TRANSFORMING INDIAN ENTERTAINMENT

EROS INTERNATIONAL PLC
Annual Report and Accounts 2013

Eros International is a leading global company in the Indian film 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 or 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

4.3% grew from US$ 206.5 Million to US$ 215.3 Million

Revenue (Constant Currency)

10.2% grew from US$ 195.4 Million to US$ 215.3 Million

Underlying EBITDA*

3.7% grew from US$ 154.8 Million to US$ 160.6 Million

Basic EPS

28.2% decreased from US$ 31.9 cents to US$ 22.9 cents

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

Sustained Leadership

1,900+ films
Library

231 films
released over last three fiscal years

77 films
released in financial year 2012-13

Delivering success at the Indian box office

3 of the Top 10 Grossing Hindi Films in CY 2010
* CY 2010

- Golmaal 3
- Housefull
- Anjaana Anjaani

4 of the Top 10 Grossing Hindi Films in CY 2011
* CY 2011

- Ra.One
- Ready
- Zindagi Na Milegi Dobara
- Rockstar

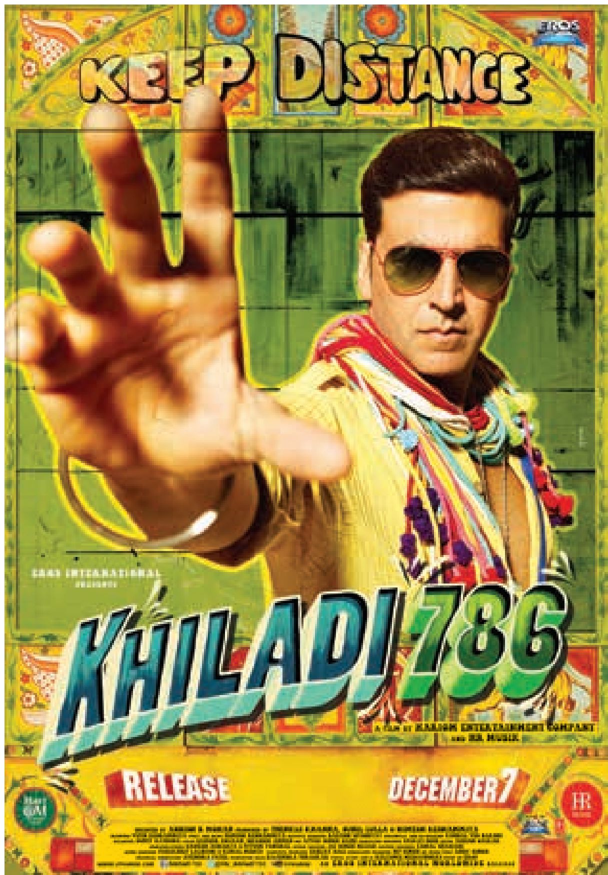
2 of the Top 10 Grossing Hindi Films in CY 2012
* CY 2012

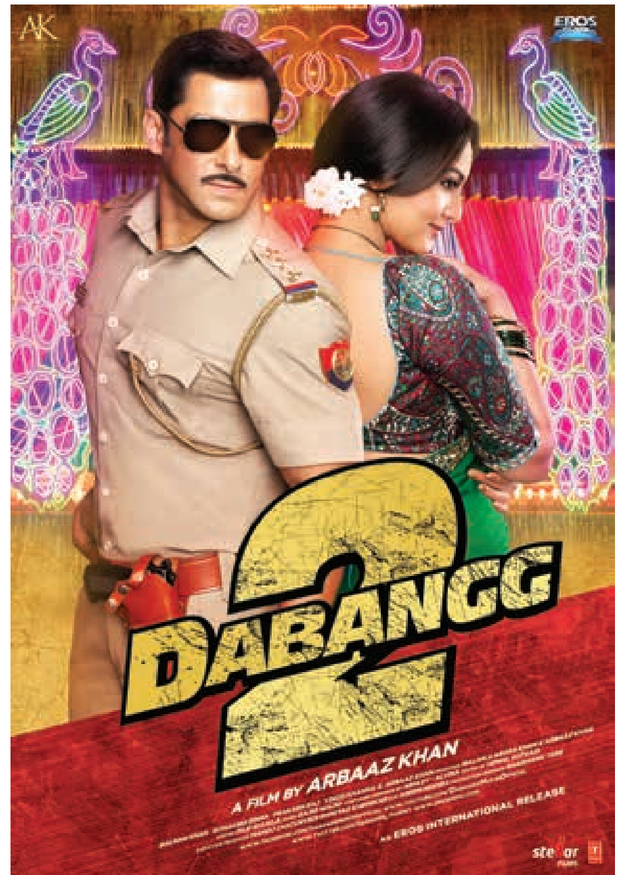
- Housefull 2
- Son of Sardar

*CY indicates calendar year | Source: * www.boxofficeindia.com*

EROS
EROS INTERNATIONAL
NADIADWALA GRANDSON ENTERTAINMENT
SAJID NADIADWALA PRODUCTIONS LTD. (U.K.)
SAJID NADIADWALA'S
HOUSEFULL 2
directed by SAJID KHAN
The Dirty Dozen

VIACOM 18
EROS
SON OF SARDAAR


EROS
KEEP DISTANCE
KHILADI 786
RELEASE
DECEMBER 7


EROS
DABANGG 2
A FILM BY ARBAAZ KHAN

Group CEO and Managing Director's Statement

We are delighted not only with the success of our high profile films this year such as Housefull 2, Cocktail, Son of Sardaar and Khiladi 786 but also the critical and commercial success achieved by our low budget movies such as Vicky Donor and English Vinglish.

I am pleased to report that Eros has seen a 10.2% revenues (increase in constant currency) and a 3.7% increase in underlying EBITDA against a background of a 13.1% devaluation of the Indian Rupee when comparing the financial years ending March 31, 2012 and 2013. We are delighted not only with the success of our high profile films this year such as Housefull 2, Cocktail, Son of Sardaar and Khiladi 786 but also the critical and commercial success achieved by our low budget movies such as Vicky Donor and English Vinglish.

The Indian box office continues to grow as more multiplex screens continue being built every year and average ticket prices continue to rise with an increasing number of films (9 films in the calendar year ended December 31, 2012 versus 5 films in the prior calendar year) generating a net box office collection in excess of ₹ 100 crores (approximately $ 18.4 million) than the previous year. Compulsory cable digitisation supported by the government of India continues to fuel the demand for premium television content. Our collaboration with HBO to launch two advertising-free premium channels in India is a major strategic step forward for the Company into the high growth television broadcasting industry, which is the largest segment in the Indian media and entertainment sector. Against the backdrop of the 130 million cable and satellite homes in India a viewing base that is growing at 14% CAGR (Source: KPMG-FICCI 2013). We are excited about the potential of the Eros-HBO collaboration and our ability to participate in new distribution channels in order to monetise our new film slate and unlock the value in our content library.

Digital new media and online consumption of content continue to show encouraging trends be it on ErosNow on YouTube or our ErosNow movie and music subscription service. Licensing deals around the world across television, video or digital new media distribution formats continue to be prolific and we are proud to be pioneering the distribution of Indian films to new markets. South Korea and Japan have shown encouraging trends with the first few releases in those countries while we continue to make progress in Latin America and China.

Unfortunately one of our major releases Kochadaiyaan (Tamil) starring Rajnikanth did not release as planned in the year ended March 31, 2013 and will be released in this calendar year. We have an exciting slate to look forward to in the year ending March 31, 2014 with a mix of high profile and medium and small budget films. With the success of the Tamil releases such as Maatraan and Thuppaki in the year ended March 31, 2013, the Company continues to invest in Tamil global releases to complement its Hindi slate. This is consistent with the Company's strategy to maintain a portfolio approach and demonstrates its ability to scale the business.

With respect to the Company's public filing dated May 2, 2012 with the United States Securities and Exchange Commission ("SEC") in connection with its proposed listing on the NYSE, the Board continues to believe that the listing will give the Company a definite strategic advantage while giving access to additional equity capital and liquidity as well as trading with a more comparable peer group with broader analyst coverage. The Company remains actively engaged in the listing process with its advisory group and hopes to conclude the US listing process later this calendar year, subject to regulatory and other permissions and compliances.

Jyoti Deshpande
Group CEO & Managing Director

Executive Chairman's Statement

"I believe that the Company is well-positioned to capitalise on the opportunities presented by the rapidly growing Indian entertainment sector. I remain very positive about the outlook of the business. Our HBO collaboration is a game-changer and while in the short run we anticipate continued investment in content, as the subscriber growth accelerates we believe we will further unlock the value of our catalogue. We will reinforce our leadership position, focus on our strong fundamentals such as continuing to develop our content slate and generating strong cash flows through monetisation across our multiple distribution channels worldwide as well as accessing equity capital through the NYSE listing as intended."

Kishore Lulla
Executive Chairman

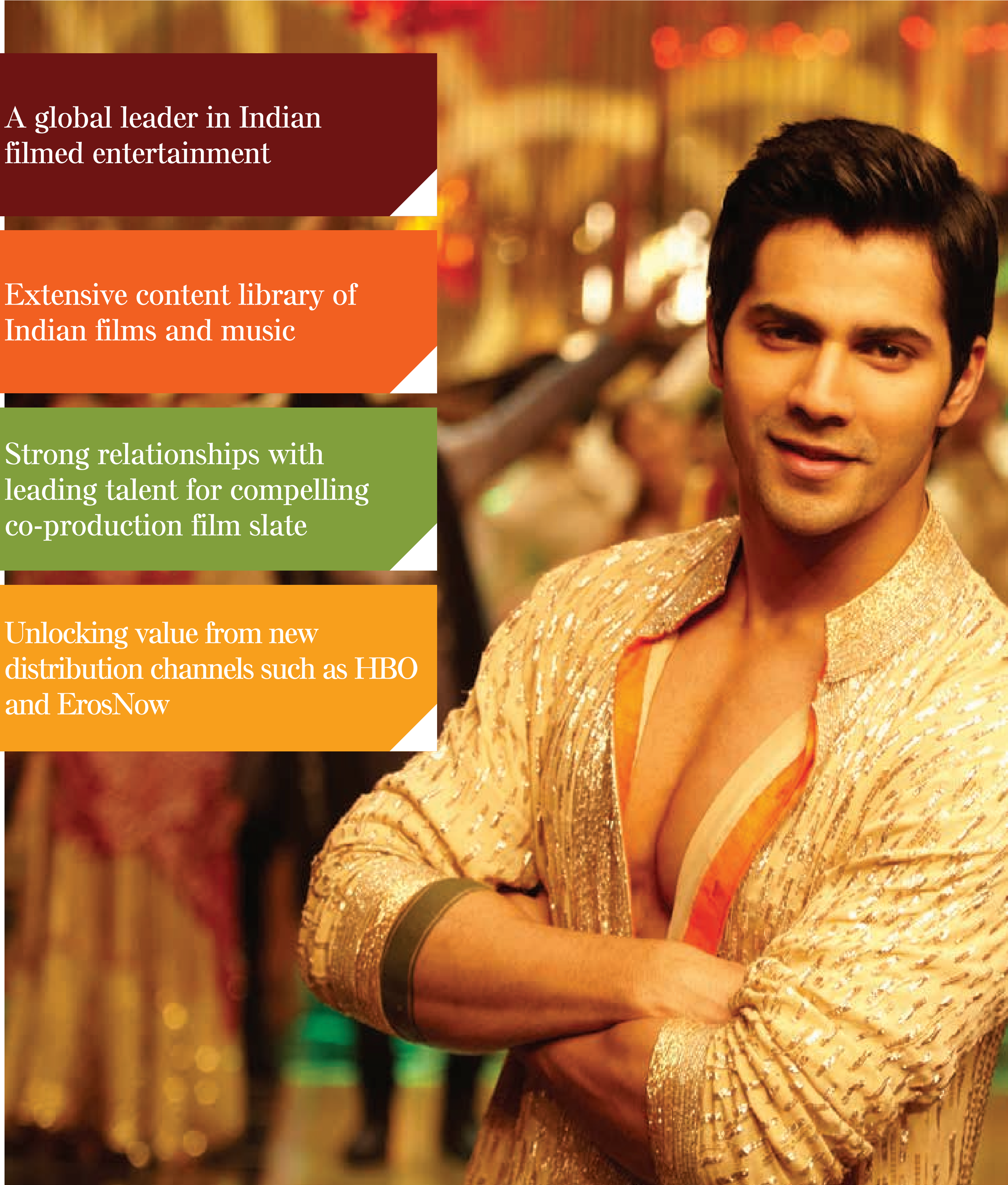
Key Strengths & Strategy

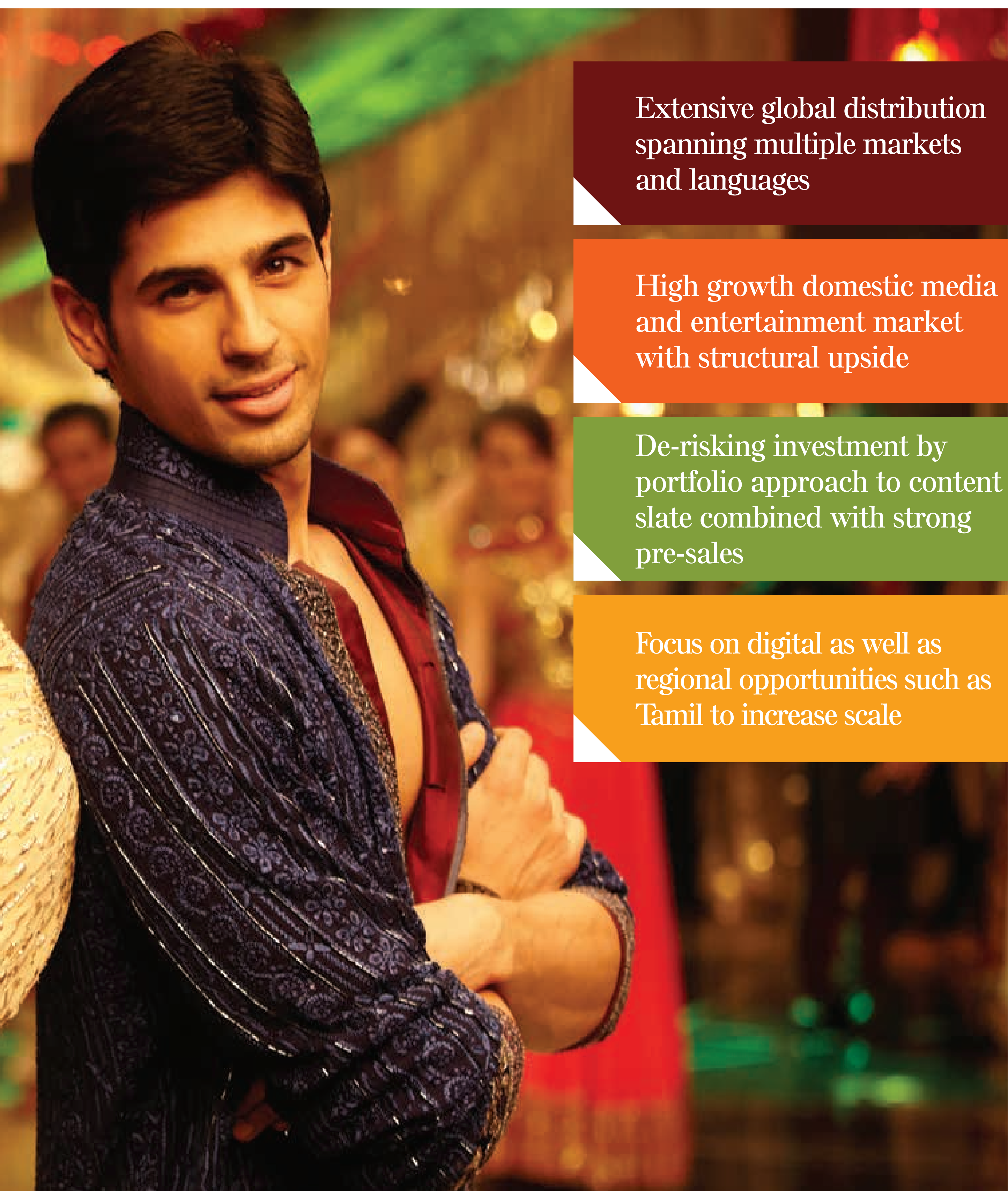
A global leader in Indian filmed entertainment

Extensive content library of Indian films and music

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

Unlocking value from new distribution channels such as HBO and ErosNow





Extensive global distribution spanning multiple markets and languages

High growth domestic media and entertainment market with structural upside

De-risking investment by portfolio approach to content slate combined with strong pre-sales

Focus on digital as well as regional opportunities such as Tamil to increase scale

Operational Highlights

Theatrical

Major film releases in the period included; Housefull 2, Cocktail, Son of Sardaar, Khiladi 786, Teri Meri Kahanni, Vicky Donor and English Vinglish among the successful Hindi releases out of the total 30 Hindi films. Thuppakki, Maatraan and Kadal were the 3 notable Tamil releases in the year. The Company released a total of 77 films in the year compared to 77 films in financial year ended March 31, 2012. The hugely anticipated Rajnikanth starrer Kochadiayan as well as Go Goa Gone (starring Saif Ali Khan) were postponed to the financial year ended March 31, 2014.

