Eros International Plc
Condensed Consolidated (unaudited) Interim Financial statements for the period ended 30 September 2007

November 28 2007: Eros International Plc ("Eros" or the "Company"), the London AIM listed leading Indian media and entertainment Company presents its interim results for the six months ended 30 September 2007. The Company reports a positive trading outlook and is on track to achieve full year performance in line with expectations.

The Company continues to report strong growth and profitability and remains firmly focussed on its content and distribution consolidation strategy. Since admission to AIM in July 2006, Eros has leveraged its leadership position to be at the forefront of the consolidation of the fragmented but rapidly growing $10 billion Indian entertainment industry which is forecast to grow to over $25 billion by 2011 according to PwC*.

** Source: The Indian Entertainment Sector 2006 by PwC*

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007:

- Turnover increased by 58.7% to US$34.6m (2006: US$21.8m)
- EBITDA increased by 85.1% to US$24.5m (2006: US$13.2m)
- Profit before tax increased by 75.9% to US$13.6m (2006: US$7.7m)
- Cash flow generated from operating activities is US$ 15.4 m (2006 US$ 11.1 m)
- Adjusted** basic earnings per share 11.46 cents per share up by 55.7% (2006: 7.36 cents)

*** Adjusted earnings per share is prepared on the basis that all the group formation and IPO share issues took effect on 31st March 2006 : Note 7 provides a detailed calculation*

OPERATIONAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007:

- Market Share Increase – From an aggregate market share of 32% between 1998-2007, Eros's market share in the period January-November 2007 increased to 47%. *(Source UK EDI Nielsen).*
- Indian cinema - Strong growth in domestic box office with 5 out of Top 10 box office grossers in 2007 being Eros releases.
- Television - Sony deal concluded in March 2007. Full visibility of TV syndication revenues.
- New Media – Significant new deals with Sky Anytime, Joost, NME, Vudu, Mauritius telecom & Singnet apart from ongoing revenues from Comcast and Mauj Telecom.
- International Markets – continued to open new dubbed markets and expand distribution network with mainstream cinema chains and DVD retailers.
- Joint ventures & Acquisitions – 51% acquisition of Ayngaran business to enter the Tamil Film market, established Eyeqube Studios in collaboration with Hollywood visual effects talent Charles Darby, signed deal to co-produce a slate of films with Sony Pictures.
- Future content pipeline secured – Shift to global releases with 100% visibility for 2008-09 releases, 70% for 2009-10 and 40% for 2010-11.

Kishore Lulla, Chairman and CEO, Eros International, said:

"Eros has continued to deliver on its strategy of consolidating the Indian entertainment market, expanding its audience reach by leveraging its local distribution network. We are delighted with our continuing momentum and our ability to deliver growth and profits while maintaining margins. Our rich content library and unrivalled global distribution infrastructure separates us from other players in the space. Our business is still at an inflection point and we are confident that we have the strategy as well as management to take advantage of the immense opportunity in front of us. We remain confident of a successful outcome to the current financial year."

ENQUIRIES:

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OPERATING HIGHLIGHTS & SIGNIFICANT GROWTH DRIVERS:

1. India – Growing domestic box office and home entertainment.

- Market opportunity - Over 3.9 billion tickets were sold in India last year. With over 1,500 multiplex screens in India (slated to double by 2009) and with the average multiplex ticket price rising to $3, domestic box office revenues are on a steep rise.
- In the six months to September 2007, Eros has released 11 films out of which 8 were global releases. (2006 had 4 global releases in the full year). The major global releases during April to September 2007 were: *Cheeni Kum; Gandhi My Father; Partner and Heyy Babyy.*
- 5 out of the Top 10 Indian Box office films in the period 1 January 2007 to November 2007 were Eros films out of which *Om Shanti Om* is still in cinemas. These films together grossed at the box office US$45 million in India alone.
- Home entertainment revenues in India doubled compared to the same period last year with the shift in favour of DVD revenues rather than VCD revenues. In addition to the ongoing release of Hindi titles, Eros acquired 146 Hollywood titles during the period for future release in India.
- 44% of revenues came from India in the period, compared to 30% for the year ended 31st March 2007.

