POWERING INDIAN ENTERTAINMENT

EROS INTERNATIONAL PLC

ANNUAL REPORT AND ACCOUNTS 2012

Eros International is a leading global company in the Indian filmed entertainment industry that acquires, co-produces and distributes Indian language films in multiple formats worldwide.

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FORWARD-LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

REVENUE

▲25.5%

2012: US$206.5 million
2011: US$164.6 million

REVENUE (on a constant currency basis)

▲31.5%

2012: US$206.5 million
2011: US$157.0 million

Underlying EBITDA

▲22.6%

2012: US$154.8 million
2011: US$126.3 million

Underlying OPERATING PROFIT

▲17.0%

2012: US$66.7 million
2011: US$57.0 million

Basic EPS

▼17.4%

2012: 31.9 cents
2011: 38.6 cents

ESTABLISHED MARKET LEADERSHIP

Eros is a well-established brand in the Indian filmed entertainment industry

We believe our size, scale and leading market position will continue contributing to our growth in India and internationally and will position us to capitalize on the expected growth of the Indian media and entertainment industry.

Consistent success at box office

3 OUT OF THE TOP 10 GROSSING HINDI FILMS IN 2009*

- LOVE AAJ KAL
- DE DANA DAN
- KAMBAKKHT ISHQ

3 OUT OF THE TOP 10 GROSSING HINDI FILMS IN 2010*

- GOLMAAL 3
- HOUSEFULL
- ANJAANA ANJAANI

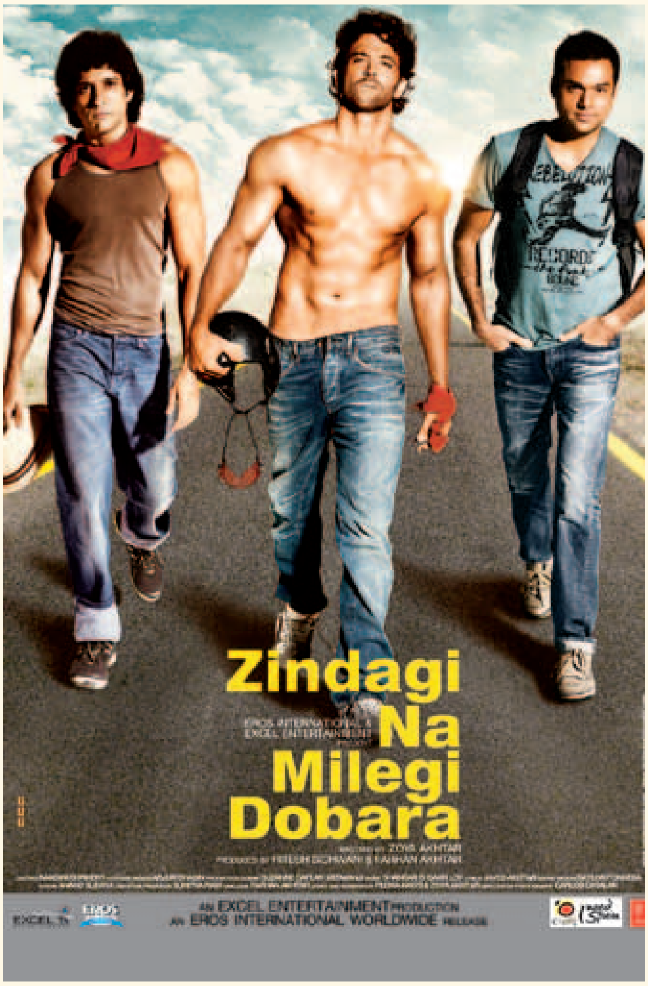
4 OUT OF THE TOP 10 GROSSING HINDI FILMS IN 2011*

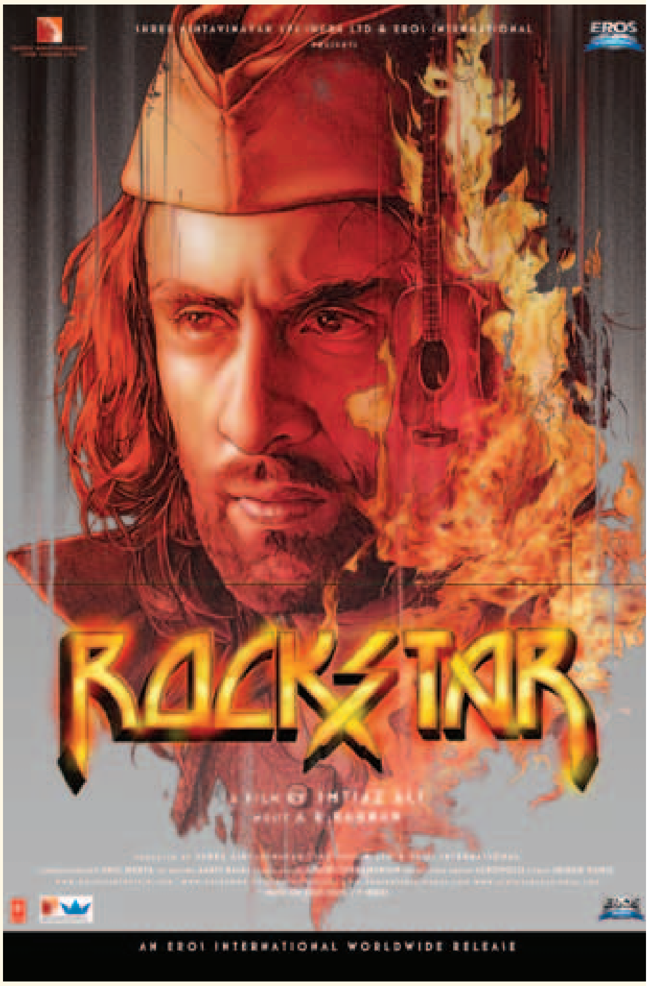
- RA.ONE
- READY
- ZINDAGI NA MILEGI DOBARA
- ROCKSTAR

* Source: Boxoffice India on calendar year basis


Haan Farishtey Hote Hain...
EROS
RA.ONE
STORY & DIRECTION ANUBHAV SINHA
PRODUCER GAURI KHAN
AN EROS INTERNATIONAL WORLDWIDE RELEASE


SALMAN KHAN
IS
GULSHAN KUMAR PRESENTS
READY
A FILM BY
ANEES BAZMEE
EROS


Zindagi
Na
Milegi
Dobara
AN EXCEL ENTERTAINMENT PRODUCTION
AN EROS INTERNATIONAL WORLDWIDE RELEASE


EROS
ROCKSTAR

EXECUTIVE CHAIRMAN'S STATEMENT

KISHORE LULLA, Executive Chairman

"I am delighted to report that Eros has seen a 25.5% increase in revenues, a 22.6% increase in underlying EBITDA and a 17.0% increase in underlying operating profit reflecting our growth from fiscal 2011 to 2012. These results are all the more impressive as they have been achieved despite the 13.8% depreciation of the Indian Rupee against the US Dollar in the twelve months ended 31 March 2012. Expected growth in the Indian Entertainment Sector, our global film distribution network and our ongoing investment in content will position us well for the future."

The Indian media and entertainment industry continued surging ahead in 2011. It recorded a healthy growth of 12.0% in 2011, over 2010, touching a market size of INR 728 billion*. This is largely attributable to the country's economic expansion and demographic trends. India's film industry, which is a subset of the media and entertainment industry, grew by 11.5% in 2011, over 2010, to INR 93 billion*.

For more than three decades, Eros has been a pioneer in creating a global platform for Indian cinema. Equipped with a strong balance sheet, scale, a large content library and a well developed distribution, we will continue to strive to capitalise on new opportunities as they arise. Our dynamic business model involving distribution of new films across theatrical, television and digital channels along with monetisation of our extensive film library provides us with diversified revenue streams.

The Company's major global releases during the year were Ready, Zindagi Na Milengi Dobara, Ra.One, Rockstar, Desi Boyz and Agent Vinod out of which four movies featured in the Top 10 Box Office Charts. Some of the notable films in the slate for the current financial year ending 31 March 2013 are Housefull 2 (released in April 2012), Vicky Donor (released in April 2012), Teri Meri Kahaani (released in June 2012), Ferrari ki Sawaari (released in June 2012), Cocktail (released in July 2012) and forthcoming releases such as Maatran, Kochadaiyaan and Khiladi.

* Source: FICCI-KPMG Report 2012

The Company's major global releases during the year were Ready, Zindagi Na Milengi Dobara, Ra.One, Rockstar, Desi Boyz and Agent Vinod out of which four movies featured in the Top 10 Box Office Charts

206.5 US$ MILLION

REVENUE

154.8 US$ MILLION

UNDERLYING EBITDA

66.7 US$ MILLION

UNDERLYING OPERATING PROFIT

In order to capitalise on emerging trends like growing Internet usage, increased broadband and availability of faster 3G/4G mobile networks, we recently launched Eros Now, our on-demand entertainment portal accessible via internet-enabled devices, with a selection of movies and music videos and we expect to expand this content offering over time. We believe that Eros Now will serve as a distribution platform to further exploit our extensive library content.

On 5 January, 2012, we entered into a $125.0 million revolving credit facility which will mature in January 2017. The new credit facility includes a provision allowing for one or more increases from time to time during the life of the facility by an aggregate amount not to exceed $75.0 million and, on 27 January, 2012; we exercised our option to increase the revolving facility by $25.0 million to a total amount of $150.0 million. The new credit facility was drawn on 14 February, 2012, and the proceeds of the initial drawing were used to repay in full our then existing revolving credit facilities, which were due to expire before 30 September 2012, and the unsecured overdraft facility at Eros Worldwide with an aggregate value of $150.0 million.

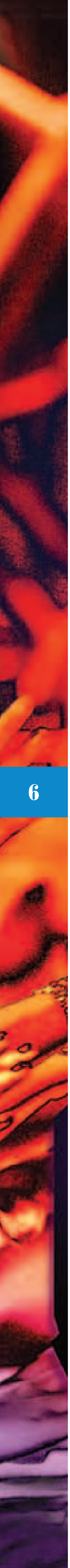
The Company had previously announced that it anticipates entering into a definitive agreement on or after 24 April 2012 to acquire a 100% control of B4U Television Network ("B4U"), the global Bollywood television network. Since the agreement was not executed by all selling shareholders within a reasonable timeframe, the transaction has not been completed as intended and stands cancelled. The Company continues to own 24% non- controlling interest in B4U.

Further to the Company's latest public filing on May 2 2012 with the United States Securities and Exchange Commission in connection with its proposed listing on the NYSE, the Company announced on 8 June 2012 that, given the current US equity market conditions, the Company has not yet determined when to launch its intended NYSE listing. The Company is continuing to monitor the situation and, when more clarity is available on timing, the Company will make a specific announcement to the London Stock Exchange. In the meantime, Eros will remain listed on AIM, London Stock Exchange.

I once again take the opportunity to thank all our stakeholders for their continued support. We remain committed to maintain Eros' leadership position in the Indian film industry and further capitalise on growth opportunities that come our way during this journey.

Warm regards,

Kishore Lulla
Executive Chairman



KEY STRENGTHS AND STRATEGY

Global leader in Indian filmed entertainment

Extensive content library of Indian films and music

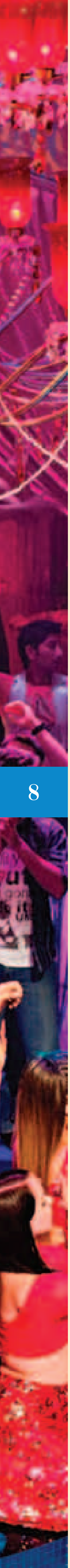
Strong relationships with leading talent for compelling co-production film slate

Unparalleled access to global distribution network

Accelerated film monetisation driven by strong pre-sales to de-risk film investment

Well positioned to capitalise on high growth Indian domestic media and entertainment market with structural upside


INDIA



DISTRIBUTION FORMATS

THEATRICAL

We distribute to the Indian multiplexes and single screens through our internal distribution offices in Mumbai, Delhi, Punjab, Chennai and Mysore and also through sub-distributors. Outside India, we distribute our films theatrically through our offices in North America, the United Kingdom, Dubai, Australia, Singapore and Fiji. In addition to these we also distribute films through sub-distributors.

TELEVISION

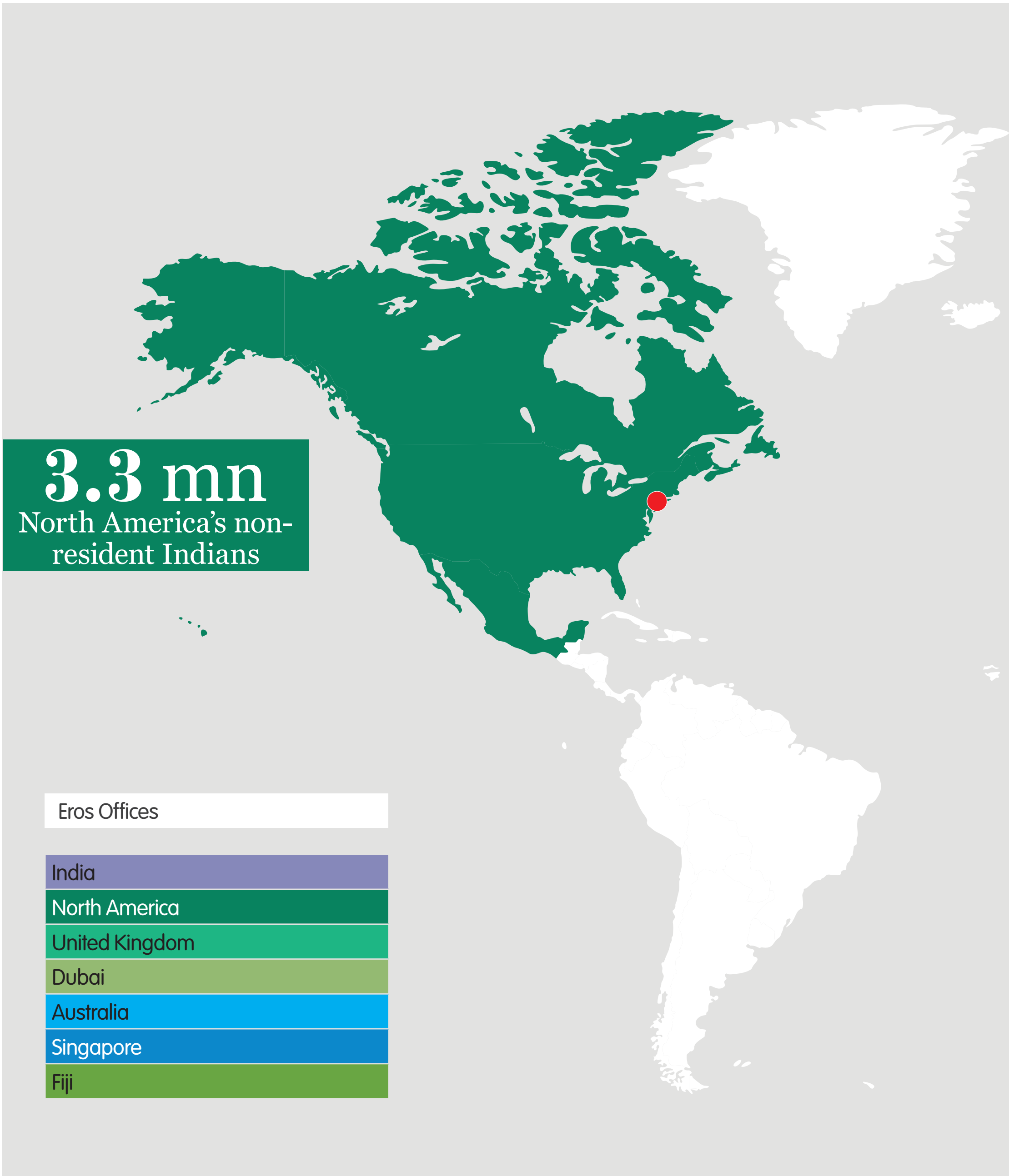
We have licensed content to major Indian television channels such as Sony, Star Network, Colors and Zee. Our content is typically released on satellite television three to six months after the initial theatrical release. We license Indian film content for broadcasting on major channels and platforms around the world, also dubbed and subtitled in foreign languages.

DIGITAL

We have access to a global network for the digital distribution of our content, which consists of full length films, music, music videos, clips and other video content. We distribute content primarily in IPTV, VOD (including SVOD and DTH) and online internet channels. Our Eros channel on YouTube has exceeded one billion views since our launch in 2007. We recently launched Eros Now, our on-demand entertainment portal accessible via internet-enabled devices.

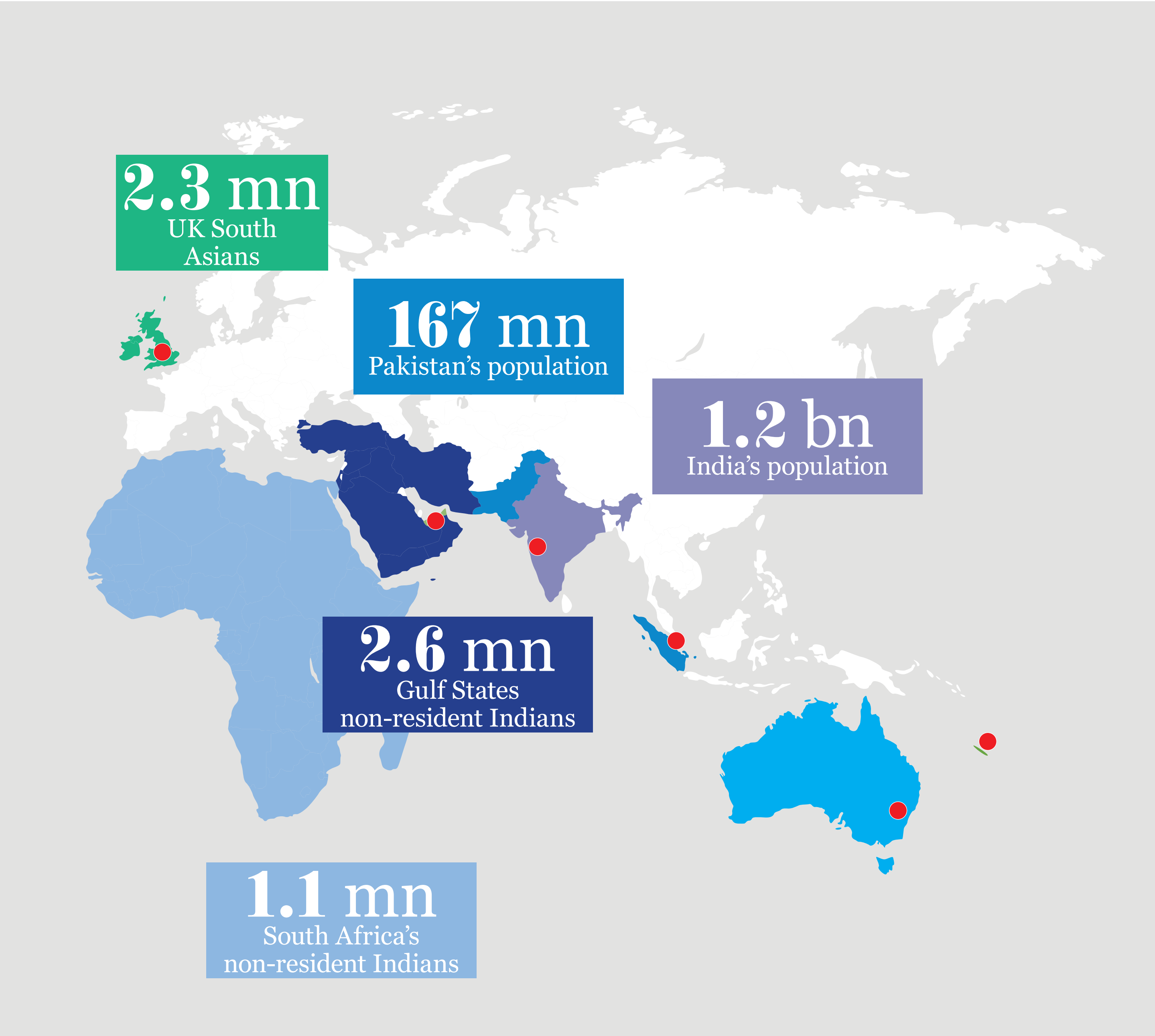
GLOBAL REACH

Our distribution capabilities enable us to target a majority of the 1.2 billion people in India, which is our primary market for Hindi and regional language films, as well as the 50 million South Asian expatriates internationally.