The notable new trend within the growing box office in India was the higher than anticipated success of smaller budget films along with continued growth in high profile films with 9 films crossing the INR 100 crore box office gross collection mark in calendar year 2012 as compared to just 5 films in the previous year. Consistent with the Company's track record of picking winners in its portfolio, the Company had 2 out of the Top 10 Box Office films for calendar year 2012, namely Housefull 2 and Son of Sardaar. In addition Vicky Donor as well as English Vinglish (which were lower budget high concept films) were not only critically acclaimed and won several awards but were also highly successful at the box office within India as well as internationally.

Cable and Satellite

A major Television Syndication deal was announced during the year with Viacom 18 which included a mixture of library, current and forthcoming titles. Further television licensing deals were secured with Zee TV and Star TV during the period. Pre-sales significantly underpinned television revenues for the year, again consistent with the Company's strategy to operate a de-risked business model.

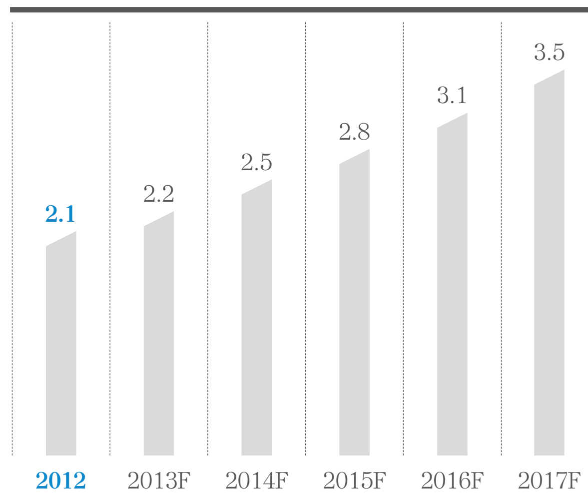
Digital Distribution

ErosNow, our on-demand entertainment portable accessible via internet-enabled devices, went live in August 2012 with a commercial launch of www.erosnow.com. The ErosNow channel on YouTube continued to generate strong traffic and advertising revenues. ErosNow was the top ranked Indian channel on YouTube by Video Views crossing over 1.1 billion video views for over 8,500 uploaded videos. Music monetisation continued to be strong with a combination of licensing and self-distribution deals.

Multiple Distribution Channels

Internationally, we continued to make distribution deals in new markets such as Japan, China, Taiwan, Korea, Romania, Malaysia, Myanmar, Nigeria and other countries. We released the 2007 hit film Om Shanti Om for the first time theatrically in Japan and English Vinglish in South Korea.

Size of the Indian Film Industry (US$ Billion)



US$ 1 = INR 54.52 as at March 31, 2013

Source: FICCI KPMG 2013 Report on Indian Media and Entertainment Industry

Awards and Accolades

Filmfare Awards (2013)	Zee Cine Awards (2013)	Annual Colors Screen Awards (2013)	IIFA Awards (2013)	National Film Awards (2013)
Best Supporting Actor – Annu Kapoor (Vicky Donor)	*Best Debut Director* – Gauri Shinde (English Vinglish)	*Best Actor in a Comic Role* – Anu Kapoor (Vicky Donor)	*Best Supporting Actor (Male)* – Annu Kapoor (Vicky Donor)	*Best Film* – Wholesome Entertainment – Vicky Donor
Best Male Debut – Ayushmann Khurrana (Vicky Donor)	*Best Actor in a Negative role* – Rishi Kapoor (Agneepath)	*Best Actor in a Supporting Role - (Female)* – Dolly Ahluwalia (Vicky Donor)	*Best Debut (Male)* – Ayushmann Khurrana (Vicky Donor)	*Best Supporting Actor* – Annu Kapoor (Vicky Donor)
Best Directorial Debut – Gauri Shinde (English Vinglish)	*Best Actor Debut (Male)* – Ayushmaan Khurana (Vicky Donor)	*Best Debut - (Male)* – Ayushmann Khurana (Vicky Donor)	*Best Debut (Female)* – Yami Gautam (Vicky Donor)	*Best Supporting Actress* – Dolly Ahluwalia (Vicky Donor)
	Best Actor Debut (Female) – Yami Gautam (Vicky Donor)	*Most Promising Debut Director* – Gauri Shinde (English Vinglish)	*Best Actor in a Negative Role* – Rishi Kapoor (Agneepath)	
			Best Debut Director – Gauri Shinde (English Vinglish)	

EROS-HBO Collaboration - A Game Changer

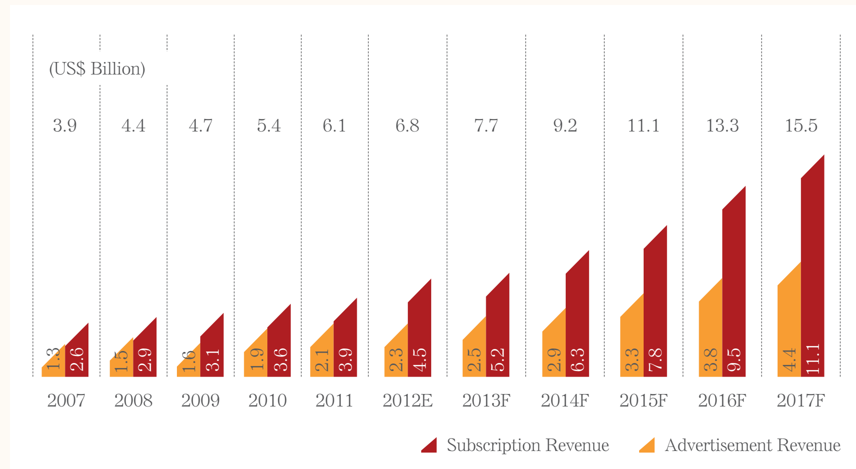
In December 2012, Eros and HBO Asia announced a landmark collaboration to launch two premium Television Channels in India on Digital platforms – HBO DEFINED and HBO HITS.

HBO Asia is able to bring the best of Hollywood to Asia first because of its exclusive licensing deals with major Hollywood studios. In addition to the proprietary and award-winning HBO Original programs that are produced exclusively for HBO viewers, HBO Asia works with a large number of major independent production companies to secure exclusive rights to a host of quality movies. In Asia, HBO Asia offers five subscription movie channels with uninterrupted programming in SD and HD formats – HBO, HBO SIGNATURE, HBO FAMILY, HBO HITS and CINEMAX – as well as a subscription video-on-demand service, HBO ON DEMAND. In South Asia, it offers HBO, HBO DEFINED and HBO HITS in SD and HD formats. HBO Asia is a joint venture of HBO (a Time Warner company) and Paramount.

The Premium Television Opportunity

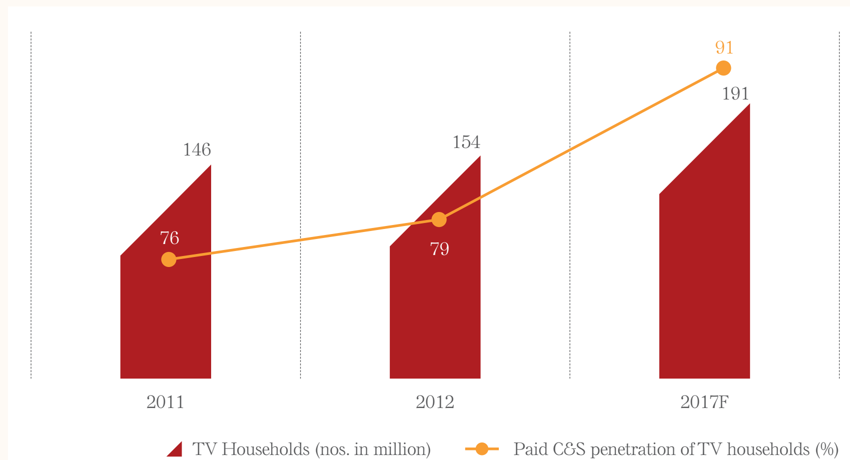
TV Industry Size

Subscription revenues are projected to grow from US$ 4.5 Billion (Estimated) in 2012 to US$ 11.1 Billion in 2017, whereas advertisement revenue is projected to grow from US$ 2.3 Billion (Estimated) to US$ 4.4 Billion in 2017. Thus the acceleration in subscription revenues going forward will be a key driver of strategy.



US$ 1 = INR 54.52 as at March 31, 2013

Source: FICCI KPMG 2013 Report on Indian Media and Entertainment Industry



Source: FICCI KPMG 2013 Report on Indian Media and Entertainment Industry

Growth in number of paid Cable and Satellite households

The TV households in India are projected to rise from 154 million in 2012 to 191 million in 2017. In addition, the paid C&S penetration of these households is projected to increase from 79% in 2012 to 91% in 2017.

HBO Defined and HBO Hits were launched on the DISH and AIRTEL DTH platforms in India in March 2013 with anticipated launch on other DTH and digital cable platforms during 2013.

- HBO Asia will source the Hollywood content while Eros will provide the Bollywood content for these two channels.
- Both channels are completely advertising free and are available in Standard Definition as well as High Definition quality.
- A large portion of the English films will be available "audio-synched" in Hindi and select other local Indian languages.
- Both Eros and HBO will endeavour to offer the first window after theatrical of the respective Bollywood and Hollywood films to these two premium channels.

New Markets, Global Audiences

27+

Dubbed international languages

Eros continues to distribute its films to consumers in more than 50 countries, including markets where there is significant demand for subtitled or dubbed Indian-themed entertainment, such as Europe and South East Asia, as well as to markets where there is a significant concentration of South Asian expatriates, such as the Middle East, the United States and the United Kingdom. We have also entered into arrangements with local distributors in Taiwan, Japan, South Korea and China to distribute dubbed or subtitled Indian content in those markets.

50+ *Countries*

Global Distribution Network

- We successfully released two films English Vinglish and Zindagi Na Milegi Dobara in mainstream cinemas in Hong Kong.
- English Vinglish was dubbed and theatrically released in Germany in 90 screens.
- Cocktail was released with great fanfare in Kyrgyzstan and other CIS countries.
- Yeh Jawaani Hai Deewani will enjoy a theatrical release in Israel. The last film released in Israel was Shahrukh Khan starrer Devdas in 2002.
- Om Shanti Om, a 2007 blockbuster was released theatrically in March 2013 in Japan.

Content Pipeline

Film Name	Star Cast/(Director)	Scheduled Release (Fiscal Year)
Ye Jawani Hai Deewani (Overseas)	Ranbir Kapoor, Deepika Padukone and others (Ayan Mukerji)	Released
Raanjhanaa (Hindi)/Ambikapathy (Tamil)	Dhanush, Sonam Kapoor (Anand Rai)	Released
Go Goa Gone	Saif Ali Khan, Kunal Khemu, Vir Das and others (Raj Nidimoru, Krishna D.K.)	Released
Shoot Out At Wadala (Overseas)	Anil Kapoor, John Abraham, Kangna Ranaut and others (Sanjay Gupta)	Released
Ek Thi Dayan (Overseas)	Emraan Hashmi, Huma Qureshi, Konkona Sen Sharma, Kalki Koechlin (Kannan Iyer)	Released
Fukrey (Overseas)	Pulkit Samrat, Ali Fazal, Manjot Singh, Richa Chadda and others (Mrighdeep Singh Lamba)	Released
Lootera (Overseas)	Ranveer Singh, Sonakshi Sinha (Vikramaditya Motwane)	Released
Rangeeley (Punjabi)	Jimmi Shergill and others (Navaniat Singh)	Released
Bajatey Raho	Tushar Kapoor, Ranvir Shorey, Vinay Pathak (Shashant Shah)	Released
Kochadaiyaan (Tamil, Hindi, Telugu)	Rajnikanth, Deepika Padukone, (Soundarya Rajnikanth) Music - A.R. Rehman	FY14
Singh Saab The Great	Sunny Deol (Anil Sharma)	FY14
Ram Leela	Ranveer Singh, Deepika Padukone (Sanjay Leela Bhansali)	FY14
Rambo Rajkumar	Shahid Kapoor, Sonakshi Sinha (Prabhu Deva)	FY14
Krrish 3 (Overseas)	Hrithik Roshan, Priyanka Chopra (Rakesh Roshan)	FY14
Happy Ending	Saif Ali Khan, Ileana D'Cruz (Raj and DK)	FY14
Warning (3D)	Santosh Barmola, Madhurima Tuli, Manjari Phadnis (Anubhav Sinha)	FY14
Dekh Tamasha Dekh	Satish Kaushik and others (Feroz Khan)	FY14
Purani Jeans	Aditya Seal (Tanushree Basu)	FY14
Illuminati Untitled	Armaan Jain (Arif Ali)	FY14
Ku Ku Mathur Ki Jhand Ho Gayi (Overseas)	Siddharth Gupta, Simran Kaur Mundi (Aman Sachdeva)	FY14
Dishkiyaaoon	Sunny Deol, Harman Baweja, (Sanamjit Singh Talwar)	FY14
Chalo China	Lara Dutta, Vinay Pathak	FY15
Tanu Weds Manu Season 2	R. Madhavan, Kangana Ranaut (Anand Rai)	FY15
Boney Kapoor Untitled	Arjun Kapoor, Sonakshi Sinha (Okkadu remake)	FY15
Sarkar 3	Amitabh Bachchan, Abhishek Bachchan (Ram Gopal Varma)	FY15
Rana (Tamil, Hindi, Telugu)	Rajnikanth (K.S.Ravikumar)	FY15
R.Balki Untitled	(R.Balki)	FY15
Bajirao Mastani	(Sanjay Leela Bhansali)	FY15
Tamil Untitled	Rajnikanth	FY15
Aankheen 2	Abhishek Bachchan (Apoorva Lakhia)	FY15
Illuminati Untitled	Saif Ali Khan (Saket Choudhary)	FY15
3 films Endemol India	Various	FY15
3 films Phantom films	Various	FY15

** Apart from the above films, Eros International also has further films in its slate in Hindi, Tamil, Marathi and Punjabi languages.*

Key Performance Indicators

REVENUE
(US$ Million) ▲ CAGR 21.7%

Year	Value
2013	215.3
2012	206.5
2011	164.6
2010	149.7
2009	156.7
2008	111.3
2007	66.4

EBITDA
(US$ Million) ▲ CAGR 21.8%

Year	Value
2013	158.7
2012	149.5
2011	126.4
2010	110.4
2009	109.3
2008	77.9
2007	48.5

PROFIT FOR THE YEAR
(US$ Million) ▲ CAGR 2.2%

Year	Value
2013	33.7
2012	43.6
2011	47.6
2010	42.4
2009	40.8
2008	39.5
2007	29.5

EPS
(Cents)

Year	EPS
2013	22.9
2012	31.9
2011	38.6
2010	36.5
2009	35.1
2008	33.5
2007	29.9

NET DEBT
(US$ Million)

Year	Net Debt
2013	136.1
2012	103.9
2011	72.8
2010	104.3
2009	129.4
2008	58.8
2007	-2.7

TOTAL EQUITY
(US$ Million)

Year	Total Equity
2013	486.2
2012	454.2
2011	425.4
2010	307.2
2009	257.4
2008	215
2007	140.9

Operating and Financial Review

OPERATING AND FINANCIAL REVIEW

This financial review is primarily based upon the comparison of our results for the year ended March 31, 2013 with those of the year ended March 31, 2012. Unless otherwise stated percentage growth relates to the percentage comparison between these two years.