2. Television Syndication

- Market opportunity – The Pay TV households in India is set to nearly double to 113 million by 2011* and the combined TV advertising and subscription to touch $13 billion by 2011*. With the television sector in India growing at a compound annual growth rate of 21% and intensified competition among large multinational players within the space, demand for premium film content is on the rise and Eros is well-placed to monetise its catalogue and new films from television syndication in the years to come.
- Eros continued to benefit from ongoing revenues from the deal concluded in March 2007 for broadcast of a slate of films on Sony. The Company is confident of closing a similar significant syndication deal this year for a further slate of films.
- The Company also concluded deals with other TV networks in Malaysia, Romania, Russia, Kuwait, Dubai and Abu Dhabi to name a few.
- 19% of revenues came from TV syndication in the period.

3. International Markets

- The opportunity – The core audience of 50 million South Asians is complemented by the growing demand from dubbed markets which are already used to watching Hollywood content dubbed in their local languages. There is also the opportunity to develop targeted content with crossover potential.
- The Company continued to expand its distribution network by striking deals with multiplex chains in Europe like Kinopolis and Cinemax.
- The Company continued to widen its mainstream DVD distribution network by expanding the number of stores for Tesco and other retail chains.
- 56% of revenues came from the international business, compared to 70% for the year ended 31st March 2007.

4. Digital and New Media

- The opportunity - New Media continues to be another important driver of the monetization of the Eros catalogue.
- YouTube - The Eros channel on YouTube (www.youtube.com/erosentertainment) gained further in popularity with over 4 million views and commenced monetization by way of ad clicks with Google.
- Sky Anytime - The Eros service on Sky Anytime service went live in September. It is a revenue share deal where the films are available on demand.
- Joost - Another high margin deal was concluded with Joost to launch an advertising driven Bollywood channel which could be extended to a subscription model, this is on a revenue share basis.
- Mauritius Telecom and Singnet - Video-On-Demand licensing deals were concluded with Mauritius Telecom and Singnet Pte Ltd with minimum guarantee fees.
- Comcast - The Comcast service, the Company's joint venture subscription VOD cable service in the USA, continues to grow and has crossed 10,000 subscribers.
- NME - The Company entered into a minimum guarantee licensing deal with New Medium Enterprise to release a selection of Eros films bundled along with NME's VMD format of High Definition DVD players.
- Vudu - The Company signed a deal with VUDU, which has launched a VUDU Set Top Box based video on demand service in the US offering 5,000 Hollywood titles and Bollywood titles.
- Mauj Telecom - Ongoing minimum guarantees from the Mauj Telecom mobile licensing deal, concluded in 2006, continues to benefit the Company.
- Music - The Company has released further music titles in the period which have also been distributed through iTunes and also launched its own music publishing division.
- 11% of revenues came from New Media, compared to 9% for the year ended 31st March 2007.

EXPANSION AND PARTNERSHIPS

1. Ayngaran acquisition – Eros entry into Tamil industry

- In July, Eros announced the acquisition of a 51% interest in Ayngaran International, the Tamil film market leader with a library of over 600 films and a successful 20-year track record. The date of acquisition is 1 October 2007 so revenues and cost will show in the second half of the year.
- While the business has been acquired for a nominal sum, Eros has committed to invest up to $33 million as working capital to grow the Tamil business and aims to consolidate the Tamil market in the same way that it achieved a leading position in the Hindi film sector.
- Prior to the acquisition in June 2007, Eros and Ayngaran came together for the international distribution of the film 'Sivaji-the Boss', which created history by grossing over US$ 25 million worldwide; the highest ever for any Tamil film and featured in the UK charts in spite of showing across just 13 Cineworld screens.
- Since the Ayngaran business is also shifting from international to global play including India post the acquisition, the Company will benefit from one major Ayngaran global release before the year end and at least 5 major global releases next year.

2. Eros – Sony Pictures film production slate

- In September the Company signed a deal with Sony Pictures Entertainment to co-invest in a slate of Hindi films.
- Under the terms of the non-exclusive agreement, Sony and Eros will jointly develop, produce and acquire multiple films for the new Hindi film slate.
- Sony Pictures is expected to distribute some of the titles in the United States, and Eros will use its established infrastructure to distribute the films in other international territories. The two companies will work jointly in India.

3. EyeQube Studios – Visual effects facility in India with Charles Darby

- In September 2007, Eros launched a subsidiary called, EyeQube Studios in India with Charles Darby. EyeQube is positioned to be India's first visual effects company that's built from the ground-up supported by world-class training from renowned international experts in the field.
- Charles Darby is one of the pioneers in matte paintings in a digital format 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 won an Emmy for his art direction and VFX designs for HBO'S "Rome". High-profile 'Rome' is the most expensive television show in history, costing almost $100 million. The other television series Darby was involved with, "Dune", also won an Emmy for best VFX.
- EyeQube will cater to the top-end visual effects work in the industry and internationally. It will exclusively handle visual effects for all of Eros's home productions and co-productions. The company has already commenced work on Eros International's much awaited films Aladin and Drona and has several other films in the pipeline.