Our strong distribution capabilities further enable us to target consumers in over 50 countries internationally. We believe our dominance in major markets such as North America and the United Kingdom, where according to Nielsen EDI, we had a market share of 45.0% of all theatrically released Indian language films in 2011 (based on gross collections in each of these two markets) is representative of our global distribution strength.

We distribute throughout the Middle East to Indian expatriate populations. In addition to this, we release Indian films that are subtitled or dubbed in local languages to Germany, Poland, Russia, Indonesia, Malaysia, Taiwan, Japan, South Korea, China and Arabic speaking countries. Through this global distribution network, we distribute Indian entertainment content over the following primary distribution channels – theatrical, television syndication and digital platforms. Our internal distribution network allows us greater control, transparency and flexibility over the regions in which we distribute our films, resulting in higher profit margins. These margins are achieved as a result of the direct exploitation of our films without the payment of significant commissions to sub-distributors.



CONTENT IS KING

2,100+ FILM LIBRARY

270 NEW FILMS
released over the last
three fiscal years

77 FILMS
released in
financial year 2012

CONTENT PIPELINE

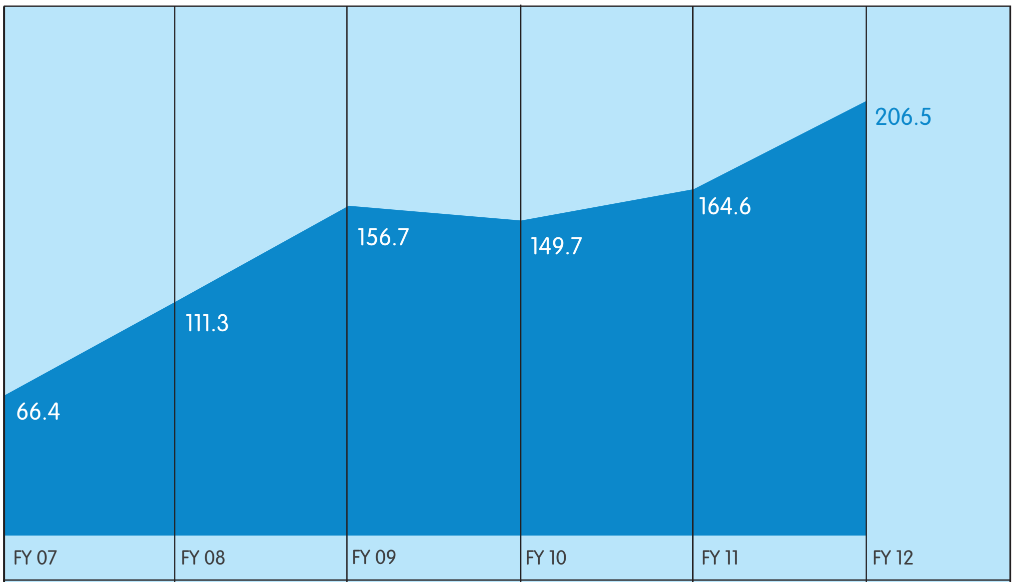
Film Name	Star Cast/(Director)	Scheduled Release (Fiscal year)
Housefull 2	Akshay Kumar, John Abraham, Asin, Rishi Kapoor (Sajid Khan)	Released
Vicky Donor	Ayushman Khurana, Yami Gautam (Shoojit Sircar)	Released
Tezz	Ajay Devgan, Anil Kapoor, Kangana Ranaut (Priyadarshan)	Released
Ferrari ki Sawari	Sharman Joshi, Written by Rajkumar Hirani	Released
Teri Meri Kahaani	Shahid Kapur, Priyanka Chopra (Kunal Kohli)	Released
Cocktail	Saif Ali Khan, Deepika Padukone (Homi Adjania), Written by Imtiyaz Ali	Released
Shirin Farhad Ki Nikal Padi	Farah Khan, Boman Irani. (Bela Segal)	Released
Maatran (Tamil)	Suriya, Kajal Aggarwal, (K.V. Anand)	FY13
English Vinglish	Sridevi, Priya Anand, Mehdi Nebbou (Gauri Shinde)	FY13
Akele Akele	Arjun Rampal (Vikram Jeet Singh)	FY14
Student of the Year	Siddharth Malhotra, Varun Dhawan, Alia Bhatt (Karan Johar)	FY13
Chakravyuh	Arjun Rampal, Abhay Deol, Esha Gupta. (Prakash Jha)	FY13
Bhoot 2	(Ram Gopal Varma)	FY13
Attacks of 26/11	(Ram Gopal Varma)	FY13
Khiladi	Akshay Kumar, Paresh Rawal (Ashish R Mohan)	FY13
Kochadaiyaan (Tamil,Hindi,Telugu)	Rajinikanth, Deepika Padukone Music – A.R. Rehman (Soundarya Rajinikanth)	FY13
Dishkiyaaoon	Sanjay Dutt, Harman Baweja, (Sanamjit Singh Talwar)	FY13
3G	Neil Nitin Mukesh, Sonal Chauhan (Shantanu Ray, Sheershak Anand)	FY13
Go Goa Gone	Saif Ali Khan, Kunal Khemu, Vir Das, Puja Gupta (Krishna DK, Raj Nidimoru)	FY13
Table no.21	Paresh Rawal, Rajeev Khandelwal. (Aditya Dutt)	FY13
Dekh Tamasha Dekh	Satish Kaushik & others (Feroz Khan)	FY13
Rangeeley (Punjabi)	Jimmi Shergill and others (Nananiat Singh)	FY13
Warning (3D)	Santosh Barmola, Madhurima Tuli, Manjari Phadnis (Anubhav Sinha)	FY13
Yeh Jawani Hai Deewani	Ranbir Kapoor, Deepika Padukone (Ayan Mukherji)	FY14
Ranjhna	Dhanush, Kangana Ranaut (Anand Rai)	FY14
Ram Leela	Ranvir Singh, Deepika Padukone, (Sanjay Leela Bhansali)	FY14
Tanu Weds Manu Season 2	R. Madhavan, Kangana Ranaut (Anand Rai)	FY14
Namak	Shahid Kapoor (Prabhu Deva)	FY14
Illuminati Films-Untitled	Saif Ali Khan (Saket Chaudhary)	FY14
Akele Akele	Arjun Rampal (Vikram Jeet Singh)	FY14
Purani Jeans	(Tanushree Basu)	FY14
Sarkar 3	Amitabh Bachchan, Abhishek Bachchan (Ram Gopal Varma)	FY14
Rana (Tamil,Hindi,Telugu)	Rajinikanth, Deepika Padukone Music – A.R. Rehman (K.S. Ravikumar)	FY14

Note : Above is an illustrative film slate which covers some of the major releases.

KEY PERFORMANCE INDICATORS

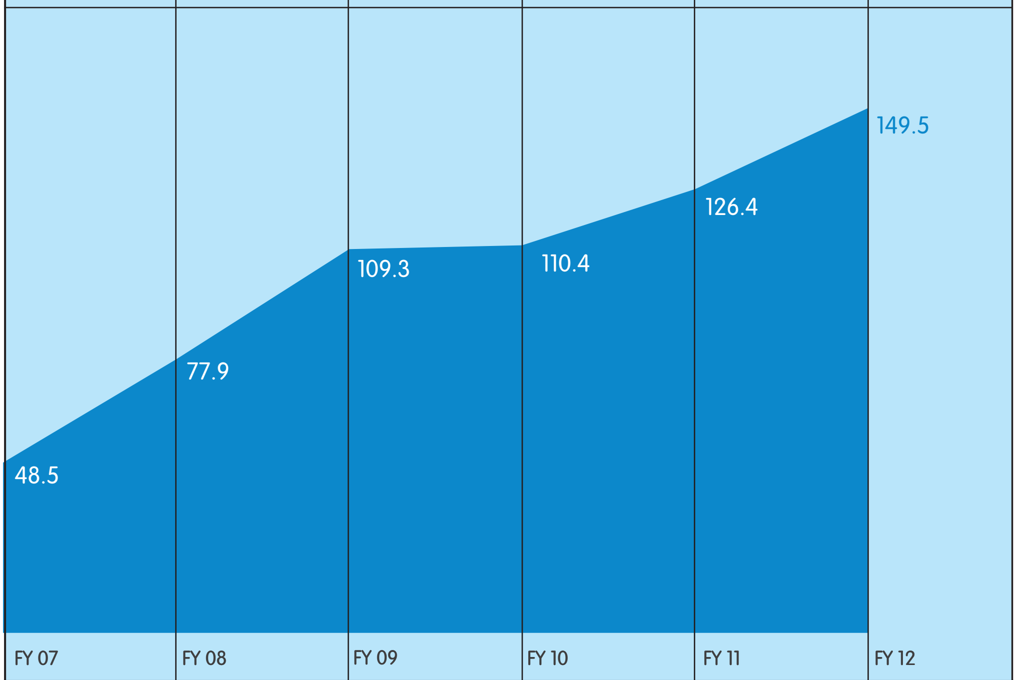
REVENUE
(US$ MILLION)

▲25.5%
CAGR



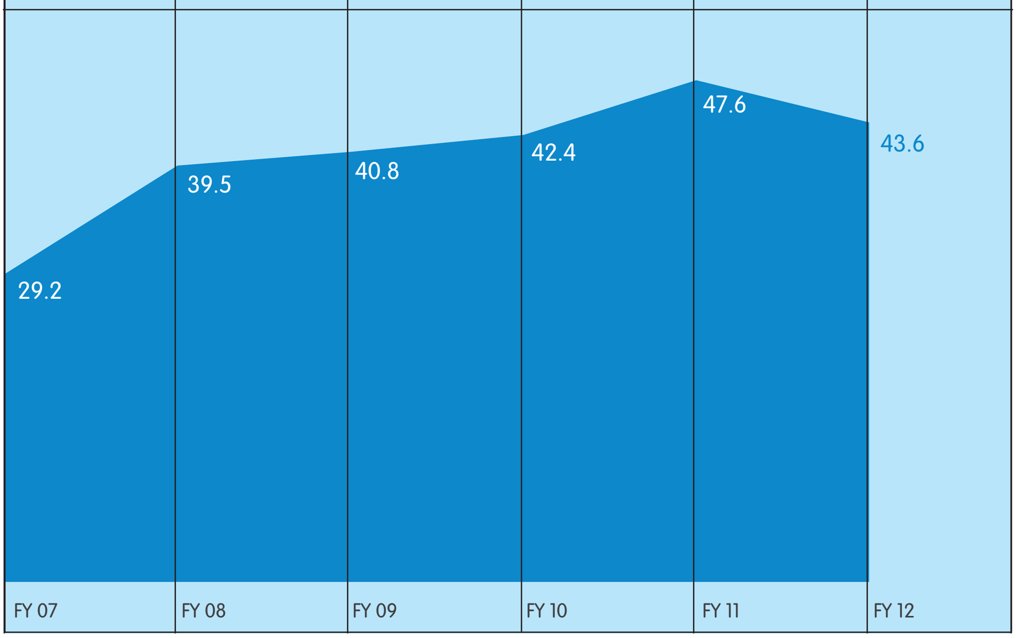
EBITDA
(US$ MILLION)

▲25.3%
CAGR

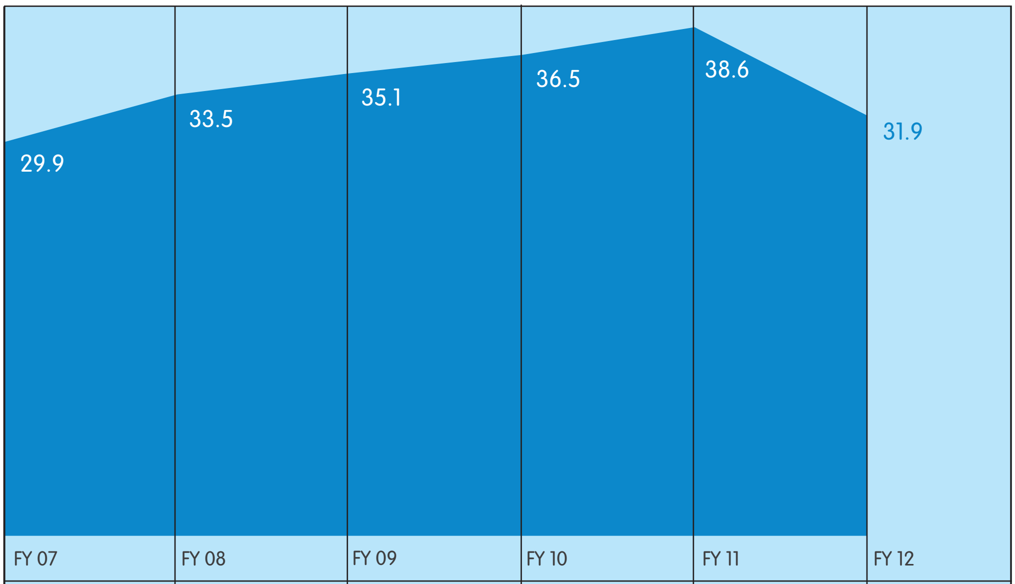


PROFIT FOR THE YEAR
(US$ MILLON)

▲8.4%
CAGR

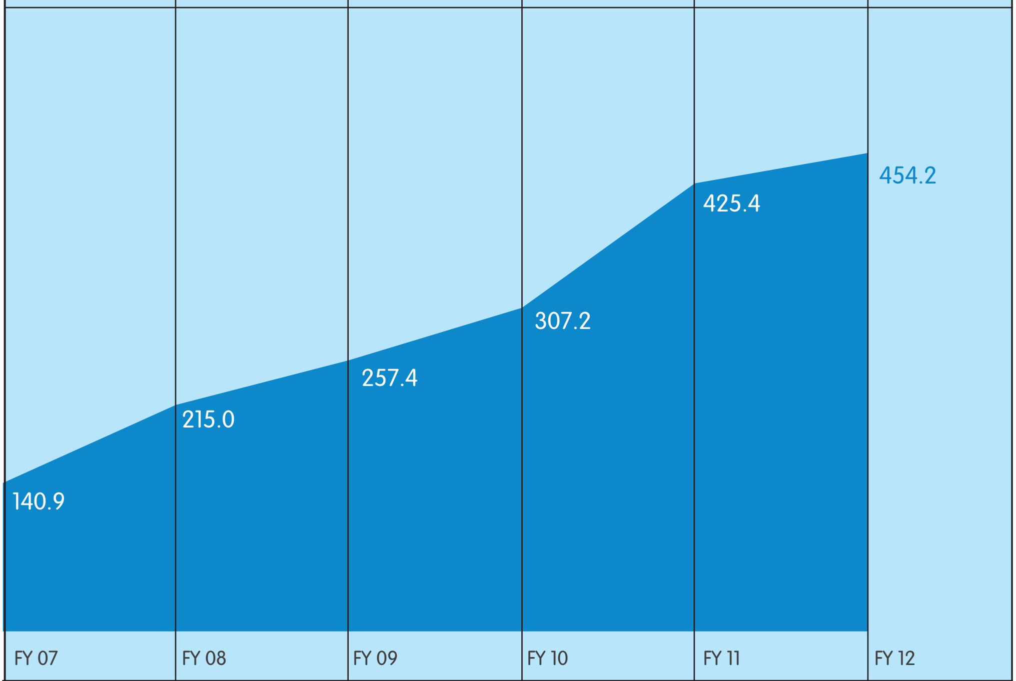


EARNINGS PER SHARE (CENTS)

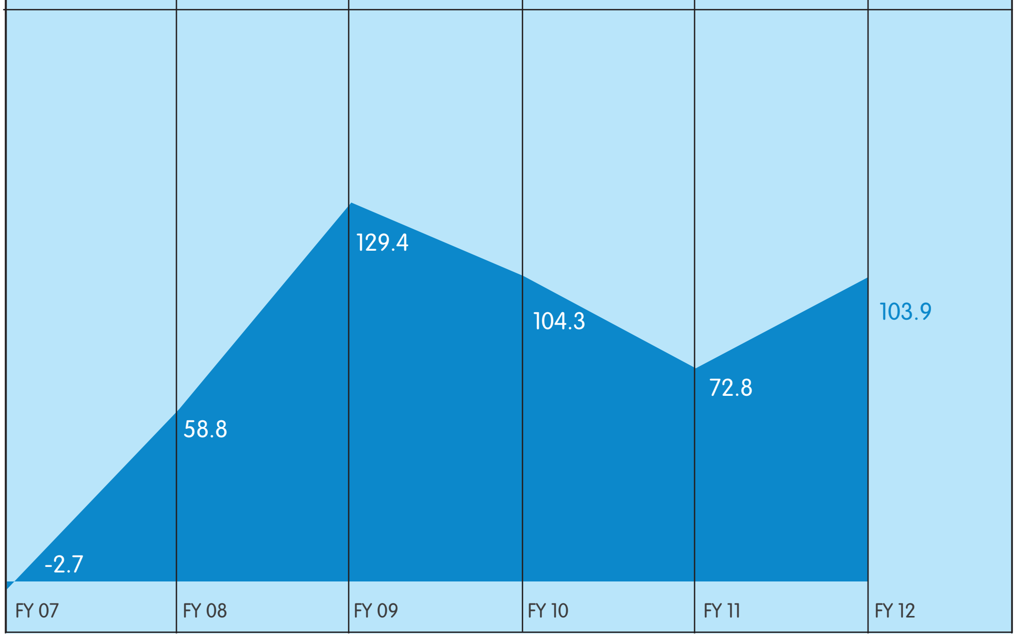


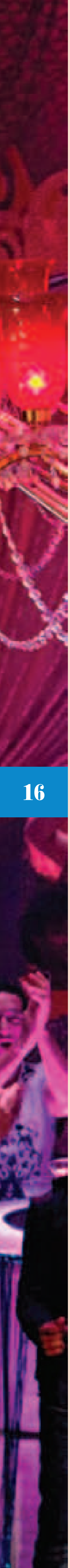
TOTAL EQUITY (US$ MILLION)

▲26.4%
CAGR



NET DEBT (US$ MILLION)





OPERATING AND FINANCIAL REVIEW

Operating and financial review

This financial review is primarily based upon the comparison of our results for the year ended 31 March 2012 with those of year ended 31 March 2011. Unless otherwise stated percentage growth relates to the percentage comparison between these two periods.

Overview

The primary geographic areas from which we derive revenue are India, Europe and North America, with the remainder of our revenue generated from an area that we report as the rest of world. Outside of India, we distribute films to South Asian expatriate populations and in countries where we release Indian films that are subtitled or dubbed in local languages. Although we expect the portion of our revenue attributable to India to continue to grow, we will continue to pursue new global distribution opportunities.

Our one operating segment, film content, derives revenue from three channels: theatrical, television syndication and digital and ancillary sources. The contribution from these three distribution channels can fluctuate year over year based on, among other things, our mix of films and budget levels, the size of our television syndication deals and our ability to license music in any particular year.

(in thousands, except percentage amounts)

	Underlying Results*			Reported Results		
	2012	2011	Change	2012	2011	Change
Revenue	$ 206,474	$ 164,613	25.4%	$ 206,474	$ 164,613	25.4%
Gross Profit	89,430	76,596	16.8%	89,430	76,596	16.8%
EBITDA*	154,805	126,321	22.6%	149,516	125,394	19.2%
Operating profit*	66,727	57,005	17.1%	61,438	56,078	9.6%

* EBITDA is profit before depreciation of tangible assets, amortisation of intangible assets, finance costs, other gains and losses and income tax. Operating profit is profit before net finance costs, other gains and losses and income tax. The Underlying EBITDA and operating profit results add back share based payment charges.

We released 77 films in the year ended 31 March 2012 compared to 78 in the year ended 31 March 2011. Of these films, six were high profile compared to three high profile films in the year ended 31 March 2011. The six globally released films were Ra.One, Zindagi Na Milengi Dobara, Ready, Rockstar, Desi Boyz and Agent Vinod.

