PYRAMID SAIMIRA THEATRE LIMITED

Registered Office: C-1, II Floor, "Temple Tower" # 672, Anna Salai, Nandanam, Chennai 600035

AUDITED FINANCIAL RESULTS FOR THE 15 MONTHS PERIOD ENDED 30TH JUNE 2009

(Rs. in lakhs)

S.No	Particulars	3 Months Ended		15 Months Period Ended	12 Months Year Ended
		30 06 2009	30 06 2008	30 06 2009	31.03.2008
		(Audited)	(unaudited)	(Audited)	(Audited)
1	Income	5,732.81	24,556.12	77,837.25	74,388.21
	(a) Income from Exhibition	4,175.68	18,407.33	56,601.29	54,958.35
	(b) Income from Food & Beverages	1,557.13	6,148.79	21,235.96	19,429.86
2	Expenditure				
	(a) Cost of Content	3,385.89	10,145.08	33,918.76	30,077.24
	(b) Cost of Exhibition	497.91	6,258.49	17,755.57	18,258.63
	(c) Cost of F & B	984.42	3,842.07	14,175.35	9,720.59
	(d) Employees cost	118.02	426.26	1,566.64	792.65
	(e) Depreciation including amortizations	204.60	764.21	1,434.30	1,118.99
	(f) Other expenditure	479.17	930.81	2,917.12	4,661.28
	(g) Total	5,670.01	22,366.92	71,769.75	64,629.38
3	Profit from operations before Other Income, Interest & Exceptional Items (1-2)	62.80	2,189.20	6,067.51	9,758.83
4	Other Income	699.36	144.05	728.97	542.38
5	Profit before Interest & Exceptional Items (3+4)	762.16	2,333.25	6,796.48	10,301.21
6	Interest	740.51	494.12	3,218.41	881.49
7	Profit after Interest but before Exceptional Items (5-6)	21.65	1,839.13	3,578.07	9,419.72
8	Exceptional items	(2,772.00)	-	7,110.26	-
9	Profit / (Loss) from Ordinary Activities before Tax (7+8)	2,793.65	1,839.13	(3,532.19)	9,419.72
10	Tax expense	-	2,150.34		3,632.35
11	Net profit / (Loss) from Ordinary Activities after tax (9-10)	2,793.65	(311.22)	(3,532.19)	5,787.37
12	Extraordinary Items (net of tax expenses)	2,215.70	-	9,909.92	-
13	Net Profit / (loss) for the period (11-12)	577.95	(311.22)	(13,442.11)	5,787.37
14	Paid-up Share Capital (face value Rs.10/- per share)	2,976.15	2,827.65	2,976.15	2,827.65
15	Reserves excluding Revaluation Reserves as per Balance of previous accounting year	5,271.10	15,921.08	5,271.10	10,133.71
16	Earnings Per Share in (EPS) (in Rupees)				
	(a) Basic EPS before Extraordinary Items for the period, for the year to date and for the previous year (not to be annualised)	9.79		(12.37)	20.47
	(b) Basic EPS after Extraordinary Items for the period, for the year to date and for the previous year (not to be annualised)	2.02		(47.09)	20.47
	(c) Diluted EPS before Extraordinary Items for the period, for the year to date and for the previous year (not to be annualised)	7.29		(6.00)	14.52
	(d) Diluted EPS after Extraordinary Items for the period, for the year to date and for the previous year (not to be annualised)	2.19		(28.78)	14.52
17	Public shareholding				
	Number of Shares	22,223,394	12,954,045	22,223,394	12,954,045
	Percentage of shareholding	74.67%	45.81%	74.67%	45.81%
18	*Promoters and promoter group Shareholding ***				
	a) Pledged/Encumbered	-	-	-	-
	- Number of shares	5,383,235	-	5,383,235	-
	- Percentage of shares (as a % of the total shareholding of	71.41%	-	71.41%	-
	promoter and promoter group)		-		-
	- Percentage of shares (as a% of the total share capital of the	18.09%	-	18.09%	-
	company)		-		-
	b) Non-encumbered		-		-
	- Number of Shares	2,154,835	-	2,154,835	-
	- Percentage of shares (as a% of the total shareholding of	28.59%	-	28.59%	-
	promoter and promoter group)		-		-
	- Percentage of shares (as a % of the total share capital of the	7.24%	-	7.24%	-
	company)				

Pyramid Saimira Theatre Limited

Registered Office: C-1, II Floor, "Temple Tower" # 672, Anna Salai, Nandanam, Chennai 600035