4. Financing

- In September, Citigroup Global Markets Limited agreed to underwrite a $100m 5-year acquisition financing facility for the company's Dubai subsidiary to support Eros's strategy of consolidating the fragmented Indian entertainment content sector.

CONTENT PIPELINE SECURE

Eros has continued to build on the tie-ups announced at the time of the preliminary announcement in July 2007 which gave the Company visibility of over 52 films and has entered into further content deals:

- A tie up with Hritik Roshan to lead in a film co-produced by Eros and Carving Dreams Entertainment.
- A tie up with Mukta Arts for three films Yuvraaj (starring Salmaan Khan & Katrina Kaif), Black and White and Bombay 2 Bangkok.
- An output deal with White Feather Films Ltd, for the acquisition of global film distribution rights. The deal includes approximately 15 films to be acquired by Eros over a five-year period.
- A tie up with Rakesh Roshan for his forthcoming film Krazzy 4.
- A co-production tie up with Harry Baweja.
- A tie up with Mukta Arts subsidiary Red Carpet to co-produce a slate of 3-4 films.

- Since September 2007, Eros has already released Om Shanti Om and Bhool Bhulaiyya. The total Eros release slate up to March 2008 is 29 films out of which 19 will be global releases.
- The Company has almost 100% visibility for its 2008-09 releases, 70% visibility for its 2009-10 releases and 40% visibility for its 2010-11 release pipeline.

MANAGEMENT & BOARD

- As announced on 18th July 2007 the Company appointed Naresh Chandra as a Senior Non-Executive Director.
- Naresh Chandra, 72, has led a distinguished political career spanning over four decades. Since joining the Indian Civil Service in 1956, Mr Chandra has served as Chief Secretary of the State of Rajasthan, Home Secretary of the Government of India and Cabinet Secretary of the Government of India. In August 1992, he was appointed a Senior Adviser to the Prime Minister of India and from 1995 to 2001 was Ambassador of India to the United States and has also served as the Head of the Corporate Governance Committee of the Government of India. He is currently Chairman of the advisory board of Coca-Cola India among other prestigious commercial appointments.
- The Company also recruited some highly qualified and experienced professionals in key positions. Nayeem Syed joined as General Counsel (ex Viacom), Marcus Stuart joined as EVP Business and Corporate Development (ex Goldman Sachs), Benjamin Bach joined as Senior VP – International Sales (ex Fox) and Manu Kaushish joined as Senior VP – New Media.

OUTLOOK

The Board is pleased that its interim results for the six months to 30 September 2007 are in line with its expectations and show very high double digit growth in Turnover, EBIDTA and PBT vis-à-vis the Company's performance in the comparative period.

Based upon the current strong pipeline of releases, the Board is also confident that it is on track to deliver full year performance in line with expectations.

Om Shanti Om, the Red Chillies Entertainment production starring Shah Rukh Khan, released day and date worldwide by Eros on 9th of November, has emerged as the highest first week grosser in the history of Indian cinema recording box office revenues of over $ 19 million worldwide.

Securing more content, enhancing global distribution, and leveraging its existing competitive advantage to accelerate the consolidation process will remain the Company's focus in the next 12 months. In the medium to long term the Company will look at scaling broader entertainment opportunities like digital cinema, animation, television and cable channels.

Condensed consolidated (unaudited) interim income statement

	Note	**6 months to 30 September 2007 (unaudited) $ '000**	6 months to 30 September 2006 (unaudited) $ '000	Year to 31 March 2007 (unaudited) $ '000
Continuing operations				
Revenue	4	**34,605**	21,807	66,441
Cost of sales		**(16,037)**	(9,088)	(26,502)
Gross profit		**18,568**	12,719	39,939
Administrative costs		**(4,557)**	(3,901)	(6,497)
Other expenses		**-**	(1,129)	(1,484)
Finance costs		**(385)**	58	(1,014)
Profit before tax		**13,626**	7,747	30,944
Income tax expense		**(982)**	(386)	(1,697)
Profit for the period		**12,644**	7,361	29,247
Attributable to:				
Equity holders of the parent		**12,644**	7,361	29,247
Minority interest		**-**	-	-
		12,644	7,361	29,247
Earnings per share: (cents)	7			
Basic earnings per share		**11.46**	14.18	37.03
Diluted earnings per share		**11.44**	14.15	36.96
Adjusted Earnings per share: (cents)	7			
Adjusted basic earnings per share		**11.46**	7.36	28.37
Adjusted diluted earnings per share		**11.44**	7.35	28.33