Higher revenue was partially offset by the negative impact of foreign exchange rate fluctuations, in particular in the quarter ended December 2011. In addition one of the six high profile films released in the year ended 31 March 2012, Agent Vinod, was rescheduled to release in the final week of the year ended 31 March 2012, resulting in all expected revenues from the film not falling in the year ended 31 March 2012.

Revenue

Revenue was $206.5 million for the year ended 31 March 2012, compared to $164.6 million in the year ended 31 March 2011 an increase of $41.9 million, or 25.5%.

Revenue by customer location from India was $136.9 million in the year ended 31 March 2012, compared to $108.3 million in the year ended 31 March 2011, an increase of $28.6 million, or 26.4% principally reflecting the growth in theatrical revenue. Revenue from Europe was $26.9 million in the year ended 31 March 2012, compared to $21.8 million in the year ended 31 March 2011, an increase of $5.1 million, or 23.4%, principally reflecting the growth in theatrical revenue and other syndication revenues. Revenue from North America was $8.4 million in the year ended 31 March 2012, compared to $8.6 million in the year ended 31 March 2011, a decrease of $0.2 million, or 2.3%, principally reflecting lower syndication revenues despite a growth in theatrical revenue. Revenue from rest of world was $34.3 million in the year ended 31 March 2012, compared to $25.9 million in the year ended 31 March 2011, an increase of $8.4 million, or 32.4%, principally reflecting the additional revenue from distribution in new territories and revenues from the United Arab Emirates.

Our revenue growth was primarily attributable to an increase in theatrical revenue in the year ended 31 March 2012, as a result of the increased number of high profile films with recognised star casts resulting in higher Indian and international revenue. The higher revenue in India was a result of wider screen releases, higher than average ticket prices resulting from the continued increase in multiplex and digital screens in India and premiums charged for tickets for one 3D film release, and the timing of theatrical releases. Our high profile films in the year ended 31 March 2012 were on average released on 5.5% more screens than similar films in the year ended 31 March 2011. The growth in our theatrical revenues reflected in particular the success of our globally released films, Ra.One, Zindagi Na Milengi Dobara, Ready, Rockstar and Desi Boyz, all of which were high profile films with recognised casts. Television syndication continued to be strong with the high profile films helping us continue to syndicate attractive bundles of new and catalogue films. Ra.One, Zindagi Na Milegi Dobara and Rockstar were premiered on Star TV while Agent Vinod and Desi Boyz were premiered on Zee TV. Music and mobile monetisation from the music tracks of the high profile releases continued to be strong. Television and music pre-sales formed an important part of the Company's monetisation strategy and contributed towards de-risking content investment.

Cost of sales

Cost of sales increased by $29.0 million, or 33.0%, for the year ended 31 March 2012 to the year ended 31 March 2011. The increase was primarily due to an increase in film amortisation costs of $18.4 million in the period, driven by the increased film release slate cost for six high profile films in the year ended 31 March 2012 as compared to three high profile films in the year ended 31 March 2011 and the cumulative impact of amortisation costs associated with our increased catalogue films. This increase also reflected a $5.5 million increase in advertising costs due to wider advertising of our high profile releases offset by increased marketing tie ups. Print costs remained consistent in the two periods as wider screen releases and higher profile larger scale releases were offset by higher usage of lower cost digital prints.

Gross profit

Gross profit was $89.4 million in the year ended 31 March year 2012, compared to $76.6 million in the year ended 31 March 2011, an increase of $12.8 million, or 16.7%, driven primarily by the increase in revenue, which was partially offset by an increase in cost of sales. As a percentage of revenue, our gross profit margin reduced to 43.3% from 46.5% in the years ended 31 March 2012 and 31 March 2011.

Administrative costs

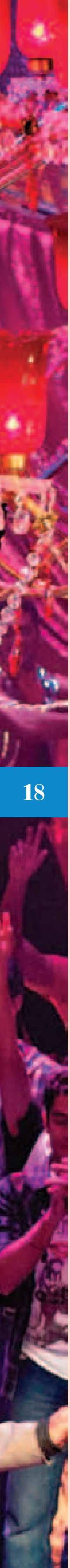
Administrative costs, including rental, legal, travel and audit expenses, were $28.0 million in the year ended 31 March 2012, compared to $20.5 million in the year ended 31 March 2011, an increase of $7.5 million, or 36.6%, which was driven by an increase of $4.4 million of share based payment charges compared to the year ended 31 March 2011, and $2.3 million of additional overhead due to investment in set up of digital revenue streams such as Eros Now including personnel and other costs. As a percentage of revenue, administrative costs were 13.6% in the year ended 31 March 2012, compared to 12.5% in the year ended 31 March 2011. The share based payment charges comprise the ongoing charges arising from the Indian IPO share option scheme, bonuses granted ahead of the anticipated listing on the New York Stock Exchange together with a charitable donation. As at 31 March 2012, costs incurred in respect of the anticipated listing on the New York Stock Exchange, excluding costs in relation to employees, has been deferred and is shown with in prepaid charges in trade and other receivables.

Underlying EBITDA

Underlying EBITDA profit was $154.8 million in the year ended 31 March year 2012, compared to $126.3 million in the year ended 31 March 2011, an increase of $28.5 million, or 22.6%, driven primarily by the increase in revenue, which was partially offset by an increase in cost of sales. As a percentage of revenue, our underlying EBITDA profit margin decreased slightly to 75.0% from 76.7% in the years ended 31 March 2012 and 31 March 2011.

Underlying operating profit

Underlying operating profit was $66.7 million in the year ended 31 March year 2012, compared to $57.0 million in the year ended 31 March 2011, an increase of $9.7 million, or 17.0%. As a percentage of revenue, our Underlying operating profit marginally reduced to 32.3% from 34.6% in the years ended 31 March 2012 and 31 March 2011 reflecting the changes in gross profit margin and the digital investment costs within administrative expenses.



Net finance costs

Net finance cost in the year ended 31 March 2012 was $1.0 million, compared to net finance costs of $1.6 million in the year ended 31 March 2011, a movement of $0.6 million. The change is primarily attributable to an increase in finance income from IPO funds on deposit following the listing of our Indian subsidiary in October, 2010.

Other gains and losses

Other losses in the year ended 31 March 2012 of $6.8 million principally comprise a $4.3 million interest rate hedging charge, $1.3 million in respect of a provision in respect of one of our available-for-sale equity investments, previously shown within other comprehensive income, and a net foreign exchange loss of $1.1 million. In the year ended 31 March 2011 we had a gain of $1.3 million, principally arising from a foreign exchange gain of $1.1 million. The foreign exchange loss was mainly derived from the fall of the rupee and a loss arising on a dollar denominated loan in our Indian subsidiary. The hedging loss of $4.3 million arose from the refinancing of our revolving credit facility and a change in our interest hedging strategy.

Income tax expense

Income tax expense in the year ended 31 March 2012 was $10.1 million, compared to $8.2 million in the year ended 31 March 2011, an increase of $1.9 million, or 23.2%. Our effective tax rate was 18.8% in the year ended 31 March 2012, compared to 14.8% in the year ended 31 March 2011. The ongoing increases in the effective rate reflect the increase in the amount of taxes due within India in the year ended 31 March 2012. Our income tax expense in the year ended 31 March 2012 included $4.9 million of estimated current tax expense and $5.1 million of estimated deferred tax expense.

Earnings per share

Earnings per share ("EPS") in the year ended 31 March 2012 were impacted by the inclusion of the first time full year minority interest share, following the listing of Eros International Media Limited, our principal Indian subsidiary on the Indian Bombay and National stock exchanges in November 2010. Basic EPS in the year ended 31 March 2012 was 32 cents, compared to 39 cents in the year ended 31 March 2011, a decrease of 18.0%. Fully diluted EPS in the year ended 31 March 2012 was 31 cents, compared to 38 cents in the year ended 31 March 2011, a decrease of 18.4%.

Other financial information

Our reporting currency is the U.S. dollar. Transactions in foreign currencies are translated at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into U.S. dollars at the exchange rates at the applicable balance sheet date. For the purposes of consolidation of foreign operations, all income and expenses are translated at the quarterly average rate of exchange during the periods covered by the applicable statement of income and assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. When the U.S. dollar strengthens against a foreign currency, the value of our sales and expenses in that currency converted to U.S. dollars decreases. When the U.S. dollar weakens, the value of our sales and expenses in that currency converted to U.S. dollars increases.

Recently, there have been periods of higher volatility in the Indian Rupee and U.S. dollar exchange rate, including the year ended 31 March, 2012. This volatility is illustrated in the table below for the periods indicated:

Year ended	Period End	Average (1)	High	Low
31 March 2011	44.54	45.46	47.49	43.90
31 March 2012	50.70	48.01	53.71	44.00

(1) Represents the average of the exchange rates on the last day of each month during each period presented.

This volatility in the Indian Rupee as compared to the U.S. dollar has impacted our results of operations as shown in the table below comparing the reported results against constant currency comparables based upon the average rate of exchange for each of the four quarters ended 31 March 2012, weighted in proportion to the revenue recognised in each quarter, of INR 48.63 to $1.00. In addition to the impact on gross profit, the volatility during the year ended 31 March 2012 also led to a non-cash foreign exchange loss of $1.1 million principally on our Indian subsidiaries' foreign currency loans in the year ended 31 March 2012 compared to a non-cash foreign exchange profit of $1.1 million in the year ended 31 March 2011 reflected in other gains and losses.

	2012 Reported	2011 Reported	2011 Unaudited Constant Currency	Decline
Revenue	$ 206.5	$ 164.6	$ 157.0	$ (7.6)
Cost of sales	$ (117.1)	$ (88.0)	$ (85.7)	$ (2.3)
Gross profit	$ 89.4	$ 76.6	71.3	$ (6.9)

The impact of the decline in the Rupee to the US Dollar is shown in the above table which shows that on a constant currency basis the gross profit for the year ended 31 March 2011 would have been reduced by $5.3 million or 6.9%.

Sources and uses of cash

	2012	2011
Net cash from operating activities	$ 117,703	$ 100,661
Net cash used in investing activities	$ (141,667)	$ (139,332)
Net cash from financing activities	$ 51,756	$ 77,443

Net cash from operating activities in the year ended 31 March 2012 was $117.7 million, compared to $100.7 million in the year ended 31 March 2011, an increase of $17.0 million, or 16.9 %, notwithstanding a decrease in income taxes and an increase interest paid in the year ended 31 March 2012 of $2.1 million and $0.5million, respectively. In addition, there was an increase in working capital of $21.5 million due to an increase of $5.9 million in trade payables and an increase in trade receivables of $27.7 million in the year ended 31 March 2012 compared to a decrease of $7.9 million in trade payables and an increase in trade receivables of $2.6 million in the year ended 31 March 2011.

Net cash used in investing activities in the year ended 31 March 2012 was $141.7 million, compared to $139.3 million in the year ended 31 March 2011, an increase of $2.4 million, or 1.7%, reflecting an increase in our investment in film content in the year ended 31 March 2011 and future years offset by a decline in investment in property, plant and equipment combined with an increase in interest received. Our investment in film content in the year ended 31 March 2012 was $142.7 million, compared to $129.8 million in the year ended 31 March 2011 an increase of $12.9 million, or 9.9%, reflecting a change in the mix of acquired and co-produced films, both films released in the period and films scheduled for future release, to more high profile Hindi films and ongoing investments in our film library. Our purchase of property, plant and equipment in the year ended 31 March 2012 was $1.2 million, compared to $10.0 million in the year ended 31 March 2011, a decrease of $8.8 million, or 88.0%, which related principally to the purchase of a property for our main Mumbai offices, which was previously leased, in the year ended 31 March 2011.

Net cash from financing activities in the year ended 31 March 2012 was $51.8 million, compared to $77.4 million in the year ended 31 March 2011, principally as a result of the net proceeds of $71.1 million arising from the initial public offering of a 78.11% interest in Eros India in the year ended 31 March 2011 and additional proceeds of short-term and long term borrowing of $50.2 million in the year ended 31 March 2012.

PRINCIPAL RISKS AND UNCERTAINTIES

Internal risks

We depend on our relationships with theatre operators and other industry participants to exploit our film content. Any disputes with multiplex operators in India or elsewhere could have a material adverse effect on our ability or willingness to release our films as scheduled.

We have had disputes with multiplex operators in India that required us to delay our film releases and disrupted our marketing schedule for future films. These disputes were subsequently settled pursuant to settlement agreements that expired in June 2011. We now enter into agreements on a film-by-film and exhibitor-by-exhibitor basis instead of entering into long-term agreements. To date, our film-by-film agreements have been on commercial terms that are no less favourable than the terms of the prior settlement agreements; however, we cannot guarantee such terms can always be obtained. Accordingly, without a long-term commitment from multiplex operators, we may be at risk of losing a substantial portion of our revenues derived from our theatrical business. We may also have similar future disruptions in our relationship with multiplex operators, the operators of single-screen theatres or other industry participants, which could have a material adverse effect on our business, prospects, financial condition and results of operations. Further, the theatre industry in India is rapidly growing and evolving and we cannot assure you that we will be able to establish relationships with new commercial theatre operators.

We may fail to source adequate film content on favourable terms or at all through acquisitions or co-productions, which could have a material and adverse impact on our business.

We generate revenues by exploiting Indian film content that we primarily co-produce or acquire from third parties, and then distribute through various channels. Our ability to successfully enter into co-productions and to acquire content depends on our ability to maintain existing relationships, and form new ones, with talent and other industry participants. The pool of quality talent in India is limited and as a result, there is significant competition to secure the services of certain actors, directors, composers and producers, among others. Competition can increase the cost of such talent, and hence the cost of film content. These costs may continue to increase, making it more difficult for us to access content cost-effectively and reducing our ability to sustain our margins and maximize revenues from distribution and exploitation. Further, we may be unable to successfully maintain our long-standing relationships with certain industry participants and continue to have access to content and/or creative talent and may be unable to establish similar relationships with new leading creative talent. If any such relationship is adversely affected, or we are unable to form new relationships or our access to quality Indian film content otherwise deteriorates, or if any party fails to perform under its agreements or arrangements with us, our business, prospects, financial condition and results of operations could be materially adversely effected.

Delays, cost overruns, cancellation or abandonment of the completion or release of films may have an adverse effect on our business.

There are substantial financial risks relating to film production, completion and release. Actual film costs may exceed their budgets and factors such as labour disputes, unavailability of a star performer, equipment shortages, and disputes with production teams or adverse weather conditions may cause cost overruns and delay or hamper film completion. When a film we have contracted to acquire from a third party experiences delays or fails to be completed, we may not recover advance monies paid for the proposed acquisition. When we enter into co-productions, we are typically responsible for paying all production costs in accordance with an agreed upon budget and while we typically cap budgets in our contracts with our co-producer, given the importance of ongoing relationships in our industry, longer-term commercial considerations may in certain circumstances override strict contractual rights and we may feel obliged to fund cost over-runs where there is no contractual obligation requiring us to do so. To date, we have completed only one sole production, and this is not our preferred choice for sourcing content. Production delays, failure to complete projects or cost overruns could result in us not recovering our costs and could have a material adverse effect on our business, prospects, financial condition and results of operations.

Piracy of our content, including digital and internet piracy, may adversely impact our revenues and business.

Our business depends in part on the adequacy, enforceability and maintenance of intellectual property rights in the entertainment products and services we create. Motion picture piracy is extensive in many parts of the world and is made easier by technological advances and the conversion of motion pictures into digital formats. This trend facilitates the creation, transmission and sharing of high quality unauthorized copies of motion pictures in theatrical release on DVDs, CDs and Blu-ray discs, from pay-per-view through set top boxes and other devices and through unlicensed broadcasts on free television and the internet. Although DVD and CD sales represent a relatively small portion of Indian film and music industry revenues, the proliferation of unauthorized copies of these products results in lost revenue and significantly reduced pricing power, which could have a material adverse effect on our business, prospects, financial condition and results of operations. Existing copyright and trademark laws in India afford only limited practical protection and the lack of internet-specific legislation relating to trademark and copyright protection creates a further challenge for us to protect our content delivered through such media. According to FICCI Report 2009, it is estimated that the Indian film industry loses as much as $377.3 million annually due to piracy. Even the highest levels of security and anti-piracy measures may fail to prevent piracy.

External risks

A downturn in the Indian and international economies or instability in financial markets, including increased Indian price inflation, could materially and adversely affect our results of operations and financial condition.

Global economic conditions may negatively impact consumer spending. Prolonged negative trends in the global or local economies can adversely affect consumer spending and demand for our films and may shift consumer demand away from the entertainment we offer. Any decline in attendance at theatres will reduce the revenues we generate from this channel, from which a significant proportion of our revenues are derived. If the general economic downturn continues to affect the countries in which we distribute our films, in particular in India, discretionary consumer spending may be adversely affected, which would have an adverse impact on demand for our theatre, television and digital distribution channels. Any decline in demand for our content could have a material adverse effect on our business, prospects, financial condition and results of operations.

Fluctuation in the value of the Indian Rupee against foreign currencies could materially and adversely affect our results of operations, financial condition and ability to service our debt.

While a significant portion of our revenues are denominated in Indian Rupees, certain contracts for our film content are or may be denominated in foreign currencies. Additionally, we report our financial results in U.S. dollars and most of our debt is denominated in U.S. dollars. Any fluctuation in the value of the Indian Rupee against these currencies, or any other currency, such as the approximately 13.8% drop in value of the Indian Rupee as compared to the U.S. dollar in the year ended 31 March 2012, will affect the Indian Rupee value of our revenues in cases of revenues that are received in foreign currencies, which could have a material adverse effect on our business, prospects, financial condition and results of operations and thus affect the market price of our ordinary shares in the U.S. Further, a majority of our debt is denominated in U.S. dollars, and we may not generate sufficient revenue in U.S. dollars to service all of our U.S. dollar-denominated debt. Consequently, we may be required to use revenues generated in Indian Rupees to service our U.S. dollar-denominated debt. Any devaluation or depreciation in the value of the Indian Rupee, compared to the U.S. dollar, could adversely affect our ability to service our debt.

Our performance in India is linked to the stability of its policies, including taxation policy, and the political situation.

The role of Indian central and state governments in the Indian economy has been and remains significant. Since 1991, India's government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The rate of economic liberalization could change, and specific laws and policies affecting companies in the media and entertainment sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

CORPORATE SOCIAL RESPONSIBILITY

Responsibility

The Executive Directors ensure that the Group's philosophy on Corporate Responsibility is known to all staff and actively encourages its support by employees across the Group. The Group ensures that it is compliant with all legislation, including environmental legislation, in those countries in which it operates.

Environment

The Board is aware of the Group's environmental impact and therefore seeks both to minimise adverse effects and to enhance positive effects of the impact on the environment. The Group is committed to a responsible and forward-looking approach to environmental issues with focus on digital cinema thereby reducing the cost of production of multiple prints.

Employees

The Directors believe that the Group's employees are a source of competitive advantage. The Directors recognise that continued and sustained improvement in the performance of the Group depends on its ability to attract, motivate and retain employees of the highest calibre. The Group is committed to the principle of equal opportunity in employment. It seeks to ensure that no employee or applicant is treated less favourably on the grounds of gender, marital status, race, colour, nationality, ethnic or national origin, religion, disability or sexual orientation nor is disadvantaged by conditions or requirements, including age limits, which cannot be justified objectively. Entry into, and progression within, the Group are solely determined by the application of job criteria, personal aptitude and competence. These policies have worked effectively throughout the period.

It is the Group's policy to apply best practice in the employment of disabled people. Full and fair consideration is given to every application for employment from disabled persons whose aptitude and skills can be utilised in the business and to their training and career development. This includes, wherever possible, the retraining and retention of staff who become disabled during their employment. All staff are informed of matters concerning their interest as employees and the financial and economic factors affecting the business. Established management communication channels have been supplemented by direct presentations to staff by Directors to explain developments of particular significance.

Charitable contributions

During the year the Group made charitable donations of US$ 2,536,155 (2011: US$ 16,440). There were no political donations made during the year.

Health and safety

It is a primary concern of the Board that the Company manages its activities in such a manner as to ensure that the health and safety of its employees, contractors and the general public is not compromised. As part of this process the Company employs specialist accredited advisers to advise on all Health and Safety matters relating to the Group.

Business ethics

The Board recognises the importance of the Company's responsibilities as an ethical employer and views matters in which the Company interacts with the community both socially and economically as the responsibility of the whole Board. Following the enactment of the Bribery Act 2010, the Company has implemented policies to further demonstrate its commitment to business ethics.

