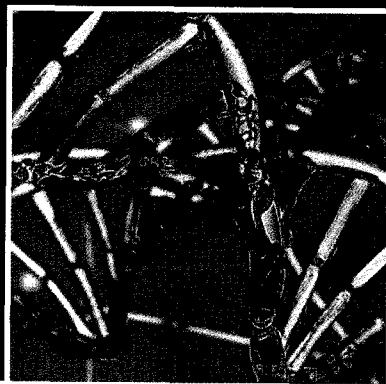
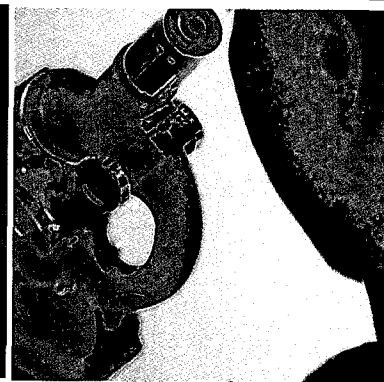




Abl biotechnologies Limited

www.ablbiotechnologies.com

Annual Report 2007



Inspiration.
Innovation.
Health Care.

The ABL Family 2007



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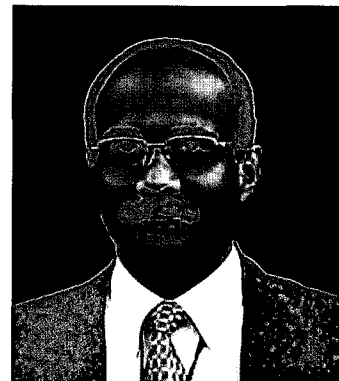
Chairman's Message

Dear Shareholders,

Biotechnology is both driving a global transformation, from the treatment of health care to the treatment of wellness, while at the same time the changing world is transforming biotechnology. This industry is no longer centered in the United States and Europe; its maturity now means that competition for resources, human & technological, is increasing as the number of countries supporting viable life science industries grow. Nearly every part of the world is looking to its future being dramatically effected by biotechnology.

What our industry needs is to figure out how to bring 21st century medicines to a world that sees health care costs out of control again, an ageing and affluent population that demands the best, and a pandemic waiting in the wings, and for us, the need and the opportunity to create and capture value.

We have great expectations for the era of personalized medicine, which promises to catalyze a major transition in health care. Factor in a greater understanding of disease on a 'systems' level and the compelling promise that the future of personalized, predictive and preventive health care is certain and would assist in more precise diagnostics, treatments tailored to the individual, reduction of side affects or adverse reactions to drugs, breakthroughs in treatment, and ultimately prevention of major diseases such as cancer, diabetes and Alzheimer's. A global effort is certainly needed to adequately prepare for diseases in which the majority of the world's population has no innate immunity – no one country is up to this task where disease “knows no borders”.



K. O. Isaac
Chairman & Managing Director

Growth of Biotech internationally continued to take place in 2006 with India and China leading the way. The Biotech company that we start today, operates globally, and is not constrained by physical location. Science as well as investment capital and resources can be accessed globally and can operate on a 24 / 7 basis by connecting with the Web. Patents and IP protection are global issues.

CAPITAL MARKETS AND THEIR RESPONSE

The Global Industry's collective market cap finished the year at \$490 billion. The M&A trends that have been hot in 2005 and 2006, are likely to continue with pharma desperate to access pipeline and innovation. Both big pharma and big biotech will look forward to associating with companies like ABL with advanced product pipelines, as well as for accessing technology. There will be no slow down in partnering deals and a significant portion of the \$15 billion raised during the period will be directed at gaining access to technology at an earlier stages in its development as pharma companies strengthen their product franchises. Biotech companies will continue to become more global as companies particularly in the US and Europe, look to India and China for their manufacturing needs and to conduct clinical trials.

THE FUTURE FOR BIOTECH

Overall, Biotechnology in 2007 will continue to fuel a major transformation in health care – one that emphasizes earlier disease detection, more targeted treatments, and adjunctive support through enhanced nutrition.

Chairman's Message

Attention is already moving from disease to pre-disease as well as more focus on treatments for chronic conditions. Prevention will become less of a dream and more of a science, tailored to a person's genetic makeup and life conditions. People with symptoms will receive different drugs – and more. Instead of popping pills or injecting proteins, patients will be treated with medical devices, gene therapy, or cell infusions. Here 'Nutrigenomics', which your Company, ABL is focusing on, will play a major part in strengthening the individual, improving resistance and delaying or preventing the onset of disease.