Condensed consolidated (unaudited) interim balance sheet

	Note	30 September 2007 (unaudited) $ '000	30 September 2006 (unaudited) $ '000	31 March 2007 (unaudited) $ '000
ASSETS				
Non-current assets				
Property, plant and equipment		**3,678**	3,394	2,966
Goodwill		**5,207**	3,688	5,207
Other intangible assets	6	**162,591**	51,143	109,835
Available-for-sale investments		**1,303**	-	-
Deferred tax assets		**116**	-	396
		172,895	58,225	118,404
Current assets				
Inventories		**1,096**	1,816	1,376
Trade and other receivables		**37,443**	22,876	37,151
Other current assets		**3,136**	2,170	565
Cash and cash equivalents		**75,552**	17,622	46,417
		117,227	44,484	85,509
Total assets		**290,122**	102,709	203,913

Condensed consolidated (unaudited) interim balance sheet (continued)

	Note	30 September 2007 (unaudited) $ '000	30 September 2006 (unaudited) $ '000	31 March 2007 (unaudited) $ '000
LIABILITIES				
Current liabilities				
Trade and other payables		**8,847**	7,101	11,893
Short-term borrowings		**31,744**	17,685	43,764
Current tax payable		**702**	386	2,342
Short-term provisions		**2,153**	2,134	1,671
		43,446	27,306	59,670
Non-current liabilities				
Long-term borrowings		**55,718**	-	-
Total non-current liabilities		**55,718**	-	-
Total liabilities		**99,164**	27,306	59,670
Net assets		**190,958**	75,403	144,243
EQUITY				
Equity attributable to equity holders of the parent				
Share capital		**20,858**	18,200	20,180
Share premium account		**127,355**	50,729	94,613
Translation reserve		**799**	(892)	148
Retained Earnings		**41,946**	7,366	29,302
		190,958	75,403	144,243
Minority interest		**-**	-	-
Total equity		**190,958**	75,403	144,243

Condensed consolidated (unaudited) interim statement of changes in equity

	Note	Share capital (unaudited) $ '000	Share premium account (unaudited) $ '000	Translation reserve (unaudited) $ '000	Retained Earnings (unaudited) $ '000	Total (unaudited) $ '000	Minority interest (unaudited) $ '000	Total equity (unaudited) $ '000
Balance at 31 March 2006		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in equity for the six months ended 30th September 2006								
IFRS 2 Share based payments		-	-	-	5	5	-	5
Exchange differences on translation of foreign operations		-	-	(892)	-	(892)	-	(892)
Net income recognised directly in equity		-	-	(892)	5	(887)	-	(887)
Profit for the period		-	-	-	7,361	7,361	-	7,361
Total recognised income and expense for the period		**-**	**-**	**(892)**	**7,366**	**6,474**	**-**	**6,474**
Issue of share capital		18,200	50,729	-	-	68,929	-	68,929
Balance at 30 September 2006		**18,200**	**50,729**	**(892)**	**7,366**	**75,403**	**-**	**75,403**

Condensed consolidated (unaudited) interim statement of changes in equity (continued)

	Note	Share capital (unaudited) $ '000	Share premium account (unaudited) $ '000	Translation reserve (unaudited) $ '000	Retained Earnings (unaudited) $ '000	Total (unaudited) $ '000	Minority interest (unaudited) $ '000	Total equity (unaudited) $ '000
Balance at 31 March 2006		-	-	-	-	-	-	-
Changes in equity for year ended 31st March 2007								
IFRS 2 Share based payment		-	-	-	55	55	-	55
Exchange differences on translation of foreign operations		-	-	148	-	148	-	148
Net income recognised directly in equity		-	-	148	55	203	-	203
Profit for the period		-	-	-	29,247	29,247	-	29,247
Total recognised income and expense for the period		**-**	**-**	**148**	**29,302**	**29,450**	**-**	**29,450**
Issue of share capital		20,180	94,613	-	-	114,793	-	114,793
Balance at 31 March 2007		**20,180**	**94,613**	**148**	**29,302**	**144,243**	**-**	**144,243**

Condensed consolidated (unaudited) interim statement of changes in equity (continued)

