



25th June 2008

Eros International plc: Full Year Unaudited Results for the twelve months ended 31 March 2008

EROS POSTS RECORD EARNINGS AHEAD OF MARKET EXPECTATION PRE-TAX PROFITS JUMP 47%

London: Eros International Plc (“Eros” or the “Group”), the leading integrated group within the Indian film and entertainment sector, today announced record full-year profits and sharply increased revenues – for the 12 months ending 31 March 2008 – amid strong growth in the Indian media and entertainment sector which is worth \$13 billion today and estimated to grow to \$30 billion by 2012.

Kishore Lulla, Chairman and Chief Executive, said: “I am proud that Eros International has delivered record results for the second successive year, building on our 30-year leadership in the industry. The performance in the past financial year reflects the competitive advantage enjoyed by Eros, based on unrivalled content ownership and global distribution.”

Financial Highlights

- Profit before tax up 47.2% to US\$ 45.5 million (2007: US\$ 30.9 million)
- Group turnover up 70.2% to US\$ 113.0 million (2007:US\$ 66.4 million)
- Gross Profit up 57.9% to US\$ 63.0 million (2007: US\$ 39.9 million)
- EBITDA up 60.4% to US\$ 77.8 million (2007:US\$ 48.5 million)
- Cash generated from operations US\$79.8 million
- Basic EPS per share up 12.0% to 33.5 cents (2007: 29.9 cents)

Operating Highlights and Growth Drivers

- Indian Box Office
 - 18 films were theatrically released in 2008 out of which 16 were released globally. (2007: 4 global releases)
 - 5 out of the top 10 box office successes were Eros releases with Om Shanti Om going on to become the highest all time grosser at the time of the release
 - Strength of portfolio approach - proving that it is not a ‘hit’ driven business
 - Worldwide theatrical Revenues grew by 146.9% to \$52.1 million (2007: \$21.1 million)
- Television
 - Strong television syndication deals of new and catalogue films were concluded with Sony Entertainment Television, Inx Network, Viacom Network and Sahara Television and several other international networks
 - Revenues from TV syndication up 56.3% to \$33.0 million (2007: \$21.1 million)
 - New model gives increased visibility for 2009 television syndication revenues
- Digital and Home Entertainment
 - Subscription Video On Demand platform continued to grow not only on Comcast and Rogers but with new deals such a Cablevision, Valuable Technology, Mauritius Telecom, SingNet, RTM Malaysia and Aksh Optifibre
 - Digital distribution deals were concluded with Amazon and Walmart
 - The Eros partner channel on Google’s YouTube continued to gain eyeballs with 42 million hits to date - monetised through ad supported model
 - Revenues from New Media up 16.9% to \$27.7 million (2007: \$23.7 million)
- Content Library and Distribution
 - Augmented library of 1900 films with fresh acquisitions during the year
 - Invested \$200m across 60 projects giving full visibility of release schedule to 2010
 - Global distribution network expanded – nationally within India and emerging markets such as Germany, Poland, Belgium and South East Asia
 - The catalogue generated revenues of over \$23 million which is a key competitive advantage for the company

Outlook

- Hollywood collaborations for India – Following the announcing of the co-production joint venture with Sony Pictures earlier in the year, the Company announced a distribution joint venture for South Asia with Lionsgate where the entire Lionsgate library and format rights of over 13000 titles and their forthcoming films will be exclusively exploited across all formats including dubbing subtitling and remaking the content.
- Television Broadcasting – the Company exercised its option on the B4U shares and now owns 24% of the worldwide Movies and Music network of B4U channels. The Company further intends to expand into the television broadcasting industry over the next 12 to 18 months through a combination of acquisitions; joint ventures or alliances to tap into what is forecast be a \$15 billion segment by 2012 with growth propelled by subscription and advertising revenues and the expansion of DTH into India.
- Organic growth from investment in content – At a time when talent costs are pushing up content costs and creating a barrier to entry for new players to secure content, the Company having already secured over 60 projects through an investment of over \$200 million over the last 2 years, will greatly profit from the growing box office driven by multiplexes and rising ticket prices.

Kishore Lulla added: “Eros will pursue continued growth as well as maintain its lead in consolidating this lucrative yet fragmented sector, ensuring the Company maintains its market leadership through a combination of alliances, acquisitions and organic investment.”

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Chairman and Chief Executive's Review

I am delighted to announce that the team at Eros has delivered yet another set of strong results to its shareholders. We became the first Company within the Indian entertainment sector to list on AIM in July 2006 and since then we have successfully led the content and distribution consolidation to deliver two consecutive years of high double digit growth propelling the Company to a different league within the sector. Our consistently strong financial results reflect the management's vision and ability to deliver to the Company's strategic objectives.