Combination treatments will proliferate and not just drug combinations – but pairing of drugs and devices, drugs and genes and personal routines will become the order of the day. Nanotechnology will bring together drugs and devices in ever more powerful ways. ABL's programme with lipid nanostructures puts your Company at the forefront of research in this area

The companies that make this happen will not just uncover the fundamentals of science – they will change the fundamentals of society.

PHARMA COMES BACK STRONG

If 2005 was a year of transition for many pharmaceutical manufacturers worldwide, as they responded to cost-containment challenges, regulatory setbacks, and safety issues, 2006 saw a year of recovery, thanks to a combination of surging underlying demand driven by aging populations and successful innovation in areas of high unmet need, which fueled growth. Pharmaceutical sales growth has been waning in recent years, crimped by patent expirations, tougher reimbursement policies, and lack of research productivity. Annual Growth in drug sales globally has been declining from 11.8% in 2001 to 6.8% in 2005. In 2006, sales of products prescribed mainly by specialists helped drive growth, jumping 11% to \$230 billion. Cancer drugs topped the specialist categories, with sales up nearly 21% to \$34.6 billion. Lower – income countries in general are making up a larger portion of global pharmaceutical growth. 27% of total market growth last year came from countries with a per capita gross national income of less than \$20,000.

In the highly regulated world of pharmaceuticals, where the cost of development and the price of finished goods are increasingly controlled by the Government, and where the cost of production goes up even as the selling price goes down, pharmaceutical companies are casting off more of their fixed costs to focus instead on core competencies in late stage development, distribution, and marketing. This is pushing them increasingly towards a more disaggregated model, relying on biotech firms to continue to do research and early development, contract research organizations to do the testing, with co-marketing partners and freelancers selling their drugs.

This is where ABL sees an environment to flourish whereby all four of our divisions – Research, Spectrum, Invia Health and Sanctum seize opportunities and create niche markets to the benefit of our stakeholders.

THE YEAR AHEAD FOR ABL

The year ahead for your company is the most challenging and possibly rewarding yet, where the effort of over one and a half decades achieves fruition. As we go into the markets for fresh resources and to put up two projects which will catapult us into the global stage, I would request each stakeholder to support and encourage your Company which has come through many a trial by fire. I am sure that the year ahead is the one that we have patiently waited for and ABL will not be found wanting.

Thank you

K. O. Isaac

Company Profile

Overview

ABL Biotechnologies Limited (ABL), a pioneer in harnessing microbial bio diversity has been focusing on developing technologies having applications in nutraceutical, cosmeceutical, and pharmaceutical areas. ABL has been working in the areas of drug discovery and microbial metabolites merging the synergies of biotechnology and pharmaceuticals.

R&D

ABL's state-of-the-art Research and Development facility is located at Chennai and has been accorded accreditation and recognition by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The Company's Research and Development facility at Visakhapatnam is undergoing renovation to set up a state of the art facility for marine invertebrate cell culture.

Presently ABL is working on thirteen molecules for seven target disease states. ABL's work is concentrated around predicting disease susceptibility, preventing disease and a genomics based application of more efficacious therapy. The impact of genomics, proteomics, pharmacogenomics and systems biology and the development of more targeted and personalized diagnostics and therapeutics is significant. ABL's own focus and its strategic alliances as well as partnerships across the globe is intended to leverage this and facilitate taking more products to the market at a faster pace.

Divisions

Spectrum, produces finished formulations for cardiology, diabetics, paediatrics, women's health, geriatrics, neuropathy, retinopathy, etc. for the domestic P2P market consisting of existing pharma companies. ABL manufactures over 200 products for around 100 pharmaceutical companies in India. These are in various formats including soft and hard gelatine capsules, tablets, liquid orals and topical ointments.

Invia Health, markets twenty two of the Company's brands targeting two chronic disease states, Diabetes and Cardiology as well as infection and pain. From its initial foray into Tamil Nadu, the Company proposes to expand operations to Kerala, Karnataka and Andhra Pradesh during the year.

Sanctum Nutrition, offers therapeutic nutrition that supports overall well being and helps reduce severity of disease related complications. Sanctum Nutrition offers a series of formulated foods with enhanced nutritional values. Products include protein-carbohydrate mixes, Amino Acid formulations etc.

Partnerships

ABL strongly believes in building strategic partnerships that would assist in its drug discovery endeavours and has been constantly forging partnerships with leading Indian institutions like the Indian Institute of Science, Bangalore, the National Facility for Marine Cynobacteria, Bharatidasan University, Trichy, Dr. ALM PG Institute of Medical Sciences, Chennai, the Indian Institute of Technology, Chennai, the Christian Medical College, Vellore and the Central University, Hyderabad for work on various aspects of drug discovery research.