OUR CORE VALUES

Kindness
Our actions always reflect consideration and compassion for other living beings

Integrity
We are honest in our interactions with others and live by strong moral principles

Respect
We recognise the Divine in every living being and treat them as such

Care
We care about one another, our friends and family and the environment in which we live

Gratitude
We are appreciative of and thankful for all that we have in our world

Courage
As well as being brave we are committed to enduring in the face of challenge

Belief
We believe in ourselves and our ability to change our world

Lulla Foundation

During the year, Group's charitable donations were made to the Lulla Foundation (a UK registered charity number 1131141) of which Kishore Lulla is a trustee.

The Lulla Foundation aims to provide a high quality learning and teaching support for targeted communities, currently caught in cycles of poverty so that they can have real opportunities to change their personal futures and their communities.

Through the development of knowledge, skills and understanding of the world, as well as a core set of values, individuals will be empowered to become thoughtful, reflective and responsible citizens who contribute positively to their community. This educational process will help students, schools and communities to become self sustaining.

The foundation has developed links with Pratham, India's largest education focussed NGO and set up two Eros Excellence projects. This serves 100 villages in the Tapi district in Gujarat and 100 villages in the Sindhudurg district in Maharashtra. The programmes target support for 8,000 young children by training their parents and their teachers in providing additional educational support and guidance. It also funds training for volunteers in 500 villages who give their time to the schools in return for extra educational training in IT skills and English language skills. Plans for delivering these aims are through working with local government schools – which cater for the poorest children and communities. This core set up will be replicated in a number of states in India to help achieve the Foundation's aims.

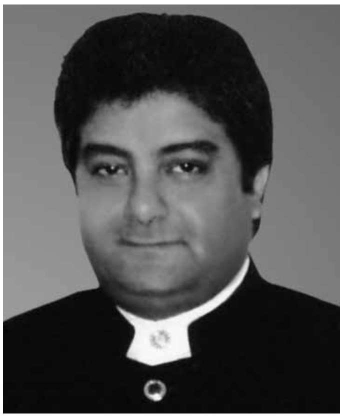
Plans are being developed for:

- Setting up or supporting educational facilities for over 50,000 students aged between 2 and 16 years
- Working closely with parents to help them take an active interest in their children's education
- Working with School Management Committees to enable them to monitor the work of the school
- Basic medical care for the community

BOARD OF DIRECTORS

Kishore Lulla
50 years, Executive Chairman

Mr. Lulla received a Bachelor's Degree in Arts from Mumbai University. He has over 30 years of experience in the media and film industry. He is a member of the British Academy of Film and Television Arts and Young Presidents' Organisation and also a board member for the School of Film at the University of California, Los Angeles. He has been honored at the Asian Business Awards 2007 and the Indian Film Academy Awards 2007 for his contribution in taking Indian cinema global. As our Executive Chairman, he has been instrumental in spearheading our growth and expanding our presence in the United Kingdom, the U.S., Dubai, Australia, Fiji and other international markets. He has served as a director since 2005. Mr. Kishore Lulla is the brother of Mr. Sunil Lulla and a cousin of Mr. Ahuja



Vijay Ahuja
55 years, Vice Chairman

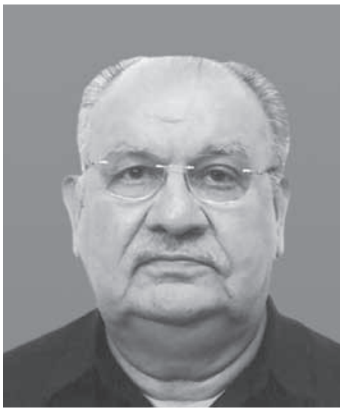
Mr. Ahuja received a Bachelor's Degree in commerce from Mumbai University. Mr. Ahuja co-founded our United Kingdom business in 1988 and has since played an important role in implementing our key international strategies, helping expand our business to its present scale by making a significant contribution to our development in the South East Asian markets, such as Singapore, Malaysia, Indonesia and Hong Kong. Mr. Ahuja has served as a director since April 2006. Mr. Ahuja is a cousin of Mr. Kishore Lulla and Mr. Sunil Lulla.

Jyoti Deshpande
41 years, Group CEO and Managing Director

Re-appointed to the Board of the Company in her former role of Group Chief Executive and Managing Director with effect from 22 June 2012. With a Bachelor's Degree in Commerce and Economics and a Masters in Business Administration from Mumbai University, Ms. Deshpande has over 19 years of experience in the media and entertainment industry. She has previously worked in advertising with J. Walter Thompson, India before moving to the UK in 1997, where she was a senior consultant with MindShare, U.K. She has been a part of the core team that founded B4U Television Network in the UK in 1998-99 and managed its expansion to other parts of the world in a span of two years. Ms. Deshpande has been with Eros Group since 2001 and been instrumental in helping Eros Plc get listed on the AIM in July 2006 and Eros International Media Limited on Indian Stock Exchanges in October 2010.

Sunil Lulla
47 years, Executive Director

He received a Bachelor's Degree in commerce from Mumbai University. Mr. Lulla has over 20 years of experience in the media industry. Mr. Lulla has valuable relationships with talent in the Indian film industry and has been instrumental in our expansion into distribution in India as well as home entertainment and music. He has served as a director since 2005 and led our growth within India for many years before being appointed Executive Vice Chairman and Managing Director of Eros India in February 2010. Mr. Sunil Lulla is the brother of Kishore Lulla and cousin of Mr. Ahuja.



Naresh Chandra
77 years, Independent Non-Executive Director

Mr. Chandra received a Masters Degree in Science from Allahabad University. A former civil servant, he joined the Indian Administrative Services in 1956 and has served as Chief Secretary in the State of Rajasthan, Commonwealth Secretariat Advisor on Export Industrialisation and Policy in Colombo (Sri Lanka), Advisor to the Government of Jammu and Kashmir and Secretary to the Ministries of Water Resources, Defense, Home and Justice in the Government of India. In December 1990, he became Cabinet Secretary, the highest post in the Indian civil service. In 1992, he was appointed Senior Advisor to the Prime Minister of India. He served as the Governor of the state of Gujarat in 1995-1996 and Ambassador of India to the United States of America in 1996-2001. In 2007, he chaired the Government of India's Committee on Corporate Audit and Governance, the Committee on Private Companies and Limited Companies Partnerships and the Committee on Civil Aviation Policy, and he was honored with the Padma Vibhushan, a high civilian award. Mr. Chandra serves as director of 14 other Indian companies and two foreign companies. He has served as a director since July 2007.

Dilip Thakkar
75 years, Independent Non-Executive Director

Mr. Thakkar received a Degree in Commerce and Law from Mumbai University. A practicing chartered accountant since 1961, Mr. Thakkar has significant financial experience. He is a senior partner of Jayantilal Thakkar & Co. Chartered Accountants and a member of the Institute of Chartered Accountants in India. In 1986 he was appointed by the Reserve Bank of India as a member of the Indian Advisory Board for HSBC Bank and the British Bank of the Middle East for a period of eight years. He is the former President of the Bombay Chartered Accountants' Society and was then Chairman of its International Taxation Committee. Mr. Thakkar serves as a Non-Executive Director of 14 other listed public limited companies in India and two foreign companies. He has served as a director since April 2006.

Mr. Michael Kirkwood
64 years, Independent Non-Executive Director

Mr. Kirkwood received a Degree in Economics at Stanford University. Mr. Kirkwood retired from a 31-year career with Citigroup at the end of 2008 where he was most recently UK Country Head and Chairman of the Corporate Bank. He previously served with Citicorp in the USA, Scandinavia and Switzerland. From 2001-2005 he served as a Non-Executive Director of engineering group Kidde plc and Audit Committee chairman. From 2008-2011 he was Deputy Chairman of PricewaterhouseCoopers LLP's Advisory Board. During his career in London, Mr. Kirkwood has served as Deputy Chairman of the British Bankers Association, Chairman of British-American Business, Chairman of the Association of Foreign Banks, President of the Chartered Institute of Bankers, a member of the CBI Financial Services Council and Master of the International Bankers Livery Company. He also served as HM Lieutenant for the City of London in 2004. Mr. Kirkwood is currently a Board Member of UK Financial Investments Ltd (UKFI), the British government company established to manage the public stakes in UK banks, as well as Chairman of UK healthcare group Circle Holdings plc and Chairman of Ondra Partners LLP. He is a Fellow of the Royal Society for the Arts, a Fellow of the Chartered Institute of Bankers and was appointed a Companion of the Order of St Michael and St George (CMG) in the 2003 Queen's Birthday Honours. He joined the board of directors on February 1, 2012.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITY

Eros International Plc is a global player in the rapidly expanding Indian media and entertainment arena which is growing at over 13% CAGR and slated to cross US$24 billion by 2014 (source: KPMG). Being vertically integrated means that Eros not only co-produces and commissions film projects similar to the way in which Hollywood studios operate but also globally distributes and exploits films across all formats including cinemas, digital and home entertainment and television syndication.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the business and the key performance indicators is contained within the Executive Chairman's statement and the operating and financial review.

DIRECTORS

The Directors of the Company during the year and their interests in the shares of the Company as at 31 March 2012 and 31 March 2011 were as follows:

	Ordinary shares of 10p each		Percentage shareholding at
	2012	2011	31 March 2012
Kishore Lulla*	Up to 82,544,503	Up to 81,650,657	69.8%
Jyoti Deshpande†	-	231,005	-
Vijay Ahuja*	Up to 79,866,959	Up to 78,866,959	67.5%
Sunil Lulla*	Up to 81,650,657	Up to 81,650,657	69.0%
Dilip Thakkar	47,170	–	Less than 0.1%
Michael Kirkwood	20,000	-	Less than 0.1%
Naresh Chandra	47,170	–	Less than 0.1%

* Vijay Ahuja's, Kishore Lulla's and Sunil Lulla's interests in shares are by virtue of them being potential beneficiaries of discretionary trusts which hold shares in the Company and in the case of Kishore Lulla an additional interest in 893,846 shares by virtue of his position as a trustee of the Lulla Foundation.

† Jyoti Deshpande resigned from the Board on 28 May 2011. On 22 June 2012 she was reappointed to the Board.

FINANCIAL RISK MANAGEMENT

The financial risks faced by the Group, together with how they are managed are dealt with within the Corporate Governance section and within note 22 to the financial statements.

CORPORATE RESPONSIBILITY

The Company approach to employee involvement, social responsibility, ethical behaviour, health and safety and diversity are shown within the corporate responsibility section.

POLICY ON SUPPLIER PAYMENTS

The Company aims to pay all its suppliers within a reasonable period of their invoices being received and approved, provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 March 2012, the number of day's credit taken for purchases and services by the Company was 20 days (2011: 44 days).

INSURANCE OF COMPANY OFFICERS

The Company has maintained insurance throughout the year for its Directors and officers against the consequences of actions brought against them in relation to their duties for the Group.

GOING CONCERN

The Group is exposed to uncertainties arising from the global economic climate and also in the markets in which it operates. Market conditions could lead to lower than anticipated demand for the Group's products and services and exchange rate volatility could also impact reported performance. The Directors have considered the impact of these and other uncertainties and factored them into their financial forecasts and assessment of covenant headroom. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance (and available mitigating actions), show that the Group will be able to operate within the expected limits of the Facilities and provide headroom against the covenants for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Isle of Man Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements under IFRS as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the income of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man and United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

A resolution proposing reappointment of Grant Thornton UK LLP as auditor of the Company will be proposed at the Annual General Meeting.

Kishore Lulla
Executive Chairman
On behalf of the Board
12 July 2012

REMUNERATION REPORT

The Remuneration Committee established by the Board comprises three Non-Executive Directors, Naresh Chandra, Dilip Thakkar and Michael Kirkwood. The Remuneration committee reviews the performance of Executive Directors and senior executives and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders.

As an AIM listed Company the Directors' Remuneration Report Regulations 2002 do not formally apply. However, the following information is disclosed voluntarily.

REMUNERATION POLICY

In determining the scale and structure of its awards the Committee also takes account of the need to offer a competitive remuneration structure to maintain the high calibre of the Executive Board and senior Group employees. Taking account of the position of the Group, the competitive environment and the potential growth of the Group the Committee believes that an overall compensation policy with a strong performance-related element is a prerequisite.

The main components of Executive Directors' Remuneration, which can be mirrored with senior executives, are basic salary, annual salary, bonus and share options. In relation to all the three main strands of remuneration the Committee reviews the structure on an annual basis and takes account of individual performance, external market data and reports provided by advisors.

The remuneration of Non-Executive Directors is set by the Board as a whole, taking account of input from advisors.

DIRECTORS' SERVICE CONTRACTS

All of the Executive Directors have letters of appointment with the Company and subsidiary Company service agreements which were entered into on 27 June 2006. Under the terms of the letters of appointment, each Executive Director received a fee of £60,000 per annum, up until 28 September 2011. The service agreements with Executive Directors provide for the contract to be terminable by either party on 12 months prior notice. The contracts allow for 25 days per annum paid holidays and allow for private medical insurance and other benefits.

Following a resolution of the board of directors of Eros International Media Limited dated 11 November 2011 and a resolution of its shareholders dated 29 December 2011, Eros International Media Limited approved payment of an incentive bonus to Kishore Lulla and Sunil Lulla for services to Eros International Media Limited of up to 1% of the net profits of the Eros International Media Limited group in accordance with applicable India law. Any such incentive bonus shall be payable only as determined by the Board of Directors of Eros India from time to time. Kishore Lulla will be eligible for this incentive bonus for a period of three years, until 31 October 2014. Sunil Lulla will be eligible for this incentive bonus for the remainder of his tenure in office.

The Non-Executive Directors have entered into letters of appointment with the Company, which now provide them with annual fees of £50,000 or £60,000. The appointments are for an initial period of one year and thereafter are terminable on three months' notice. The fees shown in respect of Naresh Chandra also include his fees as a Non-Executive Director of Eros International Media Limited.

The remuneration of each of the Directors for the year ended 31 March 2012 is set out below:

(in thousands)

Particulars		Salary		Fees		Benefits		2012 Total		2011 Total
Kishore Lulla	$	865	$	49	$	14	$	928	$	771
Vijay Ahuja		306		49		4		359		399
Jyoti Deshpande		120		25		-		145		432
Sunil Lulla		397		49		112		558		577
Michael Kirkwood		-		16		-		16		-
Dilip Thakkar		-		80		-		80		67
Naresh Chandra		-		194		-		194		106
Total	**$**	**1,688**	**$**	**462**	**$**	**130**	**$**	**2,280**	**$**	**2,352**

Benefits comprise of medical health insurance and additionally in the case of Sunil Lulla a housing allowance and Company car benefits.

Michael Kirkwood was appointed to the Board of directors on 1 February 2012. Jyoti Deshpande resigned on 28 May 2011. Jyoti Deshpande rejoined the Board on 22 June 2012.

Pursuant to a consulting services letter agreement dated 10 August 2011 and effective 1 June 2011, ("the Consulting Agreement"), between the Company and Jyoti Deshpande, Jyoti Deshpande was engaged by us as a consultant with respect to our proposed NYSE offering. Under the Consulting Agreement, Jyoti Deshpande provided consulting services from 1 June 2011 until 30 November 2011, subject to extension by the parties. Jyoti Deshpande provided advice on the appointment of, and worked with, various advisors, assisted us in various aspects of the offering, including due diligence, preparation of a registration statement and business plan models, and generally assisted and advised us in general corporate matters, investor relations and other aspects of this offering.

Under the Consulting Agreement, Jyoti Deshpande was entitled to a non-refundable fee of $675,000 and 550,000 of our ordinary shares, which have now been issued. Jyoti Deshpande received reimbursement for mutually agreed expenses and disbursements incurred in connection with the provision of her services and also may receive a discretionary bonus in cash and/or in ordinary shares, as determined by us. Within seven days of the completion of the offering, Jyoti Deshpande will receive ordinary shares valued at $2,000,000 (based on the average price of our ordinary shares once listed on the NYSE on the date of such issuance).

Under the Consulting Agreement, we agreed to indemnify Jyoti Deshpande for liability for her performance under the Consulting Agreement, except for claims or damages arising from negligence, wilful default or breach of any applicable law or regulation by Jyoti Deshpande. Jyoti Deshpande's liability under the Consulting Agreement is capped at $500,000.

As at 31 March 2012 Jyoti Deshpande had 68,782 options over shares in the Company with an exercise price of £1.76 granted as part of the IPO Plan. In addition Jyoti Deshpande also held 142,790 shares in the Group's subsidiary undertaking Eros International Media Limited.

CORPORATE GOVERNANCE

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF BEST PRACTICE

As an AIM listed Company, Eros International Plc is not required to comply with the provisions of the UK Corporate Governance Code on published by the Financial Reporting Council that applies to Companies with a full London Stock Exchange listing. However, the Directors acknowledge the importance and value of good corporate governance procedures and have selected those elements of the UK Corporate Governance Code that they consider relevant and appropriate to the Group taking account of its size and structure.

CORPORATE GOVERNANCE POLICY

The Board's overriding requirement when looking at what principles to apply to good governance are that the Company be run in the long-term interest of the shareholders. In order to do this, the Company needs to effectively manage relationships with its employees, suppliers and customers and behave in an ethical manner with regard to the environment and society as a whole.

THE BOARD AND ITS COMMITTEES

At 31 March 2012, the Board consisted of three Executive Directors and three Non-Executive Directors. Naresh Chandra is the Senior Non-Executive Director. The three Non-Executive Directors have confirmed that they have been throughout the year or since their appointment, and continue to be, independent of the management of the Group and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Board operates both formally, through Board and Committee meetings, and informally, through regular contact amongst Directors and senior executives. The Board is supplied in a timely manner with information in a form and a quality appropriate to enable it to discharge its duties. There is a schedule of matters that are specifically reserved to the Board for its decision, including approval of interim and annual results, dividend policy, approval of circulars and listing particulars, matters relating to share capital, approval of major capital expenditure and investments.

The Directors can obtain independent professional advice at the Company's own expense in performance of their duties as Directors.

The Board formally approves the appointment of all new Directors. All Directors are required to submit themselves for re-election at the first Annual General Meeting following their appointment and subsequent to this at the Annual General Meeting on a rotational basis, which ensures that each Director is submitted for re-election approximately every three years.

Our Board of Directors has adopted a written charter under which our Audit Committee operates. This charter sets forth the duties and responsibilities of our Audit Committee, which, among other things, include:

(I) monitoring our and our subsidiaries' accounting and financial reporting processes, including the audits of our financial statements and the integrity of the financial statements;

(II) monitoring our compliance with legal and regulatory requirements;

(III) assessing our external auditor's qualifications and independence; and

(IV) monitoring the performance of our internal audit function and our external auditor.

The current members of our Audit Committee are Dilip Thakkar (Chair), Naresh Chandra and Michael Kirkwood.

The effectiveness of the internal control system is under constant review and a formal assessment is ongoing. The Internal Audit function presently covers a significant part of the Group's business and is being extended. A new rights database and accounting system is currently being implemented with completion of the first stage expected by September 2012.

Our Board of Directors has adopted a written charter under which our Remuneration Committee operates.

This charter sets forth the duties and responsibilities of our Remuneration Committee, which, among other things, include assisting our Board of Directors in establishing remuneration policies and practices. The current members of our Remuneration Committee are Naresh Chandra (Chair), Dilip Thakkar and Michael Kirkwood.

Our Board of Directors has adopted a written charter under which our Nomination Committee operates. This charter sets forth the duties and responsibilities of our Nomination Committee, which, among other things, include recommending to our Board of Directors candidates for election at the annual meeting of shareholders and performing a leadership role in shaping the Company's corporate governance policies. The current members of our Nomination Committee are Naresh Chandra (Chair) and Dilip Thakkar. The Nomination Committee is an ad hoc committee that has recently been set up and did not meet during fiscal 2012.

BOARD AND COMMITTEE MEETING ATTENDANCE

The table below sets out the attendance of Directors at Board and Committee meetings during the year ended 31 March 2012 by presence or by telephone of individual directors.

