



4th July 2007

Eros International plc
Preliminary Results for the twelve months ended 31 March 2007

Eros International Plc ("Eros" or the "Group"), the leading integrated media group within the Indian entertainment sector, today announces its maiden preliminary results – for the year ended 31 March 2007 – on the first anniversary of its admission to AIM.

Financial Highlights

- Turnover up 48.6% to US\$66.4m (pro forma aggregated 2005-06: US\$44.7m)
- EBITDA before IPO costs up 57.1% to US\$50.1m (pro forma aggregated 2005-06: US\$31.8m)
- Profit before tax, goodwill amortisation and IPO costs up 76.3% to US\$32.5m (pro forma aggregated 2005-06: US\$18.4m)

Operating Highlights

- Successfully executed first phase of content and distribution consolidation
- Enhanced content library through output deals, co-productions, acquisitions and talent tie-ups
- Contractually agreed over 50 projects for release over the next 24 months
- Established a distribution network across India to take advantage of growing domestic box office and released five films in India in the run up to March 2007
- Launched Eros Music label leveraged on existing home entertainment infrastructure
- Leveraged catalogue and new films through strong television syndication deals with Sony Entertainment Television, B4U and Zee and many more channels globally
- New Media exploitation deals agreed with Comcast, YouTube, Microsoft Online Spotlight, Intel Viiv, Mauj Telecom and OnCommand
- Seeded the opportunity of Digital Cinema in B & C class towns in India
- Ongoing distribution of Hollywood movies into India

Outlook

Kishore Lulla, Chairman & Chief Executive, said: "Eros International is at an inflection point, having created the world's leading owner and distributor of Indian filmed entertainment. Our strong first full year results as a listed company give us confidence to forge a unique vertically integrated media company - focused on fast-growing Indian entertainment - with a strong position at the box office, in home entertainment and new media. The next development phase at Eros - coinciding with our 30th anniversary - will combine organic investment, strategic alliances and acquisitions to further extend our market leadership."

ENQUIRIES:

Eros

Kishore Lulla – Chairman & CEO

Jyoti Deshpande – COO & Commercial Director

Andrew Heffernan – CFO

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Analyst presentation

An analyst presentation will take place today at 9.30am at The Lincoln Centre, 18 Lincoln's Inn Fields, WC2A 3ED.

Video interview

An interview with Kishore Lulla, Chairman and CEO, is now available in video, audio and text on <http://www.erosplc.com> and www.cantos.com.

Chairman and Chief Executive's Review

This has been a most remarkable year for Eros International. Before I comment on our positive financial results, I would like to take a moment to thank the entire Eros team across our worldwide offices for their exceptional passion, dedication and loyalty, and for helping to realise the Eros vision.

Our preliminary results announcement marks a very special occasion – Eros' 30th anniversary.

Over the course of this journey we have been instrumental in transforming a 'cottage' industry into a global media sector. We have taken the lead on expanding the business by operating a vertically integrated model. On July 4th 2006 we were proud to become the first company within the Indian entertainment sector to be listed on the London Stock Exchange, AIM Market.

One year on, it gives me great pleasure to announce favourable results both in terms of financial performance as well as delivering on our strategic objectives.

In recognition of our pioneering effort in bringing Indian cinema to international audiences, Eros was given the Honorary Award for its Contribution to Indian Cinema by the International Indian Film Academy Awards in June 2007. Eros was also honoured with the Eastern Eye Asian Business Award for 2007.

Board Appointments

Eros is also today announcing the appointment of Naresh Chandra to the main board as senior independent non-executive director. Mr Chandra has led a distinguished political career, including as Indian ambassador to the USA, and is Chairman of the advisory board of Coca Cola India Limited among other prestigious commercial appointments.

Strategic Overview

At the time of the IPO, we had set out to lead the first phase of consolidation in the highly lucrative but fragmented Indian entertainment sector, focusing on production and film distribution. I am delighted to report that we have delivered on our strategy as set out at the time of the IPO.

Eros Pictures

We have secured projects through acquisitions, co-productions, output deals and talent tie-ups with some prominent names in Bollywood including Venus, Sajid Nadiadwala, Anil Kapoor Films Company, Rose Movies, K Sera Sera, Big Screen Entertainment, Abbas Mastan and E Niwas to name a few. This secures clear visibility of the release pipeline for the next 24 months and beyond, as we continue to seek to aggregate further content in the current year.

Eros Global Distribution

As the international market leader over the past three decades, we quickly established our own successful cinema distribution network in India in Mumbai, Delhi, Calcutta and Bangalore. Being a global player allows us to take better advantage of the fragmented market. In quick succession we released Omkara, Salaam-E-Ishq, Eklavya and Namastey London globally which collectively grossed US\$50 million. Our 2007-2008 slate of global films started with the release of Cheeni Kum to be followed by expected blockbusters- Partner, Gandhi My Father, Hey Baby, No Smoking, Sunday and 123, to name a few.