	Note	Share capital (unaudited) $ '000	Share premium account (unaudited) $ '000	Translation reserve (unaudited) $ '000	Retained Earnings (unaudited) $ '000	Total (unaudited) $ '000	Minority interest (unaudited) $ '000	Total equity (unaudited) $ '000
Balance at 31 March 2007		20,180	94,613	148	29,302	144,243	-	144,243
Changes in equity for 6 months ended 30 September 2007								
Exchange differences on translation of foreign operations		-	-	651	-	651	-	651
Net income recognised directly in equity		-	-	651	-	651	-	651
Profit for the period		-	-	-	12,644	12,644	-	12,644
Total recognised income and expense for the period		**-**	**-**	**651**	**12,644**	**13,295**	**-**	**13,295**
Issue of share capital		678	32,742	-	-	33,420	-	33,420
Balance at 30 September 2007		**20,858**	**127,355**	**799**	**41,946**	**190,958**	**-**	**190,958**

Condensed consolidated (unaudited) interim cash flow statement

	Note	**6 months to 30 September 2007 (unaudited) $'000**	6 months to 30 September 2006 (unaudited) $'000	Year to 31 March 2007 (unaudited) $'000
Cash flows from operating activities				
Profit before tax		**13,626**	7,747	30,944
Adjustments for:		**-**	-	-
Depreciation		**187**	90	313
Movement in assets for resale		**(1,303)**	-	-
Share based payment		**-**	-	588
Amortisation of intangibles		**10,323**	5,469	16,275
Movement in other current assets		**(2,571)**	-	-
Finance Charge		**385**	(58)	1,014
Movement in trade and other receivables		**(92)**	665	4,990
Movement in inventories		**280**	(2,690)	80
Movement in trade payables		**(3,428)**	772	(9,183)
Cash generated from operations		**17,407**	11,995	45,021
Interest paid		**(934)**	(849)	(2,193)
Income taxes paid		**(1,027)**	-	(1,081)
Net cash from operating activities		**15,446**	11,146	41,747
Cash flows from investing activities				
Acquisition of subsidiaries net of cash acquired		**-**	-	(29,366)
Purchase of property, plant and equipment		**(899)**	(418)	(277)
Purchase of intangible film rights and related contents		**(63,079)**	(43,199)	(91,988)
Interest received		**549**	907	1,137
Net cash used in investing activities		**(63,429)**	(42,710)	(120,494)
Cash flows from financing activities				
Proceeds from issue of share capital		**33,420**	31,501	81,400
Proceeds from long-term borrowings		**55,718**	-	-
Net cash used in financing activities		**89,138**	31,501	81,400
Net increase in cash and cash equivalents		**41,155**	(63)	2,653
Cash and cash equivalents at beginning of period		**2,653**	-	-
Cash and cash equivalents at end of period		**43,808**	(63)	2,653

Notes to the condensed consolidated (unaudited) interim financial statements

1 Nature of operations and general information

Eros International Plc and its subsidiaries' ('the Group') principal activities include the productions of Indian films and related content.

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.

Eros's consolidated (unaudited) interim financial statements are presented in US Dollars ($), which is also the functional currency of the parent company.

These consolidated condensed (unaudited) interim financial statements have been approved for issue by the Board of Directors on 28 November 2007.

The financial information set out in this (unaudited) interim report does not constitute statutory accounts. The Group's statutory financial statements for the year ended 31 March 2007, prepared under UK GAAP. The auditor's report on those financial statements was unqualified.

2 Basis of preparation

These (unaudited) interim condensed consolidated financial statements are for the six months ended 30 September 2007. They have been prepared in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to (unaudited) interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 31 March 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2007.

These financial statements have been prepared under the historical cost convention, except for revaluation of financial instruments.

These condensed consolidated (unaudited) interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 March 2007 or are expected to be adopted and effective at 31 March 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU.

Eros International Plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 31 March 2007. The date of transition to IFRS was 31 March 2006. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 9.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements and will be applied in the preparation of the annual accounts.

Basis of consolidation

The group financial statements consolidate those of the company and all of its subsidiary undertaking 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.

Acquisitions of subsidiaries 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.

Non Current Intangible assets

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

Investments in films and associated rights

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 exploitation of the rights has not yet commenced.

Trade name

'Eros', the trade name is considered to have an indefinite economic life because of the institutional nature of the corporate brand name, it's 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.

Trademarks and copyrights

A charge is made to write down the cost of trademarks and copyrights on a straight line basis over their estimated useful lives of up to 20 years.