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE FINANCIALS, UNDER CLAUSE 41 OF THE LISTING AGREEMENT FOR THE 15 MONTHS PERIOD ENDED 30TH JUNE 2009 (STANDALONE)

S.No	PARTICULARS	(Rs. in Lakhs) Quarter ended 30TH JUNE 2009 (AUDITED)	(Rs. in Lakhs) PERIOD ended 30TH JUNE 2009 (AUDITED)
1	Segment Revenue		
	A. Exhibition	4,175.68	56,601.29
	B. Food & Beverages	1,557.13	21,235.96
	C. Unallocated	699.36	728.97
	Total Segment Revenue	6,432.17	78,566.22
	Less: Inter segment revenue	-	-
	Income from Operations	6,432.17	78,566.22
2	Segment Results Profit / loss before tax and interest from each segment		
	A. Exhibition	291.88	4,926.96
	B. Food & Beverages	572.71	7,060.61
	C. Unallocated	699.36	728.97
	Total	1,563.95	12,716.54
	Less: (i) Interest	740.51	3,218.41
	(ii) Other un-allocable expenditure net off Un-allocable income	801.79	5,920.06
	Total Profit Before Tax	21.65	3,578.07
3	Capital Employed (Segment Assets - Segment Liabilities)		
	A. Exhibition	14,906.59	14,906.59
	B. Food & Beverages	7,453.30	7,453.30
	C. Unallocated	43,083.00	43,083.00
	Total	65,442.89	65,442.89

SAIMIRA TH...

NOTES TO ACCOUNTS

1. The above results were reviewed and approved by the Audit Committee on 24th October 2009 and by the Board at their adjourned meeting on 25th October 2009.

2. This Note to Accounts should be read in conjunction with detailed Notes to Accounts and business Submitted as an additional disclosure by the Company.

3. The above results are on stand-alone-basis of the Company Pyramid Saimira Theatre Ltd and do not contain the results of any of the Subsidiary / Associate companies.

4. The company as of 30.06.09 was having following subsidiaries / associate companies with the following status:

Company Name	Sector	Status
PSPIL	Production of content	Joint Venture-profitable
PSCDPL	Distribution of content - India	100 % subsidiary-profitable
PSPSL	Post production-India	Subsidiary-profitable
Dimple cine advertisement pvt ltd	Marketing	Subsidiary-profitable
Saimira Realities Ltd	Property management	Wholly owned subsidiary , Pre-operative
PSTC, Malaysia	Entertainment company - Malaysia	Joint Venture-profitable
Pyramid Longzhe Culture & Theatre Company Ltd	Entertainment business- china	Joint Venture-profitable
PSEL	Distribution-international	Wholly owned subsidiary-profitable
PSEA	Entertainment company - U.S.A	Wholly owned subsidiary- loss making- sectoral dispute

However it may be noted that the results of all the above companies have not been consolidated and the current results are stand alone (basically exhibition segment in India)

5. The Audited result for the current year is for a period of 15 months starting from 01st April 2008 and ending 30th June 2009. Previous year figures were for 12 months from 01.04.07 to 31.03.08.

PYRAMID SAIMIRA THEATRE CHENNAI

6. During the 15 months under review, the company underwent a lot of external and internal turbulences which necessitated–restructuring of the business model of the company, which has been disclosed in the quarterly results and now consolidated and disclosed as an additional disclosure to this note.

7. There was a decline in growth of 77.08% on Quarter on Quarter basis and a decline of 16.29% on an annualized year-on-year basis.

8. The physical parameters of the exhibition business is as follows:-

	As At	
	30.06.2009	30.06.2008
No of screens	190	802
Seating Capacity per show	0.98 lacs	5.09 lacs
Occupancy rate	30.44%	33.72%
Average Revenue per user	Rs.43.88	Rs.41.49

9. Total no of tickets sold for 12 months up to 31/3/08 is 1749.20 lakhs and for 15 months period from 1.4.08 to 30.6.09 is 1860.02 lakhs.

10. During the 15 months period under review, the company made the following write offs:-

    - Write Off in investments representing reduction in value of content invested through the subsidiary companies relating to the period 2007-08 for an amount of Rs.76.94 crores.

    - Investments in M/s.Aurona Technologies Ltd, UK for Rs.13.65 crores.

    - Investments in M/s.Spice TV Pte Ltd., invested through Pyramid Saimira Entertainment Ltd, USA for Rs 8.5 Crores.

11. The company also has provided for a Foreign Exchange Reserve loss of Rs.71.10 crores towards increase in liability of Convertible Bonds represented in Dollars. This loss is notional and fluctuating.