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 opportunistically 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)

Particulars	Underlying Results*			Reported Results		
	2013	2012	Change	2013	2012	Change
Revenue	**$ 215,346**	$ 206,474	4.3%	$ 215,346	$ 206,474	4.3%
Gross Profit	**81,344**	89,430	(9.0%)	81,344	89,430	(9.0%)
EBITDA*	**160,596**	154,805	3.7%	158,708	149,517	6.1%
Operating profit*	**56,924**	66,727	(14.7%)	55,036	61,438	(10.4%)

* 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 March 31, 2013 compared to 77 in the year ended March 31, 2012.

Higher revenue was partially offset by the negative impact of foreign exchange rate fluctuations, in relation to both the Indian Rupee and Sterling against the US dollar, with the Indian Rupee 13.1% lower at March 31, 2013 than at March 31, 2012. As 62.8% (2012: 66.3%) of our revenues arise in India our reported US Dollars numbers continue to be impacted by the Rupee re-rating.

REVENUE

Revenue was $215.3 million for the year ended March 31, 2013, compared to $206.5 million in the year ended March 31, 2012 an increase of $8.8 million, or 4.3%.

Revenue by customer location from India was $135.3 million in the year ended March 31 2013, compared to $136.9 million in the year ended March 31, 2012, a decrease of $1.6 million, or 1.2% principally reflecting the growth in theatrical revenue offset by the impact of foreign exchange and television sales impacted by the HBO collaboration. Revenue from Europe was $35.1 million in the year ended March 31, 2013, compared to $26.9 million in the year ended March 31, 2012, an increase of $8.2 million, or 30.5%, principally reflecting an increase in television sales and other revenues. Revenue from North America was $12.7 million in the year ended March 31 2013, compared to $8.4 million in the year ended March 31, 2012, an increase of $4.3 million, or 51.2%, principally reflecting increased digital and syndication revenues. Revenue from Rest of World was $32.2 million in the year ended March 31, 2013, compared to $34.3 million in the year ended March 31, 2013, a decrease of $2.1 million, or 6.1%, principally reflecting a slight decrease in television partially offset by revenue from distribution in new territories.

Our total revenue growth was primarily attributable to an increase in theatrical revenue in the year ended March 31, 2013, as a result of our film slate releases and the continued wider screen releases in India The revenue growth in our theatrical revenues reflected in particular the success of our globally released films

COST OF SALES

Cost of sales increased by $17.0 million, or 14.5%, for the year ended March 31, 2013 to the year ended March 31, 2012. The increase was primarily due to an increase in film

amortisation costs of $15.4 million in the period, driven by an increased investment in new release slate as well as catalogue films in the year ended March 31, 2013 and the cumulative impact of amortisation costs associated with our increased catalogue films. Other costs of sale, which principally consist of advertising and print costs, increased by $1.5 million reflecting an increase in advertising costs offset by a reduction of print costs and associated costs as we continued to increase globally the usage of digital prints as opposed to physical formats.

GROSS PROFIT

Gross profit was $81.3 million in the year ended March 31, 2013, compared to $89.4 million in the year ended March 31, 2012, a decrease of $8.1 million, or 9.0%, driven primarily by the increase in cost of sales, which was partially offset by an increase in revenues. As a percentage of revenue, our gross profit margin reduced to 37.8% from 43.3% in the years ended March 31, 2013 and March 31, 2012.

ADMINISTRATIVE COSTS

Administrative costs, including rental, legal, travel and audit expenses, were $26.3 million in the year ended March 31, 2013, compared to $28.0 million in the year ended March 31, 2012, a decrease of $1.7 million, or 6.1%, which was driven by a decrease of $3.4 million of share based payment charges compared to the year ended March 31 2012, and $1.7 million of additional overhead. As a percentage of revenue, administrative costs were 12.2% in the year ended March 31, 2013, compared to 13.6% in the year ended

March 31, 2012. The share based payment charges comprise the ongoing charges arising from the Indian IPO share option scheme and the JSOP scheme introduced in April 2012. As at March 31, 2012, costs incurred in respect of the anticipated listing on the New York Stock Exchange, excluding costs in relation to employees which have been taken to the profit or loss, have been deferred and is shown with in prepaid charges in trade and other receivables.

UNDERLYING EBITDA

Underlying EBITDA profit was $160.6 million in the year ended March 31, 2013, compared to $154.8 million in the year ended March 31, 2012, an increase of $5.8 million, or 3.7%, driven by the increase in revenue, offset by an increase in cost of sales. As a percentage of revenue, our underlying EBITDA profit margin reduced slightly to 74.6% from 75.0% in the years ended March 31, 2013 and March 31, 2012.

UNDERLYING OPERATING PROFIT

Underlying operating profit was $56.9 million in the year ended March 31, 2013, compared to $66.7 million in the year ended March 31, 2012, a decrease of $9.8million, or 14.7%. As a percentage of revenue, our underlying operating profit reduced to 26.4% from 32.3% in the years ended March 31, 2013 and March 31, 2012 reflecting the changes in gross profit margin.

NET FINANCE COSTS

Net finance cost in the year ended March 31, 2013 was $1.5 million, compared to $1.0 million in the year ended March 31, 2012, a movement of $0.5 million. The change is primarily attributable to continued investment in film slate impacting net debt levels during the year.

OTHER GAINS AND LOSSES

Other losses in the year ended March 31, 2013 of $7.9 million principally comprise a $5.6 million interest rate hedging charge, a net foreign exchange loss of $1.9 million and loss on sale of assets of $0.4 million. In the prior year ended March 31, 2012 we had a loss of $6.8 million principally arising from a foreign exchange loss of $1.1 million a $4.3 million interest rate hedging charge and $1.3 million in respect of a provision for our available-for-sale equity investments. The foreign exchange loss in the year ended March 31, 2013 was mainly derived from the fall of the rupee and sterling as compared to the US dollar which impacted US dollar denominated loans in our Indian subsidiary and sterling deposits.

INCOME TAX EXPENSE

Income tax expense in the year ended March 31, 2013 was $11.9 million, compared to $10.1 million in the year ended March 31, 2012, an increase of $1.8 million, or 17.8%. Our effective tax rate was 26.1% in the year ended March 31, 2013, compared to 18.8% in the year ended March 31, 2012. The ongoing increases in the effective rate reflect the increase in the amount of taxes due within India in the year ended March 31, 2013 together with the impact of not hedging charges which are not deductible for tax purposes. Our income tax expense in the year ended March 31, 2013 included $7.1 million of estimated current tax expense and $4.8 million of estimated deferred tax expense. The increase in tax was also impacted by dividend distribution tax payable on the dividend declared by our Indian subsidiary.

EARNINGS PER SHARE

Earnings per share (“EPS”) in the year ended March 31, 2013 were impacted by the decrease in reported profits. Basic EPS in the year ended March 31 2013 was 22.9 cents, compared to 31.9 cents in the year ended March 31, 2012, a decrease of 28.2%. Fully diluted EPS in the year ended March 31, 2013 was 22.7 cents, compared to 31.4 cents in the year ended March 31, 2012, a decrease of 27.7% which were impacted by the decrease reported profits partially offset by a lower dilution of the share options held by employees.

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 statement of financial position 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 statement of financial position 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 UK Sterling as compared to U.S. dollar exchange rate, including the years ended March 31, 2012 and March 31, 2013. This Indian Rupee volatility is illustrated in the table below for the periods indicated:

(in thousands, except percentage amounts)

Particulars	**Indian Rupee rate to the U.S. Dollar**			
	Period End	**Average** (1)	**High**	**Low**
March 31,2012	50.87	48.01	53.71	44.00
March 31, 2013	54.29	54.30	56.09	52.74

(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 and UK Sterling 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 year ended March 31, 2013. In addition to the impact on gross profit, the volatility during the year ended March 31, 2013 also led to a non-cash foreign exchange loss of $2.0 million principally on our Indian subsidiaries' foreign currency loans and sterling deposits in other group entities in the year ended March 31, 2013 compared to a non-cash foreign exchange loss of $1.1 million in the year ended March 31, 2012 reflected in other gains and losses.

	2013 Reported	**2012 Reported**	**2012 Unaudited Constant Currency**	**Decline**
Revenue	$ **215.3**	$ **206.5**	$ **195.4**	**(11.1)**
Cost of sales	(134.0)	(117.1)	(109.1)	8.0
Gross profit	$ **81.3**	$ 89.4	$ 86.3	(3.1)

(1) Represents the average of the exchange rates on the last day of each month during each period presented. 2012 reflected in other gains and losses.

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 March 31, 2012 would have been reduced by $3.1 million or 3.5%.

SOURCES AND USES OF CASH

	2013 (in thousands)	**2012**
Net cash from operating activities	**$ 139,510**	$ 123,690
Net cash used in investing activities	**(182,328)**	(147,654)
Net cash from financing activities	**11,471**	51,756

Net cash from operating activities in the year ended March 31, 2013 was $139.5 million, compared to $123.7 million in the year ended March 31, 2012, an increase of $15.8 million, or 12.8%, notwithstanding an increase in income taxes and interest paid in the year ended March 31, 2013 of $9.1 million and $4.7 million, respectively. In addition, there was an decrease in working capital of $5.4 million primarily due to a decrease of $13.6 million in trade payables and an increase in trade receivables of $19.3 million in the year ended March 31, 2013 compared to a decrease of $5.9 million in trade payables and an increase in trade receivables of $27.7 million in the year ended March 31, 2012.

Net cash used in investing activities in the year ended March 31, 2013 was $182.3 million, compared to $147.7 million in the year ended March 31, 2012, an increase of $34.6 million, or 23.4%, reflecting an increase in our investment in film content in the year ended March 31, 2013 and future years offset by proceeds from our sale of some of the shares held in our Indian subsidiary Eros International Media Limited. Our investment in film content in the year ended March 31, 2013 was $186.7 million, compared to $148.7 million in the year ended March 31, 2012 an increase of $38 million, or 25.6%, reflecting ongoing investments in our film library.

Net cash from financing activities in the year ended March 31, 2013 was $11.5 million, compared to $51.8 million positive in the year ended March 31, 2012, principally reflecting a $40.3 million decline in the uptake of net borrowings offset by proceeds from the sale of subsidiary shares. In December 2012, 2.8% of our holding in Eros International Media Limited was sold by the "Offer For Sale" route to meet the minimum public shareholding requirement of 25% of Eros International Media Limited.

Principal Risks and Uncertainties

INTERNAL RISKS

Risk	Description and impact	Mitigation
Relationships with theatre, key broadcast partners and digital platforms	We generate revenues from the exploitation of Indian film content in various distribution channels through agreements with commercial theatre operators, in particular multiplex operators, and with retailers, television operators, telecommunications companies and others. Our failure to maintain these relationships, or to establish and capitalise on new relationships, could harm our business or prevent our business from growing, which could have a material adverse effect on our business, prospects, financial condition and results of operations.	Where possible and provided the terms are favourable the Group seeks to enter into long term agreements or agreements advance of content availability dates. Where such opportunities are not favourable or are not available we seek to work with a range of distribution partners across our distribution channels to limit the reliance on any one counterparty on an ongoing basis.
Sourcing of film content	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. 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 increases may it more difficult for us to access content cost-effectively and reducing our ability to sustain our margins.	We constantly try to build on our existing relationships with talent and secure projects that fit within our green-lighting criteria including price of the project. We try to invest ahead and maintain over a year's visibility of our future slate in order to allow us to adapt better to changing market conditions.
Delays, cost overruns, cancellation or abandonment of films	There are substantial financial risks relating to film production, completion and release. Actual film costs may exceed their budgets and factors such as labor disputes, unavailability of a star performer, equipment shortages, disputes with production teams or adverse weather conditions may cause cost overruns and delay or hamper film completion. Non-completion can put recoverability of our partial advance funded at risk. Due to relationship with talent, we may feel obliged to fund cost over-runs where there is no contractual obligation requiring us to do so. 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.	Wherever possible we contractually try to cap the budget contractually especially in co-productions to protect us from over-runs and film acquisitions are generally for a fixed price. We typically build in provisions to recover our advances in case of non-delivery by the co-producer or build in the right to take-over and complete the projects. Where possible we attempt to build in the right to recover offset or adjust any losses we may suffer in our next film with the talent or co-producer.
Piracy of our content, including digital and internet piracy	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. 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. Additionally, we may seek to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and revenue losses. Even the highest levels of security and anti-piracy measures may fail to prevent piracy.	Although DVD revenues form a relatively small part of the company's revenues as well as the Indian film industry's revenues as a whole, piracy is an industry wide menace. The company seeks to adopt some legal measures where appropriate and not prohibitively expensive, be party of industry anti-piracy forums to work collectively as well as embrace online distribution platform like ErosNow, where the company can offer its content online to potential customers legally and hope this will dissuade and discourage potential customers to access illegal content.

Risk	Description and impact	Mitigation
Fluctuation in the value of the Indian Rupee against foreign currencies, especially the Company's reporting currency, the United States Dollar	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 13.1% drop in value of the Indian Rupee as compared to the U.S. dollar in the year ended March 31, 2013, 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.. 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.	We try to follow a matching revenue and costs concept while running our business operations where the majority of costs as well as the majority of revenues are denominated in Indian Rupees. When the group consolidates the Indian revenues in United states dollars, if the Rupee has depreciated then this results in a translation loss but this may not translate in a cash loss.

In addition to the Internal Risks the following External Risks should be noted that arise from a large part of the operations of the Group arising in India

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. Further, a sustained decline in economic conditions could result in closure or downsizing by, or otherwise adversely impact, industry participants on whom we rely for content sourcing and distribution. Any decline in demand for our content could have a material adverse effect on our business, prospects, financial condition and results of operations. In addition global financial turmoil has negatively affected the Indian financial markets. Continued financial disruptions may limit our ability to obtain financing for our films. For example, any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Any such event could have a material adverse effect on our business, prospects, financial condition and results of operations. India has recently experienced fluctuating wholesale price inflation compared to historical levels. An increase in inflation in India could cause a rise in the price of wages, particularly for Indian film talent, or any other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production. Because it is unlikely we would be able to pass all of our increased costs on to our customers, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

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 liberalisation, including significantly relaxing restrictions on the private sector. The rate of economic liberalisation 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 liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

Corporate Social Responsibility

The Lulla 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.

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 ended March 31, 2013 the Group made charitable donations of $ 21,000 (2012: $2,536,200). 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 the Group's charitable donations were made to the Lulla Foundation (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.

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 Gujrat 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 500 villages' volunteers 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. Plans are being developed for:

- Setting up or supporting educational facilities for over 50,000 students between 2 and 16
- 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

This core set up will be replicated in a number of states in India to help achieve the Foundation's aims.

Board of Directors

Kishore Lulla, 51 years

Director and Executive Chairman

Mr. Lulla received a bachelors' 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' Organization and also a board member for the School of Film at the University of California, Los Angeles. He has been honoured 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 Vijay Ahuja.