Strategic Overview

Eros' core strategy revolves around content and distribution consolidation which involves creating, acquiring and distributing new content secured through co-productions and output deals as well as globally exploiting its 1900 plus rich content library across all formats including theatres, home entertainment, television and digital new media platforms. Since its listing on AIM, Eros set the objective to become one of the dominant vertically integrated companies within the sector to operate on a true studio model.

1. Eros Pictures – successfully securing content at right time for right prices

The Company has invested over \$200 million across 60 contracted projects which gives full visibility of its release schedule until 2010. The Company's ability to secure content at the right time at the right prices is a key competitive advantage that allows the company to take advantage of the growing box office as multiple film projects develop for release over the next 3 to 24 months.

With 13000 screens in India selling over 3.2 billion tickets and multiplexes slated to grow from their current number of 1350 to over 5000 screens by 2012; with average ticket price of 50 cents to grow to over 80 cents by 2008 and with multiplex ticket prices already crossing the \$3 barrier, the Indian filmed entertainment sector currently worth \$2.4 billion is poised to see very significant growth to over \$4.4 billion by 2012.

2. Eros Global Distribution – not 'hit' driven but consistently picking the winners

Om Shanti Om took the number one international box office slot (Nielsen EDI) and the highest first week box office in India ever in its week of release before going on to be the highest grossing Hindi film to date. During the year Eros released 18 films theatrically with 16 being released globally. Eros films claimed five of the top ten Indian Cinema spots in 2007 with *Partner* and *Heyy Babyy* being the other notable performers in the financial year apart from *Om Shanti Om*. This reflects Eros' portfolio strength combined with an unrivalled back catalogue.

The emerging markets of South East Asia, Europe and the Middle East continue to grow. The Company further strengthened its German distribution by releasing the German dubbed version of *Om Shanti Om* for the first time theatrically across 35 screens before it goes on to German DVD and Free Television. The film had a special opening at the Berlin Film Festival, which demonstrates the increasing popularity of Indian films in non-Hindi as well as non-English speaking markets.

3. Library and Television syndication – content is king with influx of new television networks

Against a backdrop of the rapidly growing \$5.6 billion Indian television sector and regulatory reforms that have further attracted giants like Reliance, Viacom, Inx, NDTV-NBC, UTV-Disney to join the likes of established players like Zee, Sony, Star and Sahara, the Indian television sector is going through an intensely competitive phase which is further driving the demand for content. During the year the Company concluded a series of television syndication deals of a selection of its catalogue as well as new films with various networks in India and around the world including Sahara, Sony, Inx and ViacomTV18. These deals allowed the Company to implement a new syndication model where the

limited telecasts are shared on a non-exclusive basis between the various channels for a limited period and the copyright is retained by Eros to exploit again after the limited license period. This model gives the Company great visibility of syndication revenues for 2009.

4. Eros New Media and Digital Distribution

The Company continued to grow its existing new media relationships, music, home entertainment and mobile revenues and signed further new media distribution deals with leading players around the world such as Amazon and Walmart, This year not only saw an overall growth in digital revenues but also saw a large part of that growth come from India. The Indian market is rapidly waking up to mobile, IPTV and other digital opportunities driven by television, digitisation of cable homes and the telecommunication boom.

The subscription video on demand strategy adopted by the Company continued to develop as Comcast subscribers grew from 6000 last year to over 10000 this year and the Company clinched a deal to launch a similar service with Cablevision operating in the high South Asian footprint of New York. Apart from Rogers, Comcast and Cablevision, the Company also concluded subscription video on demand deals with Mauritius Telecom, SingNet, RTM Malaysia, Valuable Technology and Aksh Optifibre and it is Eros's objective to build on its early mover advantage and become the largest player in the new media space in India and internationally. Eros's YouTube channel on Google which was launched last year has a cumulative 42 million page views to date and is being monetised through ad clicks. Eros Music also continued to grow as a division and released 11 titles in 2008 compared to 7 in 2007 which were exploited across mobile platforms as sold as audio cassettes, CDs and digital downloadable files across platforms such as iTunes.

5. Ayngaran – strong progress in the Tamil market

In October 2007 the Company completed the acquisition of a 51% interest in Ayngaran who are the leading players in Tamil film content and distribution with a twenty year old track record and a catalogue of over 600 films. Eros' investment is intended to accelerate Ayngaran's growth and consolidation of the Tamil film market. This is similar to what Eros is doing in the Hindi film sector and will shape Ayngaran as a global player in Tamil film production and distribution. Ayngaran has had a successful half year of trading under Eros with blockbuster films such as Sivaji, Billa, Azahia Tamil Magan, Parivom Santhipom and Vel. Ayngaran has already secured over 30 projects for release over the next two years. Ayngaran also announced a co-production project with Tamil industry's biggest director Shankar starring the biggest actor Rajnikant who delivered this year's blockbuster Sivaji grossing more than \$25 million worldwide.