Library and Syndication

One of our clear differentiators and competitive advantages is our large library of over 1300 films, which we have further augmented this year. This provides secure annuity income to the group. This year we continued our strong syndication sales through television deals with Sony, Zee, B4U as well as through ongoing and new deals within dubbed markets like China, Spain, Romania, Portugal, Poland, Holland and Belgium.

Eros Music

As part of the 360 degree media strategy, we also launched our own music label. Out of the 6 titles released this year, Omkara and Namastey London dominated the Indian Music charts for over 8 weeks following their release. In addition, Omkara's music won a number of awards this year. This is a high margin business for Eros as we overlay the Music division on our existing home entertainment distribution infrastructure. Also, initial results from syndicating the music to iTunes and Real Rhapsody are extremely encouraging.

Eros New Media and Internet Division

Our New Media business is firmly established as a strategic business unit delivering maiden revenues of US\$6.3 million. The Comcast subscription video on demand service was successfully rolled out and now has over 6000 subscribers. A major mobile output deal was concluded with Mauj Telecom and we launched the first official Bollywood channel on YouTube which will be monetized through ad clicks. The channel has become one of the Top 20 partner channels of YouTube in terms of traffic. Eros has the only online Bollywood service that can be accessed on television using Media Center PCs available through Microsoft Online Spotlight as well as Intel's ViiV Entertainment Pass. We have also recently concluded a deal with BSkyB for launch of a Bollywood offering on their DTH Video on Demand and Sky Broadband platform. The service is intended to go live this September.

Given the growth in our business in the past year we have strengthened the management team in the Music division, India distribution, Marketing and New Media and we further strengthened the team within finance and legal.

Outlook

We have had a very successful first year as a listed company, delivering on our strategy of building a vertically integrated business focused on the Indian film industry, strengthening our catalogue and leveraging our competitive advantage through content alliances, output deals, co-productions and talent tie-ups.

Eros International is at an inflection point, having created the world's leading owner and distributor of Indian filmed entertainment. Our first full year results as a listed company give us confidence to forge a unique vertically integrated media company - focused on fast-growing Indian entertainment - with a strong position at the box office, in home entertainment and new media. The next development phase at Eros - coinciding with our 30th anniversary - will combine organic investment, strategic alliances and acquisitions to further extend our market leadership.

Our focus will be on further strengthening the acquisition of content and our distribution network. We expect to play a leading role in the next phase of the consolidation of the fast growing Indian film industry which is expected to grow from its current US\$10 billion of revenues to US \$23 billion revenues by 2011.

Eros Animation

Animation is in its infancy in the Indian entertainment market. Today almost 70% of the revenues for this segment come from outsourced work from Hollywood studios. As a leading Indian studio we intend to be at the forefront in developing filmed animation opportunities by leveraging our distribution as well as our relationships with talent. Eros' first full length feature animation under development is called "Toonpur ka Superstar".

Digital Cinema

Eros has seeded deployment of digital cinema in B & C class towns in India. The Eros model allows existing cinema owners to retain their ownership while Eros gains control over those chains by digitising them with minimal investment. As a leading content owner this will allow Eros to monetise its films nationwide across India instead of just across metro centric multiplex screens.

Eros Gaming

The casual gaming market is exploding globally through the convergence of broadband internet, mobile phones, home entertainment and consoles with film based titles generating more than 20% of gaming revenues in the US\$50 billion industry.

Eros will spearhead the development of the gaming sector within the Indian Media and Entertainment market by building strategic partnerships to distribute and develop games.

Eros Cable and Television

With over 80 million cable homes in India, it is clearly one of the largest opportunities in India. As the fragmented cable market goes through digitisation and consolidation following the implementation of CAS (Conditional Access System), Eros will participate with a content driven strategy of cable channels, video on demand and value added services similar to the initiatives launched with Comcast and Rogers Cable.

Having thanked my team, I would like to add that the overwhelming support from the entire Indian film fraternity over the last three decades has been instrumental to our success. I would further like to express my sincere thanks to all those business associates who took risks with us when we were making pioneering efforts in the bid to give Indian films a global platform. Last but not least; I would like to thank all of the early investors for their support.

Over the next phase of consolidation, it is my vision that Eros emerges a strong vertical and horizontal player across all forms of Indian content and distribution platforms and plays an important role in shaping the future of the Indian entertainment sector.

Financial Overview

The Group's turnover is up 48.6% to US\$66.4 million. EBITDA before IPO costs is up 57.5% to US\$50.1 million (pro forma aggregated 2005-06: US\$31.8 million).