Vijay Ahuja, 56 years

Director and Vice Chairman

Mr. Ahuja received a bachelors' 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, 42 years

Director and Group CEO and Managing Director

Ms Deshpande was re-appointed to the Board of the Company in her former role of Group Chief Executive and Managing Director with effect from 22nd June 2012. With a degree in Commerce and Economics and an MBA, from Mumbai University, Ms Deshpande has over 20 years of experience in media and entertainment across advertising, media consulting, television and film. Ms Deshpande has been a key member of the Eros team since 2001 and has contributed to driving Eros's growth for over a decade. She was instrumental in the Company's flotation on AIM in 2006 as well as Eros India's listing on the Bombay Stock Exchange in 2010.

Sunil Lulla, 48 years

Director and Executive Vice Chairman and Managing Director of Eros International Media

Mr. Lulla received a bachelors' degree in commerce from Mumbai University. He has over 25 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, 78 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 Industrialization 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 12 other Indian companies and two foreign companies. He has served as a director since July 2007.

Dilip J Thakkar, 76 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.

Michael Kirkwood, 65 years

Independent Non-executive Director

Mr. Kirkwood is a graduate of Stanford University in Economics and Engineering. He retired from a 31-year career with Citigroup in 2008 where he was latterly UK Country Head. He had previously served with the bank in Scandinavia, Switzerland and New York. His earlier career was spent in Asia with the Bowater/Ralli Group and with HSBC. During his banking career, Mr Kirkwood served as Deputy Chairman of the British Bankers Association, President of the Chartered Institute of Bankers, Chairman of British American Business Inc., Chairman of the Association of Foreign Banks and as a member of the CBI Financial Services Council. He was also HM Lieutenant for the City of London in 2004. From 2001-05, Mr. Kirkwood served on the Board of Kidde plc as a Non-Executive Director and Chairman of the Audit Committee, and from 2008-11 he was Deputy Chairman of PricewaterhouseCoopers Advisory Board. He is currently Chairman of Circle Holdings plc, a Board Member of AngloGold Ashanti Ltd and UK Financial Investments Ltd (UKFI) as well as a Senior Advisor (former Chairman) to Ondra Partners LLP. Born in Scotland, Mr Kirkwood is 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 Queen's 2003 Birthday Honours.

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 15.2% CAGR and slated to cross US$30 billion by 2017 (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 Group CEO'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 March 31, 2013 and March 31, 2012 were as follows:

Directors	Ordinary shares of 10p each		Percentage shareholding at 31 March 2013
	2013	2012	
Kishore Lulla*	**Up to 77,059,503**	Up to 82,544,503	**62.0%**
Jyoti Deshpande†	**831,005**	-	**0.7%**
Vijay Ahuja*	**Up to 74,381,959**	Up to 79,866,959	**59.8%**
Sunil Lulla*	**Up to 76,165,657**	Up to 81,650,657	**61.3%**
Dilip Thakkar	**47,170**	47,170	**Less than 0.1%**
Michael Kirkwood	**20,000**	20,000	**Less than 0.1%**
Naresh Chandra	**47,170**	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 was re-appointed to the board on June 22, 2012 having previously resigned on May 28, 2011.

FINANCIAL RISK MANAGEMENT

The financial risks faced by the Group, together with how they are managed are dealt with within the principal risks and uncertainties section and within note 26 to the financial statements. The corporate governance section lays out some of the systems and processes through which the directors manage and mitigate risks.

CORPORATE RESPONSIBILITY

The Company's 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 March 31, 2013, the number of day's credit taken for purchases and services by the Company was 30days (2012: 20 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 judgments 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.

Report of the Directors

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

Grant Thornton UK LLP resigned as auditor during the year and Grant Thornton, Isle of Man were appointed. A resolution proposing the re-appointment of Grant Thornton, Isle of Man as auditor of the Company will be proposed at the Annual General Meeting.

Kishore Lulla

Executive Chairman

On behalf of the Board

19 June 2013

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.

AIM Rule 19 requires that the annual accounts provide disclosure of directors' remuneration earned which is contained within this report.

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 June 27, 2006. Under the terms of the letters of appointment, each Executive Director received a fee of £60,000 per annum, up until September 28, 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 November 11, 2011 and a resolution of its shareholders dated December 29 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 October 31, 2014. Sunil Lulla will be eligible for this incentive bonus for the remainder of his tenure in office. No amounts have been awarded in respect of the year ended March 31, 2013.

The Non-Executive Directors have both 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 March 31, 2013 is set out below:

Directors	Salary	Fees	Benefits	2013 Total	2012 Total
			(in thousands)		
Kishore Lulla	$ 937	$ 95	$ 10	**$ 1,042**	$ 928
Vijay Ahuja	308	95	4	**407**	359
Jyoti Deshpande	369	95	458	**922**	145
Sunil Lulla	479	95	88	**662**	558
Michael Kirkwood	-	95	-	**95**	16
Dilip Thakkar	-	79	-	**79**	80
Naresh Chandra	-	79	4	**83**	194
Total	$ 2,093	$ 633	$ 564	**$ 3,290**	$ 2,280

Benefits comprise of medical health insurance and in the case of Sunil Lulla a housing allowance and company car benefits. Jyoti Deshpande's benefits in the year ended March 31, 2013 included $444,100 (2012: $Nil) of share based payments.

In addition to the disclosure above in respect of 2012 and pursuant to a consulting services letter agreement dated August 10, 2011 and following her resignation as a director of the company effective June 1, 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 June 1, 2011 until November 30, 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 were issued in the year ended March 31, 2012. Jyoti Deshpande received reimbursement for mutually agreed expenses and disbursements incurred in connection with the provision of her services and also entitled to a discretionary bonus in cash and/or in ordinary shares, as determined by us. The contract lapsed on November 30, 2012.

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.

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 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 March 31, 2013, the Board consisted of four 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 accounting system went operational in India in the year ended March 31,2013 and this is now being adopted by the remainder of the Group. Further developments of this system and the introduction of a global rights database will be rolled out across the Group during the coming 12 months.

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 did not meet during the year ended March 31, 2013.

BOARD AND COMMITTEE MEETING ATTENDANCE

The table below sets out the attendance of Directors at Board and Committee meetings by presence or by telephone of individual directors.

Number of meetings	Board	Audit	Remuneration
Kishore Lulla	5	-	2
Vijay Ahuja	5	-	-
Jyoti Deshpande	3	-	-
Sunil Lulla	6	-	-
Dilip Thakkar	4	3	2
Naresh Chandra	6	4	2
Michael Kirkwood	6	3	2

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.

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Report of the Independent Auditor

The Members of Eros International Plc

We have audited the accompanying consolidated financial statements of Eros International PLC and its subsidiaries (the "Company") for the year ended March 31, 2013, which comprise the consolidated statements of financial position, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of cash flows, the consolidated statements of changes in equity and the related notes. The financial framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 80C(2) of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement set out on page 28, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at
www.frc.org.uk/apb/scope/private.cfm

OPINION ON CONSOLIDATED FINANCIAL STATEMENTS

In our opinion the consolidated financial statements give a true and fair view, of the state of the Company's affairs as at March 31, 2013 and of its profit for the year then ended in accordance with International Financial Reporting Standards (as adopted by the European Union).

SEPARATE OPINION IN RELATION TO IFRSS, AS ISSUED BY THE IASB

As explained in Note 1 to the principal accounting policies, the Company in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs, as issued by the International Accounting Standards Board ("IASB").

In our opinion the consolidated financial statements comply with IFRSs, as issued by the IASB.

OTHER MATTER

We have reported separately on the parent company financial statements of Eros Plc for the year ended 31 March 2013.

Grant Thornton

Douglas, Isle of Man

19 June 2013

Consolidated Statements of Financial Position

as at 31 March 2013 and 2012

Particulars	Note	As at 31 March 2013	As at 31 March 2012
ASSETS			
Non-current assets			
Property, plant and equipment	9	$ **11,680**	$ 12,622
Goodwill	10	**1,878**	1,878
Intangible assets – trade name	10	**14,000**	14,000
Intangible assets – content	11	**535,304**	473,092
Intangible assets – others	12	**2,117**	1,870
Available-for-sale financial assets	13	**30,385**	30,385
Deferred tax assets	7	**569**	407
		$ **595,933**	$ 534,254
Current assets			
Inventories	14	$ **793**	$ 1,130
Trade and other receivables	15	**91,264**	78,650
Current tax receivable		**962**	4,937
Derivative financial instruments	20	-	1,573
Cash and cash equivalents	17	**109,705**	145,422
		$ **202,724**	$ 231,712
Total assets		$ **798,657**	$ 765,966
LIABILITIES			
Current liabilities			
Trade and other payables	16	$ **28,979**	$ 27,239
Short-term borrowings	19	**79,902**	68,527
Derivative financial instruments	20	-	1,538
Current tax payable		**1,846**	7,830
		$ **110,727**	$ 105,134
Non-current liabilities			
Long-term borrowings	19	$ **165,898**	$ 180,768
Other Long term liabilities		**357**	-
Derivative financial instruments	20	**16,660**	11,027
Deferred tax	7	**18,839**	14,789
		$ **201,754**	$ 206,584
Total liabilities		$ **312,481**	$ 311,718
EQUITY			
Equity			
Share capital	22	$ **22,653**	$ 21,687
Share premium		**159,547**	135,008
Reserves		**311,315**	277,989
Other components of equity	24	**(29,432)**	(18,519)
JSOP Reserve	23	**(25,505)**	-
Equity attributable to equity holders of Eros International Plc		**438,578**	416,165
Non controlling interest		**47,598**	38,083
Total equity		$ **486,176**	$ 454,248
Total liabilities and equity		$ **798,657**	$ 765,966

The consolidated financial statements were approved by the Board of Directors and authorized for issue on June19, 2013 and are signed on its behalf by:

Kishore Lulla

Company Registration No 007466V

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

Consolidated Income Statements

for the years ended 31 March 2013 and 2012

(in thousands, except per share amounts)

	Note	For the year ended 31 March 2013	For the year ended 31 March 2012
Revenue	1	$ **215,346**	$ 206,474
Cost of sales		**(134,002)**	(117,044)
Gross profit		**81,344**	89,430
Administrative costs		**(26,308)**	(27,992)
Operating profit		**55,036**	61,438
Financing costs	4	**(6,202)**	(5,697)
Finance income	4	**4,733**	4,688
Net finance costs	4	**(1,469)**	(1,009)
Other gain/(losses)	5	**(7,989)**	(6,790)
Profit before tax		**45,578**	53,639
Income tax expense	6	**(11,913)**	(10,059)
Profit for the year	**3**	$ **33,665**	$ 43,580
Attributable to:			
Owners of the Eros International Plc		**27,107**	37,406
Non-controlling interest		**6,558**	6,174
		$ **33,665**	$ 43,580
Earnings per share (cents)	8		
Basic earnings per share		**22.9**	31.9
Diluted earnings per share		**22.7**	31.4

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

Consolidated Statements of Comprehensive Income

for the years ended 31 March 2013 and 2012

(in thousands)

	For the year ended 31 March 2013	For the year ended 31 March 2012
Profit for the year	$ **33,665**	$ 43,580
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Revaluation of property	**1,726**	-
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets		
Reclassification to profit and loss	-	1,230
Gain/(loss) arising during the year	-	4,829
Exchange differences on translating foreign operations	**(14,613)**	(30,049)
Cash flow hedges		
Reclassification to profit and loss	-	4,405
Gains/(losses) arising during the year	-	(3,847)
	(14,613)	(23,432)
Total other comprehensive income for the year	$ **(12,887)**	$ (23,432)
Total comprehensive income for the year, net of tax	$ **20,778**	$ 20,148
Attributable to :		
Owners of Eros International Plc	$ **16,194**	$ 18,546
Non-controlling interests	$ **4,584**	$ 1,602

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 2013 and 2012

(in thousands)

	Note	For the year ended 31 March 2013	For the year ended 31 March 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		$ 45,578	$ 53,639
Adjustments for:			
Depreciation		1,003	1,275
Share based payment		1,888	5,289
Amortisation of intangibles		102,670	86,804
Non cash items	25	5,662	5,511
Net finance charge		1,469	1,009
Movement in trade and other receivables		(19,275)	(27,689)
Movement in inventories		254	341
Movement in trade payables		13,634	5,861
(Gain)/loss on sale of property, plant and equipment		389	239
Cash generated from operations		$ 153,272	$ 132,279
Interest paid		(4,659)	(4,381)
Income taxes paid		(9,103)	(4,208)
Net cash generated from operating activities		$ 139,510	$ 123,690
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(86)	(1,224)
Proceeds from disposal of property, plant and equipment		88	8
Purchase of intangible film rights and related content		(186,676)	(148,662)
Purchase of intangible assets others		(473)	(1,572)
Interest received		4,819	3,796
Net cash used in investing activities		$ (182,328)	$ (147,654)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from disposal of subsidiary shares		9,435	-
Net proceeds from issue of share capital by subsidiary		596	1,498
Net proceeds from issue of share capital		-	15
Dividend to non-controlling interests		(770)	-
Proceeds from short-term borrowings		5,516	41,132
Repayment of short-term borrowings		(12,485)	(21,544)
Proceeds from long-term borrowings		11,015	35,620
Repayment of long-term borrowings		(1,836)	(4,965)
Net cash generated from financing activities		$ 11,471	$ 51,756
Net increase in cash and cash equivalents		(31,347)	27,792
Effects of foreign exchange rate changes		(4,370)	(8,537)
Cash and cash equivalents at beginning of year		145,422	126,167
Cash and cash equivalents at end of year	17	$ 109,705	$ 145,422

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

Consolidated Statements of changes in Equity

for the year ended 31 March 2013

(amounts in thousands)

	Share Capital	Share Premium Account	Other components of equity			Reserves					Equity Attributable to share-holders of Eros International Plc	Non Contro-lling Interest	Total Equity
			Currency Translation Reserve	Available for sale Invest-ments	Re-valuation reserve	Hedging Reserve	Reverse Acquisition Reserve	Merger Reserve	Retained Earnings	JSOP reserve			
Balance as of March 31,2012	$21,687	$135,008	$(20,534)	$5,802	$233	$(4,020)	$(22,752)	$57,766	$242,975	–	$416,165	$38,083	**$454,248**
Profit for the year	–	–	–	–	–	–	–	–	27,107	–	27,107	6,558	**33,665**
Other comprehensive income/(loss) for the year	–	–	(12,208)	–	1,295	–	–	–	–	–	(10,913)	(1,974)	**(12,887)**
Total comprehensive income/(loss) for the year	**–**	**–**	**(12,208)**	**–**	**1,295**	**–**	**–**	**–**	**27,107**	**–**	**16,194**	**4,584**	**20,778**
Issues of shares to wholly owned trust (refer note 23)	966	24,539	–	–	–	–	–	–	–	(25,505)	–	–	**–**
Dividend paid by a subsidiary	–	–	–	–	–	–	–	–	–	–		(770)	**(770)**
Share based compensation	–	–	–	–	–	–	–	–	1,888	–	1,888	–	**1,888**
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	–	–	–	4,331	–	–	4,331	5,701	**10,032**
Balance as of March 31,2013	**$22,653**	**$159,547**	**$(32,742)**	**$5,802**	**$1,528**	**$(4,020)**	**$(22,752)**	**$62,097**	**$271,970**	**$(25,505)**	**$438,578**	**$47,598**	**$486,176**

During the year ended March 31, 2013 the Group's Indian subsidiary, Eros International Media Limited, has issued shares to the employees of the company under 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.

for the year ended 31 March 2012

(amounts in thousands)

	Share Capital	Share Premium Account	Other components of equity			Reserves				Equity Attributable to shareholders of Eros International Plc	Non Controlling Interest	Total Equity
			Currency Translation Reserve	Available for sale Investments	Revaluation reserve	Hedging Reserve	Reverse Acquisition Reserve	Merger Reserve	Retained Earnings			
Balance as of April 1, 2011	$21,349	$128,296	$102	$(1,864)	$233	$(4,578)	$(22,752)	$63,102	$205,745	$389,633	$35,742	$425,375
Profit for the year	–	–	–	–	–	–	–	–	37,406	37,406	6,174	43,580
Other comprehensive income / (loss) for the year	–	–	(20,636)	7,666	–	558	–	(6,458)	–	(18,860)	(4,572)	(23,432)
Total comprehensive income /(loss) for the year	**–**	**–**	**(20,636)**	**7,666**	**–**	**558**	**–**	**(6,458)**	**37,406**	**18,546**	**1,602**	**20,148**
Issues of shares upon exercise of options by employees	338	6,712	–	–	–	–	–	–	–	7,050	177	7,227
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	–	–	–	1,122	(176)	936	562	1,498
Balance as of March 31,2012	**$21,687**	**$135,008**	**$(20,534)**	**$5,802**	**$233**	**$(4,020)**	**$(22,752)**	**$57,766**	**$242,975**	**$416,165**	**$38,083**	**$454,248**

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 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.