6. EyeQube – state of the art VFX studio headed by Charles Darby

The Company created EyeQube, a state-of-the-art Visual effects studio in Mumbai in collaboration with internationally renowned visual effects expert, Charles Darby. EyeQube already employs over 130 people which will soon increase to 300 producing top-end visual effects work in the Indian industry and internationally. The company has already commenced work on Eros' much awaited films Aladin and Drona and has several other films in the pipeline.

Charles Darby is one of the pioneers of digital matte paintings and has been associated with more than 45 films in the last 13 years. Darby's work includes Academy and BAFTA award-winning work on films such as 'Titanic', 'The Matrix', 'Crouching Tiger Hidden Dragon', 'The Fifth Element' and 'Minority Report'. His most recent work includes 'Girl with a Pearl Earring', 'Harry Potter and the Prisoner of Azkaban' and 'I Robot'. He also won an Emmy for the TV series 'Rome'.

7. Board and Management

Naresh Chandra joined the Board as a Senior Independent Director. He has led a distinguished political career spanning over four decades including as Cabinet Secretary of the Government of India, Senior Adviser to the Prime Minister of India, Ambassador of India to the United States and Chairman of the advisory board of Coca-Cola India. To support the growth within India and internationally, the Company recruited various executives in senior and middle management positions in India, UK and USA.

Outlook

Having delivered outstanding results two years in a row since coming to the market, the Company is at an inflection point poised to build on its competitive advantages as it has firmly emerged as one of India's leading integrated studios, controlling production and distribution.

Content is key – Having already invested well over \$200 million in over 60 content deals, the Company will continue to focus on its strategic priorities of securing content and distribution of new films as well as monetisation of its catalogue. The Company anticipates further content deals including expanding beyond Hindi and Tamil to other languages and intends to make select acquisitions during the year.

Hollywood collaborations for India – The Company announced a co-production joint venture with Sony Pictures where the two companies are exploring projects to develop and produce jointly and leverage their respective worldwide distribution strengths to maximise revenues from audiences worldwide.

In Cannes this year, the Company announced a distribution joint venture for South Asia with Lionsgate where the entire Lionsgate library and format rights of over 13000 titles and their forthcoming films will be exclusively exploited across all formats including dubbed and subtitled versions. Eros will bring its distribution infrastructure and expertise to the joint venture. Similarly Lionsgate will release a slate of select Eros titles in the North American market to potentially push Indian films out to a wider audience. The two companies are also exploring remaking some Lionsgate film formats at a fraction of Hollywood budgets by bringing together mix of talent from both sides to develop films that will have wider or 'crossover' appeal and potentially have very large upside when exploited together.

Television broadcasting – During the year, the Company exercised its option on the B4U shares and now owns 24% of the worldwide Movies and Music network of B4U channels.

According to PwC, the television sector in India which is currently worth \$5.6 billion is growing at over 22% CAGR and is slated to be worth over \$15 billion by 2012. The 70 million cable households today are slated to increase to over 90 million by 2012. DTH households are growing at over 75% CAGR and are estimated to grow from its current 3.5 million homes to over 25 million homes in 2012. With DTH (Direct to home) and the implementation of digital CAS (Conditional Access System) in cable systems, it is estimated that by 2012 over 87% households will be pay TV households. Television advertising revenues which is at \$2 billion today is estimated to be over \$5 billion by 2012.

With a valuable film library and strong future slate of content, the Company intends to continue monetising its content by syndicating to other television networks and at the same time also foray into the television broadcasting industry within the next 12 to 18 months through a combination of an acquisition; joint venture or alliance to tap into what PwC predicts will be a \$15 billion segment by 2012 with growth propelled by subscription and advertising revenues and the expansion of DTH into India.

Funding and potential Indian subsidiary listing – The Company's growth and expansion plans will be funded by the Company's internal cash flows as well as with the \$100 million five year syndicated financing facility signed with Citigroup this year.

The Board is also actively exploring options for a listing in India of its domestic operations as a platform for accelerating its expansion opportunities within India.

Eros has made significant strategic progress across the last 12-24 months and enters 2009 with a very strong confirmed release slate, much enhanced visibility in terms of TV syndication and at present without taking into account external factors beyond its control, is confident of delivering earnings in the year ahead well ahead of the market consensus expectations prior to today's announcement.