12. The company suffered a severe dispute with Income Tax Authorities from 04th December 2008 which lead to the attachment of all our Bank Accounts and almost all our Business Operations by the Income Tax Department. These attachments were lifted by the IT Department on 03.08.09 after Department issuing the No Due Certificate against the company on 03.08.09. However, selectively the Department has made presumptive attachments under Section 281B of Income Tax Act.

13. The Accounting of the Company including the Internal Control System suffered a serious erosion during the period under review due to the above said Income Tax attachment and the company had resorted to non-uniform and diffused control and accounting policy, for the continuation of the business, in the interests of all stakeholders. However, after the removal of attachments, the company is now re-

PYRAMID SAIMIRA THEATRE LTD. CHENNAI

establishing the controls and the company expects that it will take another six months to complete the process.

14. Due to the Income Tax attachment the company could not service the FCCB interest due for the half year ended 30th June 2009, however provision has been made in the books.

15. The company could not fully service the interests of all the banks and therefore the company has filed for Corporate Debt Restructuring on 20th October 2009. However it is to be noted that the company has not sought any write off in loans but has only sought deferment.

16. The company has diluted its combined stake in its production company, PSPIL from 79.73% to 39.86% through infusion of strategic investor, as part of restructuring of business.

17. The company has proposed that its subsidiaries held in the books as investments will be shared free of cost to all the Stakeholder of PSTL including FCCB Stakeholders & secured creditors, which will make those subsidiaries independent of the parent company and enable them to raise funds and expand their business operations.

18. One of the investors of the company exited from the company in questionable circumstances and the company was also targeted by a forgery letter purportedly issued by SEBI on 19th December 2008. The company detected the fraud and requested SEBI for investigation. However, one of the Promoters of the Company (the current Managing Director of the Company) has also been barred by SEBI from accessing securities market, vide its interim order for allegedly giving wrong disclosure.

19. Due to the IT attachment and subsequent re-evaluation of the business model, the company is shifting from Fixed Rental Model to Revenue Share and Profit Share Model. Consequently, many screens have been transferred from PSTL to its 100% subsidiary PSCDPL (Pyramid Saimira Content Distribution Pvt Ltd) along with their Deposits and Receivables.

20. In terms of Clause 41 of the Listing Agreement, the details of investor complaints for the quarter ended June 30, 2009 are: Beginning of the Quarter: NIL. Received during the Quarter: Nil Pending at the end of Quarter: NIL.

21. During the period under review, 14, 85,000 share warrants out of 36,40,000 warrants issued on 22.10.07 have been converted into equity shares at the price of Rs.310/- per share.

Place: Chennai
Date : 25th October 2009

By Order of the Board
for PYRAMID SAIMIRA THEATRE LIMITED

Sd/-

P S SAMINATHAN
MANAGING DIRECTOR

PYRAMID SAIMIRA THEATRE LTD. CHENNAI

Detailed Notes and Additional Disclosures pertaining to Annual Accounts

This Additional Notes to Accounts is given as a matter of better Corporate Governance practice This Note covers Business Model, Subsidiaries and their Status and Specific problems faced by the Group

1. The company suffered drastic reduction in its Top Line during the last three quarters. The following table shows quarter -wise screens operated and results

(INR Million)

Sl.No.	Quarters	Screens	Topline	EBIDTA
1	30.09.2007	487	1,465.10	226.40
2	31.12.2007	655	2,329.48	371.00
3	31.03.2008	765	2470.01	309.74
4	30.06.2008	802	2502.78	134.97
5	30.09.2008	745	2523.92	176.07
6	31.12.2008	252	1379.68	92.07
7	31.03.2009	248	807.01	75.78
8	30.06.2009	190	573.28	96.67

2. The company commenced operations with merely four screens and grew to be a giant in the above manner and later on downsized the number of screens due to viability and management factors. The company also started expanding its operations into Northern India, Malaysia, Singapore, USA, etc., Apart from that, the company also backwardly integrated into Distribution, Production and laterally expanded into allied fields as well.

3. The attachment of all banking accounts and all theatre receivables of the company by the Income Tax Department has resulted in stoppage of cash receipts into the system from the exhibition centers for about 7 months in the accounting period. All theatre collections have since been used for content and theatre disbursements locally in order to keep the theatres running. Also due to break down of systems and process machinery due to lack of adequate staff, receipt of Daily Collection Reports (DCR) has become irregular and such DCRs are required to be collected from over 350 theatres. Hence, based on memorandum reports from theatres, such income and expenditure from theatres has been accounted. The company is in the process of collecting DCRs from all regions. The process is expected to be completed within 3 months.

