

**UNAUDITED FINANCIAL RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

(Rs. In lacs)

SR.	PARTICULARS	CONSOLIDATED						
		PERIOD (UNAUDITED)				PERIOD (AUDITED)	PERIOD (UNAUDITED) (After effect of scheme) (Refer Note 5)	
		01.07.08 to 30.09.08 (1)	01.07.07 to 30.09.07 (2)	01.04.08 to 30.09.08 (3)	01.04.07 to 30.09.07 (4)	01.07.07 to 31.03.08 (5)	01.07.08 to 30.09.08 (6)	01.04.08 to 30.09.08 (7)
	<b>INCOME</b>							
1a	Net sales / income from operations	25,210.89	13,256.92	48,108.09	18,601.76	29,184.21	21,301.38	39,111.83
1b	Other operational income	435.22	-	435.22	-	-	357.83	357.83
	Total income	25,646.11	13,256.92	48,543.31	18,601.76	29,184.21	21,659.21	39,469.66
2	<b>EXPENDITURE</b>							
a)	Increase / (Decrease) in stock	39.77	(15.71)	(23.32)	(32.49)	(540.82)	39.77	(23.32)
b)	Consumption of raw material including traded goods	1,656.33	692.17	2,827.25	2,100.31	3,497.53	1,656.33	2,827.25
c)	Personnel Cost	4,018.74	704.64	7,022.92	1,281.46	2,597.18	2,543.32	4,000.08
d)	Direct operational expenses	6,132.47	2,336.54	14,203.83	3,134.43	6,835.21	5,292.89	11,224.39
e)	Depreciation (Refer note 8)	666.45	503.42	2,008.83	886.50	1,852.49	229.50	1,167.83
f)	Amortisation	4,700.81	6,340.96	8,090.34	6,160.71	8,672.60	4,281.40	7,259.93
g)	Other expenditure	9,095.22	3,737.76	14,861.63	5,666.80	7,642.00	6,519.98	10,843.04
	Total expenditure	26,309.79	14,299.78	48,991.48	19,197.72	30,556.19	20,563.19	37,299.20
3	Profit from Operations before Other Income, Interest & Exceptional items	(663.68)	(1,042.86)	(448.17)	(595.96)	(1,371.98)	1,096.02	2,170.46
4	Other Income	761.66	3,331.77	3,223.04	5,987.11	7,260.61	772.32	3,198.30
5	Profit before Interest & Exceptional items	97.98	2,288.91	2,774.87	5,391.15	5,888.63	1,868.34	5,368.76
6	Interest	1,784.00	525.85	3,914.90	654.25	1,482.93	1,162.90	2,658.16
7	Profit after Interest but before exceptional items	(1,686.02)	1,763.06	(1,140.03)	4,736.90	4,405.70	705.44	2,710.60
8	Exceptional items	-	-	-	-	-	-	-
9	Profit from Ordinary Activities before tax	(1,686.02)	1,763.06	(1,140.03)	4,736.90	4,405.70	705.44	2,710.60
10	Tax expense	251.50	(340.46)	458.76	509.34	(395.34)	207.88	375.83
11	Net Profit from Ordinary Activities after tax	(1,937.52)	2,103.52	(1,598.79)	4,227.56	4,801.04	497.56	2,334.77
12	Extraordinary items (Net of tax expenses)	-	-	-	-	-	-	-
13	Profit before minority interest	(1,937.52)	2,103.52	(1,598.79)	4,227.56	4,801.04	497.56	2,334.77
14	Minority Interest	139.08	(0.23)	245.43	6.05	53.75	139.08	245.43
15	Net profit for the period	(2,076.60)	2,103.75	(1,844.22)	4,221.51	4,747.29	358.48	2,089.35
16	Paid-up equity capital(face value Rs.5/-per share)	2,306.31	1,990.04	2,306.31	1,990.04	2,306.31	2,306.31	2,306.31
17	Reserves excluding revaluation reserves	-	-	-	-	66,655.56	-	-
18	Earning per share for the period before extra-ordinary items							
	Basic	(4.50)	5.29	(4.00)	10.61	11.28	0.78	4.53
	Diluted	(4.50)	5.29	(4.00)	10.61	9.85	0.66	3.83
19	Earning per share for the period after extra-ordinary items							
	Basic	(4.50)	5.29	(4.00)	10.61	11.28	0.78	4.53
	Diluted	(4.50)	5.29	(4.00)	10.61	9.85	0.66	3.83
20	Public Shareholding							
	- Number of Shares	19,471,170	13,145,750	19,471,170	13,145,750	19,471,170	19,471,170	19,471,170
	- Percentage of Shareholding	42.21	33.03	42.21	33.03	42.21	42.21	42.21

1 The consolidated financial results of the Company for the financial quarter ended 30 September 2008 have been reviewed by the audit committee, approved by the Board of Directors at the meeting held on 25 October 2008. The above financials pertain to the Adlabs Films Limited and its subsidiaries, joint ventures and associates.