Financial Overview

Group financial performance

This financial review is based primarily on a comparison of our IFRS results for the year ended 31 March 2008 with those of 31 March 2007. Unless otherwise stated, growth relates to the percentage comparison of these two years. In running the business Eros's management focus on earnings before interest, tax, amortisation and impairment which is backed by an awareness of earnings per share and the value of the group's content library both now and in the future. As noted in table opposite this measure is referred to as EBITA.

Revenue was \$ 113.0 million (2007:\$66.4 million) and the business generated EBITA of \$ 77.8 million (2007:\$ 48.5 million). The revenue growth arose from a full year contribution of our India operations as a result of the the group now securing worldwide rights wherever possible and the inclusion of Ayngaran's results for the six months post acquisition.

The income statement includes net financing costs of \$0.8 million (2007:\$1.0 million), a charge for amortisation of content and other intangibles of \$ 31 million (2007:\$ 16.3 million) leading to a pre tax profit of \$45.5 million (2007:\$30.9 million).

Sector Performance

With the larger global theatrical release schedule in the current year, theatrical revenues increased by 146.9% from \$21.1 million to \$52.1 million. As well as the increase in releases in India theatrical releases there was strong performance on individual films such as Om Shanti Om, Partner and Heyy Babyy.

Television syndication revenues increased by 56.4% as a result of ground breaking syndication deals with Indian satellite broadcasters and sales in dubbed markets. Revenues were \$33 million in 2008 as opposed to \$21.1 million in 2007.

Digital and Home entertainment experienced a growth of 16.9% to \$27.7million from \$23.7million against a background of changing markets. The established non resident Indian market for Home entertainment declined in line with general trends in the sector. However in India the home entertainment market continues to increase and the contribution from digital media such as SVOD, VOD and music increased by over 100%.

Geographic Performance

The main focus of growth in the year was India which enjoyed like for like revenue growth of 75.2%. Over the last year India revenues have grown from \$46.3 million to \$81.1 million. This growth has been driven by economic and consumer changes within the India driving Cinema, Television and Home Entertainment as well as an increase in the number of theatrical releases. The group released 5 films in cinemas in India last year and 16 in the current year. The consumer trends are set to continue and the expansion of new delivery methods such as set top boxes mean that Eros is well positioned to benefit in the future.

In North America revenues of \$8.0 million represented like for like growth of 39.4% over the \$5.7 million achieved in the prior year. This growth reflects strong results from cinema and DVD releases together with full year contributions from the new media revenue streams opened up in the year ended 31 March 2007.

European revenues enjoyed a 104% increase to \$11.1 million compared to \$5.4 million in the previous year. This was due to the emergence of Eastern Europe as a strong growth market, continued success in markets dubbed markets and again a strong theatrical release schedule.

In the rest of the world dubbed markets continued to perform well and the non resident Indian audiences, in the Gulf States, Australia and Africa amongst others, contributed to a 42.5% rise in revenues to \$12.7 million compared to \$8.9 million in the previous year.

Dividend

The group continues to recognise the need to balance the requirements to retain capital to expand the business and shareholders' focus on capital and cash flow returns. Following the expansion of the business in 2007 that has continued into 2008 the Group has the intention to adopt a prudent dividend policy and there is an expectation that if the business performs in line with expectations a dividend will be declared in the year ended 31 March 2009.

Taxation

Taxation as a percentage of profit before tax has increased in the year in line with expectations as the group's operations have expanded in India whose standard rate of corporation tax is 33.9 %. The tax charge for the year is \$ 6.0 million (2007: \$1.7 million) which represents an effective rate of 13.6% (2007: 5.5%).

The taxation cash flow is also affected by the Indian operations where certain revenue are received net of withholding taxes which are then offset against the overall corporation tax liabilities calculated on the year end results.

Personnel

The number of people in the Group averaged 193 against 133 in the year ended March 2007 an increase of 45.1%. The increases have arisen principally within India and centred around the growth of the distribution business within India as well as the staff recruited within EyeQube and Ayngaran.

Intangible assets

The Group has aggressively sought to secure content whether this is through production, co-production, new release films acquisition or catalogue acquisition. Securing this content has meant that Eros has invested \$211.0 million in the last two years and has further content commitments of \$351.0 million over the next three years.

Securing this content has meant that the group can expand its distribution channels in the full knowledge that the content that needs to pass through is guaranteed and the timing and quality ensures that this will allow further channels to be opened. Further the content has been secured at optimal prices against exploitation in a growing market.

Earnings per share

Basic earnings per share was 33.5 cents (2007:29.9 cents). The weighted average number of shares in issue in the year ended 31 March 2008 increases from 97.6 million to 112.5 million.

The basic earnings per share based on the weighted average number of shares was up 12.0 %.

Currency effect on revenues

The movement of the dollar against the Indian Rupee and UK sterling increased revenues during the year. The dollar weakened against the Indian Rupee by 7.9% and the pound by 2.0% which increased revenues by \$4.0 million.