Our Customers

| | | |
|---|---------------------------------------|------------|
| Zydus Cadila | ZYDUS CADILA HEALTHCARE LTD | AHMEDABAD |
|  | J.B CHEMICALS & PHARMACEUTICAL LTD | MUMBAI |
|  | INTAS PHARMACEUTICALS LTD | AHMEDABAD |
|  | BIOCHEM | MUMBAI |
| Fourrts | FOURRTS INDIA LABORATORIES PVT LTD | CHENNAI |
| KLAB | KHANDELWAL LABORATORIES PVT LTD | MUMBAI |
|  | ELDER HEALTHCARE LTD | MUMBAI |
|  | INDSWIFT LIMITED | CHANDIGARH |
|  | T.T.K HEALTHCARE LIMITED | CHENNAI |
|  | WYTRO MEDIZE | NEW DELHI |

The Directors'



G. Subramanian
Director

S. Raveendran
Director

K. O. Isaac
Chairman and
Managing Director

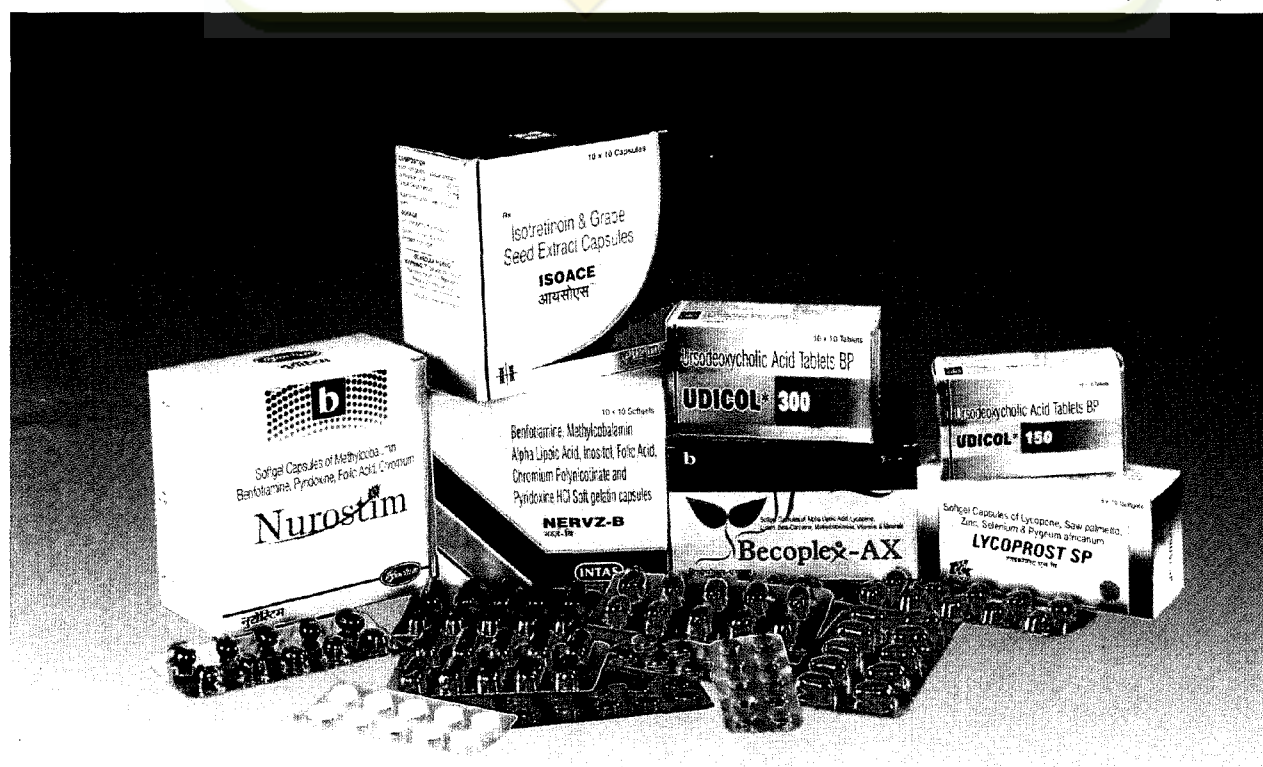
Rosemary Isaac
Director

The Management Team



Front Row (From left to Right) : Debashis Mukherjee, S. Raveendran, Rosemary Isaac, K. O. Isaac, K. R. K. Easwaran, G. Subramanian, Sangeeta Varma. **Second Row :** K. O. Philip, T. Ajith Kumar, T. R. Venkatraman, S. Ramabadran, Mathew John, Ramm Kumar, Jainender Kumar, P. S. Ganeshan.

Products



Results at a glance