2 As per the modified scheme of amalgamation and arrangement approved by the Hon'ble High Court at the jurisdiction at Bombay vide its order dated 7 March 2008 and filed by the Company with the Registrar of Companies on 31 March 2008, the results of the Radio Division were adjusted against the general reserve of the Company for the effective period from 1 April 2006 to 31 March 2008. The results of the current quarter include amounts pertaining to Radio division. Hence the figures for the current quarter are not comparable to those of the comparative quarter and previous period ended 31 March 2008.

3 There were no complaints from the investors pending at the beginning of the quarter. The Company received 16 complaints and resolved these complaints during the quarter and consequently there are no complaints pending at the end of the quarter.

4 The Company has opted to publish consolidated financial results from the quarter ending 30 June 2008. Standalone financial results for the quarter ended 30 September 2008 can be viewed on the website of the Company, National Stock Exchange of India Limited and Bombay Stock Exchange Limited at [www.adlabsfilms.com](http://www.adlabsfilms.com), [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) respectively.

(Rs. In lacs)

PARTICULARS	CONSOLIDATED						
	PERIOD (UNAUDITED)				PERIOD (AUDITED)	PERIOD (UNAUDITED) (After effect of scheme) (Refer Note 5)	
	01.07.08 to 30.09.08 (1)	01.07.07 to 30.09.07 (2)	01.04.08 to 30.09.08 (3)	01.04.07 to 30.09.07 (4)	01.07.07 to 31.03.08 (5)	01.07.08 to 30.09.08 (6)	01.04.08 to 30.09.08 (7)
<b>Segment Revenue</b>							
Film Facilities	3,793.82	2,173.01	6,784.70	4,198.80	6,697.35	3,793.82	6,784.70
Theatrical exhibition	8,900.78	4,060.59	16,669.40	6,800.79	12,717.02	8,900.78	16,669.40
Film production and distribution	8,420.73	8,265.20	15,350.96	9,380.76	14,240.08	8,420.72	15,350.96
Radio Business (Refer Note 2)	4,086.63	-	9,173.39	-	-	-	-
Others	704.79	-	1,041.69	-	-	704.79	1,041.69
	25,906.75	14,498.80	49,020.14	20,380.35	33,654.45	21,820.11	39,846.75
Less: Inter Segment Revenue	260.64	1,031.84	476.83	1,118.25	2,025.46	160.90	377.09
Net Sales/Income from Operations	25,646.11	13,466.96	48,543.31	19,262.10	31,628.99	21,659.21	39,469.66
Add: Others (unallocated)	761.66	3,121.73	3,223.04	5,326.77	4,815.83	772.32	3,198.30
<b>Total Income</b>	<b>26,407.77</b>	<b>16,588.69</b>	<b>51,766.35</b>	<b>24,588.87</b>	<b>36,444.82</b>	<b>22,431.53</b>	<b>42,667.96</b>
<b>Segment Results ( Profit / ( Loss ) before interest and tax )</b>							
Film Facilities	1,973.65	834.83	2,978.23	1,513.15	1,970.19	1,973.65	2,978.23
Theatrical exhibition	(196.36)	310.54	(111.70)	461.75	684.90	(196.36)	(111.70)
Film production and distribution	1,803.35	(265.92)	2,894.99	44.99	(159.21)	1,803.33	2,894.98
Radio Business (Refer Note 2)	(1,759.65)	-	(2,618.53)	-	-	-	-
Others	21.86	-	(154.57)	-	-	21.86	(154.57)
Total Segment Results	1,842.85	879.45	2,988.42	2,019.89	2,495.88	3,602.48	5,606.94
Less : Interest	1,784.00	525.85	3,914.90	654.25	1,482.93	1,162.90	2,658.16
Other Unallocable income net off unallocable expenses	(1,744.87)	1,409.46	(213.55)	3,371.26	3,392.75	(1,734.14)	(238.18)
<b>Total Profit before Tax</b>	<b>(1,686.02)</b>	<b>1,763.06</b>	<b>(1,140.03)</b>	<b>4,736.90</b>	<b>4,405.70</b>	<b>705.44</b>	<b>2,710.60</b>
<b>Capital Employed ( Segment assets less segment liabilities )</b>							
Film Facilities	17,403.51	8,181.48	17,403.51	8,181.48	12,545.50		
Theatrical exhibition	72,647.11	26,093.05	72,647.11	26,093.05	47,537.58		
Film production and distribution	24,917.39	28,243.04	24,917.39	28,243.04	32,324.59		
Radio Business	31,835.71	-	31,835.71	-	35,405.03		
Others	6,999.80	-	6,999.80	-	2,693.00		
Unallocated	(87,601.09)	-	(87,601.09)	-	(61,543.84)		
<b>Total</b>	<b>66,202.43</b>	<b>62,517.57</b>	<b>66,202.43</b>	<b>62,517.57</b>	<b>68,961.86</b>	<b>-</b>	<b>-</b>