Half yearly performance

The table below analyses the business results over the last two years split between first and second half performance.

Unaudited	Sept \$'000	Sept %	March \$'000	March %	Total \$'000
Revenue					112,981
Year ended 31 March 2008	34,605	30.6	78,376	69.4	
Year ended 31 March 2007	21,807	32.8	44,634	67.2	66,441
EBITA					
Year ended 31 March 2008	24,334	31.4	52,989	68.6	77,323
Year ended 31 March 2007	13,158	27.3	35,015	72.7	48,173

The group's results are skewed towards the second half of the financial year due to the timing of major Indian holiday periods in which is typically when larger grossing theatrical films are released. In addition the group has matched the larger television syndication deals to include some of these releases. There is a gradual movement away from such a large skew as the number of output deals in place increases and with the demand for television syndication deals increasing there is a movement to concluding the deals in smaller packages which are more evenly spread through the year. As the catalogue revenues from India start being driven by the global rights that Eros is now acquiring there will be much greater visibility of revenues.

EROS INTERNATIONAL PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE
YEAR ENDED 31 MARCH 2008
SUMMARISED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(in thousands of US Dollars)

	Year ended 31 March	
	2008	2007
Revenue	112,981	66,441
Cost of sales	(49,940)	(26,502)
Gross profit	63,041	39,939
Administrative costs	(16,725)	(7,981)
Operating profit	46,316	31,958
Finance costs	(3,137)	(2,193)
Finance income	2,315	1,179
Profit before tax	45,494	30,944
Income tax expense	(6,014)	(1,697)
Profit for the year	39,480	29,247
Attributable to:		
Equity holders of the parent	37,729	29,247
Minority interest	1,751	-
	39,480	29,247
Earnings per share: (cents)		
Basic earnings per share	33.5	29.9
Diluted earnings per share	33.3	29.9

EROS INTERNATIONAL PLC

SUMMARISED CONSOLIDATED BALANCE SHEET

(in thousands of US Dollars)

	As at 31 March	
	2008	2007
ASSETS		
Non-current assets		
Property, plant and equipment	5,530	2,966
Intangible assets - goodwill	1,878	1,838
Intangible assets – content	239,238	94,710
Intangible assets – trade name	14,000	14,000
Intangible assets-others	1,005	1,125
Available-for-sale investments	2,285	-
Deferred tax assets	65	396
	<hr/>	<hr/>
Total non-current assets	264,001	115,035
	<hr/>	<hr/>
Current assets		
Inventories	2,264	1,376
Trade and other receivables	30,470	37,151
Current tax receivable	1,718	565
Cash and cash equivalents	87,701	46,417
	<hr/>	<hr/>
Total current assets	122,153	85,509
	<hr/>	<hr/>
Total assets	386,154	200,544
	<hr/> <hr/>	<hr/> <hr/>
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables	21,193	11,893
Short-term borrowings	34,769	43,764
Current tax payable	855	2,342
	<hr/>	<hr/>
	56,817	59,670
	<hr/>	<hr/>
Non-current liabilities		
Long-term borrowings	111,687	-
Deferred Tax	2,700	-
	<hr/>	<hr/>
Total non-current liabilities	114,387	-
	<hr/>	<hr/>
Total liabilities	171,204	59,670
	<hr/>	<hr/>
Net assets	214,950	140,874
	<hr/> <hr/>	<hr/> <hr/>

EQUITY**Equity attributable to equity holders of the parent**

Share capital	20,858	20,180
Share premium account	127,321	94,613
Translation reserve	1,025	148
Reverse acquisition reserve	(22,752)	(22,752)
Other Reserves	(571)	-
Retained Earnings	87,318	48,685
	<hr/>	<hr/>
	213,199	140,874
Minority interest	1,751	-
	<hr/>	<hr/>
Total Equity	214,950	140,874
	<hr/> <hr/>	<hr/> <hr/>

SUMMARISED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

(in thousands of US Dollars)

As at 31 March

	2008	2007
Available for sale investments – losses taken to equity	571	-
Currency translation	877	148
Share based payment	904	55
Net income recognised directly in equity	2,352	203
Profit for the year	39,480	29,247
	<hr/>	<hr/>
Total recognised income and expense for the year	,41,832	29,450
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Equity Holders of the parent	40,081	29,450
Minority Interest	1,751	-
	<hr/>	<hr/>
	41,832	29,450
	<hr/> <hr/>	<hr/> <hr/>