The estimated useful life for determining the amortisation charge is reviewed annually and any further provision for impairment is charged against profit and loss in the year concerned.

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 arsing 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, the development 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 to residual values over the useful economic life from the date that they start generating future economic benefits as follows:

Software 33% per annum

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Revenue Recognition

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.
- Consumer products - 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 -New media revenues are recognised at the earlier of when the content is accessed or declared.

Share Based Payments

The fair value of share or options granted is recognised as an employee expense 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 actual number of shares or options that vest.

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 the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of recognised income and expenses to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of recognised income and expenses, 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 "Foreign currency 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.

Property, Plant & equipment

Property, Plant & Equipment are stated at historical cost less accumulated depreciation. Depreciation is provided to write off the cost of all tangible non current assets to their residual value over their expected useful lives calculated on the historical cost of the assets at the following rates:

	Rate of depreciation % Per annum
Freehold buildings	2 – 10
Plant and machinery	15-20
Office furniture, fixtures, equipment and vehicles	15 – 40

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.

Non-current assets classified as held for sale

Assets held for sale include assets that the group intends and expects to sell within one year from the date of classification as held for sale. Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

Inventories (previously classified as stocks and work in progress)

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

- Finished goods and work in progress (including films in production) - at purchase price, including appropriate labour costs and other overheads. Where applicable directly attributable financing costs are also included.
- Other inventory - at purchase price.

Net realisable value is defined as anticipated selling price or anticipated revenue less cost to completion.

Taxation

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.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred 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 tax is measured at the actual tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, in line with the provision in respect of current taxes.

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 and 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 and statement of recognised income and expense. 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 if ownership but does transfer control of that asset.

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.

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.

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

Retained Earnings – this represents retained profits

3 Seasonal fluctuations

The distribution of Indian films and related content is subject to seasonal fluctuations, with peak demand in the second half of each financial year. The period to September 2006 contributed revenue of 32% when compared to the overall revenue for the year ended 31 March 2007.

4 Segmental analysis

Eros operates one business segment, the acquisition and distribution of film rights.

5 Share issue

During the period to 30 September 2007, 3,304,825 shares, which yielded $33,415,000 cash, were issued to raise funds for content acquisitions and 28,650, which yielded $5,000 cash, for shares which were issued to a non-executive director. Shares issued and authorised for the period to 30 September 2007 may be summarised as follows:

6 months to 30 September 2007

	Number	**$**
At 1 April 2007	**110,160,824**	20,180,396
Issue of shares	**3,333,475**	677,988
At 30 September 2007	**113,494,299**	20,858,384

6 months to 30 September 2006

	Number	**$**
At 31 March 2006	**-**	-
Issue of shares	**100,000,000**	18,200,000
At 30 September 2006	**100,000,000**	18,200,000

Year to 31 March 2007

	Number	**$**
At 31 March 2006	**-**	-
Issue of shares	**110,160,824**	20,180,396
At 31 March 2007	**110,160,824**	20,180,396

6 Other intangible non current assets

Other intangible non current assets comprise film and content rights, advances in respect of film and content rights, films in the course of production and trade names.

The carrying amount in respect of each of these classes is shown in the table below:

	30 September 2007	30 September 2006	31 March 2007
Film, content rights and software	**76,720**	28,751	58,125
Advances	**55,285**	8,392	34,304
Film Productions	**16,586**	-	3,406
Trade Names	**14,000**	14,000	14,000
	162,591	51,143	109,835

7 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

An adjusted basic and diluted earnings per share have been provided to allow comparison of the results in each period. The adjusted earnings per share has been calculated using the assumption that the 100 million shares issued in respect of the group formation and IPO placing in June and July 2006 were in fact in issue for the whole period ended 30 September 2006.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

6 months to 30 September 2007

	Earnings $ '000	**Weighted average number of shares**	**Per share amount Cents**
Profit after tax	12,644		
Earnings attributable to ordinary shareholders	12,644		
Weighted average number of shares (used for basic earnings per share)		110,294,237	
Dilutive effect of options		206,346	
Diluted weighted average number of shares (used for diluted earnings per share)		110,500,583	
Basic earnings per share			11.46
Diluted earnings per share			11.44

Adjusted basic and diluted earnings per share for the 6 months ended 30 September 2007 remain the same as basic and diluted earnings per share for the period.

