

CREST ANIMATION STUDIOS LIMITED

CREST ANIMATION STUDIOS LIMITED

Registered Office : 401 & 501, Raheja Plaza, L.B.S.Marg, Ghatkopar (W), Mumbai 400 086

UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED 30TH SEPTEMBER 2011

Sr. No.	Particulars	(Rs. In Lakhs)				
		Three Months Ended Unaudited		Six Months Ended Unaudited		Year Ended Audited
		30.09.2011	30.09.2010	30.09.2011	30.09.2010	31.03.2011
1	(a) Income from operations	252.82	936.80	699.50	1,853.25	3,711.57
	(b) Other operating income	-	-	-	-	-
2	Expenditure	252.82	936.80	699.50	1,853.25	3,711.57
	(a) (Increase) / Decrease in work in process	(134.17)	(304.77)	(421.66)	(503.26)	(660.58)
	(b) Employees cost	305.06	289.74	622.97	587.63	1,197.43
	(c) Retainership fees	135.55	167.98	290.48	361.49	679.23
	(d) Depreciation and amortisation	142.57	229.47	335.91	463.74	875.76
	(e) Rent	100.96	104.62	201.93	203.16	405.05
	(f) Provision for Doubtful debts	-	-	-	-	147.09
	(g) Other Expenditure	179.66	240.89	308.00	303.55	739.14
	(h) Provision For diminution in value of Investment	50.79	-	134.26	-	666.73
		780.42	727.93	1,471.89	1,416.31	4,049.85
3	Profit / (Loss) from operations before other Income & interest (1-2)	(527.60)	208.87	(772.39)	436.94	(338.28)
4	Other income	359.08	15.15	349.09	25.84	56.01
5	Profit / (Loss) before interest (3+4)	(168.52)	224.02	(423.30)	462.78	(282.27)
6	Interest	148.87	104.98	281.02	183.70	726.84
7	Profit / (Loss) after interest before tax & Exceptional Items (5-6)	(317.39)	119.04	(704.32)	279.08	(1,009.11)
8	Exceptional Item:					
	Goodwill on Amalgamation impaired (Refer Note 2)	-	-	-	-	16,106.08
9	Tax expense	-	-	-	-	0.04
10	Profit / (Loss) after tax and before prior period income (7-(8+9))	(317.39)	119.04	(704.32)	279.08	(17,115.23)
11	Prior period item	-	-	-	-	-
12	Profit / (Loss) for the period	(317.39)	119.04	(704.32)	279.08	(17,115.23)
13	Paid-up equity share capital (Face Value Rs.10 per share)	4,421.22	2,258.52	4,421.22	2,258.52	2,258.52
14	Share Capital Pending Allotment	-	-	-	-	2,162.70
15	Reserves excluding revaluation reserves (net of debit balance in profit and loss account)	-	-	-	-	7,690.12
16	Earnings per share in Rs. (not annualised) Basic and diluted	(0.72)	0.53	(1.59)	1.24	(38.71)
17	Public shareholding					
	a) Number of shares	39,603,327	18,989,183	39,603,327	18,989,183	39,603,327
	b) Percentage of shareholding	89.58%	84.08%	89.58%	84.08%	89.58%
18	Promoter and Promoter group shareholding					
	a) Pledged / encumbered					
	- Number of shares	1,870,000	450,000	1,870,000	450,000	1,591,000
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	40.57%	12.51%	40.57%	12.51%	34.52%
	- Percentage of shares (as a % of the total share capital of the Company)	4.23%	1.99%	4.23%	1.99%	3.60%
	b) Non Pledged / non-encumbered					
	- Number of shares	2,738,809	3,145,995	2,738,809	3,145,995	3,017,809
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	59.43%	87.49%	59.43%	87.49%	65.48%
	- Percentage of shares (as a % of the total share capital of the Company)	6.19%	13.93%	6.19%	13.93%	6.83%

SIGNED FOR IDENTIFICATION
BY

S.R. BATLIGI & ASSOCIATES



501, Raheja Plaza, L. B. S. Marg, Ghatkopar (W), Mumbai - 400 086., India.

