Eros International Plc Reports Third Quarter Fiscal Year 2017 Results

Registers significant increase in Operating Profit, Adjusted EBITDA, Net Income. Eros Now crosses 2 million paying subscribers in third quarter

Isle of Man– February 21, 2017: Eros International Plc (NYSE: EROS) ("Eros" or "the Company"), a leading global company in the Indian film entertainment industry, today reported its quarterly financial results for the three and nine months ended December 31, 2016.

Financial Highlights

Three Months Ended December 31, 2016

- Revenues decreased by 5.3% to $57.3 million, compared to $60.5 million in the prior year period.
- Operating profit increased by 1,540.0% to $8.2 million, compared to $0.5 million in the prior year period.
- Net income increased by 560% to $11.5 million profit, compared to $(2.5) million loss in the prior year period.
- Adjusted EBITDA increased by 62.9% to $14.5 million, compared to $8.9 million in the prior year period[(1)].
- The strong increase in margins and profitability vis-à-vis the slight decline in revenues is due to the negative impact of demonetization on theatrical revenues in the third quarter partially offset by strong high-margin catalogue sales.

Nine Months Ended December 31, 2016

- Revenues decreased by 4.3% to $200.3 million, compared to $209.3 million in the prior year period.
- Operating profit decreased by 32.1% to $20.9 million, compared to $30.8 million in the prior year period.
- Net income increased by 9.8% to $13.5 million, compared to $12.3 million in the prior year period
- Adjusted EBITDA decreased by 18.1% to $46.3 million, compared to $56.5 million in the prior year period. [(1)]
- Net Debt increased by 22.3% to $ 157.9 million as compared to $129.1 million as of March 31, 2016
- The overall decrease in revenues and profitability vis-à-vis the nine months ended December 2015 is due to the difference in slate mix with three out of the top four box office films of 2015 already released in the first nine months compared to the negative impact of demonetization on theatrical revenues in the current year, partially offset by strong high-margin catalogue sales.

1. A reconciliation of the non-GAAP financial measures discussed within this release to our GAAP operating results are included at the end of this release. See also "Non-GAAP Financial Measures."

Operational Highlights as of December 31, 2016

- Eight films during the third quarter of FY 2017 (vs 15 films in Q3 FY2016). Modest reduction in number of releases reflects a strategic decision to hold back some releases until negative impact of demonetization has subsided.
- Major releases for Q3 FY 2017 included: *Rock On 2* (Hindi*), Kahaani 2* (Hindi), *Chaar Sahibzaade 2* (Punjabi) *and Double Feluda* (Bengali),
- In January 2017, Eros International, Plc, announced an industry-leading film production pipeline of more than 50 films across eight languages involving over 40 directors.
- Eros' in-house production company, Trinity Pictures, has announced its first franchise film *Sniff – I Spy*, a superhero film directed by Amole Gupte scheduled for release of May 5, 2017.

- In addition, our two Indo-China productions are scheduled for release in FY2018 - Kabir Khan's travel drama, untitled panda film & Siddharth Anand's cross-cultural romantic comedy, *Love in Beijing*
- Trinity Writers Room has been established and already completed development on 15 other franchises and 80 film concepts
- Eros Now has over 58 million registered users worldwide across WAP, App and Web.
- Eros Now crossed 2 million paying subscribers[2] in December 2016, three months ahead of its full year target
- Eros Now has integration deals around the world with over 20 different telecom operators and nine different OEMs and connected devices.
- Apple has featured the Eros Now app in its "App Store Best of 2016"
- Over the past four months Eros Now has digitally premiered more than 15 films from the Eros International new release slate.
- Eros Now has entered into a strategic partnership in India with several leading electronic payment platforms including Paytm, Mobikwik, SBI Buddy and Freecharge which enable Eros Now subscribers to make easy and hassle free payments using the e-wallet service. On an aggregate basis these platforms reach over 260 million e-wallets in India.
- Eros Now's original content offering began with the release of 'Salute Siachen', India's first ever celebrity high endurance expedition to the Siachen Glacier. In addition, Eros Now originals such as Flesh by Siddharth Anand, Smoke and Side Hero will be launched in FY 2018.

2. Paying subscribers means any subscriber who has made a valid payment to subscribe to a service that includes the Eros Now service either as part of a bundle or on a standalone basis, either directly or indirectly through a telecom operator or OEM in any given month be it through a daily, weekly or monthly billing pack, as long as the validity of the pack is for at least one month.

