in due course. Further company is negotiating for orders for the sale of these products at values higher than cost, and so no adjustment to Net Realisable Value of the existing stock of these products is expected to be required.
- 10 (i) As regards Auditors observation in their limited review report on the above results:  
The managerial remuneration of Rs.90.5 Lac paid during the quarter (in spite of voluntary reduction in remuneration approved in previous Board Meeting), may exceed the limits specified under relevant provisions of the Companies Act, 1956, in view of losses during the current quarter. In the event the profits for the current financial year are inadequate, the Company will file requisite applications for obtaining approval from Central Government for excess remuneration, if any.
- 11 CARE has revised credit rating pertaining to Long term bank facilities to 'CARE BB' (Double B) from 'CARE A-' (Single A Minus) and to 'CARE A4' (A Four) from 'CARE A2+' (A Two Plus) in regard to Short term bank facilities.
- 12 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.
- 13 The above results are also available on the Company's website viz. <http://www.panacea-biotec.com>.

New Delhi  
August 7, 2012  
Panacea Biotec Limited

Dr. Rajesh Jain  
Joint Managing Director

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<http://www.panacea-biotec.com>