



BIOCON'S HIFY07 DELIVERS ROBUST PERFORMANCE & GROWING PROFITS

Revenues at Rs: 463 crores. EBITDA at Rs: 122 crores. PAT at Rs 84 crores

Bangalore, October 18th, 2006

Biocon Limited today announced its financial performance for the half year ended September 30th, 2006.

Note: The discussions in this release reflect the audited financial performance of Biocon Limited based on Indian GAAP on a consolidated basis. This considers the financial performance of Biocon Limited, its wholly owned subsidiaries Syngene International Private Limited and Clinigene International Private Limited and its 51% joint venture Biocon Biopharmaceuticals Private Limited.

PERFORMANCE HIGHLIGHTS

- Consolidated Sales grew by 23% over the same period in the previous year. Operating profits (EBITDA) grew by 9%. Profit after Tax stood at Rs: 84 crores while PAT margins were at a healthy 18 %.
- All business segments achieved good growth. Biopharmaceuticals and Research services performed particularly strongly.
- Research Services continued to deliver excellent growth in profitability in excess of 50%.
- Technology and licensing revenues contributed significantly to H1 financials.
- Biocon's discovery led Diabetes and Oncology research programs continue to make good progress.
- Dedicated Sales Force established for Oncology Products.
- 100% increase in R&D expenditure to Rs: 16 crores.
- Our path breaking monoclonal antibody, *BIOMAb EGFR[®]* was granted regulatory marketing and manufacturing approval and was launched into the Indian market in September.

Outlook

Commenting on the results, **Kiran Mazumdar-Shaw, Chairman & Managing Director, Biocon Limited** , said:

"I am pleased that we have delivered robust and growing profits at a time when we are increasingly investing in our discovery led research programs as they move up the development pathway. We are encouraged by the progress being made on the research & development front. We believe that we are creating powerful innovation platforms for our future. We continue to build domain knowledge in Oncology, Diabetes and Inflammatory Disease.

We are confident that we will deliver current levels of profitability in the quarters ahead in spite of increased R&D investment and fixed costs at Biocon Park. Technology & licensing revenues have contributed significantly to our profitability and are an indication of the success of our innovation led initiatives. This will be an integral part of our business going forward, as we build high value Intellectual Property.

CORPORATE DEVELOPMENTS

Biocon launches *BIOMAb EGFR*® into Indian market

Biocon launched BIOMAb-EGFR®, a therapeutic monoclonal antibody-based drug for treating solid tumors of epithelial origin, such as head and neck cancers. This novel drug is engineered to specifically target and block the epidermal growth factor receptor (EGFR) responsible for the proliferation of cancer cells. The drug is the first of its kind to be clinically developed in India and is the first anti-EGFR humanized monoclonal antibody for cancer to be made available commercially anywhere in the world. The product has shown consistent response in clinical trials initiated both in India and globally and will later be extended to other indications. BIOMAb-EGFR is produced at Biocon's state-of-the-art manufacturing facility-Biocon Park.

Oncotherapeutics sales division created

Oncotherapeutics, the new Oncology division within Biocon has established a dedicated sales division to penetrate all the regions across the country. Oncotherapeutics is dedicated to the successful commercialization of recombinant biopharmaceutical products such as monoclonal antibodies to cater to the unmet needs of cancer patients worldwide.

Biocon to extend *BIOMAb EGFR*® clinical trials to other indications

BIOMAb-EGFR has received regulatory approval for use in combination with radiation therapy and/or chemotherapy in patients with positive expression of EGFR in squamous cell carcinoma of head and neck cancer. Biocon plans to extend clinical trials of BIOMAb-EGFR® to other indications including non-small cell lung cancer, breast cancer, colorectal cancer, pancreatic cancer, and glioblastoma (brain tumors).

Biocon receives Regulatory nod for EPO

Biocon has received a regulatory nod for EPO (Erythropoetin). EPO is successfully being used in the treatment of kidney failure and cancer-associated anemia. In both renal failure and cancer, the endogenous EPO production is suppressed and EPO substitution leads to a reduction in transfusion requirements. In cancer patients, EPO increases the quality of life by reducing the fatigue level and allows for more effective cancer treatment.

Syngene signs agreement with Innate pharmaceuticals

Syngene and Innate Pharmaceuticals have concluded a cooperation agreement to jointly develop, manufacture and market virulence blockers to counteract bacterial diarrhoeal disease. Virulence blockers are a new class of drugs that could become an alternative to antibiotics. Clinical studies of therapeutic effect will be conducted over the next three years and a candidate drug will be developed to the stage of a limited Phase II study in patients with diarrhoeal disease.

About Biocon

Established in 1978, Biocon Limited is one of India's premier biotechnology companies. Biocon and its two subsidiary companies, Syngene International Pvt Ltd and Clinigene International Pvt Ltd form a fully integrated biotechnology enterprise, specializing in biopharmaceuticals, custom research, clinical research and enzymes. With successful initiatives in clinical development, bio-processing and global marketing, Biocon delivers products and solutions to partners and customers across 50 the globe. Many of these products have USFDA and EMEA acceptance. Biocon launched world's first recombinant human insulin, INSUGEN™ in November 2004 using Pichia expression and India's first indigenously produced monoclonal antibody BIOMAb-EGFR®. Visit us at www.biocon.com

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Disclaimer:

Certain statements in this release concerning our future growth prospects are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, amongst others general economic and business conditions in India, our ability to successfully implement our strategy, our research and development efforts, our growth and expansion plans and technological changes, changes in the value of the Rupee and other currency changes, changes in the Indian and international interest rates, change in laws and regulations that apply to the Indian and global biotechnology and pharmaceuticals industries, increasing competition in and the conditions of the Indian biotechnology and pharmaceuticals industries, changes in political conditions in India and changes in the foreign exchange control regulations in India. Neither our company, our directors, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after this date or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

BIOCON LIMITED (CONSOLIDATED)
PROFIT & LOSS STATEMENT
Rs Crores

| Particulars | H1 FY 2007 | H1 FY 2006 | Variance H1 FY 07 vs H1 FY 06 |
|--------------------------------------|---------------|---------------|--|
| <u>INCOME</u> | | | |
| Sales-Biopharmaceuticals | 344 | 290 | 18% |
| Sales- Enzymes | 48 | 42 | 14% |
| Contract research and licensing fees | 69 | 42 | 66% |
| Total Sales | 461 | 374 | 23% |
| Other income | 2 | 3 | |
| Total Income / Revenues | 463 | 377 | 23% |
| <u>EXPENDITURE</u> | | | |
| Material & Power Costs | 252 | 208 | 21% |
| Staff costs | 41 | 31 | 31% |
| Other expenses | 48 | 26 | 82% |
| Manufacturing, staff & other exps | 341 | 265 | 29% |
| PBDIT /EBIDTA | 122 | 112 | 9% |
| Interest and finance charges | 4 | 0 | |
| PBDT | 118 | 112 | 6% |
| Depreciation | 29 | 15 | |
| PBT | 89 | 97 | -8% |
| Taxes | 6 | 16 | |
| PROFIT FOR THE PERIOD | 83 | 81 | 2% |
| Add/(less): Minority interest | 1 | 1 | |
| PAT | 84 | 82 | 3% |
| EPS on issued capital (Rs) | 8.4 | 8.2 | 3% |

Note: The figures are rounded off to nearest crores, percentages are based on absolute numbers