	Board	Audit	Remuneration
Number of meetings	7	4	2
Kishore Lulla	6	-	-
Vijay Ahuja	7	-	-
Jyoti Deshpande	1	-	-
Sunil Lulla	5	-	-
Dilip Thakkar	6	4	2
Naresh Chandra	6	4	2
Michael Kirkwood	1	-	1

SHAREHOLDER COMMUNICATION

The Company seeks to clearly communicate the plans they are pursuing and the likely financial and wider consequences of those plans. These goals and plans have been set out in the Chairman's Statement and the Operating and Financial Review. In addition, the Company seeks to regularly update shareholders through stock exchange announcements (RNS) and wider press releases on its activities.

The Executive Directors regularly meet with institutional shareholders, when it is in a position to do so, to discuss the Company's performance and future prospects. Comments made and views communicated by the institutional shareholders at these meetings together with feedback from the Company's advisors are reported back to the Board so that it can understand any shareholder issues.

PRINCIPAL RISKS AND UNCERTAINTIES

See pages 20 and 21.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders Eros International Plc

We have audited the accompanying statement of consolidated financial position of Eros International Plc as at 31 March 2012, and the related consolidated statements of income, other comprehensive income, changes in equity and cash flows for the year then ended, which, as described in Note 1 of the Principal Accounting Policies, have been prepared in conformity with applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Committee. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Eros International Plc as of 31 March 2012 and the results of their operations and their cash flows for each of the year then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Committee and the Isle of Man Companies Act 2006.

This report is intended solely for the information and use of the Company's members, as a body, in accordance with Section 80C(2) of the Isle of Man Companies Act 2006. This report is not intended to be and should not be used by anyone other than these specified parties.

Separate Opinion In Relation To IFRSs As Adopted By The EU

As explained in Note 1 of the Principal Accounting Policies to the group financial statements, the group in addition to applying IFRSs as issued by the International Accounting Standards Board (IASB) has complied with its legal obligation to apply IFRSs as adopted by the European Union. In our opinion the group financial statements comply with IFRSs as adopted by the EU.

Grant Thornton UK LLP
London, U.K.
12 July 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 31 MARCH 2012 AND 2011

	Note	(in thousands) As at March 31 2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	8	$ 12,622	$ 14,075
Goodwill	9	1,878	1,878
Intangible assets – trade name	9	14,000	14,000
Intangible assets – content	10	473,092	421,901
Intangible assets – others	11	1,870	698
Available-for-sale financial assets	12	30,385	25,556
Deferred tax assets	6	407	265
		$ 534,254	**$ 478,373**
Current assets			
Inventories	13	$ 1,130	$ 1,561
Trade and other receivables	14	78,650	57,659
Current tax receivable		4,937	6,081
Other financial assets	19	1,573	-
Cash and cash equivalents	16	145,422	126,167
		231,712	**191,468**
Total assets		**$ 765,966**	**$ 669,841**
LIABILITIES			
Current liabilities			
Trade and other payables	15	$ 27,239	$ 23,197
Short-term borrowings	18	68,527	49,611
Other financial liabilities	19	1,538	4,579
Current tax payable		2,610	429
		$ 99,914	**$ 77,816**
Non-current liabilities			
Long-term borrowings	18	$ 180,768	$ 149,310
Other financial liabilities	19	11,027	-
Deferred tax	6	20,009	17,340
		211,804	**166,650**
Total liabilities		**311,718**	**244,466**
Net assets		**$ 454,248**	**$ 425,375**
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	21	$ 21,687	$ 21,349
Share premium		135,008	128,296
Translation reserve		(20,534)	102
Reverse acquisition reserve		(22,752)	(22,752)
Other reserves		59,781	56,893
Retained earnings		242,975	205,745
		416,165	**389,633**
Non controlling interest		38,083	35,742
Total equity		**$ 454,248**	**$ 425,375**

The consolidated financial statement was approved by the Board on 12 July 2012 and are signed on its behalf by:

Kishore Lulla

Executive Chairman

Company registration number: 116107C

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED 31 MARCH 2012 AND 2011

	Note	(in thousands, except per share amounts) As at March 31 2012	2011
Revenue	1	$ 206,474	$ 164,613
Cost of sales	2	(117,044)	(88,017)
Gross profit		**$ 89,430**	**$ 76,596**
Administrative costs	2	(27,992)	(20,518)
Operating profit		61,438	56,078
Financing costs	3	(5,697)	(3,570)
Finance income	3	4,688	1,986
Net finance costs	3	(1,009)	(1,584)
Other gain/(losses)	4	(6,790)	1,293
Profit before tax		53,639	55,787
Income tax expense	5	(10,059)	(8,237)
Profit for the year		**$ 43,580**	**$ 47,550**
Attributable to:			
Owners of the parent		37,406	44,796
Non-controlling interest		6,174	2,754
		$ 43,580	**$ 47,550**
Earnings per share (cents)			
Basic earnings per share	7	31.9	38.6
Diluted earnings per share	7	31.4	38.1

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 MARCH 2012 AND 2011

	Note	(in thousands, except per share amounts) As at March 31 2012	2011
Profit for the year		**$ 43,580**	**$ 47,550**
Reclassification of revaluation of freehold buildings		-	(67)
Reclassification adjustment relating to available-for-sale financial assets		1,230	-
Fair value adjustment of available-for-sale financial assets	12	4,829	(3,045)
Exchange differences on translating foreign operations		(30,049)	376
Reclassification of gains on cash flow hedges		4,405	(3,068)
Change in fair value of cash flow hedges	22	(3,847)	3,617
Total comprehensive income for the year		**$ 20,148**	**$ 45,363**
Attributable to non-controlling interests		$ 1,602	$ 2,758
Attributable to owners of Eros International Plc		**$ 18,546**	**$ 42,605**

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 MARCH 2012 AND 2011

	Note	(in thousands) Year ended March 31 2012	2011
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		$ 53,639	$ 55,787
Adjustments for:			
Depreciation	8	1,275	928
Share based payment	2	5,289	927
Amortisation of intangibles		86,804	68,114
Non cash items		5,511	-
Net finance charge	3	1,009	1,584
Impairment of available-for-sale financial assets		-	-
Movement in trade and other receivables		(27,689)	(2,618)
Movement in inventories		341	248
Movement in trade payables		5,861	(7,873)
(Gain)/loss on sale of property, plant and equipment		239	(193)
Cash generated from operations		**132,279**	**116,904**
Interest paid		(10,368)	(9,906)
Income taxes paid		(4,208)	(6,337)
Net cash generated from operating activities		**$ 117,703**	**$ 100,661**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,224)	(9,964)
Proceeds from disposal of property, plant and equipment		8	784
Purchase of intangible film rights and related content		(142,675)	(129,806)
Purchase of intangible assets others		(1,572)	(268)
(Purchase)/Sale of available-for-sale financial assets		-	(2,020)
Interest received		3,796	1,942
Net cash used in investing activities		**$ (141,667)**	**$ (139,332)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of share capital by subsidiary		1,498	71,063
Net proceeds from issue of share capital		15	-
Proceeds/(repayment) of short-term borrowings		19,588	8,613
Proceeds/(repayment) from long-term borrowings		30,655	(2,233)
Net cash generated from financing activities		**$ 51,756**	**$ 77,443**
Net increase in cash and cash equivalents		27,792	38,772
Effects of exchange rate changes on cash and cash equivalents		(8,537)	(218)
Cash and cash equivalents at beginning of year		126,167	87,613
Cash and cash equivalents at end of year	17	**$ 145,422**	**$ 126,167**

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2012

	Share Capital	Share Premium Account	Translation Reserve	Retained Earnings	Reverse Acquisition Reserve	Other Reserves	Total	Non-Controlling Interest	Total Equity
							(in thousands)		
Balance at 31 March 2011	$21,349	$128,296	$102	$205,745	$(22,752)	$56,893	$389,633	$35,742	$425,375
Gain/Losses of available-for-sale financial assets	-	-	-	-	-	1,230	1,230	-	1,230
Fair value adjustments of available-for-sale financial assets	-	-	(1,617)	-	-	6,446	4,829	-	4,829
Reclassification of loss on cash flow hedges	-	-	-	-	-	4,405	4,405	-	4,405
Fair value adjustment of cash flow hedge	-	-	-	-	-	(3,847)	(3,847)	-	(3,847)
Exchange difference on translating foreign operations	-	-	(19,019)	-	-	(6,458)	(25,477)	(4,572)	(30,049)
Other comprehensive income	-	-	(20,636)	-	-	1,776	(18,860)	(4,572)	(23,432)
Profit for the year	-	-	-	37,406	-	-	37,406	6,174	43,580
Total comprehensive income for the period	-	-	(20,636)	37,406	-	1,776	18,546	1,602	20,148
Shares issued	-	-	-	(176)	-	1,112	936	562	1,498
Share based payment	338	6,712	-	-	-	-	7,050	177	7,227
Balance at 31 March 2012	**$21,687**	**$135,008**	**$(20,534)**	**$242,975**	**$(22,752)**	**$59,781**	**$416,165**	**$38,083**	**$454,248**

(1) During the year ended March 31, 2012 the Group's Indian subsidiary, Eros International Media Limited, has issued shares to the employees of the Company under the ESOP scheme resulting in an increase in the non-controlling interest in accordance with the policy set out in 3.2 to the principal accounting policies.

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2011

									(in thousands)
	Share Capital	Share Premium Account	Translation Reserve	Retained Earnings	Reverse Acquisition Reserve	Other Reserves	Total	Non-Controlling Interest	Total Equity
Balance at 31 March 2010	$ 21,349	$ 128,296	$ (270)	$ 171,549	$ (22,752)	$ 6,817	$ 304,989	$ 2,200	$ 307,189
Revaluation adjustment of freehold buildings	-	-	-	-	-	(67)	(67)	-	(67)
Fair value adjustment of available-for-sale financial assets	-	-	-	-	-	(3,045)	(3,045)	-	(3,045)
Reclassification of gain on cash flow hedges	-	-	-	-	-	(3,068)	(3,068)	-	(3,068)
Fair value adjustment of cash flow hedge	-	-	-	-	-	3,617	3,617	-	3,617
Exchange difference on translating foreign operations	-	-	372	-	-	-	372	4	376
Other comprehensive income	-	-	372	-	-	(2,563)	(2,191)	4	(2,187)
Profit for the year	-	-	-	44,796	-	-	44,796	2,754	47,550
Total comprehensive income for the period	-	-	372	44,796	-	(2,563)	42,605	2,758	45,363
Shares issued by subsidiaries(1)	-	-	-	(11,527)	-	52,639	41,112	30,784	71,896
Share based payment	-	-	-	927	-	-	927	-	927
Balance at 31 March 2011	$ 21,349	$ 128,296	$ 102	$ 205,745	$ (22,752)	$ 56,893	$ 389,633	$ 35,742	$ 425,375

(1) During the year ended 31 March 2011 the Group's Indian subsidiary, Eros International Media Limited, completed an IPO resulting in an increase in the non-controlling interest in accordance with the policy set out in 3.2 to the principal accounting policies.

The accompanying accounting policies and notes form an integral part of these financial statements.

PRINCIPAL ACCOUNTING POLICIES

1. NATURE OF OPERATIONS, GENERAL INFORMATION AND BASIS OF PREPARATION

Eros International Plc ("Eros") and its subsidiaries' (the "Group") principal activities include the acquisition, co-production and distribution 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 Fort Anne, Douglas Isle of Man IM1 5PD. Eros International Plc's shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM").

The consolidated financial statements of the Group and the Group's interest in jointly controlled entities have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International as adopted by the European Union. The financial statements have been prepared under the historical cost convention on a going concern basis, with the exception of certain available-for-sale financial assets and financial derivatives both of which are carried at fair value in accordance with the Group's accounting policies.

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 presentational currency of the Group is U.S. Dollars as this is the currency that the majority of its funding and transactions are denominated in. A significant proportion of the group's trading is denominated in India Rupee ("INR"), however the Group's major financial liabilities are borrowed in U.S. Dollars and also the Group is listed on AIM an international financial market and the Group therefore continues to use its presentational currency as U.S. Dollars.

The financial statements for the year ended 31 March 2011 were approved for issue by the Group's Board of Directors on 31 May 2011.

The financial statements for the years ended 31 March 2012 were approved for issue by the Group's Board of Directors on 12 July 2012.

2. GOING CONCERN

The Group meets its day to day working capital requirements and funds its investment in content through a variety of banking arrangements and cash generated from operations. Under the terms of such banking arrangements the Group is able to draw down in the local currencies of its operating businesses. The net foreign currency monetary assets and liabilities position at 31 March 2012 and 2011 are shown in Note 22.

The Facilities (as set out in Note 18) are subject to individual covenants which vary but include provisions such as a fixed charge over certain assets, total available Facilities against balance sheet value, net debt against earnings before interest, income, tax expense, depreciation and amortisation ("EBITDA"), and a negative pledge that restricts our ability to incur liens, security interests or similar encumbrances or arrangements on our assets. The Group is now cash generating before capital expenditure and is in full compliance with the covenants contained in its existing bank Facilities. As at 31 March 2012 the Group had $145.4 million of cash (2011: $126.2 million), $103.9 million of net debt (2011: $72.8 million) and undrawn amounts under the Facility of $3.9million (2011: $26.1 million).

The Group is exposed to uncertainties arising from the global economic climate and also in the markets in which it operates. Market conditions could lead to lower than anticipated demand for the Group's products and services and exchange rate volatility could also impact reported performance. The Directors have considered the impact of these and other uncertainties and factored them into their financial forecasts and assessment of covenant headroom. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance (and available mitigating actions), show that the Group will be able to operate within the expected limits of the Facilities and provide headroom against the covenants for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

3.1. Overall Considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. Financial statements are subject to the application of significant accounting estimates and judgments. These are summarised in Note 27.

3.2. Basis of Consolidation

In respect of the combination of Eros International Plc and Eros Worldwide FZ LLC in 2006 the principles of reverse acquisition accounting are 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, Eros International Plc, 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, plus the retained earnings of Eros Worldwide FZ LLC at the date of the business 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 taking account of the provisions of IAS 27 Consolidated and Separate Financial statements. Due to the nature of the Group's activities, whereby it will enter in co-productions and other arrangements in order to source film and related content which sometimes involves the set-up of special purpose entities for individual film productions, it evaluates these arrangements also in the context of SIC-12 Consolidation-Special Purpose Entities and consolidates such entities where appropriate. 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.

Changes in controlling interest in a subsidiary that do not result in gaining or losing control are not business combinations as defined by IFRS 3. The Group adopts the "equity transaction method" which regards the transaction as a realignment of the interests of the different equity holders in the group. Under the equity transaction method an increase or decrease in the groups ownership interest is accounted for as follows:

- the minority interest component of equity is adjusted to reflect the minority's revised share of the net carrying value of the subsidiaries net assets;
- the difference between the consideration received or paid and the adjustment to minority interests is debited or credited to a different component of equity – other reserves;
- no adjustment is made to the carrying amount of goodwill or the subsidiaries net assets as reported in the consolidated financial statements; and
- no gain or loss is reported in the income statement.

3.3. Segment Reporting

IFRS 8 requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Group Chief Executive. The revenues of films are earned over various formats; all such formats are functional activities of filmed entertainment and these activities take place on an integrated basis. The management team primarily monitors performance based on individual films or catalogs and resources are allocated on this basis. Certain resources such as publicity and advertising, and the cost of a film are also reviewed globally. The management team reviews the financial information on an integrated basis for the Group as a whole, with respective heads of business for each region and in accordance with IFRS 8, the Company provides a geographical split as it considers that all activities fall within one segment of business which is filmed entertainment.

Eros has identified four geographic areas, consisting of its main geographic areas (India, North America and Europe), together with the rest of the world.

3.4. Revenue

Revenue is recognised, net of sales taxes, when persuasive evidence of an arrangement exists, the fees are fixed or determinable, the product or service is available for delivery and collectability is reasonably assured. The Group considers the terms of each arrangement to determine the appropriate accounting treatment.

The following additional criteria apply in respect of various revenue streams within filmed entertainment:

- Theatrical – Contracted minimum guarantees are recognised on the theatrical release date. The Group's share of box office receipts in excess of the minimum guarantee is recognised at the point they are notified to the Group.
- Television – License fees received in advance which do not meet all the above criteria are included in deferred income until the above criteria is met.
- Other – DVD, CD and video distribution revenue is recognised on the date the product is delivered or if licensed in line with the above criteria. Provision is made for physical returns where applicable. Digital and ancillary media revenues are recognised at the earlier of when the content is accessed or declared. Visual effects, production and other fees for services rendered by the Group and overhead recharges are recognised in the period in which they are earned and the stage of production is used to determine the proportion recognised in the period.

3.5. Goodwill

Goodwill represents the excess of the consideration transferred 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 consolidated income statement.

3.6. Intangible Assets

Non-Current Intangible assets acquired by the Group are stated at cost less accumulated amortisation less impairment except those acquired as part of a business combination, which are shown at fair value at the date of acquisition less accumulated amortization. Film production cost and content advances are transferred to film and content rights at the point at which content is available for exploitation. "Eros" (the "Trade name") is considered to have an indefinite life and is held at cost less impairment.

Content

Investments in films and associated rights, including acquired rights and distribution advances in respect of completed films, are stated at cost less amortisation less provision for impairment. Costs include production costs, overhead and capitalised interest costs net of any amounts received from third party investors. A charge is made to write down the cost of completed rights over the estimated useful lives except where the asset is not yet available for exploitation. The average life of the assets is the lesser of 10 years or the remaining life of the content rights. The amortisation charge is recognised in the income statement within cost of sales. The determination of useful life is based upon management's judgment and includes assumptions on the timing and future estimated revenues to be generated by these assets – see further details in Note 27.3.

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 software development activities that is expected to be completed 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. The amortisation charge is recognised within cost of sales.

3.7. 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 and Trade names 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.

Film content costs are stated at the lower of unamortised cost or estimated recoverable amounts. In accordance with IAS 36, film content costs are assessed for indication of impairment on a catalog basis as the nature of the Group's business, the contracts it has in place and the markets it operates in do not yet make an ongoing individual film evaluation feasible with reasonable certainty.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

3.8. Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Land and freehold buildings are shown at what management believes to be their fair value, based on, among other things, periodic but at least triannual valuations by an external independent valuer, less subsequent depreciation for freehold buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases are charged against other reserves.

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 deprecia-tion % straight line per annum
Freehold Building	2-10
Furniture & Fixtures and Equipment	15-20
Vehicles and Plant & Machinery	15-40

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

3.9. 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 labor 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.

3.10. 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.

3.11. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost 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.

3.12. Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities (other than financial assets and liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit or loss.

A financial instrument is held for trading if:

- It has been acquired principally for the purpose of selling/repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument of financial guarantee.

The fair value of financial instruments denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore for financial instruments that are classified as fair value through profit and loss, the exchange component is recognised in profit and loss through "other gains and losses". Gains or losses on financial instruments that are designated as fair value through other comprehensive income are recognised in other comprehensive income.

3.13. Financial Assets

Financial assets are divided into the following categories:

- Financial assets at fair value through profit and loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

Financial assets are assigned to the different categories by management on initial recognition, depending on the nature and purpose of the financial assets. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank and cash balances) 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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets

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 other comprehensive income. 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 other comprehensive income 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.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

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.

3.14. Financial Liabilities

Financial liabilities are classified as either 'financial liabilities as fair value through profit or loss' or 'other financial liabilities'. Financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading such as a derivative, except for a designated and effective hedging instrument, or if upon initial recognition it is thus designated to eliminate or significantly reduce measurement or recognition inconsistency or it forms part of a contract containing one or more embedded derivatives and the contract is designated as fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value. Any gains or losses arising of held for trading financial liabilities are recognised in profit or loss. Such gains or losses incorporate any interest paid and are included in the "other gains and losses" line item.

Other financial liabilities (including borrowing and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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 or loss are included in the income statement within finance costs or finance income.

3.15. Derivative Financial Instruments

The Group uses derivative financial instruments ("derivatives") to reduce its exposure to interest rate movements.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the profit or loss depends on the nature of the hedge relationship.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 22 sets out details of the fair values of the derivative instruments used for hedging purposes.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the consolidated income statement relating to the hedged item.

Fair value hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of other reserves. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Cash flow hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.16. 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.

3.17. Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the lessee 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.

3.18. 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 or other comprehensive income in which case it is recognised in equity or other comprehensive income.