5 The Government of India, Ministry of Information & Broadcasting, have notified modifications in the Licensing Agreement for operation of Radio Stations and have permitted companies to, *inter alia*, demerge the Radio Business subject to compliance with various conditions set out in the notification. In the light of the amendments, the Board of the Company, at its meeting held on 25 October 2008, has decided to revive the proposal for the demerger of the Radio business of the Company to its wholly owned subsidiary Reliance Unicom Limited and have further decided that such demerger should be effective from 01 April 2008, i.e. the beginning of the current financial year of the Company. The demerger would be subject to all requisite permissions and approvals including, in particular, the approval of the Stock Exchanges, the Shareholders, the Creditors and the High Court of Judicature at Mumbai. Applications will be made by the Company for such approvals and permissions and appropriate effect will be given in the Accounts of the Company as and when the Demerger becomes effective after all approvals and permissions are received. However, in order to enable the members of the Company to appreciate the effect of the Demerger, which, if approved, would take effect from 01 April 2008, the Company has in columns (6) and (7) above, as and by way additional information indicated the financial results for the quarter and half year ended 30 September 2008, as they would have appeared if the Scheme was effective during the said quarter and half year. The additional information has not been subjected to review and/or audit by the Auditors of the Company.

6 A wholly owned subsidiary of the Company Reliance Big Entertainment Malaysia Sdn. Bhd. has obtained approval from Foreign Investment Committee (FIC) of Malaysia on 4 October 2008 for purchase of 70% of the outstanding shares of Star Screen Cinemas Sdn. Bhd. which operates 30 cinema screens across 11 properties in Malaysia.

7 A wholly owned subsidiary of the Company Adlabs Films USA Inc. has purchased 90% of the shareholding of Lowry Digital Inc. of United States of America with effect from 1 September 2008. Lowry Digital Inc. is a Company which is involved in the digital restoration business and is based in the United States of America.

8 Depreciation on Plant & machinery of the Film Facilities division of the Company was hitherto arrived at on a "Written Down Value" basis, whereas all the other divisions of the Company compute depreciation on the "Straight Line" basis. To bring uniformity, during the current Quarter ending 30 September 2008, the Company has decided to provide depreciation on the Plant & machinery of the Film Facilities division also, on the "Straight Line" method at the rates specified in the Schedule XIV of the Companies Act, 1956. This has resulted in reduction in the charge for depreciation for the current quarter in respect of the assets of the Film facilities division by Rs.265.47 lacs as compared to the amount of the depreciation that would have been charged had there been no change in the method of providing depreciation and a credit in respect of prior periods of Rs. 776.89 lacs (including Rs 627.45 lacs in respect of the earlier years), has been adjusted from the charge of depreciation for the quarter.

9 The Company has continued to treat the Foreign Currency Convertible Bonds (FCCBs) remaining outstanding after conversion of bonds of the face value of aggregating to 663.35 mn. comprising 75.42% of the FCCBs issued by the Company as "Non-Monetary Liabilities" and consequently the liability of the Company in respect of the remaining FCCBs has not been computed at the rate of exchange prevailing as on 30 September 2008 and the liability continues to be expressed at the value at which the FCCBs were reflected on the initial conversion of the amounts received on subscription of FCCBs in foreign currency. If the Company was to follow the accounting treatment prescribed for monetary liabilities, the Company would have recognised additional liability and consequential additional charge / (credit) against its profits, on account of fluctuation in foreign exchange rates, of Rs (133.71 lacs) and Rs 819.81 lacs for the quarter and half year ending 30 September 2008, respectively.