Goodwill amortisation

Goodwill arising from the formation of the group has been capitalised on the balance sheet during the year and represents the excess of the fair value attributed to investments in the businesses and their subsidiaries over the fair value of the underlying net assets at the date of their acquisition.

Goodwill is written off over 20 years and will be subject to impairment reviews. The charge to the profit and loss account for the year ending 31 January 2007 is US\$1.00 million.

Exceptional Items

The cost incurred on flotation during the year is shown separately from the ongoing operational costs.

Dividends

As outlined at the time of flotation the Company has not declared a dividend for the current year. The board intends to review the position going forward.

International Financial Reporting Standards ("IFRS")

The Group is required to adopt IFRS in the year ending 31 March 2008. Accordingly the first set of statements to be issued under IFRS will be the interim results for the six month period ending 30 September 2007.

It is the intention to adopt IFRS at a Group level only. Our initial interpretation of the standards has led us to believe that, other than the substantive changes to the presentation of primary statements and the accompanying notes under IAS1 and IAS 14, there will be only a minimal difference between the numbers reported under UK GAAP and IFRS. The principal differences will be under IFRS3: Business Combinations, Deferred Tax and under IAS37 we are required to accrue for holiday pay.

Cash flow, Funding and liquidity

The year saw a cash inflow from operating activities of US\$45 million. The net proceeds of the share placing of US\$81.40 million were principally used to increase the level of films secured for release in 2007/8 and 2008/9 as well as allow the Group to move quickly into the Indian distribution market.

The group has utilised working capital facilities to advance the acquisition of rights and to fund future film pipeline along with the placing proceeds. In the future it will utilise debt facilities if appropriate to fund further content acquisitions and expansion.

Film content and other rights, film advances and film production

During the year the company has acquired new film and music rights together with existing film catalogues of US\$55.2 million together with the US\$17.43 million of existing rights acquired as part of the re-organisation at flotation. In addition US\$33.3 million has been utilised to secure the rights for future film releases where the film is not yet complete and is under production by third parties. In addition the Group has utilised US\$3.40 million in the production of films which will be completed in 2007/8.

EROS INTERNATIONAL PLC

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

SUMMARISED CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | Note | US\$'000 |
|---------------------------------------------------------|------|----------------------|
| Turnover | | 66,441 |
| Film amortisation | | (16,275) |
| Other cost of sales | | (10,227) |
| Total cost of sales | | <u>(26,502)</u> |
| Gross profit | | 39,939 |
| Administrative expenses excluding goodwill amortisation | | (6,422) |
| Exceptional item – IPO expenses | | (1,484) |
| Goodwill amortisation | | (1,002) |
| Operating profit | | <u>31,031</u> |
| Net Interest payable and similar charges | | <u>(1,014)</u> |
| Profit on ordinary activities before taxation | | 30,017 |
| Tax on profit on ordinary activities | | (1,697) |
| Profit retained for the year | | <u><u>28,320</u></u> |
| Earnings per share | 2 | 35.86 Cents |
| Fully Diluted earnings per share | 2 | 35.79 Cents |

EROS INTERNATIONAL PLC

SUMMARISED CONSOLIDATED BALANCE SHEET

| | Note | US\$'000 |
|-------------------------------------------------------|------|-----------------|
| Fixed assets | | |
| Goodwill | | 18,205 |
| Intangible assets – film and content rights | 3 | 58,125 |
| Intangible assets – advances | 3 | 34,304 |
| Intangible assets – film productions | 3 | 3,406 |
| Tangible assets | | 2,966 |
| | | <u>117,006</u> |
| Current assets | | |
| Stocks | | 1,376 |
| Debtors | | 38,112 |
| Cash at bank and in hand | | 46,417 |
| | | <u>85,905</u> |
| Creditors: amounts falling due within one year | | <u>(59,595)</u> |
| Net current assets | | <u>26,310</u> |
| | | <u>143,316</u> |
| Capital and reserves | | |
| Called up share capital | | 20,180 |
| Share premium account | | 94,613 |
| Profit and loss account | | 28,523 |
| Shareholders' funds | | <u>143,316</u> |

EROS INTERNATIONAL PLC

SUMMARISED CONSOLIDATED CASH FLOW STATEMENT

| | Note | 2007 |
|----------------------------------------------------------|------|-----------------|
| | | US\$'000 |
| Cash inflow from operating activities | 4 | 45,021 |
| Returns from investments and servicing of finance | | |
| Interest received | | 1,137 |
| Interest paid | | (2,193) |
| Taxation – corporate tax paid | | (1,081) |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | | (277) |
| Purchase of intangible film rights and related content | | (91,988) |
| Acquisitions | | |
| Net cash acquired | | 3,112 |
| Acquisition costs | | (256) |
| Cash outflow before financing | | (46,525) |
| Financing | | |
| Issue of ordinary share capital | | 81,400 |
| Movement in bank overdrafts | | 11,542 |
| Net cash inflow from financing | | 92,942 |
| Increase in cash during the year | | 46,417 |