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 have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board (see note 32.1). The consolidated financial statements have also been prepared in accordance with IFRSs endorsed by the European Union. The financial statements have been prepared under the historical cost convention on a going concern basis, with the exception of the revaluation of certain properties and certain financial instruments.

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 functional currency of Eros is U.S. Dollars 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 years ended March 31, 2013 were approved, by the Group's Board of Directors and authorised for issue on June 19, 2013.

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 March 31, 2013 and 2012 are shown in Note 26.

The facilities (as set out in Note 19) are subject to individual covenants which vary but include provisions such as a fixed charge over certain assets, total available Facilities against statement of financial position 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 cash generating before capital expenditure and is in full compliance with the covenants contained in its existing bank Facilities. As at March 31, 2013 the Group had $109.7million of cash (2012: $145.4 million), $136.1 million of net debt (2012: $103.9 million) and undrawn amounts under its facilities of $4.3million (2012: $3.9million).

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 SIGNIFICANT 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 31.

3.2. Basis of Consolidation

The Group financial statements consolidate those of the Company and entities controlled by the Company and its subsidiary undertakings drawn up to the statement of financial position 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 statement of financial position 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

Principal Accounting Policies

method an increase or decrease in the groups ownership interest is accounted for as follows:

- the non controlling component of equity is adjusted to reflect the non controlling interest revised share of the net carrying value of the subsidiaries net assets;
- the difference between the consideration received or paid and the adjustment to non-controlling interests is debited or credited to a different component of equity – merger 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

Operating Segments (''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 officer. 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 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. The management team also monitors performance based on individual films or catalogs. Certain resources such as publicity and advertising, and the cost of a film are also reviewed globally.

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 related taxes, when persuasive evidence of an arrangement exists, the fees are fixed or determinable, the product is delivered or services have been rendered 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. Gain on bargain purchase 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 loss, if any, except those acquired as part of a business combination, which are shown at fair value at the date of acquisition less accumulated amortisation less impairment loss, if any. Film production cost and content advances are transferred to film and content rights at the point at which content is first exploited. "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, writing off more in year one which recognises initial income flows and then the balance over a period of up to nine years, 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 31.3.

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.

Others

Other intangible assets,which comprise internally generated and acquired software used within the Group's digital, home entertainment and internal accounting activities, are stated at cost less amortisation less provision for impairment. A charge is made to write down the cost of completed rights over the estimated useful lives except where the asset is not yet available for exploitation. The average life of the assets is the lesser of 5 years or the remaining life of the asset. The amortisation charge is recognised in the income statement within administrative expenses.

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.

Principal Accounting Policies

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.

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 Impairment of Assets, 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

Land and buildings are shown at what management believes to be their fair value, based on, among other things, periodic but at least tri-annual valuations by an external independent valuer, less subsequent depreciation for 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. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Plant and equipment are stated at historical cost less accumulated depreciation and impairment.Depreciation is provided to write off the cost of all property, plant and equipment to their residual value over their expected useful lives, with the exception of freehold land which is not depreciated, calculated on the historical cost of the assets at the following rates:

	Rate of depreciation % straight line per annum
Freehold Building	**2-10**
Furniture & Fixtures and Equipment	**15-20**
Plant & Machinery	**15-40**
Vehicles	**15-40**

3.9. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost in respect of goods for resale is defined as purchase price, including appropriate labor costs and other overheads. Cost in respect of raw materials is 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

3.11. Borrowings

Borrowings are recognised 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 statement of financial position 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.

Principal Accounting Policies

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 in a hedging relationship.

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".

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.

Where the Group consider that fair value can be reliably measured 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 statement of financial position date. Available-for-sale equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment at the end of each reporting period.

An assessment for impairment is undertaken at least at each statement of financial position 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 de-recognition. 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 de-recognition 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 at 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.

Principal Accounting Policies

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 re-measured 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.

Cash flow hedging

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, it is more likely than not that an outflow of resources will be required to settle the obligations and can be reliably measured. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligations at the statement of financial position date and are discounted to present value where the effect is material.

3.17. Leases

Leases in which significantly all the risks and rewards incidental to 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 statement of financial position date along with any adjustment relating to tax payable in previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the statement of financial position 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 tax in respect of undistributed earnings of subsidiaries is recognised 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 2Share 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

Principal Accounting Policies

surrendered. JSOP Plan (as described in detail in note 21) includes non-market based vesting conditions in addition to market based vesting conditions. The fair value of the option includes the effect of market based vesting conditions and excludes the effect of non-market-based vesting conditions.

The fair value of share options granted is measured using the Black Scholes model or a Monte-Carlo simulation model, each taking into account the terms and conditions upon which the grants are made. At each statement of financial position date, the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market-based vesting conditions. The amount recognised as an expense is adjusted to reflect the revised estimate of the number of equity instruments that are expected to become exercisable, with a corresponding adjustment to equity reserves. 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 rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated at the prevailing rates of exchange at the statement of financial position 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. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the prevailing rate of exchange at the statement of financial position date. Income and expenses are translated at the monthly average rate. The exchange differences arising from the retranslation of the foreign operations 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. Transactions costs relating to proposed equity transactions :

The Company defers costs in issuing or acquiring its own equity instruments to the extent they are incremental costs directly attributable to the proposed equity transaction that otherwise would have been avoided. Such costs are accounted for as a deduction from equity (net of any related income tax benefit) upon completion of the equity transaction. The costs of an equity transaction that is abandoned are recognised as an expense.

3.22. 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;
- Currency reserve – this represents the differences arising from translation of investments in overseas subsidiaries;
- Joint Share Ownership Reserve - this represents the cost of shares of the Company held by the employee benefit trust, consolidated as a part of the group and treated as treasury shares;
- 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(see note 3.2);
- Available-for-sale investments - this represents fair value movement net of impairment loss, if any, recognised since the date of acquisition of investments:
- Revaluation reserve - this represents the fair value movement of land and buildings measured on a fair value basis;
- Hedging reserve - this represents effective portion of change in fair value of derivative instruments designated in a cash flow hedge relationship;
- Merger reserve - this represents the gain/loss recognised as a result of a change in parent undertakings ownership interest in a subsidiary undertaking without loss of control;
- Retained earnings - this represents undistributed earnings of the group; and
- Non-Controlling Interests – this represents amounts attributable to non controlling interests as a result of their interests in subsidiary undertakings.

Consolidated Notes to the Financial Statements

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 31 March 2013	Year ended 31 March 2012
Revenue by region of domicile		
India	**$ 128,001**	$ 113,573
Europe	**31,450**	41,828
North America	**10,797**	10,454
Rest of the world	**45,098**	40,619
	$ 215,346	$ 206,474
Revenue by customer location		
India	**$ 135,292**	$ 136,942
Europe	**35,147**	26,852
North America	**12,678**	8,379
Rest of the world	**32,229**	34,301
Total Revenue	**$ 215,346**	$ 206,474

Revenue of $ 14,460,000 (2012: $6,287,000) from the United Arab Emirates is included within Rest of the World and revenue of $ 34,945,000 (2012: $ 25,059,000) from United Kingdom is included under Europe in the above table.

For the year ended 31 March 2013 no customers accounted for more than 10% of the Group's total revenues. For the year ended 31 March 2012 an aggregator of television rights, Dhrishti Creations Pvt. Ltd accounted for 11.8% of the Group's total revenues and there were no other customers that accounted for more than 10% of the Group's total revenues. In each year no revenue arose in the Isle of Man.

SEGMENT ASSETS

(in thousands)

	India	North America	Europe	Rest of the World
Assets				
As of March 31, 2013	**$ 230,143**	**$ 44**	$ 32,672	$ 302,120
As of March 31, 2012	**$ 189,377**	**$ 50**	$ 48,082	$ 265,953

Segment assets of $272,034,000 (2012: $234,958,000) in the United Arab Emirates is included under Rest of the World and segment assets of US$28,014,000 (2012; 44,283,000) in United Kingdom is included under Europe in the above table.

Consolidated Notes to the Financial Statements

2. PERSONNEL

Post employment benefits all related to defined contribution plans/benefit plans.

(in thousands)

	Year ended 31 March 2013	Year ended 31 March 2012
Key Management Compensation		
Short term employee benefits	$ 3,859	$ 3,519
Post Employment plans	41	29
Share based compensation	1,303	1479
	$ 5,203	$ 5,027

(in thousands, except employee numbers)

Average monthly number of full time equivalent employees	287	323
Staff Costs		
Wages and salaries	$ 9,275	$ 7,733
Social security and other employment charges	683	623
Wages and expenses	9,958	8,356
Share based compensation (see note 21)	1,888	2,889
Pension charges - defined contributions	34	29
	$ 11,880	$ 11,274

3. PROFIT FOR THE YEAR

Profit for the year is arrived at after the following charged/ (credited) to the income statement:

(in thousands)

	Year ended 31 March 2013	Year ended 31 March 2012
Depreciation of property, plant and equipment	$ 1,003	$ 1,275
Amortisation of other intangible assets	715	278
Amortisation of content assets	101,955	86,525
Operating lease rentals	1,223	1,651

AUDITOR'S REMUNERATION

Audit of the Group's annual accounts pursuant to legislation	$ 211	$ 289
Audit of company's subsidiaries pursuant to legislation	182	215
Audit related assurance services	197	74
Taxation compliance services	25	32
Other services	10	12
Total	$ 625	$ 622

In addition to the above amounts the company incurred $84,000 (2012:$822,000) in respect of work undertaken by the auditors in respect of PCAOB audit reports and other reports in respect of our proposed listing on the New York Stock Exchange have been deferred and are included within trade and other receivables in prepaid charges.

Consolidated Notes to the Financial Statements

(in thousands)

		Year ended 31 March 2013		Year ended 31 March 2012
4. FINANCE CHARGES AND INCOME				
Interest on bank overdrafts and loans	$	**13,720**	$	9,341
Interest on other borrowings		-		120
Total interest expense for financial liabilities not classified at fair value through profit or loss		**13,720**		9,461
Reclassification of gains on hedging previously recognised in other comprehensive income		-		2,223
Capitalised interest on film content		**(7,518)**		(5,987)
Total finance costs	$	**6,202**	$	5,697
Less: Interest revenue				
Bank Deposits		**(4,206)**		(2,355)
Held- to- maturity financial assets		**(527)**		(2,333)
Total finance income	$	**(4,733)**	$	(4,688)
Net finance costs	$	**1,469**	$	1,009

For the year ended March 31, 2013, the capitalisation rate of interest is 5.6 %(2012: 5.2%).

(in thousands)

		Year ended 31 March 2013		Year ended 31 March 2012
5. OTHER GAINS AND LOSSES				
Loss on disposal of property, plant and equipment	$	**389**	$	239
Net foreign exchange losses		**1,933**		1,057
Net loss on held for trading financial liabilities		**5,667**		4,264
Reclassification adjustment relating to available-for-sale financial assets		-		1,300
Others		-		(70)
	$	**7,989**	$	6,790

The net loss on held for trading financial liabilities in the year ended 31 March 2013 principally relates to derivative instruments not designated in a hedging relationship.

(in thousands)

		Year ended 31 March 2013		Year ended 31 March 2012
6. INCOME TAX EXPENSE				
Current tax expense	$	**7,102**	$	4,946
Deferred tax		**4,811**		5,113
Provision for income taxes	$	**11,913**	$	10,059
Reconciliation of tax charge				
Profit before tax	$	**45,578**	$	53,639
Income tax expense at tax rates applicable to individual entities		**9,921**		9,060
Tax affect of:				
Items not deductible for tax		**421**		451
(Increase)/Utilisation of tax losses		-		143
Others		**1,571**		405
Income tax expense	$	**11,913**	$	10,059

Consolidated Notes to the Financial Statements

(in thousands)

	Year ended 31 March 2013			
	Opening Balance	Recognised in Profit and Loss	Translation Adjustment	Closing Balance
7. CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES				
Changes in deferred tax assets and liabilities				
Deferred tax assets:				
Business loss carry forwards	$ 403	$ 5	$ (25)	$ 383
Expenses deductible in future years	21	2	(6)	17
Minimum alternate tax carry- forward	5,220	4,768	(327)	9,661
Property, plant and equipment	78	45	(1)	122
Others	1,843	131	(95)	1,879
Total deferred tax asset	$ 7,565	$ 4,951	$ (454)	$ 12,062
Deferred Tax Liabilities				
Property, plant and equipment	(160)	(161)	11	(310)
Intangible assets	(21,787)	(9,548)	1,366	(29,969)
Others	-	(53)	-	(53)
Total Deferred tax liability	$ (21,947)	$ (9,762)	$ 1,377	$ (30,332)
Net Deferred Tax Asset / (Liability)	$ (14,382)	$ (4,811)	$ 923	$ (18,270)
As at 31 March 2013				
Deferred Tax Asset				569
Deferred Tax Liability				(18,839)

(in thousands)

	Year ended 31 March 2012			
	Opening Balance	Recognised in Profit and Loss	Translation Adjustment	Closing Balance
Deferred tax assets:				
Business loss carry forwards	$ 498	$ (34)	$ (61)	$ 403
Expenses deductible in future years	19	5	(3)	21
Minimum alternate tax carry- forward	3,121	2,659	(560)	5,220
Property, plant and equipment	48	31	(1)	78
Others	(300)	167	38	(95)
Total deferred tax asset	$ 3,386	$ 2,828	$ (587)	$ 5,627
Deferred Tax Liabilities				
Property, plant and equipment	(388)	190	38	(160)
Intangible assets	(16,335)	(8,020)	2,568	(21,787)
Others	(617)	2,548	7	1,938
Total Deferred tax liability	$ (17,340)	$ (5,282)	$ 2,613	$ (20,009)
Net Deferred Tax Asset / (Liability)	$ (13,954)	$ (2,454)	$ 2,026	$ (14,382)
As at 31 March 2013				
Deferred Tax Asset				407
Deferred Tax Liability				(14,789)

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.

The deferred tax assets have been recognised on the basis that there is sufficient certainty of profitability to utilise the available losses. No deferred tax liabilities have been provided on the undistributed earnings of its subsidiaries to the extent of $ 10,245,000 as Eros is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Consolidated Notes to the Financial Statements

7. CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Eros International Media Limited is liable to pay Minimum Alternate Tax (MAT). under the Indian Income tax laws. The tax paid under MAT provisions can be carried forward and set-off against future income tax liabilities computed under normal tax provisions within a period of ten years, and has been treated as a deferred tax asset.

In addition to the amount charged in the income statement, no amounts relating to tax have been recognised in other comprehensive income: No amounts relating to tax have been recognised directly in equity.