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. The following temporary differences are not provided for: the initial recognition of goodwill, of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse. 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 overseas subsidiaries except where the Group is able to control the timing of the reversal of the temporary difference and that the temporary difference will not reverse in the foreseeable future. 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.

3.19. 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 shares 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 unless forfeited or surrendered.

The fair value of share options granted is measured using the Black Scholes model, 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 are allocated to share capital with any excess being recorded as additional paid in capital.

3.20. Foreign Currencies

Transactions in foreign currencies are translated at the prevailing exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the prevailing rates of exchange 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. Translation of non-monetary items are recognised in other comprehensive income unless they relate to a gain or loss on that non-monetary item, in which case 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 prevailing rate of exchange at the balance sheet date. Income and expenses are translated at the average rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are recognised in other comprehensive income and taken 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.

3.21. 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 reserves – this represents amounts arising from the changes in fair value of available-for-sale financial assets, property revaluations, merger reserve, derivative financial instruments and non-controlling interests;
- 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; and
- Non-Controlling Interests – this represents amounts attributable to non controlling interests as a result of their interests in subsidiary undertakings.

1. BUSINESS SEGMENTAL DATA

Eros acquires, co-produces and distributes Indian films in multiple formats worldwide. Film content is monitored and strategic decisions around the business operations are made based on the film content, whether it is new release or catalog. Hence, management identifies only one operating segment in the business, film content. We distribute our film content to the Indian population in India, the South Asian diaspora worldwide and to non-Indian consumers who view Indian films that are subtitled or dubbed in local languages. As a result of these distribution activities, Eros has identified four geographic markets, India, North America, Europe and the Rest of the World.

Revenues are presented based on the region of domicile and by customer location:

(in thousands)

	Year ended March 31 2012	2011
REVENUE BY REGION OF DOMICILE		
India	$ 113,573	$ 81,292
Europe	41,828	44,529
North America	10,454	5,056
Rest of the world	40,619	33,736
	$ 206,474	**$ 164,613**

(in thousands)

	Year ended March 31 2012	2011
REVENUE BY CUSTOMER LOCATION		
India	$ 136,942	$ 108,339
Europe	26,852	21,787
North America	8,379	8,617
Rest of the world	34,301	25,870
Total Revenue	**$ 206,474**	**$ 164,613**

One customer, an aggregator of television rights, Dhrishti Creations Pvt. Ltd., accounted for 11.8% of the Group's total revenues for the year ended 31 March 2012 (2011: 23 %). For the year ended 31 March 2012 and 31 March 2011 no customers other than Dhrishti Creations Pvt. Ltd. accounted for more than 10% of the Group's total revenues.

There were no significant non-cash expenses during the year except the impairment, loss on sale of assets, share based incentives, depreciation, derivative interest and amortisation disclosed above and a share based payment charge of 2012: $5,289,451 (2011: $927,000).

(in thousands)

	India	North America	Europe	Rest of the World
ASSETS				
As of March 31, 2012	$ 273,435	$ 3,397	$ 162,853	$ 326,281
As of March 31, 2011	$ 254,383	$ 1,759	$ 152,273	$ 261,426
LIABILITIES				
As of March 31, 2012	$ 113,458	$ 874	$ 37,983	$ 159,403
As of March 31, 2011	$ 80,978	$ 888	$ 5,091	$ 157,509

(in thousands)

	Year ended March 31 2012	2011
2. PERSONNEL AND OPERATING COSTS		
Average number of full time equivalent employees	323	349
Salaries	$ 7,733	$ 9,814
Social security and other employment charges	623	647
Wages and expenses	**8,356**	**10,461**
Share based compensation	2,889	927
Pension charges	29	30
Personnel costs	**$ 11,274**	**$ 11,418**

(in thousands)

	Year ended March 31 2012	2011
Key Management Compensation		
Short term benefits	$ 3,519	$ 3,605
Share based compensation	1,479	26
	$ 4,998	**$ 3,631**

Director's remuneration is disclosed within the remuneration report.

Profit before tax is arrived at after the following being charged/ (credited) to the income statement:

(in thousands)

	Year ended March 31 2012	2011
Depreciation of property, plant and equipment	$ 1,275	$ 928
Amortisation of other intangible assets	279	275
Amortisation of content assets	86,525	67,839
Operating lease rentals	1,651	1,895

(in thousands)

	Year ended March 31 2012	2011
Audit of the Group's annual accounts pursuant to legislation	$ 289	$ 228
Audit of Company's subsidiaries pursuant to legislation	215	252
Other services	86	26
Tax compliance and advisory services	32	13

In addition to the above amounts $822,000 in respect of work undertaken by the auditors in respect of PCOAB audit reports for the three years ended March 2011 and other reports in respect of our proposed listing on the New York Exchange have been deferred and are included within trade and other receivables in prepaid charges.

(in thousands)

	Year ended March 31 2012	2011
3. FINANCE CHARGES AND INCOME		
Interest on bank overdrafts and loans	$ 9,341	$ 8,677
Interest on other borrowings	120	-
Total interest expense for financial liabilities not classified at fair value through profit or loss	9,461	8,677
Reclassification of gains on hedging previously recognised in other comprehensive income	2,223	3,068
Capitalised interest on filmed content	(5,987)	(8,175)
	5,697	**3,570**
Less: Interest Received	(4,688)	(1,986)
	$ 1,009	**$ 1,584**

For the year ended 31 March 2012, the capitalization rate of interest was 5.2% (2011: 6.0%).

(in thousands)

	Year ended March 31 2012	2011
4. OTHER GAINS AND LOSSES		
(Gain)/loss on disposal of property, plant and equipment	$ 239	$ (193)
Net foreign exchange (gains)/losses	1,057	(1,100)
Net (gain)/loss on held for trading financial liabilities	4,264	-
Reclassification adjustment relating to available-for-sale financial assets	1,300	-
Foreign exchange (gain)/loss on available-for-sale financial assets	(70)	-
	$ 6,790	**$ (1,293)**

The net loss on held for trading financial liabilities in the year ended 31 March 2012 principally relates to losses arising on a previously effective interest swap as a result of a change in hedging strategy (see note 22).

(in thousands)

	Year ended March 31 2012	2011
5. INCOME TAX EXPENSE		
Current tax expense	$ 4,946	$ 3,632
Origination and reversal of temporary differences	5,113	4,605
Provision for income taxes	**$ 10,059**	**$ 8,237**

(in thousands)

	Year ended March 31 2012	2011
Reconciliation of tax charge		
Profit before tax	$ 53,639	$ 55,787
Isle of Man standard tax rate	0%	0%
Differences in tax rates	3,947	4,840
Expenses not deductible for tax purposes	451	-
Utilisation of tax losses	143	(14)
Marginal relief	39	-
Other temporary differences	(4)	275
Adjustment in respect of prior periods	370	(1,469)
Effective provision for current income taxes	4,946	3,632
Deferred Tax	5,113	4,605
	$ 10,059	**$ 8,237**
Effective tax rate	18.8%	14.8%

(in thousands)

		Year ended March 31 2012		2011
6. CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES				
Opening balance of deferred tax liabilities	$	(17,075)	$	(12,470)
Effect on provision for income taxes		(2,527)		(4,605)
Closing balance of deferred tax liabilities	**$**	**(19,602)**	**$**	**(17,075)**

Deferred tax is calculated in full on all temporary differences under the liability method using the local tax rate of the country in which the timing difference occurs. Movements in specific deferred tax assets and liabilities during the year are shown below.

(in thousands)

		Year ended March 31 2012		2011
Current tax expense	$	4,946	$	3,632
Deferred tax				
Origination and reversal of temporary differences		5,113		4,605
Provision for income taxes	**$**	**10,059**	**$**	**8,237**

(in thousands)

		Other temporary differences
At March 31, 2010	**$**	**(12,470)**
Foreign exchange translation		-
Recognised in the income statement		(4,605)
At March 31, 2011	**$**	**(17,075)**
Foreign exchange translation		2,586
Recognised in the income statement		(5,113)
At March 31, 2012	**$**	**(19,602)**

Components of deferred tax assets and liabilities

(in thousands)

		Year ended March 31 2012		2011
Deferred tax assets				
Tax losses	$	407	$	265
Deferred tax liabilities				
Other		(20,009)		(17,340)
Deferred tax (liabilities)/assets	**$**	**(19,602)**	**$**	**(17,075)**

The deferred tax assets have been recognised on the basis that there is sufficient certainty of profitability to utilise the available losses.

"Other" deferred tax liabilities principally comprise temporary timing differences on investments in film content within India in the financial statements, film content is amortised over its useful economic life whereas under relevant tax law, the cost of content is allowed as an expense within a maximum period of two years.

	Year ended March 31 2012 Basic	2012 Diluted	2011 Basic	2011 Diluted
	(in thousands, except earnings per share)			
7. EARNINGS PER SHARE				
Earnings				
Earnings attributable to the equity holders of the parent	$ 37,406	$ 37,406	$ 44,796	$ 44,796
Potential dilutive effect related to share based compensation scheme in subsidiary undertaking	-	(507)	-	(481)
Adjusted earnings attributable to equity holders of the parent	**$ 37,406**	**$ 36,899**	**$ 44,796**	**$ 44,315**
Number of shares				
Weighted average number of shares	117,227	117,227	116,134	116,134
Potential dilutive effect related to share based compensation scheme	-	187	-	187
Adjusted weighted average number of shares	**117,227**	**117,414**	**116,134**	**116,321**
Earnings per share				
Earnings attributable to the equity holders of the parent per share (cents)	31.9	31.4	38.6	38.1

	Year ended March 31, 2012 Land and Building	Furniture, Fittings and Equipment	Vehicles	Plant and Machinery	Total
	(in thousands)				
8. PROPERTY, PLANT AND EQUIPMENT					
Opening net book amount	$ 10,767	$ 1,516	$ 581	$ 1,211	$ 14,075
Exchange differences	(755)	(389)	(63)	52	(1,155)
Additions	189	14	95	926	1,224
Disposals	-	(136)	(7)	(104)	(247)
Depreciation charge	(659)	(88)	(150)	(378)	(1,275)
Closing net book amount	**$ 9,542**	**$ 917**	**$ 456**	**$ 1,707**	**$ 12,622**

	As at March 31, 2012 (in thousands)				
Cost or valuation	$ 11,198	$ 2,367	$ 1,725	$ 6,005	21,295
Accumulated depreciation	(1,656)	(1,450)	(1,269)	(4,298)	(8,673)
Net book amount	**$ 9,542**	**917**	**456**	**1,707**	**12,622**

	Year ended March 31, 2011 Land and Building	Furniture, Fittings and Equipment	Vehicles	Plant and Machinery	Total
	(in thousands)				
Opening net book amount	$ 2,271	$ 1,012	$ 594	$ 1,556	$ 5,433
Exchange differences	218	18	6	20	262
Additions	8,834	622	301	142	9,899
Disposals	(429)	-	(159)	(3)	(591)
Depreciation charge	(127)	(136)	(161)	(504)	(928)
Closing net book amount	**$ 10,767**	**$ 1,516**	**$ 581**	**$ 1,211**	**$ 14,075**
Cost or valuation	11,764	2,742	1,693	5,027	21,226
Accumulated depreciation	(997)	(1,226)	(1,112)	(3,816)	(7,151)
Net book amount	**$ 10,767**	**$ 1,516**	**$ 581**	**$ 1,211**	**$ 14,075**

	As at March 31, 2011				
	Land and Building	Furniture, Fittings and Equipment	Vehicles	Plant and Machinery	Total
	(in thousands)				
Cost or valuation	11,764	2,742	1,693	5,027	21,226
Accumulated depreciation	(997)	(1,226)	(1,112)	(3,816)	(7,151)
Net book amount	$ 10,767	$ 1,516	$ 581	$ 1,211	$ 14,075

Land and buildings with a carrying amount of approximately $8,239,807 (2011; $9,932,465) have been pledged to secure borrowings (see note 18).

(in thousands)

	Goodwill	Trade Name
9. GOODWILL AND TRADE NAME		
Net book value at March 31, 2012	$ 1,878	$ 14,000
Net book value at March 31, 2011	$ 1,878	$ 14,000

"Eros" and the associated logos comprise the Trade name of the Group.

Goodwill relates to the acquisition of Eros Network Limited.

Goodwill and Trade Name Impairment Testing

In accordance with the Group's accounting policy, the carrying value of goodwill and the Trade name are reviewed annually for impairment. Impairment reviews were undertaken as at the end of each financial year.

In the absence of any identified indicator of impairment, the test was performed on the basis of internal valuation. After this test management reached the conclusion that the recoverable values exceeded their carrying values. The recoverable amounts were determined on value in use calculations covering a two year detailed forecast from the review date followed by an extrapolation at the rates stated below.

The growth rate is based on reasonable estimates of the market growth rates, based on previous experience of the market in which the Group operates and is consistent with external sources of information. Management has assumed that the profit margin will remain stable and in line with past experience. The Group's management believes that this is the best available input for forecasting. The growth rate used is 5%. Discount rate of 12.2% (2011: 8%) representing the Group's weighted average cost of capital has been applied to the projections.

Management has performed sensitivity based on zero growth and are satisfied that there is adequate headroom.

(in thousands)

	Gross Content Assets	Accumulated Amortisation	Content Assets
10 INTANGIBLE CONTENT ASSETS			
As at 31 March 2012			
Film and content rights	$ 599,172	$ (288,457)	$ 310,715
Content advances	162,377	-	162,377
Non Current Content assets	**$ 761,549**	**$ (288,457)**	**$ 473,092**
As at 31 March 2011			
Film productions	$ 170	-	$ 170
Film and content rights	487,046	(228,680)	258,366
Content advances	163,365	-	163,365
Non Current Content assets	**$ 650,581**	**$ (228,680)**	**$ 421,901**

Changes in the main content assets are as follows:

(in thousands)

	Year ended March 31 2012		2011	
Film productions				
Opening balance	$	170	$	7,878
Additions		22		1,297
Changes in foreign currency translation		(22)		(88)
Transfer to film and content rights		(170)		(8,917
Closing balance		**-**	**$**	**170**
Content advances				
Opening balance	$	163,365		123,106
Additions		159,725		136,684
Changes in foreign currency translation		(13,489)		1,649
Transfer to film and content rights		(147,224)		(98,074)
Closing balance	**$**	**162,377**	**$**	**163,365**
Film and content rights				
Opening balance	$	258,366	$	218,244
Amortisation		(86,525)		(67,839)
Changes in foreign currency translation		(8,520)		970
Transfer from other content assets		147,394		106,991
Closing balance	**$**	**310,715**	**$**	**258,366**

(in thousands)

		Gross	Year ended March 31 Accumulated Amortisation			Net
11. OTHER INTANGIBLE ASSETS						
As at 31 March 2012	$	3,422	$	(1,552)	$	1,870
As at 31 March 2011	$	1,971	$	(1,273)	$	698

The changes in other intangible assets are as follows:

(in thousands)

	Year ended March 31 2012		2011	
Opening balance	$	698	$	692
Additions during the year		1,572		268
Changes in foreign currency translation		(122)		13
Amortisation		(278)		(275)
Closing balance	**$**	**1,870**	**$**	**698**

Other intangibles are comprised of internally generated software used within the Group's digital and home entertainment activities.

(in thousands)

	As at March 31 2012	2011
12. OTHER FINANCIAL ASSETS		
Available-for-sale financial assets - equity instruments	$ 30,385	$ 25,556
Held for trading derivatives that are not designated in hedge accounting relationships	1,573	-
A breakdown of the equity instruments is shown below;		
Equity Instruments		
Triple Com Media Pvt. Limited	$ 468	$ 458
Valuable Technologies Limited	11,097	12,263
LMB Holdings Limited	16,800	10,815
Valuable Innovations Private Limited	2,020	2,020
	$ 30,385	**$ 25,556**

The investment in Triple Com Media Pvt. Limited ("Triple Com") represents 21% share of the issued share capital of that company. Triple Com is involved in the aggregation and syndication of television and cable media rights in India. The Group has no board representation and no involvement in directing operations or financial decisions of Triple Com, nor do they have the any means in which to exert such control. As a result, the Directors have concluded that they do not exert any significant influence over Triple Com, nor do they have the power to exert such influence. In the year ended 31 March 2011 the Directors recognised a fair value adjustment of $820,000 and do not consider this to be a permanent impairment. In the year ended 31 March 2012 the Directors recognised a fair value uplift adjustment of $57,000 less a reduction for movement in exchange.

Acacia Investments Holdings Limited ("Acacia") is a dormant holding Company and owns 24% of L.M.B Holdings Limited ("LMB") which through its subsidiaries operates two satellite television channels B4U Music and B4U Movies. As of 31 March 2012 and prior the Group had no board representation, no involvement in policy decision making, did not provide input in respect of technical knowhow and had no material contract with LMB or its subsidiaries nor did they have the power to exert significant influence. As a result the Directors historically concluded throughout its ownership that as of 31 March 2012, they did not exert any significant influence over LMB or its subsidiaries. Due to the range of potential outcomes in valuing LMB, the Board was unable to give, with reasonable certainty, a fair value. The investment was therefore stated at cost in accordance with IAS 39 as at 31 March 2011. As at 31 March 2012 and in light of the proposed acquisition of the all shares not held by Acacia in LMB a fair value adjustment of $5,985,000 has been recognised based on the value attributed to the entity as a whole.

Eros acquired an interest in Valuable Technologies Limited ("Valuable") in the year ended 31 March 2009. The Company manages and operates a number of companies within media and entertainment, technology and infrastructure. These companies include UFO Moviez, the leading provider of Digital projection solutions for cinemas in India, Boxtech which is involved with digital movie rentals, and Impact whose business is theatrical ticketing and sales data. As at 31 March 2012 Eros owns 7.59% of Valuable's equity. The Directors recognised a downward adjustment of $2,225,000 in the year ended 31 March 2011, based on, among other things an external valuation of Valuable and the dilution of Eros ownership. As at 31 March 2012 a fair value of 1,166,000 adjustment has been recognised.

In April 2010, Eros acquired a 1.27% interest in Valuable Innovations Private Limited at a total cost of $2,020,000. Given that no information was available the Directors continue to hold the investment at cost.

These investments in equity instruments are not held for trading. Instead, they are held for medium or long-term strategic purpose

(in thousands)

	As at March 31	
	2012	2011
13. INVENTORIES		
Goods for resale	$ 1,048	$ 1,371
Raw materials	82	190
	$ 1,130	**$ 1,561**

During the year ended 31 March 2012, inventory of $1,186,000 (2011:$2,620,752) was recognised in profit or loss as an expense. In each year none of the expense was as a result of the write down of inventories.

(in thousands)

	As at March 31	
	2012	2011
14. TRADE AND OTHER RECEIVABLES		
Trade accounts receivable	$ 61,819	$ 49,794
Trade accounts receivable reserve	(478)	(221)
Trade accounts receivable net	**61,341**	**49,573**
Other receivables	11,805	7,285
Prepaid charges	5,504	801
Trade accounts receivable and other	**$ 78,650**	**$ 57,659**

An element of trade accounts receivable that have not been impaired are past due as at the reporting date. The age of these financial assets past due were as follows:

(in thousands)

	As at March 31	
	2012	2011
Not more than three months	$ 4,219	$ 963
More than three months but not more than six months	1,032	793
More than six months but not more than one year	829	1,201
More than one year	1,469	2,513
	$ 7,549	**$ 5,470**

The movements in the trade receivable provisions are as follows:

(in thousands)

	As at March 31	
	2012	2011
At April 1	$ 221	$ 87
Utilisations	(124)	-
Provisions	381	134
At March 31	**$ 478**	**$ 221**

The carrying amount of trade and other receivables is considered a reasonable approximation of fair value. There were no amounts held as collateral in respect of any of the years.

(in thousands)

	As at March 31	
	2012	2011
15. TRADE AND OTHER PAYABLES		
Trade accounts payable	$ 10,399	$ 15,134
Accruals & other payables	12,071	3,038
Social security & other taxes payable	4,769	5,025
	$ 27,239	**$ 23,197**

The Group considers that the carrying amount of trade and other payables approximate their fair value.