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| | US\$'000 |
|----------------------------------------------------------------------|---------------|
| Profit for the financial year attributable to shareholders | 28,320 |
| Currency translation differences on foreign currency net investments | 203 |
| Total recognised gains and losses for the year | <u>28,523</u> |

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | US\$'000 |
|----------------------------------------------------------------------|----------------|
| Profit for the financial year | 28,320 |
| Currency translation differences on foreign currency net investments | 203 |
| Shares issued | 20,180 |
| Premiums on shares issued (net of costs) | 94,613 |
| Shareholders funds at 31 March 2007 | <u>143,316</u> |

NOTES TO THE PRELIMINARY STATEMENTS

1. Basis of preparation

The preliminary announcement has been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The principle accounting policies of the group are as set out in the group's Aim Admiision document and have remain unchanged during the year.

2. Earnings per share

Basic

The basic earnings per share calculation are based on the profit on ordinary activities after taxation of US\$28,320,000. This profit on ordinary activities after taxation is then divided by the weighted average number of shares in issue which is 78,980,157.

Diluted

The diluted earnings per share calculation is based on the basic earnings per share calculation above except that the weighted average number of shares includes:

All dilutive options granted by the balance sheet date as if those options had been exercised on date of grant, giving a weighted average of 79,135,057.

3. Intangible Assets

| | Software US\$'000 | Film rights & other content US\$'000 | Content advance s US\$'000 | Film Productio n US\$'000 | Total US\$'000 |
|-----------------------------------------|----------------------|--------------------------------------------------|-------------------------------------|------------------------------------|-------------------|
| Cost | | | | | |
| Additions | 1,193 | 54,090 | 33,299 | 3,406 | 91,988 |
| Acquired on acquisition of subsidiaries | 8 | 17,429 | 2,575 | - | 20,012 |
| Transfers | - | 1,570 | (1,570) | - | - |
| Foreign Exchange Movement | - | 334 | - | - | 334 |
| | - | - | - | - | - |
| At 31 March 2007 | <u>1,201</u> | <u>73,423</u> | <u>34,304</u> | <u>3,406</u> | <u>112,334</u> |
| Amortisation | | | | | |
| Charge for the year | 76 | 16,199 | - | - | 16,275 |
| Acquired on acquisition of subsidiaries | - | - | - | - | - |
| Foreign Exchange Movement | - | 224 | - | - | 224 |
| | - | - | - | - | - |
| At 31 March 2007 | <u>76</u> | <u>16,423</u> | <u>-</u> | <u>-</u> | <u>16,499</u> |
| Net book amount at 31 March 2007 | <u>1,125</u> | <u>57,000</u> | <u>34,304</u> | <u>3,406</u> | <u>95,835</u> |

Intangible assets principally comprise film rights and other content, content advances to future film content produced by third parties and amounts invested in film productions not yet completed where the film is being produced by an Eros group company.

4. Reconciliation of operating profit to cash flow from operating activities

| | 2007 US\$'000 |
|--------------------------------------------|------------------|
| Cash flow from operating activities | |
| Profit before tax | 31,031 |
| Depreciation of tangible fixed assets | 313 |
| Share based payment charges | 588 |
| Movement in debtors | 4,990 |
| Movement in stocks | 80 |
| Movement in creditors | (9,258) |
| Amortisation of intangible fixed assets | 16,275 |
| Amortisation of goodwill | 1,002 |
| | <hr/> |
| Net cash flow from operating activities | 45,021 |

5. Reconciliation of net cash flow movement in net funds

| | 2007 US\$'000 |
|----------------------------------------------|------------------|
| Increase in cash in the year | 46,417 |
| Movement in net debt in the year | (11,542) |
| Changes in net funds arising on acquisitions | (32,222) |
| | <hr/> |
| Net Funds at 31 March 2007 | 2,653 |

6. Analysis of changes in net funds

| | 2007 US\$'000 |
|----------------------------|------------------|
| Cash at bank and in hand | 46,417 |
| Debt | (43,764) |
| | <hr/> |
| Net Funds at 31 March 2007 | 2,653 |

The balances above all arose on cash flows during the year.

7. Publication of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts. The summarised consolidated balance sheet at 31 March 2007 and the summarised consolidated profit and loss account, summarised consolidated cash flow statement and associated notes for the year then ended have been extracted from the Group's 2007 financial statements.

Those financial statements have not yet been delivered to the registrar of companies, nor have the auditors reported on them.