Management Comments:

Jyoti Deshpande, Eros' Managing Director and Group Chief Executive Officer, said:

> "I am very proud of the progress we have made over the past few months on our journey to transform our Company into a leading global digital distribution business supported by the power of our brand, premium content and unparalleled distribution capabilities. The momentum we highlighted in November continues to accelerate with the growing success of Eros Now, our OTT platform which reached 58 million registered users and crossed 2 million paying subscribers in December 2016.
>
> As we discussed in our Q2 results last November, the rapidly evolving digital media landscape in India including increased competition from Western OTT players for digital rights has underscored the value of digital content in India. It also reinforces our overall strategy to focus on premium content with the widest possible appeal. In the long term the rising value of digital rights will make our existing content library more valuable and increase the demand for our new release digital content across all platforms – including satellite and Cable.
>
> The demonetization efforts undertaken by the Indian Government in November have clearly had a short-term impact on many aspects of the Indian economy, especially consumer discretionary spending. To that end while the entire media sector in India has been temporarily impacted by these measures, we feel that the underlying push to digitization will directly and indirectly benefit our Company going forward in many ways. We have been working tirelessly to provide consumers with multiple payment options for Eros Now, from telco billing to digital wallets to mobile payment providers. The push to digitization reinforces our strategy and we feel we are well positioned to capitalize on this opportunity.
>
> Finally, our strong upcoming production slate of over 50 films has gone through a stringent green-lighting process for several months. The upcoming lineup includes highly promising projects including five films from Trinity, two Indo-China co-productions, a Shahrukh Khan film from Color Yellow, two sequels from our own content stable like Vicky Donor-2, Badlapur-2, Munna Michael starring Tiger Shroff and Chanda Mama Door Ke starring Sushant Singh, amongst others."

Prem Parameswaran, Group Chief Financial Officer and President of North America also commented:

> "Our strong performance in the third quarter was driven primarily by pre-sales across all revenue streams and increased catalogue sales momentum – despite a modest impact from demonetization on our theatrical revenues Although certain films released during the third quarter delivered modest box office performances due to lack of theatre traffic, we firmly believe that demonetization is a big opportunity for us in the long term. Against this backdrop, we took the opportunity to push out some of our new theatrical releases into the fourth quarter and beyond, avoiding releases in an uncertain environment and instead focusing on our catalogue monetization. As we look ahead, we are investing smartly for the longer term in-line with our portfolio approach across varied budgets and languages."

Eros International Plc Financial Highlights:

	Three Months Ended December 31,			**Nine Months Ended December 31,**		
(dollars in millions)	**2016**	2015	**% change**	**2016**	2015	**% change**
Revenue	$ **57,348**	$ 60,452	5.3	$ **200,319**	$ 209,286	4.3
Gross Profit	**22,319**	17,541	27.4	**68,345**	79,844	14.4
Operating profit	**8,200**	478	1540.0	**20,875**	30,760	32.1
Net income	**11,484**	(2,453)	560	**13,528**	12,329	9.8
Adjusted EBITDA(1)	14,497	8,889	62.9	**46,311**	56,477	18.1

(1) A reconciliation of the non-GAAP financial measures discussed within this release to our IFRS net income is included at the end of this release. See also "Non-GAAP Financial Measures".

Financial Results for Three months and Nine Months Ended December 31, 2016

Revenue

For the three months ended December 31, 2016, Eros film slate comprised 8 films of which none were high budget, three were medium budget and five were low budget as compared to 15 films in the three months ended December 31, 2015, of which one was high budget, four were medium budget and 10 were low budget. In the nine months ended December 31, 2016, Eros film slate comprised 40 films of which five were high budget, nine were medium budget and 26 were low budget as compared 51 films in the nine months ended December 31, 2015, of which six were high budget, ten were medium budget and 35 were low budget.

For the three months ended December 31, 2016, the Company's slate of 8 films comprised 2 Hindi films, 3 Tamil/Telugu films and 3 regional films as compared to the same period last year where its slate of 15 films comprised 7 Hindi films, 5 Tamil/Telugu films and 3 regional film. In the nine months ended December 31, 2016, the Company's slate of 40 films comprised 12 Hindi films, 16 Tamil/Telugu films and 12 regional films as compared to the same period last year where its slate of 51 films comprised 30 Hindi films, 16 Tamil/Telugu films and 5 regional films.