EROS INTERNATIONAL PLC

SUMMARISED CONSOLIDATED CASH FLOW STATEMENT

Profit before tax	45,494	30,944
Adjustments for:		-
Depreciation	525	313
Share based payment	1,316	588
Amortisation of intangibles	31,007	16,275
Foreign currency translation	(15)	-
Net finance costs	822	1,014
Movement in trade and other receivables	6,115	4,990
Movement in inventories	(888)	80
Movement in trade payables	5,022	(9,183)
	<hr/>	<hr/>
Cash generated from operations	89,398	45,021
Interest paid	(5,375)	(2,193)
Income taxes paid	(4,254)	(1,081)
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Net cash from operating activities	79,769	41,747
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	(1,040)	(29,366)
Purchase of property, plant and equipment	(2,627)	(277)
Purchase of intangible film rights and related contents	(170,168)	(91,988)
Purchase of intangible assets others	(202)	-
Purchase of available for sale assets	(2,856)	-
Interest received	2,315	1,137
	<hr/>	<hr/>
Net cash used in investing activities	(174,578)	(120,494)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of share capital	33,386	81,400
(Repayment)/proceeds of short term borrowings	(8,995)	43,764
Proceeds from long-term borrowings	111,687	-
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Net cash used in financing activities	136,078	125,164
	<hr/>	<hr/>
Net increase in cash and cash equivalents	41,269	46,417
Foreign currency translation	15	-
Cash and cash equivalents at beginning of period	46,417	-
	<hr/>	<hr/>
Cash and cash equivalents at end of period	87,701	46,417
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EROS INTERNATIONAL PLC

NOTES

1 NATURE OF OPERATIONS, GENERAL INFORMATION AND BASIS OF PREPARATION

Eros International Plc ('Eros') and its subsidiaries' ('the Group') principal activities include the distribution and production of Indian films and related content which have been discussed earlier in the Strategic and Financial Review. Eros International Plc is the Group's ultimate parent company. It is incorporated and domiciled in the Isle of Man. The address of Eros International Plc's registered office is 15-19 Athol Street, Douglas, Isle of Man, IM1 1LB. Eros International Plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board which have been adopted by the European Union. The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets.

Following the transition to IFRS, the Group's accounting policies as set out below, have been applied consistently throughout the Group to all the periods presented, unless otherwise stated. The Group's consolidated financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting principles until 31 March 2007. The principal currency of the Group is US Dollars as this is the currency that the majority of its transactions are denominated.

IFRS 1 sets out the requirements for the first time adoption of IFRS. The Group has established its IFRS accounting policies for the year to 31 March 2008 and these have been applied retrospectively to determine the IFRS opening balance sheet at its date of transition, 31 March 2006. The comparative figures have been restated to reflect these adjustments.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are evaluated on a regular basis and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the present circumstances.

The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are highlighted below:

2.1 Goodwill

The Group tests annually whether goodwill has suffered impairment, in accordance with its accounting policy. The recoverable amount of cash-generating units has been determined based on value in use calculations. These calculations require estimates to be made which are based on management assumptions however in the event that there is an unforeseen event which materially affects these assumptions it could lead to a write down of goodwill.

2.2 Intangible assets

The Group is required to identify and assess the useful life of intangibles assets and determine its income generating life. Judgement is required in determining this and then providing an amortisation rate to match this life. At each reporting date the Group tests annually whether intangible assets have suffered any impairment. If indicators exist the Group tests whether there has been impairment of the intangible asset. These calculations require judgements and estimates to be made and in the event of an unforeseen event these judgements and assumptions would need to be revised and the value of the intangible assets could be affected. There may be instances where the useful life of an asset is

shortened to reflect the uncertainty of its estimated income generating life. This is particularly the case acquiring assets in markets that the Group has not previously exploited.

2.3 Income taxes and deferred taxation

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. During the normal course of business there are many transactions and calculations for which the ultimate tax determination is uncertain.

Judgement is also used when determining whether the Group should recognise a deferred tax asset, based on whether management consider there is sufficient certainty in future earnings to justify the carry forward of assets created by tax losses.

Where the ultimate outcome is different than that which was initially recorded there will be an impact on the income tax and deferred tax provisions.

2.4 Share based payments

The Group is required to measure the fair value of equity settled transactions with employees at the grant date of the equity instruments. The fair value is determined by principally using the Black Scholes method which requires assumptions regarding interest free rates, share price volatility and the expected life of an employee equity instrument.