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CREST ANIMATION STUDIOS LIMITED

STATEMENT OF ASSETS AND LIABILITIES (STANDALONE BASIS) PURSUANT TO CLAUSE 41 OF THE LISTING AGREEMENT

Particulars	(Rs. In Lakhs)		
	30.09.2011 Un-Audited	30.09.2010 Un-Audited	31.03.2011 Audited
	Standalone	Standalone	Standalone
SHAREHOLDERS' FUNDS:			
(a) Capital	4,421.22	2,258.52	2,258.52
(b) Share Capital Pending Allotment			2,162.70
(c) Reserves and Surplus	9,137.64	11,027.39	8,711.89
LOAN FUNDS			
(a) Secured Loans (Refer Note 3 below)	5,010.04	2,524.92	5,459.05
(b) Unsecured Loans	841.00	152.25	302.25
	19,409.90	15,963.08	18,894.41
FIXED ASSETS	1,193.78	1,937.25	1,529.38
INVESTMENTS	8,208.74	5,582.24	7,903.05
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	2,932.59	2,467.07	2,510.94
(b) Sundry Debtors	1,264.17	1,470.73	1,560.03
(c) Cash and Bank Balances (Refer Note 1 below)	79.14	583.83	602.11
(d) Other Current Assets	2,447.14	1,566.01	2,311.77
(e) Loans and Advances	3,530.39	1,857.78	3,196.81
Less:- Current Liabilities and Provisions			
(a) Liabilities	1,816.71	717.98	1,596.00
(b) Provisions	142.82	127.72	132.83
PROFIT AND LOSS ACCOUNT	1,713.48	1,343.87	1,009.15
	19,409.90	15,963.08	18,894.41

Note:

1) As on 30th September 2011: Rs. Nil (As on 31st March' 2011/ 30th Septemebr' 2010: Rs.500 lakhs) represents Fixed deposits under lien against Cash Credit.

2) Previous years figures have been regrouped wherever necessary.

3) Includes secured loan from Newbridge (See note 3)

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MUMBAI



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Notes:

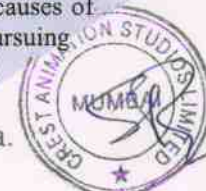
1. The above un-audited/ un-consolidated results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 14th November 2011. The Statutory Auditors have carried out a limited review of the financial results of the Company for the quarter ended 30th September, 2011.
2. The Hon'ble High Court of Bombay pronounced an Order on April 1, 2011, sanctioning the Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, of two overseas subsidiaries of the Company i.e. Crest Animation Holdings Inc., USA (CAH), Crest Communication Holdings Limited, Mauritius (CCHL) and one Indian Wholly Owned Subsidiary Company viz., Crest Interactive Limited (Transferor Companies) (CIL), with the Company with effect from the appointed date 1st April, 2010. The Scheme became effective on July 26, 2011 upon filing of the order of the Hon'ble Bombay High Court as required under Section 394 (3) of the Companies Act, 1956 and other statutory approvals, compliances in overseas jurisdictions. In accordance with the Scheme and as per the approval of the Hon'ble High Court of Bombay, all the assets & liabilities, rights, obligations of transferor companies have been transferred to and vested With effect from 1st April, 2010. The amalgamation has been accounted as per the Scheme which is in accordance with the 'Purchase Method' as described in Accounting Standard – 14 "Accounting for Amalgamations" notified by the Companies (Accounting Standards) Rule, 2006 with effect from the appointed date of the Scheme being 1st April, 2010.

Excess of the amount of consideration net of cost/s and expense/s incurred in relation to implementation of scheme, over the value of net assets of transferor companies (CAH, CCHL & CIL) acquired by the company has been recognized in the company's financial statements as goodwill determined as follows, which has been written off as an exceptional item on the appointed date based on impairment assessment. Pursuant to the Scheme, the Company has utilized the a sum of Rs. 172,99,80,591/- from the Securities Premium Account for adjusting the debit balance in P&L account as on appointed date after giving effect to said impairment of goodwill.