(in thousands)

	As at March 31 2012	2011
16. CASH AND CASH EQUIVALENTS		
Held-to-maturity investments	$ 8,552	$ 33,268
Cash at bank and in hand	136,870	92,899
	$ 145,422	**$ 126,167**

Cash and Cash equivalents consist of cash on hand and balance with banks and investments in money market investments, noted as held-to-maturity investments. Cash and Cash equivalents included in the statement of cash flows comprise amounts in the statement of financial position.

(in thousands)

	As at March 31 2012	2011
17. OPERATING LEASES		
Within one year	$ 1,440	$ 1,915
Within two to five years	2,992	1,716
	$ 4,432	**$ 3,631**

The minimum lease rentals to be paid under non-cancellable operating leases at 31 March 2012 were as above.

The Group leases various offices and warehouses under non-cancellable operating lease agreements.

(in thousands)

	Nominal Interest Rate	Maturity	As at March 31 2012	2011
18. BORROWINGS				
Analysis of long-term borrowings				
Asset backed borrowings				
Term loan	LIBOR+7.5%	2015	$ 1,819	$ 2,830
Term loan	BPLR+5.5%	2012	-	557
Term loan	LIBOR+8.5%	2017	2,033	3,376
Term loan	BPLR	2012	-	75
Term loan	BPLR+1.25%	2012	-	135
Asset loan	10-15%	2015	819	1,247
Term loan	BR + 5.5%	2012	-	5,131
Term loan	10-15%	2012	157	45
Term loan	BR+1.80%	2017	19,665	-
			$ 24,493	**$ 13,396**
Unsecured borrowings				
Other borrowings	10.5%	2022	$ 10,804	-
$100 million revolving facility	LIBOR+1.65%	2012	-	$ 100,000
$25 million revolving facility	LIBOR+2.35%	2012	-	25,000
$20 million revolving facility	LIBOR +3%	2012	-	20,000
$150 million revolving facility	LIBOR +1.9% - 2.9% + Mandatory Cost	2017	$ 150,000	-
			$ 160,804	**$ 145,000**
Nominal value of borrowings			$ 185,297	$ 158,396
Cumulative effect of unamortized costs			(2,183)	(845)
Installments due within one year			(2,346)	(8,241)
Long-term borrowings - at amortised cost			**$ 180,768**	**$ 149,310**

Bank prime lending rate ("BPLR") is the Indian equivalent to LIBOR. Asset backed borrowings are secured by fixed and floating charges over certain group assets.

(in thousands)

	Nominal interest rate (%)	As at March 31 2012		2011
Analysis of short-term borrowings				
Asset backed borrowings				
Export credit and overdraft	LIBOR+ 1-2.5 %	$	40,626	$ 26,825
Unsecured Borrowings				
Commercial Paper	10.95% –11.95 %		25,555	4,506
Book Overdraft	BR+ 2%		-	10,039
Installments due within one year on long-term borrowings			2,346	8,241
Short-term borrowings at amortised cost		**$**	**68,527**	**$ 49,611**

(in thousands)

	As at March 31 Current 2012	Non-current	Current 2011	Non-current
19. OTHER FINANCIAL LIABILITIES				
Derivative liabilities				
Designated in cash flow hedge	$ 1,538	$ 11,027	$ 4,579	-

(in thousands)

	As at March 31 2012	2011
20. SHARE BASED COMPENSATION PLANS		
IPO Plan	-	$ 26
IPO India Plan	177	901
	$ 177	**$ 927**

The compensation cost recognised with respect to all outstanding plans, which are all equity settled instruments, is as above.

This charge has been included in administrative costs in the Income statement. The fair value per share for each grant of options and the assumptions used in the calculation are as follows:

	IPO Plan June 2006	IPO India Plan December 2009	August 2010
Scheme			
Grant date	27/06/06	17/12/2009	12/8/2010
Option strike price	GBP 1.76	INR 117	INR 91
Maturity (in years)	10	5.25	5.25
Expected term (in years)	5	4	4
Number of instruments granted	187,314	1,729,512	83,628
Share price	GBP 1.724	INR 175	INR 175
Expected volatility	25.0 %(1)	75%(1)	60%
Risk free interest rate	4.78%	6.3%	6.5 %
Expected dividend yield	0%	0%	0%
Average fair value of the granted options at the grant date	GBP 0.626	INR 89	INR 78
Range of values of the granted options at the grant date	GBP 0.58-0.68	INR 75-100	INR 66-85

(1) The expected volatility for these two companies has been arrived at by taking the weighted average share price movements of three peer companies as neither of these entities' shares were listed at the date of grant.

The IPO Plan

The IPO Plan was provided to grant options to certain senior management involved with the initial public offering of the Company's shares on the AIM. The performance sole criterion attached to the options was met when the Company's shares were accepted for trading on AIM. The options vested annually in one fifth tranches from 27 June 2007.

The table below summarises the IPO Plan and the Management Scheme.

	2012		2011	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding on April 1	187,314	GBP 1.76	187,314	GBP 1.76
Outstanding at March 31	187,314	GBP 1.76	187,314	GBP 1.76
Exercisable on March 31	**187,314**	**GBP 1.76**	**149,851**	**GBP 1.76**

The IPO India Plan

The Company's subsidiary Eros International Media Limited has instituted an employee share option scheme 'ESOP 2009' (the "IPO India Plan") and eligible to employees and administered by the Compensation Committee of the Board of Directors of Eros International Media Limited. The terms and condition of the IPO India Plan is as follows:

	2012		2011	
	Number of shares of Eros International Media Ltd.	Weighted average exercise price	Number of shares of Eros International Media Ltd.	Weighted average exercise price
Outstanding at April 1	1,733,924	1.47	1,729,512	1.47
Granted during the year	-	-	83,628	1.47
Lapsed	(592,206)	-	(79,216)	-
Exercised	(329,857)	1.47	-	-
Outstanding at March 31	811,861	1.47	1,733,924	1.47
Exercisable at March 31	214,476	1.47	330,059	1.47

The exercise price of the options for an employee was based on factors such as seniority, tenure, criticality and performance of the employee, based on the above, the exercise price would be calculated at a discount of 0-50% on what management believes to be the fair share price at grant date, based on, among other things, a valuation by an independent valuer. Options vest as follows:

- 20% of the Options shall vest on the completion of 12 months from the Grant Date
- 20% of the Options shall vest on the completion of 24 months from the Grant Date
- 30% of the Options shall vest on the completion of 36 months from the Grant Date
- 30% of the Options shall vest on the completion of 48 months from the Grant Date

The share price of Eros International Media Limited options at the dates the options were exercised in the year ended 31 March 2012 were $1.7 and $1.2.

	Number of Shares	GBP (in thousands)
21. ISSUED SHARE CAPITAL		
200,000,000 ordinary shares of 10p each ("Ordinary Shares") at 31 March 2012, and 31 March 2011	200,000,000	20,000

	Number of Shares	US$ (in thousands)
Allotted, called up and fully paid		
As at 31 March 2010 and 31 March 2011	116,133,758	21,349
Allotment of shares on 1 June 2011	107,776	18
Allotment of shares on 3 October 2011	2,075,340	320
As at 31 March 2012	**118,316,874**	**21,687**

The allotment of shares on 1 June 2011 were shares issued for employee bonus/remuneration issued at $3.60 a share based on the mid-market price on 31 May 2011. The allotment on 3 October 2011 were shares issued to employees, directors and a charity as bonus/remuneration/charitable donation at $3.20 a share based on the mid-market price on 3 October 2011.

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has established objectives concerning the holding and use of financial instruments. The underlying basis of these objectives is to manage the financial risks faced by the Group.

Formal policies and guidelines have been set to achieve and implement these objectives. The Group does not enter into speculative arrangements or trade in financial instruments and it is the Group's policy not to enter into complex financial instruments unless there are specific identified risks for which such instruments help mitigate uncertainties.

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 18, cash and cash equivalents and equity attributable to equity holders of Eros, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity and in Notes 16 and 21.

The gearing ratio at the end of the reporting period was as follows

(in thousands)

	As at March 31 2012	2011
Debt	$ 249,295	$ 198,921
Cash and bank balances	145,422	126,167
Net debt	**$ 103,873**	**$ 72,754**
Equity	454,248	425,375
Net debt to equity ratio	23%	17%

Debt is defined as long and short-term borrowings (excluding derivatives). Equity includes all capital and reserves of the Group that are managed as capital.

Categories of financial instruments

(in thousands)

	As at March 31 2012	2011
Financial assets		
Available-for-sale assets	$ 30,385	$ 25,556
Loans and receivables	78,650	57,659
Cash and bank balances	136,870	92,899
Fair value through profit or loss held for trading	1,573	-
Held-to-maturity investments	8,552	33,268
	$ 256,030	**$ 209,382**
Financial liabilities at amortised cost		
Amortised cost	$ 27,239	$ 23,197
Derivative instruments in designated hedge accounting relationships	11,027	-
Fair value through profit or loss held for trading	1,538	-
Borrowings	249,295	198,921
	$ 289,099	**$ 222,118**

Financial risk management objectives

Based on the operations of the Group throughout the world the Directors consider that the key financial risks that it faces are credit risk, currency risk, liquidity risk and interest rate risk. The objectives under each of these risks are as follows;

- credit risk: minimise the risk of default and concentration;
- currency risk: reduce exposure to foreign exchange movements principally between U.S. dollar, Indian Rupee and GBP;
- liquidity risk: ensure adequate funding to support working capital and future capital expenditure requirements; and
- interest rate risk: mitigate risk of significant change in market rates on the cash flow of issued variable rate debt.

Credit Risk

The Group credit risk is principally attributable to its trade receivables, advances and cash balances. As a number of the Group's trading activities require third parties to report revenues due to the Group this risk is not limited to the initial agreed sale or advance amounts. The amounts shown within the balance sheet in respect of trade receivables and advances are net of allowances for doubtful debts based upon objective evidence that the Group will not be able to collect all amounts due. Trading credit risk is managed on a country by country basis by the use of credit checks on new clients and individual credit limits, where appropriate, together with regular updates on any changes in the trading partner's situation. In a number of cases trading partners will be required to make advance payments or minimum guarantee payments before delivery of any goods. The Group reviews reports received from third parties and as a matter of course reserve the right within the contracts it enters into to request an independent third party audit of the revenue reporting.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group from time to time will have significant concentration of credit risk in relation to individual theatrical releases, television syndication deals or music licenses. This risk is mitigated by contractual terms which seek to stagger receipts and/or the release or airing of content. As at 31 March 2012 62% (2011: 56%) of trade account receivables were represented by the top five debtors. The maximum exposure to credit risk is that shown within the balance sheet.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Currency Risk

The Group operates throughout the world with significant operations in India, the British Isles, the United States of America and the United Arab Emirates. As a result it faces both translation and transaction currency risks which are principally mitigated by matching foreign currency revenues and costs wherever possible.

The Group's major revenues are denominated in U.S. Dollars, Indian Rupees and British pounds sterling which are matched where possible to its costs so that these act as an automatic hedge against foreign currency exchange movements.

The Group has identified that it will need to utilise hedge transactions to mitigate any risks in movements between the U.S. Dollar and the Indian Rupee and has adopted an agreed set of principles that will be used when entering into any such transactions. No such transactions have been entered into to date and the Group has managed foreign currency exposure to date by seeking to match foreign currency inflows and outflows as much as possible. Details of the foreign currency borrowings that the Group uses to mitigate exchange risk are shown within Interest Risk.

As at the balance sheet date there were no outstanding forward foreign exchange contracts. The Group adopts a policy of borrowing where appropriate in the local currency as a hedge against translation risk. The table below shows the Group's net foreign currency monetary assets and liabilities position in the main foreign currencies as at the year end:

(in thousands)

	Net Balance		
	GBP	INR	Others
As at 31 March 2012	3,234	12,514	935
As at 31 March 2011	10,276	22,443	272

A uniform decrease of 10% in exchange rates against all foreign currencies in position as of 31 March 2012 would have a cumulated negative impact of $1,668,332 (2011: $3,299,100) on net income and on equity. An equal and opposite impact would be experienced in the event of an increase by a similar percentage. The Group's sensitivity to foreign currency has decreased during the year ended 31 March 2012 as a result of an increase in the percentage of liabilities denominated in foreign currency over the comparative period.

Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves and agreed committed banking facilities. Management of working capital takes account of film release dates and payment terms agreed with customers.

An analysis of short-term and long-term borrowings is set out in Note 18. Set out below is a maturity analysis for non-derivative and derivative financial liabilities. The amounts disclosed are based on contractual undiscounted cash flows. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates as at March 31, in each year.

(in thousands)

	Total	Less than 1 year	1-3 years	3-5 years
As at 31 March 2012				
Borrowing principal payments	251,478	68,527	52,374	130,577
Borrowing interest payments	40,693	12,474	13,735	14,484
Derivative financial instruments	10,992	10,992	-	-
Non-interest bearing	10,399	10,399	-	-

(in thousands)

	Total	Less than 1 year	1-3 years	3-5 years
As at 31 March 2011				
Borrowing principal payments	199,766	49,406	149,612	748
Borrowing interest payments	9,096	7,303	1,743	50
Derivative financial instruments	4,905	4,905	-	-
Non-interest bearing	15,134	15,134	-	-

At 31 March 2012 the Group had facilities available of $255,416,000 (2011: $225,059,000) and therefore had net undrawn amounts of $3,938,000 (2011: $26,138,000) available.

Interest Rate Risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the maintaining an appropriate mix between fixed, capped and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated to align with interest rate views to ensure the most cost effective hedging strategies are applied.

Currency, Maturity and Nature of Interest Rate of the Nominal Value of Borrowings

(in thousands, except percentages)

	As at March 31			
	2012	%	2011	%
Currency				
U.S. Dollar	$ 193,919	78	$ 154,195	77
Indian Rupees	55,376	22	44,726	23
Total	**$ 249,295**	**100**	$ 198,921	**100**
Maturity				
Due before one year	$ 68,527	27	$ 49,612	25
Due between one and three years	52,374	21	148,561	75
Due between four and five years	128,394	52	748	-
	$ 249,295	**100**	$ 198,921	**100**
Nature of rates				
Fixed interest rate	$ 84,333	34	$ 101,347	51
Floating rate	164,963	66	97,574	49
Total	**$ 249,295**	**100**	$ 198,921	**100**

At 31 March 2012, the interest exposure was managed through an interest cap on $100 million. Two written floor contracts each with $100 million notional value have also been entered into. The effect of these instruments in combination is that the maximum cash outflow is 6% although the written floors mean that should market rates fall below the floor rate, then the interest charged would be twice the floor rate, although never exceeding 6%. The Company had taken a hedge for $100 million from floating to fixed for the year ended 31 March 2011. Hence in respect of the $100 million it is classified as floating interest rate borrowings as on 31 March 2012 but fixed interest rate borrowings as on 31 March 2011.

A 1% increase in underlying bank rates would lead to an annual increased interest charge of $1,343,320 (2011: $994,000), an equal and opposite impact would be felt if rates fell by 1%.

Under the interest swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amount. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow of issued variable rate debt. The fair value of interest swaps which comprise derivatives at fair value through profit and loss and derivatives designated as hedging instruments in a cash flow hedge is determined by discounted future cash flows using the rate curves at the reporting date and is shown below.

The cash flows on the hedges and underlying borrowings arise quarterly over the period of the hedges upon the fixed and U.S. $ Libor rates.

(in thousands, except percentages)

	As at March 31			
	Average contract rate	Notional principal amount	Fair value of hedging instrument 2012	Fair value of hedging instrument 2011
2011 Interest Rate Swap	3.52%	$ 100,000	$ (1,538)	$ (4,405)
Cash Flow Hedge	3.69%	$ 25,000	-	(174)
2011 Interest Rate Swap	3.52%	$ 100,000	1,573	-
2012 Interest Rate Floor	0.5%-3%	$ 100,000	(6,711)	-
2012 Interest Rate Collar	Cap of 6% & Floor 0.5% - 3%	$ 100,000	(4,316)	-
Total			**$ (10,992)**	**$ (4,579)**

In comparative periods, the 2011 interest swap was designated as a hedging instrument in a cash flow hedge over variable rate borrowings, where those borrowings were set to mature in 2012. As a result of a change in hedging strategy, this interest swap was economically offset via the purchase of an offsetting interest swap. There was no effective hedge in the year ended 31 March 2012 (2011: $4,579,000) transferred to other comprehensive income. Out of the hedge reserve of $4,579,000 on 31 March 2011, $2,223,000 has been recycled to the income statement within finance charges and income. The remaining amount of $2,356,000 has been taken to the income statement within other gains and losses.

In the year ended 31 March 2012, for part of the period a small number of forward starting interest swaps were entered into and designated as cash flow hedges over future highly probable borrowings. The hedged item related to interest costs on variable rate borrowings from autumn 2012 until 2017. Those interest swaps were then settled. In addition close to the year ended 31 March 2012 an interest cap and two floors derivatives were entered into which were designated as derivatives at fair value through profit and loss and a derivative designated as a hedging instruments in a cash flow hedge. The hedged item relates to interest costs on variable rate borrowing from autumn 2012 to 2022. A $3,847,000 loss in respect of the 2012 Interest rate collar offset by the effective gains on the forward starting interest swaps have been taken to other comprehensive income and a loss of $1,908,000 in respect of the remaining interest rate swaps and derivatives has been taken to the income statement within other gains and losses.

Financial instruments – disclosure of fair value measurement level

The Group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. The required disclosures of fair value measurements are grouped into the following levels:

- Level 1 fair value measurements derived from unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

(in thousands)

	As at March 31 2012	2011
Level 1	$ -	$ -
Level 2 – derivative financial liabilities	(10,992)	(4,579)
Level 3 – Available-for-sale financial assets	13,585	14,741
Net fair value	**$ 2,593**	**$ 10,162**

Reconciliation of Level 3 fair value measurements of financial assets

(in thousands)

	Available-for-sale of financial assets
At March 31, 2010	26,581
Purchases	2,020
Total gain or losses	
- in other comprehensive income	(3,045)
At March 31, 2011	**$ 25,556**
Total gain or losses	
- in profit or loss	(1,230)
- in other comprehensive income	6,059
At 31 March 2012	**$ 30,385**

The total gains and losses include an impairment of available-for-sale financial assets $1,230,000 in the year ended 31 March 2012 (2011: nil) of assets still held at the end of the period. All gains and losses included in other comprehensive income related to equity share investments held at the end of each reporting period and are shown as changes of other reserves and translation reserves.

There were no transfers between Level 1 and Level 2 in any of the years.

23. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Eros' material contractual obligations are made up of contracts related to content commitments. Operating lease commitments are disclosed in Note 13.

(in thousands)

	Total	1 Year	2 to 5 Years
As at 31 March 2012	$ 166,431	$ 119,874	4
As at 31 March 2011	$ 158,443	$ 121,101	$ 37,342

The Company also has certain contractual arrangements in relation to certain contractual content commitments that would require the Company to make payments or provide funding if certain circumstances occur ("contingent guarantees"). The Company expects that these contingent guarantees totaling $65,091,556 in fiscal 2012 (2011: $53,031,000) of which are included within the contractual content commitments above will fall due within the timeframe above.

24. CONTINGENT LIABILITIES

There were no material ongoing litigations at 31 March 2012 and 31 March 2011.

25. RELATED PARTY TRANSACTIONS

(in thousands)

		As at March 31			
		2012		2011	
	Details of transaction	Movement in year	Asset (Liability)	Movement in year	Asset (Liability)
Red Bridge Ltd.	President fees	270	(592)	322	(322)
550 County Avenue	Rent	96	(506)	132	(410)
Deposits	Deposits and Fees	54	737	37	771
Line Cross Limited	Rent	32	(157)	498	(126)
Lulla Family	Rent	7	12	193	(21)

Pursuant to a lease agreement that expires on 31 May 2012, Eros International Media Limited leases apartments for studio use 2,750 square feet of real property at Kailash Plaza, 3rd Floor, Opp. Laxmi Industrial Estate, Andheri (W), Mumbai, from Manjula K. Lulla, the wife of Kishore Lulla. Beginning in August 2010, the lease requires Eros International Media Limited to pay $6,556 each month under this lease. Pursuant to a lease that expires in October 2012, Eros International Media Limited leases for use as executive accommodations the real property at Aumkar Bungalow, Gandhi Gram Road, Juhu, Mumbai, from Sunil Lulla. Beginning in October 2009, the lease requires Eros International Media Limited to pay $6,556 each month under this lease.