2.5 B4U option

At 31 March 2008, the Group had an option to acquire Acacia Investments Holdings Limited ("Acacia"), a company which is ultimately owned by a discretionary trust of which Kishore Lulla, Vijay Ahuja and Sunil Lulla are amongst the potential beneficiaries. Acacia which is a dormant holding company owns 24% of L.M.B Holdings Limited which through its subsidiaries operates two satellite television channels B4U Music and B4U Movies. Neither the directors of Acacia or Eros have any involvement in the management of the entity or receive management information. The option is carried at \$Nil value as in the opinion of the directors the range of value that can be attributed to the option are so wide that a reasonable estimate of the value can not be given in accordance with IAS 39 Financial Instruments. The directors in arriving at this opinion have reviewed valuations based on a net asset position, a multiple of earnings based upon similar entities that are publicly traded and on a forecast cash flow model.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2008 or later periods but which the Group has chosen not to adopt early. IFRS 8 (Operating Segments) and IAS 1 Presentation of Financial Statements (Revised 2008) will be relevant and set out requirements for disclosure of information about the financial statements and an entity's operating segments. In addition the following are not expected to effect or in some cases not be relevant to the Group's operations:

IFRIC 12 Service Concession Arrangements

IFRIC 13 Customer Loyalty Programme

IFRIC 14, IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IAS 27 Consolidated and Separate Financial Statements (Revised 2008)

IAS 32 Financials Instruments: Presentation (Amendments)

IFRS 2 Share Based Payments (Amendments)

IFRS3 Business Combinations (Revised 2008)

The Group's policy in respect of borrowing costs is already consistent with IAS 23 Borrowing Costs (2007).

4 SUMMARY OF ACCOUNTING POLICIES

4.1 Overall Considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

4.2 Basis of Consolidation

In respect of the combination of Eros International Plc and Eros Worldwide FZ LLC the principles of reverse acquisition accounting have been applied with Eros Worldwide FZ LLC identified as the acquirer. Under the principles of reverse acquisitions, the cost of the acquisition is measured at the fair value of the notional number of equity instruments that would have been issued by the subsidiaries to the parent in order to provide the resulting one hundred per cent ownership in Eros Worldwide FZ LLC. The net assets of the parent are restated to fair value in the consolidated financial statements and the goodwill (if any) is calculated based on the difference between the cost of acquisition and the restated net assets of the parent.

The share capital and premium reported in the consolidated balance sheet is required to be that of the legal parent. However, it is also a requirement that the total of the issued equity instruments of the consolidated Group should reflect that of the legal subsidiaries plus the cost of the acquisition. To achieve this, a reverse acquisition reserve is created, being the difference between the required total of the Group's equity instruments and the reported equity of the legal parent. The reported consolidated retained earnings are the consolidated retained earnings of the legal subsidiaries plus those of the legal parent subsequent to the reverse combination.

The Group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to the balance sheet date. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Business combinations are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

4.3 Segment reporting

The Group operates in different areas of the entertainment business. The different products and services are marketed through different channels. As a result of the differing customer base, technology, marketing and distribution requirements of these segments they are managed separately and represent the primary segment reporting level. As of 31 March 2008, Eros had three business segments engaging in the activities described below:

Theatrical
Television syndication
Digital and Home entertainment

Eros has identified three geographic areas, consisting of its main geographic areas (India, US and Europe), as well as the rest of the world.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated.

4.4 Revenue

Revenue recognised represents the value of the licence fee and includes withholding tax but excludes sales taxes. It is recognised once the following criteria are met:

There is persuasive evidence of a sale or licensing arrangement agreement.

The film is complete and available for delivery.

Collection of the revenue is reasonably assured.

The fee is fixed and determinable.

The following additional criteria apply in respect of these revenue streams:

Theatrical - Revenue is stated at the minimum guarantee due, where applicable, plus the Group's share of box office receipts in excess of the minimum guarantee.

Home entertainment - DVD, CD and Video revenue is recognised on the date the licence revenue is contracted or declared. Provision is made for returns where applicable. New media revenues are recognised at the earlier of when the content is accessed or declared.

Interest income is reported on an accruals basis. Dividends received are recognised at the time of their distribution.

4.5 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the income statement within Finance costs over the period of the borrowings using the effective interest method. Finance costs in respect of film productions and other assets which take a substantial period of time to get ready for use or exploitation are capitalised as part of the asset.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

4.6 Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the group's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the income statement.

4.7 Intangible assets

Non Current Intangible assets acquired by the Group are stated at cost less accumulated amortisation except the trade name and those acquired as part of a business combination, which are shown at fair value at the date of acquisition less accumulated amortisation.

Content

Investments in Films and associated rights, including acquired rights and distribution advances in respect of completed films, are stated at amortised cost less provision for impairment. A charge is made to write down the cost of completed rights over the estimated useful lives except where the asset is not available for exploitation. The average life of assets is 5 years and the amortisation charge is recognised in the income statement within cost of sales.

Trade name

'Eros' the trade name is considered to have an indefinite economic life because of the institutional nature of the corporate brand name, its proven ability to maintain market leadership and the group's commitment to develop and enhance its value. The carrying value is reviewed at least annually for impairment and adjusted to recoverable amount if required.