CONSIDERATION	AMOUNT (Rs.)
Issue of Shares (Face value Rs. 10)	216,269,580
Premium on issue	1,541,367,837
Add: Amalgamation Expenses	30,005,823
Total Consideration	1,787,643,240
Less: Net Asset Taken Over of transferor companies	(242,206,902)
Add: Cancellation of Investment	65,172,000
Goodwill arising on Amalgamation	1,610,608,338

Company has allotted 21,626,958 equity shares to shareholders of CAH and the CAS Benefit Trust on 28th July, 2011 in terms of the Scheme of Amalgamation approved by Honorable High Court of Mumbai for involving merger of three subsidiaries with the company and the same got listed on respective stock exchanges on 26th September 2011.

3. On November 23, 2010, the Company's US step down subsidiary, Crest Animation Holdings Inc. (CAH, now merged with the Company), entered into a Film Financing transaction with Bayrakkale LTD STI (Bayrakkale) for the purposes of co-financing the Company's animated feature film. Pursuant to the agreement, CAH had deposited US\$ 320,000 (Rs. 14,153,600/-) into an escrow account & also entered into a loan, security and pledge agreement and related promissory note with Newbridge Film Capital LLC (Newbridge) for a deposit of US\$ 5,930,000 (Rs. 287,545,700/-) into the escrow account for onward payment to Bayrakkale under the terms of the agreement. The agreement with Newbridge is secured by a letter of credit favoring Newbridge from Deutsche Bank issued on behalf of Bayrakkale as well as CAH's interest in the film. However, Bayrakkale has failed to fund the film in accordance with the co-financing agreement & is in material breach of the same. Further Deutsche Bank has refused to honor the letter of credit. Newbridge and the Company have elected to move forward together against Deutsche Bank to pursue causes of action against the bank relating to the letter of credit, and to toll any potential causes of action against each other pending resolution of the matter with Deutsche Bank. The Company is pursuing





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all available legal options & is confident of recovering the outstanding dues including the claim for the interest. So far, Bayrakkale has reimbursed CAH US\$ 300,000 for interests and costs associated with their late payments. Pending final outcome of the matter, company has not provided the interest on the loan from Newbridge however, the company has considered the same as contingent liability which amounts to Rs.18,271,133/- and Rs. 36,542,266/- for three month and six months period ended 30th September, 2011 respectively and also not recognized any interest claim from Bayrakkale. The auditors have qualified their review report on the financial results for the quarter ended 30th September, 2011 for the recoverability of the advance of Rs 303,304,950/- from Bayrakkale and the non accrual of the interest of Rs.18,271,133/- and Rs. 36,542,266/- for three month and six months period ended 30th September, 2011 respectively..

4. As on 30th September, 2011, the company has Rs. 74,464,890 invested in Norm LLC, a special purpose vehicle which is formed for the purpose of feature film Norm of the North. The company has also outstanding debtors of Rs. 69,171,179/- and unbilled revenue balance of Rs. 157,251,324/- in respect this film project.

Work on this project was deferred during last quarter due to the uncertainty prevailing on the financing arrangements of the project. However, based on discussions with alternate financier, the company is confident of resumption of the project and has recommenced work on the same from this quarter. Work-in-progress incurred so far and not billed amounts to Rs. 24,005,652/-

In view of the intended recourse of the legal proceedings against the defaulted financier and positive developments for the alternate financier, the management is of the view that there is no diminution in the value of these investments, debtors & work in progress. These balances are considered to be recoverable and therefore no provision is considered necessary. The auditors have qualified their review report on the financial results for the quarter ended 30th September, 2011 for this matter.

5. In terms of clause 41 of the listing agreement, details of number of investor complaints / requests for the three months ended 30th September, 2011 are: beginning -Nil, received- Nil, disposed off- Nil and pending- Nil.
6. The Company's business activities fall within a single segment, Animation only.
7. Pursuant to clause 41 of the listing agreement, statement of assets and liabilities annexed herewith
8. Figures for the previous period have been regrouped wherever necessary. Further quarterly/half yearly results of current financial year 2011-12 are not strictly comparable with those of previous financial year 2010-11 as a result of Scheme of Amalgamation becoming effective on 26th July, 2011 and effect of which has not been given to in the corresponding quarterly/half yearly results of previous financial year 2010-11.

For CREST ANIMATION STUDIOS LIMITED

SEEMHA RAMANNA
MANAGING DIRECTOR

Place: Mumbai
Date: 14th November, 2011