For the three months ended December 31, 2016, revenue decreased by 5.3% to $ 57.3 million, compared to $60.5 million for the three months ended December 31, 2015. In the nine months ended December 31, 2016, revenue decreased by 4.3% to $200.3 million, compared to $209.3 million for the nine months ended December 31, 2015.

For the three months ended December 31, 2016, aggregate theatrical revenues decreased by 22.9% to $19.9 million from $25.8 million for the three months ended December 31, 2015, mainly due to no high budget films in the three months ended December 31, 2016 while the comparable period had Bajirao Mastani, the third highest grossing film of 2015, as well as the adverse impact of Rupee demonetisation by the Indian government in November 2016 resulting in decreased footfalls in cinemas in India. In the nine months ended December 31, 2016, the aggregate theatrical revenues decreased by 26.5% to $88.6 million from $120.6 million for the nine months ended December 31, 2015. The decrease in theatrical revenues reflects the mix of films released in each period as reflected in the table below. Theatrical revenues in the nine months ended December 31, 2015 comprised revenues from Bajrangi Bhaijaan, Bajirao Mastani, Tanu Weds Manu Returns three out of the top four highest grossing films of 2015 in comparison to a less blockbuster slate in 2016 with Housefull 3 as the only top 10 film so far coupled with the negative impact of demonetisation on the Indian film industry since November 2016. .

For the three months ended December 31, 2016, aggregate revenues from television syndication increased by 61.6% to $20.2 million from $12.5 million for the three months ended December 31, 2016, mainly due to a significant contribution from catalogue sales while in the comparable quarter in 2015, the company had decided to hold back catalogue sales to bring about working capital efficiencies. In the nine months ended December 31, 2016, the aggregate revenues from television syndication increased by 44.3% to $65.8 million from $45.6 million for the nine months ended December 31, 2015. This was due to resuming catalogue sales since April 2017 after a brief hold back in catalogue sales in the last two quarters of FY 2016 as reported and gaining significant momentum to the sales in the three months ended December 31, 2016.

For the three months ended December 31, 2016, the aggregate revenues from digital and ancillary decreased by 22.5% to $17.2 million from $22.2 million for the three months ended December 31, 2015 again reflecting the film slate mix in the comparable periods. In the nine months ended December 31, 2016, the aggregate revenues from digital and ancillary increased by 6.5% to $45.9 million from $43.1 million for the nine months ended December 31, 2015 mainly driven by catalogue monetization strategy, revenues from Eros Now and contribution from other ancillary revenues streams.

Three months ended	**High**	**Medium**	**Low**	**Total**
December 31, 2016	-	3	5	8
December 31, 2015	1	4	10	15

Nine months ended	**High**	**Medium**	**Low**	**Total**
December 31, 2016	5	9	26	40
December 31, 2015	6	10	35	51

Revenue from India decreased by 42.4% to $19.6 million in the three months ended December 31, 2016, compared to $34 million in the three months ended December 31, 2015 mainly due to the negative impact of the rupee demonetisation on cinema footfalls. In the nine months ended December 31, 2016, revenue from India decreased by 20.5% to $102.2 million, compared to $128.5 million in the nine months ended December 31, 2015. The decrease was mainly due to lower theatrical revenues from a combination of rupee demonetisation impact as well as a weaker slate mix with 2015 slate comprising of blockbuster hits such as Bajrangi Bhaijaan, Bajirao Mastani and Tanu Weds Manu but partially offset by a stronger catalogue revenue contribution.

Revenue from Europe decreased by 6.3% to $5.9 million in the three months ended December 31, 2016, compared to $6.3 million in the three months ended December 31, 2015. In the nine months ended December 31, 2016, revenue from Europe decreased by 34.1% to $15.1 million, compared to $22.9 million in the nine months ended December 31, 2015. This was on account of lower theatrical revenues of the comparable film slate but partially offset by some catalogue sales in the current quarter.

Revenue from North America decreased by 85.4% to $0.6 million in the three months ended December 31, 2016, compared to $4.1 million in the three months ended December 31, 2015. In the nine months ended December 31, 2016, revenue from North America decreased by 82.1% to $2.5 million, compared to $14 million in the nine months ended December 2015. This was on account of relatively lower theatrical revenues from the film slate and lower catalogue revenues.