Subsequent expenditure

Expenditure on capitalised intangible assets subsequent to the original expenditure is included only when it increases the future economic benefits embodied in the specific asset to which it relates.

Internally generated assets

An internally generated intangible asset arising from the Group's development activities is recognised only if all the following criteria are met:

an asset is created that can be identified (such as software and new processes);
it is probable that the asset created will generate future economic benefits; and
the development cost can be measured reliably.

When these criteria are met and there are appropriate resources to complete development, the expenditure is capitalised at cost. Where these criteria are not met development expenditure is recognised as an expense in the period in which it is incurred. Internally generated intangible assets are amortised over their useful economic life from the date that they start generating future economic benefits on a straight line basis over three years. The amortisation is recognised within cost of sales.

4.8 Employee benefits

The Group operates defined contribution pension plans, healthcare and insurance plans on behalf of its employees. The amounts due are all expensed as they fall due.

In accordance with IFRS 2 Share Based Payments, the fair value of share or options granted is recognised as personnel costs with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the recipient becomes unconditionally entitled to payment.

The fair value of share options granted is measured using the Black Scholes formula, each taking into account the terms and conditions upon which the grants are made. The amount recognised as an expense is adjusted to reflect the best available estimate of the number of options that are expected to become exercisable. None of the Group plans feature any options for cash settlements.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares is allocated to share capital with any excess being recorded as additional paid in capital.

4.9 Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item, otherwise such gains and losses are recognised in the income statement.

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to the "Translation reserve" in equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the income statement as part of the gain or loss on disposal.

4.10 Property, plant & equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Depreciation is provided to write off the cost of all property plant and equipment to their residual value over their expected useful lives calculated on the historical cost of the assets at the following rates:

	Rate of depreciation % straight line per annum
Freehold buildings	2-10
Equipment	15-20
Other	15-40

Material residual value estimates are updated as required, but at least annually, whether or not the asset is re-valued.

4.11 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

4.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is defined as follows;

Finished goods - at purchase price, including appropriate labour costs and other overheads.
Raw materials - at purchase price.

Purchase price is assigned using a weighted average basis. Net realisable value is defined as anticipated selling price or anticipated revenue less cost to completion.

4.13 Taxation

Taxation on profit and loss comprises current tax and deferred tax. Tax is recognised in the Income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date, along with any adjustment relating to tax payable in previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled in the appropriate territory.

Deferred income tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

4.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments which are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.15 Financial assets

Financial assets are divided into the following categories: loans and receivables; available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement. Impairment losses recognised in the income statement on equity

instruments are not reversed through the income statement. Impairment losses recognised previously on debt securities are reversed through the income statement when the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

4.16 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires. Changes in liabilities' fair value that are reported in profit and loss are included in the income statement within finance costs or finance income.

4.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is more likely than not that an outflow of resources will be required to settle the obligations. Provisions are measured at the Directors best estimate of the expenditure required to settle the obligations at the balance sheet date and are discounted to present value where the effect is material.

4.18 Equity

Equity comprises the following components:

Share capital – this represents the nominal value of equity shares.

Share premium – this represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Translation reserve – this represents the differences arising from translation of investments in overseas subsidiaries.

Other reserve – this represents amounts arising from the changes in fair value of available for sale financial assets.

Reverse acquisition reserve – this represents the difference between the required total of the Group's equity instruments and the reported equity of the legal parent

Retained earnings – this represents retained profits.

4.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under such leases are charged to the income statement on a straight line basis over the period of the lease.

5 EARNINGS PER SHARE

	Year ended 31 March			
	Basic \$'000	2008 Diluted \$'000	Basic \$'000	2007 Diluted \$'000
Earnings (in thousands of US Dollars)				
Earnings attributable to the equity holders of the parent	37,729	37,729	29,247	29,247
Number of shares (in thousands)				
Weighted average number of shares	112,547	112,547	100,005	100,005
Potential dilutive effect related to share based compensation	-	703	-	154
Adjusted weighted average number of shares	112,547	113,250	100,005	100,159
Earnings per share (in US cents)				
Earnings attributable to the equity holders of the parent per share	33.5	33.3	29.9	29.9

6 PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information relating to the year ended 31 March 2008 set out above does not constitute the Company's statutory accounts for that year, but have been authorised for release by the company's auditors.

The summarised consolidated balance sheet at 31 March 2008 and the summarised consolidated income statement, summarised consolidated cash flow statement and associated notes for the year then ended have been extracted from the Group's 2008 financial statements.

Those financial statements have not yet been delivered to the Registrar of Companies, nor has the auditor reported on them.