10 Figures for the previous period have been regrouped / rearranged to conform to current period's presentation.

Place: Mumbai  
Date: 25 October 2008

For ADLABS FILMS LTD

Director

UNAUDITED FINANCIAL RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008

(Rs. In lacs)

SR.	PARTICULARS	STANDALONE						
		PERIOD (UNAUDITED)				PERIOD (AUDITED)	PERIOD (UNAUDITED) (After effect of scheme) (Refer Note 5)	
		01.07.08 to 30.09.08 (1)	01.07.07 to 30.09.07 (2)	01.04.08 to 30.09.08 (3)	01.04.07 to 30.09.07 (4)	01.07.07 to 31.03.08 (5)	01.07.08 to 30.09.08 (6)	01.04.08 to 30.09.08 (7)
	INCOME							
1a	Net sales / income from operations	19,681.59	12,642.28	38,200.99	17,746.71	25,459.28	15,771.34	29,203.99
1b	Other operational income	359.69	-	359.69	-	-	282.30	282.30
	Total income	20,041.28	12,642.28	38,560.68	17,746.71	25,459.28	16,053.64	29,486.29
2	EXPENDITURE							
a)	Increase / (Decrease) in stock	295.68	(15.71)	259.55	(32.49)	14.53	295.68	259.55
b)	Consumption of raw material including traded goods	1,134.92	692.17	2,414.48	1,242.04	2,835.72	1,134.92	2,414.48
c)	Personnel Cost	3,010.95	666.37	5,512.25	1,189.28	2,272.85	1,535.53	2,489.41
d)	Direct operational expenses	4,783.83	1,932.69	10,515.84	3,274.12	4,734.90	3,943.52	7,535.66
e)	Depreciation (Refer note 8)	493.04	462.76	1,710.97	805.65	1,669.12	56.13	870.05
f)	Amortisation	4,596.35	6,340.96	7,985.88	6,160.71	8,672.57	4,176.94	7,155.47
g)	Other expenditure	6,798.24	3,528.88	11,349.86	5,096.23	6,852.86	4,223.04	7,331.32
	Total expenditure	21,113.01	13,608.12	39,748.83	17,735.54	27,052.55	15,365.76	28,055.94
3	Profit from Operations before Other Income, Interest & Exceptional items	(1,071.73)	(965.84)	(1,188.15)	11.17	(1,593.27)	687.88	1,430.35
4	Other Income	1,035.27	3,161.37	3,465.84	5,165.29	6,961.38	1,071.17	3,501.77
5	Profit before Interest & Exceptional items	(36.46)	2,195.53	2,277.69	5,176.46	5,368.11	1,759.05	4,932.12
6	Interest	1,759.57	525.44	3,889.92	653.18	1,329.00	1,138.95	2,649.47
7	Profit after Interest but before exceptional items	(1,796.03)	1,670.09	(1,612.23)	4,523.28	4,039.11	620.10	2,282.65
8	Exceptional items	-	-	-	-	-	-	-
9	Profit from Ordinary Activities before tax	(1,796.03)	1,670.09	(1,612.23)	4,523.28	4,039.11	620.10	2,282.65
10	Tax expense	103.62	(360.00)	172.09	450.28	(551.40)	69.74	105.49
11	Net Profit from Ordinary Activities after tax	(1,899.65)	2,030.09	(1,784.32)	4,073.00	4,590.51	550.36	2,177.16
12	Extraordinary items (Net of tax expenses)	-	-	-	-	-	-	-
13	Net profit for the period	(1,899.65)	2,030.09	(1,784.32)	4,073.00	4,590.51	550.36	2,177.16
14	Paid-up equity capital(face value Rs.5/-per share)	2,306.31	1,990.04	2,306.31	1,990.04	2,306.31	2,306.31	2,306.31
15	Reserves excluding revaluation reserves	-	-	-	-	65,502.11	-	-
16	Earning per share for the period before extra-ordinary items							
	Basic	(4.12)	5.10	(3.87)	10.23	10.90	1.19	4.72
	Diluted	(4.12)	5.10	(3.87)	10.23	9.53	1.01	3.99
17	Earning per share for the period after extra-ordinary items							
	Basic	(4.12)	5.10	(3.87)	10.23	10.90	1.19	4.72
	Diluted	(4.12)	5.10	(3.87)	10.23	9.53	1.01	3.99
18	Public Shareholding							
	- Number of Shares	19,471,170	13,145,750	19,471,170	13,145,750	19,471,170	19,471,170	19,471,170
	- Percentage of Shareholding	42.21	33.03	42.21	33.03	42.21	42.21	42.21

1 The financial results of the Company for the financial quarter ended 30 September 2008 have been reviewed by the audit committee, approved by the Board of Directors at the meeting held on 25 October and have been subjected to the limited review by the statutory auditors of the Company. The above financials pertain to the Adlabs Films Limited as a standalone entity.