Pursuant to a lease that expires on 31 May 2012, Eros International Media Limited leases for studio use two apartments at Juhu Sangita Apartments (6A-4 and 6A-10), Juhu Tara Road, Juhu, Mumbai, from Meena A. Lulla, mother of Kishore Lulla and Sunil Lulla. Beginning in October 2010, the lease requires Eros International Media Limited to pay $983 each month, in the aggregate under this lease.

Pursuant to a lease that expires on 31 May 2012, the Group leases for studio use an apartment at Juhu Sangita Apartments (6A-5), Juhu Tara Road, Juhu, Mumbai, from Sunil Lulla. Beginning in June 2010, the lease requires the Group to pay $426 each month plus service tax.

Pursuant to a lease agreement that expires on 31 March 2015, the Group leases for U.S. corporate offices, the real property at 550 County Avenue, Secaucus, New Jersey, from 550 County Avenue Property Corp, a Delaware corporation owned by Beech Investments and of which our President of Americas Operations Ken Naz serves as a director. The current lease commenced on April 1, 2010, and requires the Group to pay $11,000 each month.

Pursuant to a lease agreement that expires in March 2018, including renewal periods, the Group leases for U.K. corporate offices, the real property at 13 Manchester Square, London from Linecross Limited, a U.K. company owned indirectly by a discretionary trust of which Kishore Lulla and Sunil Lulla are potential beneficiaries. The current lease commenced on 19 November 2009 and requires us to pay $129,230 each quarter. In addition, Eros Energy UK Ltd., of which Kishore Lulla is a director, subleases from the Group a part of the property at 13 Manchester Square, London.

Each of the above leases is at market rates.

Pursuant to an agreement the Group entered into with Redbridge Group Ltd. on 27 June 2006, the Group agreed to pay an annual fee set each year by its Board of Directors of $322,000 and $321,000 in the year ended 31 March 2011 and the year ended 31 March 2012 respectively, for the services of Arjan Lulla, the father of Kishore Lulla and Sunil Lulla, uncle of Vijay Ahuja and an employee of Redbridge Group Ltd. The agreement makes Arjan Lulla honorary life president and provides for services including attendance at board meetings, entrepreneurial leadership and assistance in setting the Group's strategy. Redbridge Group Ltd. is an entity owned indirectly by a discretionary trust of which Kishore Lulla and Sunil Lulla are potential beneficiaries.

The Group has engaged in transactions with NextGen Films Pvt. Ltd., an entity owned by the husband of Puja Rajani, sister of Kishore Lulla and Sunil Lulla, each of which involved the purchase and sale of film rights. NextGen Films Pvt. Ltd. sold $3,455,657 and $22,205,192 to the Group in the year ended 31 March 2011 and the year ended 31 March 2012 respectively, and purchased from the Group approximately $4,811,417 in the year ended 31 March 2011.

The Group also engaged in transactions with Everest Entertainment Pvt. Ltd., an entity owned by the brother of Manjula K. Lulla, wife of Kishore Lulla, each of which involved the purchase and sale of film rights. Everest Entertainment Pvt. Ltd. sold $23,620 and$17,588 to the Group in the year ended 31 March 2011 and the year ended 31 March 2012 respectively, and purchased from the Group $6,282 in the year ended 31 March 2012.

During the year the Group has made charitable donations to the Lulla Foundation of $2,536,155, (UK registered charity number 1131141) of which Kishore Lulla is a trustee. The Lulla Foundation's aims are to provide a high quality learning and teaching support for targeted communities currently caught in cycles of poverty so that they can have real opportunities to change their personal futures and their communities.

	Date	Country of Incorporation	% of voting rights held
26. MAJOR CONSOLIDATED ENTITIES			
Eros Network Limited	June 06	U.K.	100
Eros International Limited	June 06	U.K.	100
Eros International USA Inc	June 06	U.S.	100
Eros Music Publishing Limited	June 06	U.K.	100
Eros Worldwide FZ LLC	June 06	UAE	100
Eros International Media Limited	June 06	India	77.83
Eros International Films Pvt. Limited	June 06	India	100
Eros Pacific Limited	June 06	Fiji	100
Eros Australia Pty Limited	June 06	Australia	100
Big Screen Entertainment Pvt. Limited	January 07	India	64
Copsale Limited	June 06	BVI	100
Ayngaran International Limited	October 07	IOM	51
Ayngaran International UK Limited	October 07	U.K.	51
Ayngaran International Media Pvt. Limited	October 07	India	51
Acacia Investments Holdings Limited	April 08	BVI	100
Eyeqube Studios Pvt. Limited	January 08	India	99.99
Belvedere Holdings Pte. Ltd.	March 2010	Singapore	100
Eros International Pte Ltd.	August 2010	Singapore	100
Ayngaran Anak Media Pvt. Limited	October 08	India	51

All of the companies were involved with the distribution of film content and associated media. All the companies are indirectly owned with the exception of Eros Network Limited and Eros Worldwide FZ LLC.

The Group was holding 99.99% share capital of Eros International Media Ltd (EIML) as on 1 April 2010. The shareholding of the Group reduced to 78.11% on IPO of EIML on 1 October 2010. The Group shareholdings further reduced to 77.98 % on 14 October 2010 and 77.83 on 2 February 2012 on exercise of ESOP by the employees.

27. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS AND ADOPTED IFRS NOT YET APPLIED

Estimates and judgments 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:

27.1. 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 over revenue growth, margin stability and discount rates 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.

27.2. Basis of Consolidation

Under the principles of reverse acquisition accounting, a judgment is required to be made to the, in substance acquiring entity. In the event that it is judged that Eros Worldwide FZ LLC is not the acquiring entity then there may be material balance sheet adjustments. Further, the Group evaluates arrangements with special purpose vehicles in the context of SIC-12 and IAS 27 to establish how transactions with such entities should be accounted for. This requires a judgment over control and the balance of risks and rewards attached to the arrangements. An alternative judgment to that reached by the Group may result in material balance sheet and income statement adjustments.

27.3. Intangible Assets

The Group is required to identify and assess the useful life of intangible assets and determine their income generating life. Judgment is required in determining this and then providing an amortisation rate to match this life as well as considering the recoverability or conversion of advances made in respect of securing film content or the services of talent associated with film production.

Accounting for the film content requires management's judgment as it relates to total revenues to be received and costs to be incurred throughout the life of each film or its license period, whichever is the shorter. These judgments are used to determine the amortisation of capitalised film content costs. The Group uses a stepped method of amortisation on first release film content writing off more in year one which recognises initial income flows and then the balance over a period of up to nine years. In the case of film content that is acquired by the Group after its initial exploitation, commonly referred to as Catalog, amortisation is spread evenly over the lesser of 10 years or the license period. Management's policy is based upon factors such as historical performance of similar films, the star power of the lead actors and actresses and once released actual results of each film. Management regularly reviews, and revises when necessary, its estimates, which may result in a change in the rate of amortisation and/or a write down of the asset to the recoverable amount.

In the case of the Trade name, stated at $14,000,000, the Group has not amortised the asset as the marketing and brand promotion is such that the Group considers it not to have a finite income generating life.

The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy. These calculations require judgments and estimates to be made, and, as with Goodwill, in the event of an unforeseen event these judgments 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 when acquiring assets in markets that the Group has not previously exploited.

27.4. Valuation of Available-for-Sale Financial Assets

The Group follows the guidance of IAS 39 to determine, where possible, the fair value of it's available-for-sale financial assets. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less or more than its cost; the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

A 5% increase/decrease on discounts in minority and lack of marketability would result in a decrease/increase in fair value of $3.5 million.

27.5. Income Taxes and Deferred Taxation

The Group is subject to income taxes in various jurisdictions. Judgment 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.

Judgment 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.

27.6. 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 principally by using the Black Scholes model which requires assumptions regarding interest free rates, share price volatility and the expected life of an employee equity instrument. The basis and assumptions used in these calculations are disclosed within Note 20.

27.7. Standards, Interpretations and Amendments to Published Standards that are not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2015)
- IAS 19 (Revised June 2011) Employee Benefits (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Deferred Tax: Recovery of Underlying Assets-Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Presentation of Items of Other Comprehensive Income-Amendments to IAS 1 (effective 1 July 2012)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)

The directors anticipate that the application of IFRS 9 and IFRS 13 have significant impact on amounts reported in respect of the Group's financial assets and liabilities. For example the classification and treatment of fair value changes on available-for -sale financial assets would change and any changes in fair value may only be shown in other comprehensive income and not the income statement. However it is not practicable to provide a reasonable estimate of that effect until the framework has been finalised.

The Group does not consider that the other Standards and Interpretations will have a significant impact on the financial statements of the Group except for additional disclosures when the relevant standards come into effect for periods commencing on or after 1 April 2012.

28. POST BALANCE SHEET EVENTS

On 24 April 2012 following an EGM shareholders approved the waiving of pre-emption rights in connection with the proposed allotment and issue of such number of A Ordinary Shares as the Directors may in their absolute discretion determine in connection with a registered public offering in the US of such A Ordinary Shares and the proposed listing of A Ordinary Shares on the New York Stock Exchange. In addition, Shareholders also approved the following actions, all of which are subject to, and will have effect only on the listing of the A Ordinary Shares on the New York Stock Exchange:

- adoption of the New Articles;
- re-designation of all Shares, save for those Shares held by the B Shareholders (the Company's founders as described below), as A Ordinary Shares;
- re-designation of all Shares held by the B Shareholders as B Ordinary Shares; and
- cancellation of the admission of the A Ordinary Shares to trading on AIM, as soon as practicable after the listing of the A Ordinary Shares on the New York Stock Exchange.

On 3 May 2012 shareholders approved a resolution, relating to a 1 for 3 share consolidation subject to the anticipated New York Exchange Listing.

28.1. The share grant awards

On March 29, 2012, our board of directors approved a grant of our A ordinary shares in an aggregate amount of up to 1% of our issued share capital following this offering, or the Share Grant Awards, to certain employees and directors of the Company and certain subsidiaries and holding companies in connection with this offering. On 17 April 2012, as part of the Share Grant Awards, we approved a grant of 899436 of our A ordinary shares to certain of our employees, valued at a price equal to the initial public offering price per share in this offering, conditional upon the consummation of this offering and continued employment for six months following consummation of the offering.

28.2. The joint share ownership plan

On March 29, 2012, our board of directors approved a joint share ownership program, or JSOP, pursuant to which certain of our employees and executive directors, and of certain of our subsidiaries, may acquire shares jointly with the trustee of our Employee Benefit Trust upon receiving a grant by our board of directors to do so. Our board of directors has approved the grant of an aggregate number of A ordinary shares issued pursuant to the JSOP and the Option Awards, as discussed below, not to exceed 8% of our issued share capital following this offering. The ownership and related vesting arrangements for such grants will be governed by deeds between each participant and the trustee. Pursuant to the deed governing the Employee Benefit Trust, the trustee has waived its rights to receive dividends, but has retained its right to vote shares. Over time, the participant may transfer or dispose of a portion of his or her interest in the shares subject to the occurrence of certain conditions set forth in the deed. Upon certain triggering events as specified in the deed, the trustee will have the option to acquire the beneficial interest belonging to the participant by paying the option price as determined pursuant to the formula set forth in the deed.

On 18 April 2012, we issued 6,000,492 ordinary shares at an initial value set forth in the deeds governing these shares to the Company's Employee Benefit Trust for the benefit of certain of our employees under the JSOP, which shares will be admitted to trading on the AIM Market until our delisting in connection with the offering. Upon the listing of our A ordinary shares, the value of these shares will be adjusted to equal the initial public offering price of this offering per share. Under the deeds governing these shares, each participant will be required to pay a nominal amount to acquire shares and the trustee will be required to pay the Company the remaining market value of such shares, as defined in the relevant deed, at time of acquisition. Over time and subject to certain conditions, if these shares increase in value from the initial public offering price of this offering per share, the participant's interest in those shares will increase proportionately. The consideration for these shares was funded by a loan from us to the Employee Benefit Trust, which will be repaid upon demand by the Company, by all cash held by the Employee Benefit Trust within seven days of receipt of such demand and by cash received upon sale of any shares held by the Employee Benefit Trust, within seven days of such sales. Upon the listing of our A ordinary shares on the NYSE, the principal amount of the loan will be adjusted to reflect the initial public offering price of this offering per share. These shares are subject to three different vesting and performance conditions set out in separate JSOP deeds. Under two of these deeds, our board of directors may permit up to 10% of the applicable shares to vest after 31 May 2013, and up to 20% of the applicable shares in the aggregate to vest after 31 May 2014. After 31 May 2015, some or all of the remaining shares under these two deeds will vest automatically only if a specified level of total shareholder return or earnings per share, as applicable, has been met. The shares covered by the third deed automatically vest in their entirety after 31 May 2015, if the specified level of total shareholder return has been met. Until a participant's rights in these shares vest, the rights to vote and receive dividends associated with such unvested shares will remain with the trustee.

28.3. The option awards

On 29 March 2012, our board of directors approved a grant of options for ordinary shares, or the Option Awards, to certain employees and directors of the Company and certain subsidiaries and holding companies of the Company. The aggregate number of Option Awards, together with any A ordinary shares issued pursuant to the JSOP, will not exceed 8% of our issued share capital following the offering. On 17 April 2012, we approved a grant to certain of our employees and consultants of 2,422,944 ordinary share options with an exercise price equal to the initial public offering price of this offering per share. These options will be subject to three different vesting and performance conditions, similar to those described above for the shares issued under the JSOP on 18 April 2012. Our board of directors may permit up to 10% of the applicable options to vest after 31 May 2013, and up to an aggregate of 20% of the applicable options to vest after 31 May 2014. After 31 May 2015, the remaining options subject to these vesting and performance conditions will vest automatically if a specified level of total shareholder return or earnings per share, as applicable, has been met. The third group of options will automatically vest in their entirety after 31 May 2015, if the specified level of total shareholder return has been met.

Also on 17 April 2012, we approved a grant to certain employees and consultants of 1,795,008 ordinary share options with an exercise price equal to the initial public offering price of this offering per share. 133,336 of these options will vest monthly over a period of 24 months, and the remaining 465,000 will vest quarterly over a period of five years.

28.4. Board Appointment

On 22 June 2012 Jyoti Deshpande, the Company's former Group Chief Executive Officer & Managing Director rejoined Eros in her former role.

28.5. Acquisition of B4U

The Company had previously announced that it anticipates entering into a definitive agreement on or after 24 April 2012 to acquire a 100% control of B4U Television Network ("B4U"), the global Bollywood television network. Since the agreement was not executed by all selling shareholders within a reasonable timeframe, the transaction has not been completed as intended and stands cancelled. The Company continues to own 24% non-controlling interest in B4U.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders Eros International Plc

We have audited the accompanying balance sheet of Eros International Plc as at 31 March 2012, which, as described in the Basis of Preparation, has been prepared in conformity with applicable law andUnited Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eros International Plcas of 31 March 2012 and the results of their operations for each of the year then ended, in conformity United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Isle of Man Companies Act 2006.

This report is intended solely for the information and use of the Company's members, as a body, in accordance with Section 80C(2) of the Isle of Man Companies Act 2006. This report is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton UK LLP
London, U.K.
12 July 2012

COMPANY BALANCE SHEET AT 2012

(in thousands)

	Note	As at March 31 2012		As at March 31 2011	
FIXED ASSETS					
Investments	1	$	56,689	$	56,689
CURRENT ASSETS					
Debtors	2	$	130,533	$	124,271
Prepayments			5,379		-
Cash at bank and in hand			47		297
		$	**135,959**	**$**	**124,568**
Creditors: amounts falling due within one year	3	$	(2,397)	$	(1,067)
Net current Assets		**$**	**133,562**	**$**	**123,501**
Net assets		**$**	**190,251**	**$**	**180,190**
CAPITAL AND RESERVES					
Called up share capital	4	$	21,687	$	21,349
Share Premium account	5		135,008		128,296
Profit or loss account	5		23,093		20,082
Merger Reserve	5		10,463		10,463
Shareholder's funds		**$**	**190,251**	**$**	**180,190**

The financial statements were approved by the Board of Directors on 12 July 2012.

Kishore Lulla

Executive Chairman

Company registration number: 116107C

PRINCIPAL ACCOUNTING POLICIES

1. BASIS OF PREPARATION

As used in the financial statements and accompanying notes, the term "Company" refers to Eros International Plc. The separate financial statements of the Company are presented as required by the Isle of Man Companies Acts 1931 to 2004. As permitted by the Act, the separate financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. Under Section 3(5)(b)(ii) of the Companies Act 1982 the Company is exempt from the requirement to present its own profit and loss account.

The following describes the main accounting policies which have been consistently applied.

2. REVENUE RECOGNITION

Interest income is recorded on an accruals basis. Dividends r1eceived are recognised at the time of their distribution.

3. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated in the Company's balance sheet at cost less provisions for impairment.

4. SHARE BASED PAYMENTS

The fair value of shares 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 model, 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.

(in thousands)

1. INVESTMENTS	Trade Investments	Subsidiary Undertakings	Total
Cost			
At 1 April 2011	$ 12,807	$ 43,882	$ 56,689
At 31 March 2012	$ 12,807	$ 43,882	$ 56,689

(in thousands)

2. DEBTORS	2012	2011
Amounts due from group undertakings	$ 130,344	$ 124,025
Other debtors	189	246
	$ 130,533	**$ 124,271**

(in thousands)

3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2012	2011
Trade creditors	$ 2,040	$ 1,017
Accruals and deferred income	357	50
	2,397	**1,067**

4. CALLED UP SHARE CAPITAL

See note 21 within notes to the consolidated financial statements.

(in thousands)

5. SHARE PREMIUM AND RESERVES	Merger reserve	Share capital	Share premium	Profit and loss account	Total
At 1 April 2011	$ 10,463	$ 21,349	$ 128,296	$ 20,082	$ 180,190
Addition during the year	-	338	6,712	3,011	10,061
At 31 March 2012	**$ 10,463**	**$ 21,687**	**$ 135,008**	**$ 23,093**	**$ 190,251**

(in thousands)

	Merger reserve	Share capital	Share premium	Profit and loss account	Total
At 1 April 2010	$ 10,463	$ 21,349	$ 128,296	$ 16,867	**$ 176,975**
Profit for the year	-	-	-	3,215	**3,215**
At 31 March 2011	$ 10,463	$ 21,349	$ 128,296	$ 20,082	**$ 180,190**

(in thousands)

6. RECONCILIATION OF MOVEMENT IN SHAREHOLDER FUNDS	2012	2011
Profit for the financial year	$ 8,123	$ 3,215
Share based payment	(5,112)	-
	3,011	**3,215**
Issue of new shares	338	-
Premium on issue of shares (net of expenses)	6,712	-
Net increase in shareholders' funds	10,061	3,215
Shareholders' funds at 1 April 2011	180,190	176,975
Shareholders' funds at 31 March 2012	**$ 190,251**	$ 180,190

7. CONTINGENT LIABILITIES

As at 31 March 2012 the Company had no contingent liabilities with the exception of guarantees provided to subsidiary undertakings totalling $215,249,361 (2011: $218,131,000)

8. RELATED PARTY TRANSACTIONS

The Company has related party transactions with its subsidiaries by virtue of its status as parent Company of the group.

The Company has taken the available exemption in FRS8 from disclosing transactions with fellow subsidiaries of the Eros International plc group of companies. Details of major subsidiary undertakings are shown in Note 25 of the Consolidated Financial Statements.

Red Bridge Limited was paid fees of £200,000 towards professional services.

COMPANY INFORMATION

Company registration number:	116107C
Registered office:	Fort Anne Douglas Isle of Man IM1 5PD
Directors:	Kishore Lulla Jyoti Deshpande Vijay Ahuja Sunil Lulla Naresh Chandra (Non-Executive Director) Michael Kirkwood (Non-Executive Director) Dilip Thakkar (Non-Executive Director)
Honorary Life President:	Arjan Lulla
Company Secretary:	Richard Vanderplank
Auditor:	Grant Thornton UK LLP Chartered Accountants Registered Auditors Melton Street Euston Square London NW1 2EP
Corporate website	www.erosplc.com

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Isle of Man
IM1 5PD

designed and produced at aicl (info@aicl.in)