4. The company, based on the experience of growth and subsequent problems, has now started implementing a wholesome change of the business model and restructuring of business operations. Broadly:-

PYRAMID SAIMIRA THEATRE LTD. CHENNAI

- The company previously was operating on a fixed rental model. The company is moving from this to Revenue Share and profit share model whereby the Fixed Cost component in terms of rent will come down and part of the risk will also be borne by the theatre owners.
- The company is also moving away from purchasing the entire rights of the film into selective rights and also some of the films on revenue share basis, which are expected to reduce the risk elements of film failure, though the margin of profit might also reduce.
- Previously the group's business of combined Distribution and Exhibition meant that there is no risk mitigation at all. Now the company is moving away from full exhibition of our films by inducting Distribution partners for the respective territory and also by inducting Third Party Exhibitors as well. This will expand the base of the company and reduce the overall risk of film failure.
- The company previously operated all canteens on its own and the company could not achieve system efficiency and there were leakages in the F&B Division of the company. The company is now moving towards outsourced canteen services where the company will get a Fixed Rate per ticket sold, which is much easier to monitor, control and will be more profitable.
- The company so far has not integrated its cinema marketing with exhibition though the company has a Cine Marketing Company called Dimples Cine Advertising Company Pvt.Ltd., which had 15yrs of track record. The company is now integrating the operations to bring more revenues.
- The company previously had more than one screen in the same locality which had resulted in over capacity. The company is evaluating the theatre density and reducing the capacity appropriately.

5. All these measures will reduce the Fixed Cost exposure, create risk mitigation at each level and over all improvement of efficiency cycle and operating cycle which will translate into tight Working Capital deployment.

6. Based on the above the company transferred 299 numbers of theatres along with Rs.93.78 Crores of Deposits and Rs.80.73 Crores of margins yet to be received from the theatres to its wholly owned subsidiary, PSCDPL. The said wholly owned subsidiary is tasked with content distribution to theatres not fully controlled by PSTL and not fully managed by PSTL.

PYRAMID SAIMIRA THEATRE LTD. CHENNAI

7. The management expects to collect in due course of time all the above amounts except a few and therefore the management is of the considered opinion that no write off is necessary either in PSTL Books or in PSCDPL Books though the collection may get delayed.

8. As part of restructuring mechanism the company is doing the following:-

   - The company is de-merging each core business separately viz., Production, Exhibition and Distribution. It may be noted PSTL previously had only Exhibition and under it, Production and Distribution were subsidiaries. These are now being de-merged.
   - Each of these three divisions will now have independent focus and will also induct strategic partners restricted to that line of business. Each of this business will also focus upon de-risking not only through the group companies but also through Third Parties.
   - Due to the effect of de-merger, Production and Distribution Companies are proposed to be listed in NSE & BSE.
   - The shareholders, bankers and secured creditors will receive these companies' shares, free of cost,

9. All these structural measures will improve management bandwidth, infuse fresh blood into the system and bring greater focus on risk mitigation and thereby improve overall profitability of the group.

10. Based on the above restructuring exercise, the company has inducted M/s.RDB Group, Kolkatta as Co-Promoters in Production Company PSPIL. RDB group is a major infrastructure player in Eastern and Western India. At present the group is having a Turn Over of Rs.5000 millions. RDB Group was founded by Shri.S.L.Dugar and having activities in Real Estate Development, Manufacturer of Cigarettes, Containers & Bags; Dealership of TATA Motors; Retail Outlets; Financial Services; Logistic Hub; Power Transmission Equipments; Educational Institutions on its own and the following through Joint Ventures like Infravision – a JV with Tantia Group for infrastructure and project development at Haldia and Siddha PSIDL – a JV with Siddha Group for development of plots at 300 acres of land at Jaipur.

11. In lieu of the above transaction, PSPIL ceases to be a subsidiary of the parent company and currently PSTL holds only 39.86% in the Production Company. It may also be noted that this also will be distributed to the shareholders / other stakeholders after the process of de-merger, free of cost.

PYRAMID SAIMIRA THEATRE LTD. CHENNAI

12. Our DTH business which operated in Europe could not sustain its business operations due to worsening of Europe consumer spending power and has sustained serious losses. We are a JV partner in the company and conservatively we have decided to write off its investments from our books . (This investment was held through our wholly owned subsidiary PSEA , USA)

13. Our gaming subsidiary Aurona Technologies also underwent serious liquidity crises and loss partially due to deprecation of pounds as compared to other currency, making operating losses in its back office including wiping out its accumulated margins. Aurona is a gaming company involved in outsourced production of gaming software and therefore in our view could not sustain operations due to the same. The Board has also decided to write off the investment in Aurona.