(in thousands, except earnings per share and the number of shares)

	Year ended 31 March 2013		Year ended 31 March 2012	
	Basic	Diluted	Basic	Diluted
8. EARNINGS PER SHARE				
Earnings				
Earnings attributable to the equity holders of the parent	$ 27,107	$ 27,107	$ 37,406	$ 37,406
Potential dilutive effect related to				
share based compensation scheme in subsidiary undertaking	-	(226)	-	(507)
Adjusted earnings attributable to equity holders of the parent	$ 27,107	$ 26,881	$ 37,406	$ 36,899
Number of shares				
Weighted average number of shares	118,316,874	118,316,874	117,227,219	117,227,219
Potential or dilutive effect related to share based compensation scheme	-	52,371	-	187,314
Adjusted weighted average number of shares	118,316,874	118,369,245	117,227,219	117,414,533
Earnings per share				
Earnings attributable to the equity holders of the parent per share (cents)	22.9	22.7	31.9	31.4

The number of options under the JSOP that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for year ended March 31 2013 aggregated to 6,000,493 shares.

(in thousands)

	Year ended 31 March 2013				
	Land and Building	Furniture, Fittings and Equipment	Vehicles	Plant and Machinery	Total
9. PROPERTY, PLANT AND EQUIPMENT					
Opening net carrying amount	$ 9,542	$ 917	$ 456	$ 1,707	$ 12,622
Exchange differences	(524)	(15)	(27)	(106)	(672)
Revaluation	1,726	-	-	-	1,726
Additions		16	16	55	87
Disposals	-	(336)	(12)	(1,414)	(1,762)
Adjustment of Depreciation on disposal / revaluation	146	52	9	1,076	1,283
Depreciation charge	(500)	(179)	(115)	(209)	(1,003)
Reclassification adjustments	(301)	305	-	(605)	(601)
Closing net carrying amount	$ 10,089	$ 760	$ 327	$ 504	$ 11,680
	As at March 31, 2013				
Cost or valuation	$ 12,099	$ 2,337	$ 1,702	$ 3,935	$ 20,073
Accumulated depreciation	(2,010)	(1,577)	(1,375)	(3,431)	(8,393)
Net carrying amount	$ 10,089	$ 760	$ 327	$ 504	$ 11,680

Consolidated Notes to the Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(in thousands)

	Year ended 31 March 2012				
	Land and Building	Furniture, Fittings and Equipment	Vehicles	Plant and Machinery	Total
Opening net carrying 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 carrying amount	$ 9,542	$ 917	$ 456	$ 1,707	$ 12,622

	As at 31 March 2012				
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 carrying amount	$ 9,542	917	456	1,707	12,622

Property, Plant and Equipment with a net carrying amount of approximately $11,528,000 (2012; $11,799,000) have been pledged to secure borrowings (see note 19).

Land and buildings were revalued as at March 31, 2013 by independent valuers, not connected to the group, on the basis of market value. Fair values were estimated based on recent market transactions, which were then adjusted for specific conditions relating to the land and buildings. As at March 31, 2013, had land and buildings of the group been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately $8,202,000.

10. GOODWILL AND TRADE NAME

(in thousands)

	Goodwill	Trade Name
Balance as at March 31, 2013	**$ 1,878**	$ 14,000
Balance as at March 31, 2012	**$ 1,878**	$ 14,000

As of March 31, 2013, goodwill has been assessed for impairment at the Group level as the Group is considered as one single cash generating unit and represents the lowest level at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

As of March 31, 2013, for assessing impairment of goodwill and trade name, the estimated cash flows for a period of 5 years were developed using internal forecasts, and a pre-tax discount rate of 11.50 %. The cash flows beyond 5 years have been extrapolated assuming zero growth rates. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

The Trade Name is associated with the 'Eros International' and other Eros logos, and is considered to have an indefinite useful life, which view is supported by the intention of the management to retain the trade name within the business indefinitely.

Consolidated Notes to the Financial Statements

(in thousands)

	Gross Content Assets	Accumulated Amortisation	Content Assets
11. INTANGIBLE CONTENT ASSETS			
As at March 31, 2013			
Film and content rights	**$ 766,387**	**$ (396,034)**	**$ 370,353**
Content advances	**163,781**	**-**	**163,781**
Film productions	**1,170**	**-**	**1,170**
Non Current Content assets	**$ 931,338**	**$ (396,034)**	**$ 535,304**
As at March 31, 2012			
Film and content rights	$ 5,99,172	$ (288,457)	$ 310,715
Content advances	162,377	-	162,377
Non Current Content assets	$ 761,549	$ (288,457)	$ 473,092

Changes in the main content assets are as follows:

(in thousands)

	Year ended 31 March 2013	Year ended 31 March 2012
Film productions		
Opening balance	**$ -**	$ 170
Additions	**1,170**	22
Exchange difference	**-**	(22)
Transfer to film and content rights	**-**	(170)
Closing balance	**$ 1,170**	$ -
Content advances		
Opening balance	**$ 162,377**	$ 163,365
Additions	**174,567**	159,725
Exchange difference	**(5,948)**	(13,489)
Transfer to film and content rights	**(167,215)**	(147,224)
Closing balance	**$ 163,781**	$ 162,377
Film and content rights		
Opening balance	**$ 310,715**	$ 258,366
Amortisation	**(101,955)**	(86,525)
Adjustments	**(771)**	-
Exchange difference	**(4,851)**	(8,520)
Transfer from other content assets	**167,215**	147,394
Closing balance	**$ 370,353**	$ 310,715

Intangible content assets with a carrying amount of $193,857,000 (2012; $185,208,000) have been pledged to secure borrowings (see note 19).

12. OTHER INTANGIBLE ASSETS

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

(in thousands)

	Gross	Accumulated Amortisation	Net
As at March 31, 2013	**$ 4,384**	**$ (2,267)**	**$ 2,117**
As at March 31, 2012	$ 3,422	$ (1,552)	$ 1,870

Consolidated Notes to the Financial Statements

12. OTHER INTANGIBLE ASSETS (CONTINUED)

The changes in other intangible assets are as follows:

(in thousands)

	Year ended 31 March 2013		Year ended 31 March 2012	
Opening balance	**$**	**1,870**	$	698
Additions during the year		**473**		1,572
Reclassifications		**554**		-
Exchange difference		**(65)**		(122)
Amortisation		**(715)**		(278)
Closing balance	**$**	**2,117**	$	1,870

Other Intangible assets with a carrying amount of approximately $118,000 (2012:$NIL) have been pledged to secure borrowings (see note 19).

(in thousands)

	As at 31 March 2013		As at 31 March 2012	
13. AVAILABLE-FOR-SALE				
A breakdown of the equity instruments is shown below:				
Triple Com Media Pvt. Limited	**$**	**468**	$	468
Valuable Technologies Limited		**11,097**		11,097
LMB Holdings Limited		**16,800**		16,800
Valuable Innovations Private Limited		**2,020**		2,020
	$	**30,385**	$	30,385

The investment in Triple Com Media Pvt. Limited ("Triple Com") represents 10% 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. In the year ended March 31, 2013due to the range of potential outcomes in valuing Triple Com, the Board was unable to give, with reasonable certainty, a fair value in the absence of detailed financial and/or valuation related information. The Directors have therefore held it at cost which equates to the fair value recognised in the year ended March 31, 2012.

Eros acquired an interest in Valuable Technologies Limited ("Valuable") in the year ended March 31, 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 March 31, 2013 Eros owns 7.21% of Valuable's equity. In the year ended March 31, 2013, due to the range of potential outcomes in valuing Valuable, the Board was unable to give, with reasonable certainty, a fair value in the absence of detailed financial and/or valuation related information . The Directors have therefore held it at cost which equates to the fair value recognised in the year ended March 31, 2012.

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 March 31, 2013 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 March 31, 2013, 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. As at March 31 2012 and in light of the proposed acquisition of the all shares not held by Acacia in LMB, announced on April 24, 2012, fair value has been recognised based on the value attributed to the entity as a whole, prior to that the investment was therefore stated at cost in accordance with IAS 39 Financial Instruments: Recognition and measurement. Following the subsequent withdrawal from the acquisition, as announced on July 24,2012 and in the absence of detailed financial and/or valuation related information , the investment is held at cost which equates to the fair value and recognised in the year ended March 31, 2012.

In April 2010, Eros acquired a 1.27% interest in Valuable Innovations Private Limited at a total cost of $2,020,000. In the year ended March 31, 2013, due to the range of potential outcomes in valuing Valuable Innovations Private Limited, the Board was unable to give, with reasonable certainty, a fair value in the absence of detailed financial and/or valuation related information. The Directors have therefore held it at cost.

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

Consolidated Notes to the Financial Statements

(in thousands)

		As at 31 March 2013		As at 31 March 2012
14. INVENTORIES				
Goods for resale	$	775	$	1,048
Raw materials		18		82
	$	793	$	1,130

During the year ended March 31, 2013, inventory of $ 1,123,000(2012:$1,186,000) 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. Inventories with a carrying amount of $426,000 (2012:$604,000) have been pledged as security for certain of the Group's bank overdrafts.

(in thousands)

		As at 31 March 2013		As at 31 March 2012
15. TRADE AND OTHER RECEIVABLES				
Trade accounts receivables	$	75,041	$	61,819
Trade accounts receivables reserve		(759)		(478)
Trade accounts receivables, net		74,282		61,341
Other receivables		11,089		11,805
Prepaid charges		5,893		5,504
Trade and other receivables	$	91,264	$	78,650
The age of financial assets that are past due but not impaired were as follows:				
Not more than three months	$	4,169	$	4,219
More than three months but not more than six months		738		1,032
More than six months but not more than one year		8,695		829
More than one year		1,255		1,469
	$	14,857	$	7,549
The movements in the trade accounts receivables reserve are as follows:				
At 1 April	$	478	$	221
Utilisations		(146)		(124)
Provisions		427		381
At 31 March	$	759	$	478

As a result of a renegotiation of certain contracts during the year ended March 31, 2013 $5,500,000 of trade accounts receivables were rescinded and treated as impaired. The carrying amount of trade accounts receivables and other receivables is considered a reasonable approximation of fair value. Trade and other receivables with a net carrying amount of approximately US$ 26,854,000 (2012: $29,821,000) have been pledged to secure borrowings (see note 19).

(in thousands)

		As at 31 March 2013		As at 31 March 2012
16. TRADE AND OTHER PAYABLES				
Trade accounts payable	$	13,694	$	10,399
Accruals & other payables		12,964		12,071
Value added taxes & other taxes payable		2,321		4,769
	$	28,979	$	27,239

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

Consolidated Notes to the Financial Statements

17. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consist of cash on hand and balance with banks and investments in money market investments, classified 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 31 March 2013		As at 31 March 2012
Held-to-maturity investments		-	$	8,552
Cash at bank and in hand		**109,705**		136,870
	$	**109,705**	$	145,422

18. OPERATING LEASES

The minimum lease rentals to be paid under non-cancellable operating leases were as follows:

(in thousands)

		As at 31 March 2013		As at 31 March 2012
Within one year	**$**	**1,068**	$	1,440
Within two to five years		**2,507**		2,992
	$	**3,575**	$	4,432

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

(in thousands)

19. BORROWINGS

	Nominal Interest Rate %	Maturity		As at 31 March 2013		As at 31 March 2012
Analysis of long-term borrowings						
Asset backed borrowings						
Term loan	LIBOR+5.5%	2014-15	**$**	**928**	$	1,819
Term loan	LIBOR+8.5%	2014-15		**1,055**		2,033
Term Loan	13.3-15%	2014-15		**633**		819
Vehicle Loans	10-15%	2014-15		**91**		157
Term loan	BPLR+1.80%	2016-17		**18,421**		19,665
Term Loan	BPLR+2.75%	2017-18		**4,375**		-
Term loan	BPLR + 2.75%	2017-18		**2,026**		-
			$	**27,529**	$	24,493
Unsecurred borrowings						
Other borrowings	10.5%	2021-22	**$**	**10,257**	$	10,804
$150 million revolving facility	LIBOR +1.9% - 2.9% Mandatory + Cost	2016-17	**$**	**150,000**	$	150,000
			$	**160,257**	$	160,804
Nominal value of borrowings			**$**	**187,786**	$	185,297
Cumulative effect of unamortised costs			**$**	**(2,767)**		(2,183)
Installments due within one year				**(19,121)**		(2,346)
Long-term borrowings - at amortised cost			**$**	**165,898**	$	180,768

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.

Consolidated Notes to the Financial Statements

19. BORROWINGS (CONTINUED)

(in thousands)

	Nominal Interest Rate %		As at 31 March 2013		As at 31 March 2012
Analysis of short-term borrowings					
Asset backed borrowings					
Export credit and overdraft	BPLR+1-3.5%	**$**	**25,600**	$	40,626
Export credit and overdraft	LIBOR+3.5%		**13,997**		-
Short Term loan	BPLRR+2.75%		**4,605**		
		$	**44,202**	$	40,626
Unsecured borrowings					
Commercial Paper	11.00% –12.00%	**$**	**16,579**	$	25,555
Installments due within one year on long-term borrowings			**19,121**		2,346
Short-term borrowings- at amortised cost		**$**	**79,902**	$	68,527

Fair value of the long term borrowing as at March 31, 2013 is $ 176,093,000 (2012:$ 174,976,000). Carrying amount of short term borrowings approximates fair value.Fair values of long-term financial liabilities have been determined by calculating their present values at the reporting date, using fixed effective market interest rates available to the Group.

(in thousands)

	As at 31 March 2013		As at 31 March 2012	
	Current	Non-Current	Current	Non-Current
20. DERIVATIVE FINANCIAL INSTRUMENTS				
Derivative assets	-	-	$ (1,573)	-
Derivative liabilities	-	**16,660**	1,538	11,027

The above interest rate derivative instruments not designated in a hedging relationship. They are carried at fair value through profit or loss account.

21. SHARE BASED COMPENSATION PLANS

The minimum lease rentals to be paid under non-cancellable operating leases were as follows:

(in thousands)

		As at 31 March 2013		As at 31 March 2012
JSOP	**$**	**1,185**		-
IPO India Plan		**703**		177
Staff share grants		**-**		2,712
	$	**1,888**	$	2,889

Consolidated Notes to the Financial Statements

21. SHARE BASED COMPENSATION PLANS (CONTINUED)

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 India Plan		
Scheme	**IPO Plan June 2006**	**JSOP Plan April 2012**	**December 2009**	**August 2010**	**July 2012**
Option strike price	**GBP 1.76**	**GBP 2.64**	INR 117	INR 91	INR 175
Maturity (in years)	**10**	**6**	5.25	5.25	7.00
Expected term (in years)	**5**	**5**	4	4	4
Number of instruments granted	**187,314**	**6,000,493**	1,729,512	83,628	571,160
Share price	**GBP 1.724**	**GBP 2.35**	INR 175	INR 175	INR 175
Expected volatility	**25%(1)**	**34%(2)**	75%(1)	60%	25%(3)
Risk free interest rate	**4.78%**	**2.24%**	6.3%	6.5%	6.27%
Expected dividend yield	**0%**	**0%**	0%	0%	0%
Average fair value of the granted options at the grant date	**GBP 0.626**	**GBP 0.645**	INR 89	INR 78	INR 106
Range of fair values of the granted options at the grant date	**GBP 0.58-0.68**	**GBP 0.61-0.78**	INR 75-100	INR 66-85	INR 106

(1) The expected volatility in respect of the IPO Plan June 2006 in relation to Eros International Plc and Eros International Media Limited in respect of the IPO India Plan December 2009, and August 2010 have 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.

(2) The expected volatility has been arrived at by the reviewing the implied volatilities of comparable companies to Eros International Plc and the observable historic volatility of these companies.

(3) The expected volatility in respect of the Eros International Media Limited in respect of the IPO India Plan July 2012 is based on the Company's historic volatility.

(4) The fair value of options under the JSOP Plan April 2012 were measured using a Monte-Carlo simulation models. Fair values of options granted under all other schemes are measured using a Black Scholes model.

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.

