

**ZENOTECH LABORATORIES LIMITED**

Regd. Off: 8-3-677/15, SKD Nagar, Srinagar Colony  
Hyderabad - 500 073.

**Unaudited financial results for the first quarter ended on June 30<sup>th</sup>, 2006**

(Rs in lacs)

Sl. No.	Particulars	Quarter ended June 30 <sup>th</sup> , 2006 Unaudited	Quarter ended June 30 <sup>th</sup> , 2005 Audited	Year ended March 31 <sup>st</sup> , 2006 Unaudited
1	Gross sales	306.81	215.96	1,319.62
	Less: Excise duty	24.19	20.66	82.37
	<b>Net sales</b>	<b>282.62</b>	<b>195.30</b>	<b>1,237.25</b>
2	Other income	10.56	1.09	8.89
3	<b>Total expenditure</b>	<b>358.74</b>	<b>189.01</b>	<b>1,130.50</b>
	a. (Increase)/decrease in stock in trade	(100.74)	(24.21)	(2.12)
	b. Consumption of raw material	265.07	119.97	559.32
	c. Staff cost	86.37	33.43	205.51
	d. Manufacturing expenses	12.39	15.52	40.01
	e. Selling and distribution expenses	51.67	27.89	186.07
	f. other expenses	43.97	16.41	141.71
4	<b>Profit before interest, depreciation and taxes</b>	<b>(65.56)</b>	<b>7.38</b>	<b>115.64</b>
5	Interest and bank charges	25.53	6.05	52.76
6	<b>Profit after interest but before depreciation and taxes</b>	<b>(91.08)</b>	<b>1.33</b>	<b>62.88</b>
7	Depreciation	11.90	1.71	25.89
8	Amortisation of miscellaneous expenditure	4.27	40.44	89.64
9	<b>Profit/(loss) before tax</b>	<b>(107.26)</b>	<b>(40.82)</b>	<b>(52.65)</b>
10	Provision for taxation			
	-Current tax including fringe benefit tax	1.09	0.83	7.88
	-Deferred tax	-	-	11.48
11	<b>Net profit/(loss)</b>	<b>(108.35)</b>	<b>(41.66)</b>	<b>(72.01)</b>
12	Paid-up equity share capital (Rs.10/- per share)	1,568.28	1,543.28	1,568.28
14	Earnings per share (Rs.) for the year not annualised			
	- Basic and diluted	-	-	-
15	Aggregate of non-promoters shareholding			
	-Number	8,245,738	6,255,357	8,027,735
	-% of shareholding	52.58%	40.53%	51.19%

- Notes: 1. The above results were reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on July 31<sup>st</sup>, 2006, and subject to limited review by the Statutory Auditors.
2. Figures for the current period are not comparable with those of the corresponding previous period on account of the Scheme of Amalgamation with Credence Pharmaceuticals Limited and Hemarus Healthcare Pvt. Ltd. The Hon'ble High Court of Andhra Pradesh at Hyderabad has given its approval for the amalgamation vide its order dated May 2<sup>nd</sup>, 2006. Figures have been regrouped wherever necessary.
3. No-objection for the amalgamation from the Bombay Stock Exchange Limited, Mumbai is still pending.
4. The effect of deferred tax will be provided at the end of the year.
5. The company has received DCGI approval for one of its biologic products - GCSF. The biologics manufacturing facility of the Company is under commissioning as at end of the quarter.
6. The Company presently operates in one segment only - Pharmaceuticals.
7. Investors complaints status: There were no investors complaints pending at the beginning of the quarter. The Company has not received any investors complaints during the quarter ended June 30<sup>th</sup>, 2006.
8. Research and Development expenses of Rs.44.08/- lacs for the quarter have been deferred as per AS 8.
9. The paid-up share capital of the Company is increased to Rs.2681.05 lakhs by allotment on July 17<sup>th</sup>, 2006 of 1,11,27,464 equity shares of Rs.10/- each per share, to the erstwhile shareholders of M/s. Credence Pharmaceuticals Limited and M/s. Hemarus Healthcare Private Limited pursuant to the Scheme of Amalgamation.

By order of the Board  
Sd/-

Place:Hyderabad  
Date: July 31<sup>st</sup>, 2006

**Dr. Jayaram Chigurupati**  
Chairman and Managing Director

**ZENOTECH LABORATORIES LIMITED**

Regd. Off: 8-3-677/15, SKD Nagar, Srinagar Colony  
Hyderabad - 500 073.

**Unaudited consolidated financial results for the first quarter ended June 30<sup>th</sup>, 2006**  
(Rs in lacs)

Sl. No.	Particulars	Quarter ended June 30 <sup>th</sup> , 2006 Unaudited	Year ended March 31 <sup>st</sup> , 2006 Unaudited
1	Gross sales	306.81	1,319.62
	Less: Excise duty	24.19	82.37
	<b>Net sales</b>	<b>282.62</b>	<b>1,237.25</b>
2	Other income	10.56	10.70
3	<b>Total expenditure</b>	<b>424.00</b>	<b>1,410.11</b>
	a. (Increase)/decrease in stock in trade	(100.74)	(2.12)
	b. Consumption of raw material	269.22	578.88
	c. Staff cost	122.80	356.29
	d. Manufacturing expenses	12.39	40.01
	e. Selling and distribution expenses	51.67	186.07
	f. other expenses	68.65	250.97
4	<b>Profit before interest, depreciation and taxes</b>	<b>(130.82)</b>	<b>(162.16)</b>
5	Interest and bank charges	30.35	67.07
6	<b>Profit after interest but before depreciation and taxes</b>	<b>(161.17)</b>	<b>(229.23)</b>
7	Depreciation	12.53	28.65
8	Amortisation of miscellaneous expenditure	4.27	89.64
10	<b>Profit/(loss) before tax</b>	<b>(177.97)</b>	<b>(347.51)</b>
11	Provision for taxation		
	-Current tax including fringe benefit tax	1.09	19.39
12	<b>Profit/(Loss) after tax</b>	<b>(179.06)</b>	<b>(366.90)</b>
13	Paid-up equity share capital (Rs.10/- per share)	1,568.28	1,568.28
14	Earnings per share (Rs.) for the year not annualised		
	- Basic and diluted	-	-
15	Aggregate of non-promoters shareholding		
	-Number	8,245,738	8,027,735
	-% of shareholding	52.58%	51.19%

- Notes: 1. The above results were reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on July 31<sup>st</sup>, 2006, and subject to limited review by the Statutory Auditors.
2. The above results include the financials of subsidiaries - Zenotech Farmaceutica do Brasil Limitada, Brazil, Zenotech Laboratories Nigeria Limited, Nigeria, Zenotech Inc., USA.
3. The Company has consolidated accounts for the first time.

By order of the Board  
Sd/-

Place:Hyderabad  
Date: July 31<sup>st</sup>, 2006

**Dr. Jayaram Chigurupati**  
Chairman and Managing Director