2 As per the modified scheme of amalgamation and arrangement approved by the Hon'ble High Court at the jurisdiction at Bombay vide its order dated 7 March 2008 and filed by the Company with the Registrar of Companies on 31 March 2008, the results of the Radio Division were adjusted against the general reserve of the Company for the effective period from 1 April 2006 to 31 March 2008. The results of the current quarter include amounts pertaining to Radio division. Hence the figures for the current quarter are not comparable to those of the comparative quarter and previous period ended 31 March 2008.

3 There were no complaints from the investors pending at the beginning of the quarter. The Company received 16 complaints and resolved these complaints during the quarter and consequently there are no complaints pending at the end of the quarter.

4 The Company has opted to publish consolidated financial results from the quarter ending 30 June 2008. Standalone financial results for the quarter ended 30 September 2008 can be viewed on the website of the Company, National Stock Exchange of India Limited and Bombay Stock Exchange Limited at [www.adlabsfilms.com](http://www.adlabsfilms.com), [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) respectively.

(Rs. In lacs)

STANDALONE							
PARTICULARS	PERIOD (UNAUDITED)				PERIOD (AUDITED) (5)	PERIOD (UNAUDITED) (After effect of scheme) (Refer Note 5)	
	01.07.08 to 30.09.08	01.07.07 to 30.09.07	01.04.08 to 30.09.08	01.04.07 to 30.09.07		01.07.08 to 30.09.08	01.04.08 to 30.09.08
	(1)	(2)	(3)	(4)		(6)	(7)
<b>Segment Revenue</b>							
Film Facilities	3,042.62	2,173.01	6,069.61	4,198.80	6,767.90	3,042.62	6,069.61
Theatrical exhibition	5,508.15	3,525.29	10,489.98	5,742.85	10,889.15	5,508.15	10,489.98
Film production and distribution	6,921.01	8,015.46	12,188.01	8,962.95	12,010.65	6,921.01	12,188.01
Radio Business (Refer Note 2)	4,086.64	-	9,173.39	-	-	-	-
Others	704.79	-	1,041.69	-	-	704.79	1,041.69
	20,263.21	13,713.76	38,962.68	18,904.60	29,667.70	16,176.57	29,789.29
Less: Inter Segment Revenue	221.93	1,031.84	402.00	1,118.25	2,025.46	122.93	303.00
Net Sales/Income from Operations	20,041.28	12,681.92	38,560.68	17,786.35	27,642.24	16,053.64	29,486.29
Add: Others (unallocated)	1,035.27	3,121.73	3,465.84	5,125.65	4,778.42	1,071.17	3,501.77
<b>Total Income</b>	<b>21,076.55</b>	<b>15,803.65</b>	<b>42,026.52</b>	<b>22,912.00</b>	<b>32,420.66</b>	<b>17,124.81</b>	<b>32,988.06</b>
<b>Segment Results ( Profit / ( Loss ) before interest and tax )</b>							
Film Facilities	1,796.23	834.83	2,800.81	1,513.15	2,040.80	1,796.23	2,800.81
Theatrical exhibition	(671.33)	168.02	(655.19)	186.02	471.47	(671.33)	(655.19)
Film production and distribution	1,724.48	(216.78)	2,552.77	127.64	(340.40)	1,724.50	2,552.75
Radio Business (Refer Note 2)	(1,759.63)	-	(2,618.51)	-	-	-	-
Others	21.86	-	(154.57)	-	-	21.86	(154.57)
Total Segment Results	1,111.61	786.07	1,925.31	1,826.81	2,171.87	2,871.26	4,543.80
Less : Interest	1,759.57	525.44	3,889.92	653.18	1,329.00	1,138.95	2,649.47
Other Unallocable income net off unallocable expenses	(1,148.07)	1,409.46	352.38	3,349.65	3,196.24	(1,112.21)	388.32
<b>Total Profit before Tax</b>	<b>(1,796.03)</b>	<b>1,670.09</b>	<b>(1,612.23)</b>	<b>4,523.28</b>	<b>4,039.11</b>	<b>620.10</b>	<b>2,282.65</b>
<b>Capital Employed ( Segment assets less segment liabilities )</b>							
Film Facilities	17,051.16	8,181.48	17,051.16	8,181.48	12,545.50		
Theatrical exhibition	55,933.41	25,032.86	55,933.41	25,032.86	47,537.58		
Film production and distribution	23,824.96	28,017.19	23,824.96	28,017.19	32,324.59		
Radio Business	31,835.71	-	31,835.71	-	35,405.03		
Others	6,999.80	-	6,999.80	-	2,693.00		
Unallocated	(70,231.09)		(70,231.09)		(62,697.29)		
<b>Total</b>	<b>65,413.95</b>	<b>61,231.53</b>	<b>65,413.95</b>	<b>61,231.53</b>	<b>67,808.41</b>	<b>-</b>	<b>-</b>