6 months to 30 September 2006

	Earnings	Weighted average number of shares	Per share amount
	$ '000		**Cents**
Profit after tax	7,361		
Earnings attributable to ordinary shareholders	7,361		
Weighted average number of shares (used for basic earnings per share)		51,916,812	
Dilutive effect of options		103,737	
Diluted weighted average number of shares (used for diluted earnings per share)		52,020,549	
Basic earnings per share (cents)			14.18
Diluted earnings per share (cents)			14.15
Adjusted weighted average number of shares (used for weighted basic earnings per share)		100,000,000	
Dilutive effect of options		103,737	
Diluted weighted average number of shares (used for diluted earnings per share)		100,103,737	
Adjusted basic earnings per share (cents)			7.36
Adjusted diluted earnings per share (cents)			7.35

Year to 31 March 2007

	Earnings $ '000	Weighted average number of shares	Per share amount Cents
Profit after tax	29,247		
Earnings attributable to ordinary shareholders	29,247		
Weighted average number of shares (used for basic earnings per share)		78,980,181	
Dilutive effect of options		154,901	
Diluted weighted average number of shares (used for diluted earnings per share)		79,135,082	
Basic earnings per share (cents)			37.03
Diluted earnings per share (cents)			36.96
Adjusted weighted average number of shares (used for weighted basic earnings per share)		103,087,642	
Dilutive effect of options		154,901	
Diluted weighted average number of shares (used for diluted earnings per share)		103,242,543	
Adjusted basic earnings per share (cents)			28.37
Adjusted diluted earnings per share (cents)			28.33

8 Events after the balance sheet date

During the period Eros International Plc acquired 51% of the issued share capital of Ayangaran International Ltd, a company based in the Isle of Man. Ayngaran International Limited acquired the trade and assets of "Ayngaran" on 1 October 2007 and as such there are no results to report for the period ended 30 September 2007. At this stage it is not practicable to show the trade and assets acquired as their fair values are being ascertained and a full analysis will be provided within the 31 March 2008 annual report. The purchase price of the shares in Ayngaran International Limited was at nominal value.

9 Explanation of transition to IFRS

As stated in the Basis of Preparation, these are the Group's first (unaudited) interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out below.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. The entity has elected not to apply IAS 21 "The Effects of Changes in Foreign Exchange Rates" retrospectively to goodwill and fair value adjustments arising on business combinations before the Group's date of transition to IFRS. Such goodwill and fair value adjustments are not treated as foreign currency assets and so are not retranslated at each reporting date.

Reconciliation of equity at 30 September 2006

	UK GAAP $ 000	a $ 000	b $ 000	c $ 000	d $ 000	IFRS $ 000
Non-current assets						
Property, plant and equipment	3,394	-	-	-	-	3,394
Goodwill	17,246	442	(14,000)	-	-	3,688
Other intangible assets	37,143	-	14,000	-	-	51,143
Current assets						
Inventories	1,816	-	-	-	-	1,816
Trade and other receivables	22,876	-	-	-	-	22,876
Other current assets	2,170	-	-	-	-	2,170
Cash and cash equivalents	17,622	-	-	-	-	17,622

Reconciliation of equity at 30 September 2006 (Continued)

	UK GAAP $'000	a $'000	b $'000	c $'000	d $'000	IFRS $'000
Current liabilities						
Trade and other payables	(7,101)	-	-	-	-	(7,101)
Short-term borrowings	(17,685)	-	-	-	-	(17,685)
Current tax payable	(386)	-	-	-	-	(386)
Short-term provisions	(2,059)	-	-	(75)	-	(2,134)
Net assets	75,046	442	-	(75)	-	75,403
Equity						
Share capital	18,200	-	-	-	-	18,200
Share premium account	50,729	-	-	-	-	50,729
Translation reserve	-	-	-	-	(892)	(892)
Retained earnings	6,107	442	-	(75)	892	7,366
Total equity	75,046	442	-	(75)	-	75,403

Reconciliation of equity at 31 March 2007

	UK GAAP $ 000	a $ 000	b $ 000	c $ 000	d $ 000	IFRS
Non-current assets						
Property, plant and equipment	2,966	-	-	-	-	2,966
Goodwill	18,205	1,002	(14,000)	-	-	5,207
Other intangible assets	95,835	-	14,000	-	-	109,835
Deferred tax assets	396	-	-	-	-	396
Current assets						
Inventories	1,376	-	-	-	-	1,376
Trade and other receivables	37,151	-	-	-	-	37,151
Other current assets	565	-	-	-	-	565
Cash and cash equivalents	46,417	-	-	-	-	46,417

Reconciliation of equity at 31 March 2007 (Continued)