14. Our Malaysian subsidiary, Pyramid Saimira Theatre Chain (Malaysia) Sdn Bhd is making cash profits. Our US subsidiary Pyramid Saimira Entertainment America is making marginal losses.

15. The Company's distribution subsidiary PSCDPL has not distributed any films during the last two quarters and will revive its activities shortly.

16. Our marketing subsidiary is marginally profitable given the tight advertisement and marketing spend in India and inordinate delay in collection due to bad credit environment.

17. PSEA, USA had acquired a company called Fun Asia during the Financial Year 2007-2008. Further after acquisition of Fun Asia, it expanded in more locations and added distribution business to the segment. There has been a dispute in the said business acquisition and consequently on 01st July 09, the company lost constructive control of Fun Asia. As of 30.06.09, our Company has not incurred any loss and hence no write off has been made. The company has been pursuing legal recourse and based on the report, the company may go in for a write off, should there be any need.

18. During the year under review, the company entered into a Joint Venture with Ministry of Culture of China which led to the formation of Pyramid Longzhe Culture & Theatre Company Ltd. The company is doing exhibition business and earning profits.

19. The company had dispute with the Income Tax department and the following is detailed chronologically:-

    - Pyramid Saimira Theatre Ltd, Chennai (PSTL) filed a return of income under Section 139(1) admitting a tax liability of Rs.29, 54, 97,940 on 30th September 2008.

PYRAMID SAIMIRA THEATRE LTD. CHENNAI

- Total tax already paid is Rs.4, 11, 76,102.
- Consequent upon non-payment of Tax, the Income Tax Department issued garnishee on receivables, investments, bank accounts of the company, etc., from 04th December 2008.
- The company filed a writ and obtained a Writ of Mandamus for disproportionate attachment from the Hon'ble High Court of Judicature at Madras on 23rd March 2009.
- On 06th March 2009, the company filed a Revised Return under Section 139(5) admitting /claiming a refund of Rs.216, 26,310.
- The company also obtained Injunctory Relief from the Hon'ble High Court of Judicature at Madras on 30th April 2009.
- Consequent to the above and on our request, the Department withdrew the attachments on Bank Accounts on 05th June and 03rd August 2009.
- The Department made a 143(1) assessment solely on the basis of original return and categorized the company as defaulter under Section 140(a) and attached remaining assets as well (but excluding OD Accounts).s
- The Company filed an Appeal with Commissioner (Appeals) against 143(1) assessment on 01st June 2009.
- The Hon'ble Commissioner (Appeals) ruled that only the revised return should be considered and assessment made appropriately.
- Consequent to our request and the admission of an Appeal, the Assessment Officer and TRO removed the attachment done so far under Section 226(3) on 03rd August 2009.
- Immediately after lifting of the aforesaid attachment, the Department attached some debtors, receivables, investments and Bank Accounts of the Company under Section 281(b) as a presumptive attachment. It may be noted that this creates only a charge and not a recovery since as of now the company has no tax dues and assessment is pending.

20. The company has already provided the said amount as demanded by the Incometax Department in the accounts and therefore no further provisioning is needed.

21. During December 2008 the company was targeted with a peculiar event , the sequence is as follows:-

- On 21st December 2008 several media reported that SEBI has ordered one of the Promoters (P.S.Saminathan, Managing Director, PSTL) to give an open offer for Rs.250/- since he had violated the take over code.
- After the company announced the forgery in a press conference, on 23rd December 2008 SEBI admitted that the said letter was in fact "FORGED".
- SEBI ordered an investigation and came out with an Interim Report on 23rd April 2009. Strangely, in that said report SEBI also barred Mr.P S Saminathan personally from accessing the securities markets directly or indirectly, without any reason. There is neither specific nor substantiated allegation by SEBI of any pecuniary benefit accrued to Mr.P S Saminathan on account of dealing in PSTL Shares.
- After Several reminders SEBI gave Mr.P S Saminathan a post decisional Personal Hearing on 11th August 2009, i.e. nearly after 4 months of passing the Interim Order. Till date SEBI is yet to come out with its final findings despite merits being in Mr. P S Saminathan's favour. In fact SEBI has admitted in its subsequent orders passed against others, that Mr.P S Saminathan and the company have been the victims of the forged letter.