5 The Government of India, Ministry of Information & Broadcasting, have notified modifications in the Licensing Agreement for operation of Radio Stations and have permitted companies to, inter alia, demerge the Radio Business subject to compliance with various conditions set out in the notification. In the light of the amendments, the Board of the Company, at its meeting held on 25 October 2008, has decided to revive the proposal for the demerger of the Radio business of the Company to its wholly owned subsidiary Reliance Unicom Limited and have further decided that such demerger should be effective from 01 April 2008, i.e. the beginning of the current financial year of the Company. The demerger would be subject to all requisite permissions and approvals including, in particular, the approval of the Stock Exchanges, the Shareholders, the Creditors and the High Court of Judicature at Mumbai. Applications will be made by the Company for such approvals and permissions and appropriate effect will be given in the Accounts of the Company as and when the Demerger becomes effective after all approvals and permissions are received. However, in order to enable the members of the Company to appreciate the effect of the Demerger, which, if approved, would take effect from 01 April 2008, the Company has in columns (6) and (7) above, as and by way additional information indicated the financial results for the quarter and half year ended 30 September 2008, as they would have appeared if the Scheme was effective during the said quarter and half year. The additional information has not been subjected to review and/or audit by the Auditors of the Company.

6 A wholly owned subsidiary of the Company Reliance Big Entertainment Malaysia Sdn. Bhd. has obtained approval from Foreign Investment Committee (FIC) of Malaysia on 4 October 2008 for purchase of 70% of the outstanding shares of Star Screen Cinemas Sdn. Bhd. which operates 30 cinema screens across 11 properties in Malaysia.

7

A wholly owned subsidiary of the Company Adlabs Films USA Inc. has purchased 90% of the shareholding of Lowry Digital Inc. of United States of America with effect from 1 September 2008. Lowry Digital Inc. is a Company which is involved in the digital restoration business and is based in the United States of America.

8

Depreciation on Plant & machinery of the Film Facilities division of the Company was hitherto arrived at on a "Written Down Value" basis, whereas all the other divisions of the Company compute depreciation on the "Straight Line" basis. To bring uniformity, during the current Quarter ending 30 September 2008, the Company has decided to provide depreciation on the Plant & machinery of the Film Facilities division also, on the "Straight Line" method at the rates specified in the Schedule XIV of the Companies Act, 1956. This has resulted in reduction in the charge for depreciation for the current quarter in respect of the assets of the Film facilities division by Rs.265.47 lacs as compared to the amount of the depreciation that would have been charged had there been no change in the method of providing depreciation and a credit in respect of prior periods of Rs. 776.89 lacs (including Rs 627.45 lacs in respect of the earlier years), has been adjusted from the charge of depreciation for the quarter.

9

The Company has continued to treat the Foreign Currency Convertible Bonds (FCCBs) remaining outstanding after conversion of bonds of the face value of aggregating to ₹63.35 mn. comprising 75.42% of the FCCBs issued by the Company as "Non-Monetary Liabilities" and consequently the liability of the Company in respect of the remaining FCCBs has not been computed at the rate of exchange prevailing as on 30 September 2008 and the liability continues to be expressed at the value at which the FCCBs were reflected on the initial conversion of the amounts received on subscription of FCCBs in foreign currency. If the Company was to follow the accounting treatment prescribed for monetary liabilities, the Company would have recognised additional liability and consequential additional charge / (credit) against its profits, on account of fluctuation in foreign exchange rates, of ₹s (133.71 lacs) and ₹s 819.81 lacs for the quarter and half year ending 30 September 2008, respectively.

10 Figures for the previous period have been regrouped / rearranged to conform to current period's presentation.

Place: Mumbai  
Date: 25 October 2008

For ADLABS FILMS LTD

Director