	2013		2012	
	Number of shares	**Exercise price**	**Number of shares**	**Exerciseprice**
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**	187,314	GBP 1.76

The options outstanding at March 31, 2013 had a weighted average remaining contractual life of 3 years.

Consolidated Notes to the Financial Statements

21. SHARE BASED COMPENSATION PLANS (CONTINUED)

The JSOP Plan

On March 29, 2012, the Board of Directors approved a joint share ownership program, or JSOP, pursuant to which certain employees and executive directors of Eros International Limited may acquire shares jointly with the trustee of our Employee Benefit Trust upon receiving a grant by our Board of Directors to do so.

On April 18, 2012, the Company issued 6,000,493 ordinary shares at an initial value set forth in the deeds governing these shares to the Company's Employee Benefit Trust. 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. The consideration for these shares was funded by a loan from the company 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. 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 May 31, 2013, and up to 20% of the applicable shares in the aggregate to vest after May 31, 2014. After May 31, 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 May 31, 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. The level of shareholders' return is calculated as a percentage movement in the market price of the shares of Eros from the grant date to vesting date. Level of earnings per share is calculated as a percentage movement in the earnings per share from as at March 31, 2012 to March 31, 2015. These specified level are agreed for each employee and vary between the employees.

The table below summarises the JSOP Plan.

	2013		2012	
	Number of shares	Exercise price	Number of shares	Exercise price
Outstanding on April 1	-	-	-	-
Granted	6,000,493	GBP 2.64	-	-
Outstanding at March 31	6,000,493	GBP 2.64	-	-
Exercisable on March 31	-	-	-	-

The options outstanding at March 31, 2013 had a weighted average remaining contractual life of 9 years.

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:

	2013		2012	
	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 1 April	811,861	2.80	1,733,924	2.27
Granted during the year	571,160	1.38	-	-
Lapsed	(21,970)	2.96	(592,206)	1.54
Exercised	(184,483)	2.31	(329,857)	2.27
Outstanding at 31 March	1,176,568	2.06	811,861	2.80
Exercisable at 31 March	883,847	1.87	214,476	2.77

Consolidated Notes to the Financial Statements

21. SHARE BASED COMPENSATION PLANS (CONTINUED)

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 weighted average share price of Eros International Media Limited options at the dates the options were exercised in the year ended March 31 2013 were $3.66, $3.68 and $3.84. The options outstanding at March 31, 2013 had a weighted average remaining contractual life of 18 months and a range of exercise prices from $1.38 to $3.22 (weighted average exercise price $1.87).

22. ISSUED SHARE CAPITAL

	Number of Shares		(in thousands)
Authorised			
200,000,000 ordinary shares of 10p each ("Ordinary Shares") at March 31, 2013 and March 31, 2012	**200,000,000**	£	20,000

	Number of Shares		(in thousands)
Allotted, called up and fully paid			
As at March 31, 2011	**116,133,758**	$	21,349
Allotment of shares on June 1, 2011	**107,776**		18
Allotment of shares on October 3, 2011	**2,075,340**		320
As at March 31, 2012	**118,316,874**	$	21,687
Issue of shares on 24 April 2012	**6,000,493**		966
As at March 31, 2013	**124,317,367**	$	22,653

The allotment of shares on June 1, 2011 were shares issued for employee bonus/remuneration issued at $3.60 a share based on the mid-market price on May 31, 2011. The allotment on October 3, 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 October 3, 2011. On April 24, 2012 Company issued shares in relation to the establishment of the Joint Share Ownership Plan at £2.64 a share based on the mid-market price on April 20, 2012.

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. The Trustee of the Joint Share Ownership Plan has waived the entitlement to dividends on the shares owned by the Eros International Employee Benefit Trust.

Consolidated Notes to the Financial Statements

(in thousands)

		Year ended 31 March 2013
23. JOINT SHARE OWNERSHIP RESERVE		
Opening balance		-
Acquired in the year	$	(25,505)
Closing balance	**$**	**(25,505)**

The Joint share ownership reserve represents the cost of shares issued by Eros International Plc and held by the Eros International Employee Benefit Trust to satisfy the requirements of the Joint Share Ownership Plan (see note 21). The number of shares held by the Eros International Employee Benefit Trust at March 31, 2013 was 6,000,493 (2012: Nil).

(in thousands)

		Year ended 31 March 2013		Year ended 31 March 2012
24. OTHER COMPONENTS OF EQUITY				
Movement in Hedging reserve				
Opening balance	**$**	**(4,020)**	$	(4,578)
Loss/(Gain) reclassified to profit/loss		-		4,405
Loss/(Gain) recognised on cash flow hedge		-		(3,847)
Closing balance	**$**	**(4,020)**	$	(4,020)
Movement in revaluation reserve				
Opening balance	**$**	**233**	$	233
Gain recognised on revaluation of property, plant and equipment		**1,295**		
Closing balance	**$**	**1,528**	$	233
Movement in Available for sale fair value reserve				
Opening balance	**$**	**5,802**	$	(1,864)
Loss recognised on revaluation of available for sale investment (net), where applicable		-		6,436
Loss reclassified to profit or loss on sale of available for sale investment (net)		-		1,230
Closing balance	**$**	**5,802**	$	5,802
Movement in Foreign Currency Translation Reserves				
Opening balance	**$**	**(20,534)**	$	102
Other comprehensive income/ (loss) due to foreign currency Translation		**(12,208)**		(20,636)
Closing balance	**$**	**(32,742)**	$	(20,534)
Total Other Components of Equity	**$**	**(29,432)**	$	(18,519)

25. SIGNIFICANT NON-CASH EXPENSES

Significant non-cash expenses during the year were as followsexcept loss on sale of assets, share based compensation, depreciation, derivative interest and amortisation.

(in thousands)

		As at 31 March 2013		As at 31 March 2012
Net loss on held for trading financial liabilities	**$**	**5,667**	$	4,264
Recassification adjustment relating to available-for-sale financial assets		-		1,300
Others		**(5)**		(53)
	$	**5,662**	$	5,511

Consolidated Notes to the Financial Statements

26. 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 19, 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 17 and 22.

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

(in thousands)

	As at 31 March 2013	As at 31 March 2012
Debt	$ 245,800	$ 249,295
Cash and bank balances	109,705	145,422
Net debt	136,095	103,873
	486,176	454,248
Net debt to equity ratio	**28.0%**	22.9%

The net debt to equity ratio increase as at March 31, 2013 as compared to March 31, 2012 reflects the continued investment in film content during the year, working capital fluctuation as well as the impact of foreign exchange movements on the equity base.

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 31 March 2013	As at 31 March 2012
Financial assets		
Available-for-sale assets	$ 30,385	$ 30,385
Loans and receivables excluding prepaid charges and including cash and bank balances	195,077	210,016
Fair value through profit or loss held for trading	-	1,573
Held-to-maturity investments	-	8,552
Financial liabilities at amortised cost		
Trade payables excluding value added tax and other tax payables	$ 26,658	$ 22,470
Borrowings	245,800	249,295
	272,458	$ 271,765
Financial Liabilities at fair value through profit or loss		
Derivatives at fair value through profit or loss - held for trading	16,660	12,565
	$ 289,118	$ 284,330

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.

Consolidated Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 statement of financial position 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 March 31, 2013 33 % (2012: 62%) of trade account receivables were represented by the top five debtors. The maximum exposure to credit risk is that shown within the statement of financial position.

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 disclosures.

As at the statement of financial position 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 foreign currency. 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 March 31, 2013	**$ 8,336**	**$ (20,993)**	$ 269
As at March 31, 2012	**$ 3,234**	**$ 12,514**	$ 935

Consolidated Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

A uniform decrease of 10% in exchange rates against all foreign currencies in position as of March 31, 2013 would have decrease in the Company's net income before tax by approximately$(1,235,808)for the year ended March 31,2013 (2012: $1,668,332) 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 increased during the year ended March 31, 2013 as a result of an increase in the percentage of liabilities denominated in foreign currency over the comparative period. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

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 19. 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 March 31, 2013				
Borrowing principal payments	**$ 248,567**	$ 79,902	$ 47,800	$ 120,865
Borrowing interest payments	**32,125**	10,109	17,920	4,096
Derivative financial instruments	**16,660**	-	-	16,660
Non-interest bearing	**28,979**	28,979	-	-
As at March 31, 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	27,239	27,239	-	-

At March 31, 2013 the Group had facilities available of $ 250,053,000(2012:$255,416,000) and therefore had net undrawn amounts of $4,253,000 (2012: $3,938,000) 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.

Consolidated Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(in thousands, except percentages)

		As at 31 March 2013	%		As at 31 March 2012	%
Currency						
U.S. Dollar	$	**191,975**	**78**	$	193,919	78
Indian Rupees		**53,825**	**22**		55,376	22
Total	$	**245,800**	**100**	$	249,295	100
Maturity						
Due before one year	$	**79,902**	**33**	$	68,527	27
Due between one and three years		**46,740**	**19**		52,374	21
Due between four and five years		**119,158**	**48**		128,394	52
		245,800	**100**	$	249,295	100
Nature of rates						
Fixed interest rate	$	**100,969**	**41**	$	84,333	34
Floating rate		**144,831**	**59**		164,962	66
Total		**245,800**	**100**	$	249,295	100

During the current year, the interest exposure was managed through an interest cap on $100 million entered during the previous year. Two written floor contracts each with $100 million notional value have also been entered into during the previous year. 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%. Hence $100 million is classified as floating interest rate borrowings as on March 31, 2013 and 2012.

The sensitivity analysis assumes a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the statement of financial position date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

At 1% increase in underlying bank rates would lead to decrease in company's net income before tax by $1,448,310 for the year ended March 31, 2013 (2012: $1,343,320) on net income and equity. An equal and opposite impact would be felt if rates fell by 1%.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Under the interest swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on an 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 rate derivatives which comprise derivatives at fair value through profit and loss is determined at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Details of derivative instruments are as below

(in thousands)

	Average contract rate		Notional principal amount		Fair value of derivative instrument 2013		Fair value of derivative instrument 2012
2011 Interest Rate Swap	3.52%	$	100,000	**$**	**-**	$	(1,538)
2011 Interest Rate Swap	3.52%	$	100,000		**-**		1,573
2012 Interest Rate Floor	0.5%-3%	$	100,000		**(7,230)**		(6,711)
2012 Interest Rate Collar	Cap of 6% & Floor 0.5% - 3%	$	100,000		**(9,430)**		(4,316)
Total				**$**	**(16,660)**	$	(10,992)

None of the above derivative instruments is designated in a hedging relationship. A loss of $5,667,000 (2012:$4,264,000) in respect of the above derivative instruments has been taken to the income statement within other gains and losses.

As at March 31, 2013, the loss amounting to $4,020,000 on account of cash flow hedges is expected to be reclassified from other comprehensive income to profit or loss over the period of 5 years.

Consolidated Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial instruments – disclosure of fair value measurement level

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 31 March 2013	As at 31 March 2012
Level 2 – derivative financial liabilities	**$ (16,660)**	$ (10,992)
Net fair value	**$ (16,660)**	$ (10,992)

Reconciliation of Level 3 fair value measurements of financial assets

Available for – sale of financial assets	(in thousands)
At March 31, 2011	$ 25,556
Total gain or losses	
- in profit or loss	(1,230)
- in other comprehensive income	6,059
At March 31, 2012	$ 30,385
At March 31, 2013	**$ 30,385**

The total gains and losses include an impairment of available for sale of financial assets in the year ended March 31, 2013: $Nil (2012:$1,230,000) 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.

27. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Eros' material contractual obligations are made up of contracts related to content commitments. Operating lease commitments are disclosed in Note 18.

(in thousands)

	Total	1 Year	2 to 5 Years
As at March 31, 2013	**$ 235,935**	$ 92,773	$ 143,162
As at March 31, 2012	**$ 166,431**	$ 119,874	$ 46,557

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 at 31 March 2013 $88,276,000 (2012: $65,091,000), which are included within the contractual content commitments above, will fall due within the timeframe above.

28. CONTINGENT LIABILITIES

There were no material ongoing litigations at March 31, 2013 and March 31, 2012.

Consolidated Notes to the Financial Statements

29. RELATED PARTY TRANSACTIONS

Eros' material contractual obligations are made up of contracts related to content commitments. Operating lease commitments are disclosed in Note 18.

(in thousands)

		2013	2012
	Details of transaction	**Asset (Liability)**	**Asset (Liability)**
Red Bridge Ltd.	**President fees**	$ 50	$(592)
550 County Avenue	**Rent**	(390)	(506)
Deposits	**Deposits**	644	737
Line Cross Limited	**Rent**	(364)	(157)
NextGen Films Pvt	**Purchase/Sale**	340	(4,061)
Everest Entertainment Pvt. Ltd	**Purchase/Sale**	596	(10)
Lulla Family	**Rent**	(50)	12

Pursuant to a lease agreement that expires on April 30, 2013, 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 $5,525 each month under this lease. Pursuant to a lease that expires in April 30 2013, Eros International Media Limited leases for use as executive accommodations the property Aumkar Bungalow, Gandhi Gram Road, Juhu, Mumbai, from Sunil Lulla (see deposits in the table above).

Pursuant to a lease agreement that expires on March 31, 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 November 19, 2009 and requires us to pay $129,230 each quarter.

Pursuant to an agreement the Group entered into with Redbridge Group Ltd. on June 27, 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 March 31, 2013 and the year ended March 31, 2012 respectively, for the services of Arjan Lulla, the father of Kishore Lulla and Sunil Lulla, uncle of Vijay Ahuja and Surender Sadhwani 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 film rights $22,205,192 and $23,613,002 to the Group in the year ended March 31, 2012 and the year ended March 31, 2013 respectively. NextGen Films Pvt. Ltd. purchased film rights $3,859,000 from the group in the year ended March 31, 2013 and NIL in the year ended March 31,2012.

The Group also engaged in transactions with Everest Entertainment Pvt. Ltd.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 film rights of $17,588 and $15,821 to the Group in the year ended March 31, 2012 and the year ended March 31, 2013 respectively, and purchased from the Group film rights of $6,282 in the year ended March 31, 2012.

During the year the Group has made charitable donations to the Lulla Foundation of $21,000 (2012: $2,536,000), (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.

All of the amounts outstanding are unsecured and will be settled in cash. No guarantees have been provided in respect of any of the transactions.

Consolidated Notes to the Financial Statements

	Date	Country of Incorporation	% of voting rights held
30. 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	74.88
Eros International Films Pvt. Limited	**June 06**	India	74.88
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**	IOM	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
Digicine Pte Ltd	**March 2012**	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 shareholdings of Eros International Media Ltd (EIML) reduced to 77.98 % on October 14, 2011 from 78.11%,then 77.83% on 24 February 2012 and then 77.80% on April 3, 2012 by the exercise of ESOP by the employees. On December 20, 2012 the Group disposed of 2.8% of the shares it held reducing the ownership to 74.99% and the 74.95% on December 27, 2012 and then 74.88 %on 1 February 2013 by the exercise of ESOP by the employees.

In addition to the above the Eros International Plc Employee Benefit Trust, a Jersey based Trust has been consolidated as it is a fully controlled Trust.

31. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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:

31.1. 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.

31.2. 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 statement of financial position adjustments. Further, the Group evaluates arrangements with special purpose vehicles in accordance with 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 statement of financial position and income statement adjustments.

Consolidated Notes to the Financial Statements

31. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

31.3. 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.

31.4. 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.

31.5. 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.

Judgment is also used when determining whether the Group should recognise deferred tax liability on undistributed earnings of subsidiaries.

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.

31.6. Share Based Payments

The group is required to evaluate the terms to determine whether share based payment is equity settled or cash settled. Judgment is required to do this evaluation. Further, 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 and/or Monte Carlo Simulation Models which require assumptions regarding interest free rates, share price volatility, the expected life of an employee equity instrument and other variables. The basis and assumptions used in these calculations are disclosed within Note 21.