	UK GAAP $'000	a $'000	b $'000	c $'000	d $'000	IFRS $'000
Current liabilities						
Trade and other payables	(11,893)	-	-	-	-	(11,893)
Short-term borrowings	(43,764)	-	-	-	-	(43,764)
Current tax payable	(2,342)	-	-	-	-	(2,342)
Short-term provisions	(1,596)	-	-	(75)	-	(1,671)
Net assets	143,316	1,002	-	(75)	-	144,243
Equity						
Share capital	20,180	-	-	-	-	20,180
Share premium account	94,613	-	-	-	-	94,613
Translation reserve		-	-	-	148	148
Retained earnings	28,523	1,002	-	(75)	(148)	29,302
Total equity	143,316	1,002	-	(75)	-	144,243

Reconciliation of profit for the 6 months ended 30 September 2006

	UK GAAP $'000	a $'000	b $'000	c $'000	d $'000	IFRS $'000
Continuing operations						
Revenue	21,807	-	-	-	-	21,807
Cost of sales	(9,088)	-	-	-	-	(9,088)
Gross profit	12,719	-	-	-	-	12,719
Other income	-	-	-	-	-	-
Distribution costs	-	-	-	-	-	-
Administrative costs	(5,397)	442	-	(75)	-	(5,030)
Finance costs	58	-	-	-	-	58
Share of profit of associates and joint ventures						
Profit before tax	7,380	442	-	(75)	-	7,747
Income tax expense	(386)	-	-	-	-	(386)
Profit for the period from continuing operations	6,994	442	-	(75)	-	7,361

Reconciliation of profit for the year to 31 March 2007

	UK GAAP $'000	a $'000	b $'000	c $'000	d $'000	IFRS $'000
Continuing operations						
Revenue	66,441	-	-	-	-	66,441
Cost of sales	(26,502)	-	-	-	-	(26,502)
Gross profit	39,939	-	-	-	-	39,939
Other income	-	-	-	-	-	-
Distribution costs	-	-	-	-	-	-
Administrative costs	(8,908)	1,002	-	(75)	-	(7981)
Finance costs	(1,014)	-	-	-	-	(1,014)
Share of profit of associates and joint ventures						
Profit before tax	30,017	1,002	-	(75)	-	30,944
Income tax expense	(1,697)	-	-	-	-	(1,697)
Profit for the period from continuing operations	28,320	1,002	-	(75)	-	29,247

Notes to the reconciliations

a) Goodwill recognised by the Group on acquisition of Eros Network and Eros Worldwide FZ LLC under UK GAAP was amortised over a period of 20 years. Under IFRS goodwill is not amortised, but tested annually for impairment. The goodwill amortisation charge recognised in accordance with UK GAAP in the year to 31 March 2007 was written back. Intangible assets identified on this business combination in accordance with IFRS as described above have not been amortised as it is considered that as a result of the continuing expenditure on promoting the Eros brand they have not depreciated in value. The result of these adjustments is to decrease the amortisation charge in the income statement for the six months ending 30 September 2006 by $442,000 and by $1,002,000 for the year ending 31 March 2007 and increase the carrying value of the goodwill by the same amounts.

b) The Group acquired Eros Network Limited and Eros Worldwide FZ LLC in June 2006. . Application of IFRS 3 to this business combination resulted in identification of intangible asset, including trademarks and brands. Under IFRS these have been recognised separately in the balance sheet at their fair value at the date of the combination. Under UK GAAP these intangible assets were subsumed within goodwill. The result of this adjustment is to decrease goodwill and increase intangible assets by $14,000,000 at the date of the combination. At 30 September 2006 and 31 March 2007 the value of intangible assets was increased by $14,000,000 respectively. The value of goodwill at 30 September 2006 and 31 March 2007 was reduced by $14,000,000.

c) Under IFRS the Group is required to recognise a provision in respect of holiday pay. This has resulted in an increased charge of $ 75,000 in the income statement for the 6 month ending 30th September 2006, and for the year ended 31st March 2007.

d) Differences arising from translation of investments in overseas subsidiaries are shown within the "Translation Reserves" rather than retained earnings.

Explanation of material adjustments to the cash flow statement
Application of IFRS has resulted in reclassification of certain items in the cash flow statement as follows:

(i) under UK GAAP, payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment'. Under IFRS, payments to acquire property, plant and equipment have been classified as part of 'Investing activities'.

(ii) income taxes paid during 2006 are classified as operating cash flows under IFRS, but were included in a separate category of tax cash flows under previous GAAP.

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.