31.7. Deferred IPO Costs

The Company has incurred a number of costs in relation to Company's public filing dated May 2, 2012 with the United States Securities and Exchange Commission ("SEC") in connection with its proposed listing on the NYSE, the Company continues to believe that the listing will give the Company a definite strategic advantage while giving access to additional equity capital and liquidity as well as trading with a more comparable peer group with broader analyst coverage. The Company hopes to conclude the US listing process in the imminent future, subject to regulatory and other permissions and compliances. The costs incurred have been carried forward however if this judgement were incorrect $5,893,000 would be taken through profit or loss within the Income Statement.

Consolidated Notes to the Financial Statements

32. ADOPTION OF NEW AND REVISED STANDARDS

32.1. Standards affecting the financial statements

The Group has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income in advance of the effective date (annual periods beginning on or after 1 July 2012). The amendment increases the required level of disclosure within the statement of comprehensive income. The amendments have been applied retrospectively and hence the presentation of items of comprehensive income have been restated to reflect the change. There was no impact on profit or loss.

32.2. Standards not affecting the reported results nor the financial position

The Group has applied the amendments to IFRS 7 Disclosures - Transfers of Financial Assets in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets.

The group has applied IAS 19 (as revised in June 2011) Employee Benefits which apply to defined benefit schemes and termination benefits which are not relevant to the Group at present.

The Group has applied IAS 12 Deferred Tax: Recovery of Underlying Assets which provides a practical approach for measuring deferred tax assets and liabilities in respect of Investment Property.

32.3 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 (and in some cases had not yet been adopted by the EU):

In November 2009, the IASB issued IFRS 9 "Financial Instruments: Classification and Measurement" ("IFRS 9"). This standard introduces certain new requirements for classifying and measuring financial assets and liabilities and divides all financial assets that are currently in the scope of IAS 39 into two classifications, viz. those measured at amortised cost and those measured at fair value. In October 2010, the IASB issued a revised version of IFRS 9, "Financial Instruments" ("IFRS 9 R"). The revised standard adds guidance on the classification and measurement of financial liabilities. IFRS 9 R requires entities with financial liabilities designated at fair value through profit or loss to recognise changes in the fair value due to changes in the liability's credit risk in other comprehensive income. However, if recognising these changes in other comprehensive income creates an accounting mismatch, an entity would present the entire change in fair value within profit or loss. There is no subsequent recycling of the amounts recorded in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

IFRS 9 R is effective for fiscal years beginning on or after 1 January 2015 although it has not yet been adopted by the EU. The Company is unable to evaluate the impact that this new standard will have as it has not yet been adopted by the EU.

In May 2011, the IASB issued IFRS 13 "Fair Value Measurements" ("IFRS 13"). IFRS 13 defines fair value, provides single IFRS framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Company has evaluated the requirements of IFRS 13 and does not believe that the adoption of this standard will have a material effect on its consolidated financial statements.

In May 2011, the IASB issued IFRS 10 "Consolidated Financial Statements" ("IFRS 10") which replaces consolidation requirements in IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation — Special Purpose Entities" and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This pronouncement is effective for the annual period beginning on or after 1 January 2013 (on or after 1 January 2014, in case of IFRSs adopted by the EU) with earlier application permitted so long as each of this standard is applied together with other four standards as mentioned below:

IFRS 11 "Joint Arrangements"

IFRS 12 "Disclosure of Interests in Other Entities"

IAS 27 (Revised) "Separate Financial Statements"

IAS 28 (Revised) "Investments in Associates and Joint Ventures"

The remainder of IAS 27, "Separate Financial Statements", now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not applicable in the Company's consolidated financial statements.

IFRS 11 "Joint Arrangements" ("IFRS 11"), which replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly Controlled Entities — Non-monetary Contributions by Ventures", requires a single method, known as the equity method, to account for interests in jointly controlled entities. The proportionate consolidation method in joint ventures is prohibited. IAS 28, "Investments in Associates and Joint Ventures", was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment.

Consolidated Notes to the Financial Statements

32. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

IFRS 12 "Disclosure of Interest in Other Entities" ("IFRS 12") is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

Further, in June 2012, IASB published "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" as amendments to IFRS 10, IFRS 11 and IFRS 12. These amendments are intended to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

The Company has evaluated the requirements of IFRS 10, IFRS 11 and IFRS 12 (each as amended) and does not believe that the adoption of these standards will have a material effect on its consolidated financial statements.

In December 2011, the IASB amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing an amendment to IAS 32 "Financial Instruments: Presentation" ("IAS 32") and IFRS 7 "Financial Instruments: Disclosure" ("IFRS 7"). The amendment to IFRS 7 requires companies to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosure requirements are effective for interim or annual periods beginning on or after 1 January 2013. It requires retrospective application for comparative periods.

The IASB has amended IAS 32 to clarify the meaning of 'currently has a legally enforceable right of set off' and 'simultaneous realisation and settlement'. The amendment clarifies that in order to result in an offset of a financial asset and financial liability, a right to set off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy. The amendments also clarify that the determination of whether the rights meet the legally enforceable criterion will depend on both the contractual terms entered into between the counterparties as well as the law governing the contract and the bankruptcy process in the event of bankruptcy or insolvency. The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively for comparative periods.

The Company has evaluated the requirements of above amendments to IAS 32 and IFRS 7, and does not believe that the adoption of these standards will have a material effect on its consolidated financial statements

In May 2013, IASB amended Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment is effective for the annual period beginning on or after 1 January 2014, early adoption is permitted provided IFRS 13- Fair Value measurements is also adopted together. This amendment has not yet been adopted by the EU. The Company does not believe the adoption of this amendment will have a material impact on its financial statements.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

Report of the Independent Auditor

The Members of Eros International Plc

We have audited the parent company financial statements of Eros International PLC (the Company) for the year ended March 31, 2013, which comprise the Balance sheet, Reconciliation of movements in shareholders' funds, and the related notes. The financial reporting framework that has applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Section 80C(2) of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

OPINION ON FINANCIAL STATEMENTS

In our opinion the parent company financial statements give a true and fair view, of the state of the Company's affairs as at March 31, 2013 and of its profit for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice.

OTHER MATTER

We have reported separately on the group financial statements of Eros International Plc for the year ended March 31, 2013.

Grant Thornton

Douglas, Isle of Man

19 June 2013

Company Balance Sheet

as at 31 March 2013 and 2012

(in thousands)

	Note No.	As at 31 March 2013		As at 31 March 2012	
FIXED ASSETS					
Investments	1	**$**	**57,874**	$	56,689
CURRENT ASSETS					
Debtors	2	**$**	**136,253**	$	130,533
Prepayments			**5,795**		5,379
Cash at bank and in hand			**207**		47
		$	**142,255**	$	135,959
Creditors: amounts falling due within one year	3	**$**	**(949)**	$	(2,397)
Net current Assets		**$**	**141,306**	$	133,562
Net assets		**$**	**199,180**	$	190,251
Capital and reserves					
Called up share capital	4	**$**	**22,653**	$	21,687
Share Premium account	5		**159,547**		135,008
JSOP Reserve			**(24,320)**		-
Profit or loss account	5		**30,837**		23,093
Merger Reserve	5		**10,463**		10,463
Shareholder's funds		**$**	**199,180**	$	190,251

The financial statements were approved by the Board of Directors on June 19, 2013.

Kishore Lulla

Chairman

Company registration number: 007466V

Principal Accounting Policies

BASIS OF PREPARATION

As used in the financial statements and accompanying notes, the term "Company" refers to Eros International Plc. The separate financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

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

REVENUE RECOGNITION

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

INVESTMENTS IN SUBSIDIARIES

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

SHARE BASED PAYMENTS

The fair value of share options granted is measured using the Black Scholes model or a Monte Carlo Simulation Models, $1,185,291 recognised as an investment in the subsidiary entity in which the employees provide services.

The amount recognised is adjusted to reflect the revised estimate of the number of equity instruments that are expected to become exercisable with a corresponding adjustment to equity.

Company Notes to the Financial Statements

	Trade Investments	Subsidiary Undertakings	Total
			(in thousands)
1. INVESTMENTS			
Cost			
At 1 April 2012	$12,807	$43,882	**$56,689**
Additions	-	1,185	**1,185**
At March 31, 2013	$12,807	$45,067	**$57,874**

(in thousands)

		2013		2012
2. DEBTORS				
Amounts due from group undertakings	**$**	**136,199**	$	130,344
Other debtors		**54**		189
	$	**136,253**	$	130,533

(in thousands)

		2013		2012
3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Other creditors	**$**	**667**	$	2,040
Accruals		**282**		357
	$	**949**	$	2,397

	Number of Shares		(in thousands)
4. ISSUED SHARE CAPITAL			
Authorised			
200,000,000 ordinary shares of 10p each ("Ordinary Shares") at March 31, 2013 and March 31, 2012	**200,000,000**	£	20,000

	Number of Shares		(in thousands)
Allotted, called up and fully paid			
As at March 31, 2011	**116,133,758**	$	21,349
Allotment of shares on June 1, 2011	**107,776**		18
Allotment of shares on October 3, 2011	**2,075,340**		320
As at March 31, 2012	**118,316,874**		21,687
Issue of shares on 24 April 2012	**6,000,493**		966
As at March 31, 2013	**124,317,367**	$	22,653

The allotment of shares on June 1, 2011 were shares issued for employee bonus/remuneration issued at $3.60 a share based on the mid-market price on May 31, 2011. The allotment on October 3, 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 October 3, 2011. On April 24, 2012 Company issued shares in relation to the establishment of the Joint Share Ownership Plan at £2.64 a share based on the mid-market price on April 20, 2012.

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. The Trustee of the Joint Share Ownership Plan has waived the entitlement to dividends on the shares owned by the Eros International Employee Benefit Trust.

Company Notes to the Financial Statements

(in thousands)

	Share capital	Merger reserve	Share premium	JSOP Reserves	Profit and loss account	Total
5. SHARE PREMIUM AND RESERVES						
At 1 April 2012	$ 21,687	$ 10,463	$ 135,008	-	$ 23,093	$ 190,251
Addition during the year	966	-	24,539	(24,320)	7,744	8,929
At March 31, 2013	**$ 22,653**	**$ 10,463**	$ **159,547**	$ **(24,320)**	$ **30,837**	$ **199,180**

(in thousands)

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

(in thousands)

	2013	2012
6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS		
Profit for the financial year	**$ 7,744**	$ 3,011
Issue of new shares	**966**	338
Premium on issue of shares	**24,539**	6,712
Movement in JSOP reserve	**(24,320)**	-
Net increase in shareholders' funds	**8,929**	10,061
Shareholders' funds at 1 April 2012	**$ 190,251**	$ 180,190
Shareholders' funds at March 31, 2013	**$ 199,180**	$ 190,251

7. CONTINGENT LIABILITIES

As at March 31, 2013 the Company had no contingent liabilities with the exception of guarantees towards banks, providing borrowing facilities to subsidiary undertakings $197,229,000 (2012: $215,249,000).

8. RELATED PARTY TRANSACTIONS

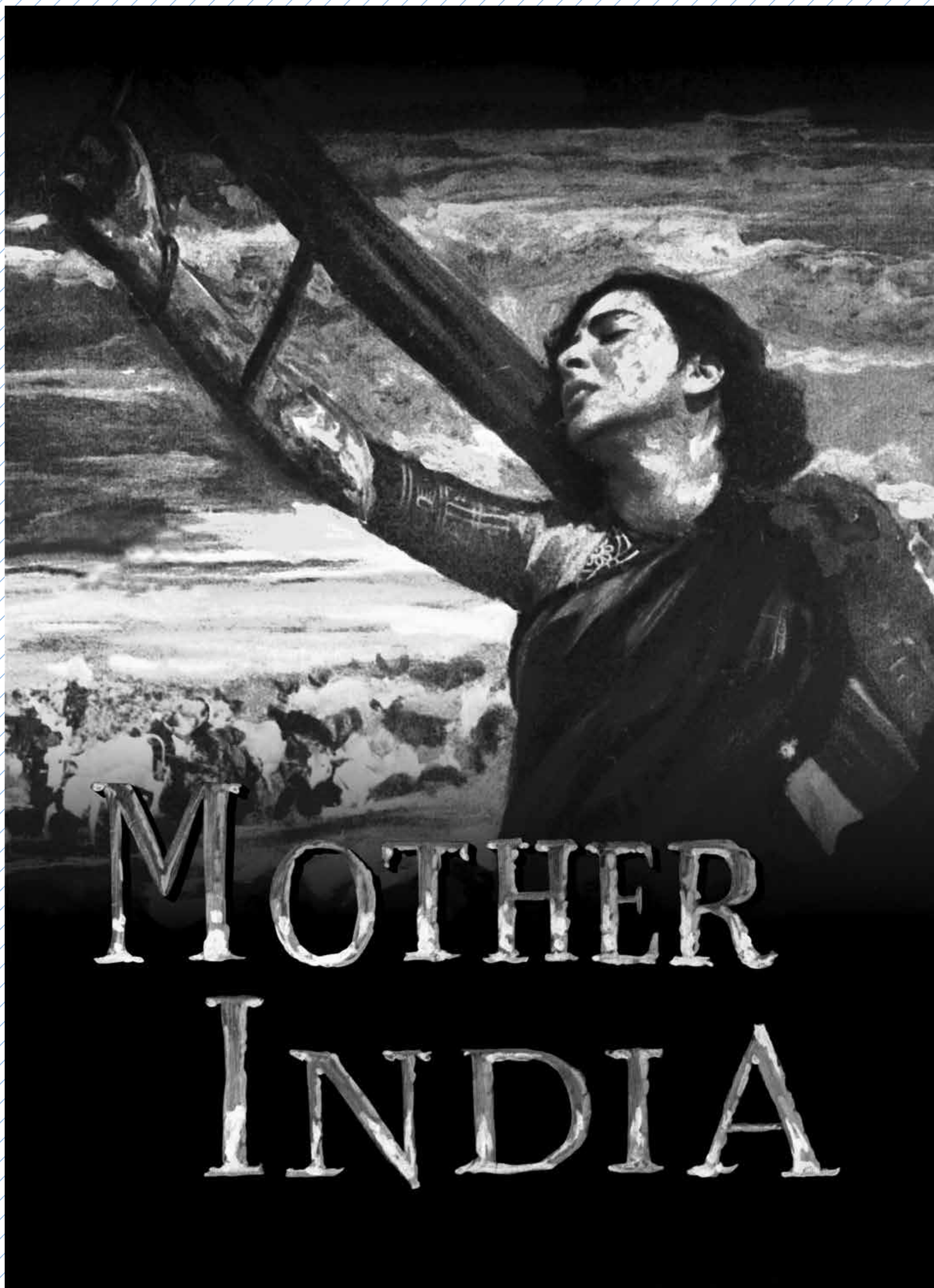
The Company has related party transactions with its subsidiaries by virtue of its status as parent company of the group.

The company has taken the available exemption in FRS8 'Related Party Disclosure' from disclosing transactions with subsidiaries of the Eros International plc group of companies. Details of major subsidiary undertakings are shown in Note 30 of the Consolidated Financial Statements.

Red Bridge Limited was paid fees of $322,000 (2012:$321,000) towards professional services.

Company Information

Company registration number:	007466V
Registered office:	Fort Anne Douglas Isle of Man IM1 5PD
Directors:	Kishore Lulla Vijay Ahuja Sunil Lulla Jyoti Deshpande DilipThakkar (Non-Executive Director) Naresh Chandra (Non-Executive Director) Michael Kirkwood (Non-Executive Director)
Honorary Life President:	Arjan Lulla
Company Secretary:	Richard Vanderplank
Auditor:	Grant Thornton, Exchange House 54/58 Athol Street Douglas Isle of Man IM99 2BE


MOTHER
INDIA

Notes

concept, content and design at aicl [info@aicl.in]

www.erosplc.com

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