Revenue from rest of the world increased by 94.4% to $31.3 million in the three months ended December 31, 2016, compared to $16.1 million in the three months ended December 31, 2015. In the nine months ended December 31, 2016, revenue from the rest of the world increased by 83.6% to $80.6 million, compared to $43.9 million in the nine months ended December 31, 2015, mainly due to decreased theatrical revenues from the film mix offset by increased catalogue revenues.

Cost of sales

For the three months ended December 31, 2016, cost of sales decreased by 18.4% to $35 million compared to $42.9 million in the three months ended December 31, 2015. The decrease was mainly because of lower amortisation costs associated with the comparable film mix and lower marketing and advertising costs. But in nine months ended December 31, 2016, cost of sales increased by 2.0% to $132 million compared to $129.4 million in nine month period ended December 31, 2015, primarily due to increases in cumulative amortization costs of $8 million in nine months ended December 2016.

Gross profit

For the three months ended December 31, 2016, gross profit increased by 27.4% to $22.3 million, compared to $17.5 million in the three months ended December 31, 2015. As a percentage of revenues, the company’s gross profit margin was 38.9% in the three months ended December 31, 2016, compared to 29.0% in the three months ended December 31, 2015. This was mainly due to high margin catalogue revenues.

In the nine months ended December 31, 2016 gross profit decreased by 14.4% to $68.3million, compared to $79.8 million in the nine months ended December 31, 2015. As a percentage of revenues, our gross profit margin was 34.1% in the nine months ended December 31, 2016, compared to 38.2% in the nine months ended December 31, 2015. This was mainly due to an overall weaker slate mix, reduced theatrical revenues for the films released during the rupee demonetization in India but partially offset by strong catalogue revenues.

Adjusted EBITDA

For the three months ended December 31, 2016, adjusted EBITDA increased by 62.9% to $14.5 million compared to $8.9 million in the three months ended December 31, 2015 mainly due to stronger catalogue sales in the current period vis-à-vis holding back catalogue sales in the comparable period. In the nine months ended December 31, 2016, adjusted EBITDA decreased by 18.1% to $46.3 million, compared to $56.5 million in the nine months ended December 31, 2015 mainly due to lower profitability of the slate due to demonetization of the Indian rupee.

Administrative costs

For the three months ended December 31, 2016, administrative costs decreased by 17.5% to $14.1 million compared to $17.1 million for the three months ended December 31, 2015 mainly due to lower share based compensation in this period. In the nine months ended December 31, 2016, administrative costs decreased by 3.3% to $47.5 million compared to $49.1 million for the nine months ended December 31, 2015, due to lower share based compensation.

Net finance costs

For the three months ended December 31, 2016, net finance costs increased by 54.5% to $3.4 million, compared to $2.2 million in the three months ended December 31, 2015.In the nine months ended December 31, 2016, net finance costs increased by 59.4% to $11 million, compared to $6.9 million in the nine months ended December 31, 2015, mainly due to lower income from financing activities and increased borrowing at India level

Income tax expense.

The provisions for income taxes were $3.6 million and $3.5 million for the three months ended December 31, 2016 and 2015, respectively and in the nine months ended December 31, 2016, the provisions for income taxes were $10.2 million, compared to $13.3 million in the nine months ended December 31, 2015, respectively. The decrease was on account of relatively lower profit. Effective income tax rates were 21.1% and 25.9% for the nine months ended December 31, 2016 and 2015, respectively excluding non-deductible share-based payment charges. The change in effective rate principally reflects a change in the pattern of the profits subject to income tax amongst our subsidiaries.

Net Debt

As of December 31, 2016, net debt increased to $157.9 million from $129.1 million as of March 31, 2016 mainly due to lower cash flow from operating activities.

Conference Call

The Company will host a conference call on Tuesday, February 21, 2017, at 8:30 AM Eastern Standard Time.

To access the call please dial (646) 254-3376 or (877) 280-3459 from the United States, or +44(0)20 3427 1933 or +44(0)80 0279 4842 from outside the U.S. The conference call I.D. number is 4764893. Participants should dial in 5 to 10 minutes before the scheduled time.

A replay of the call can be accessed through February 28, 2017 by dialing (347) 366-9565 or (866) 932-5017 from the U.S., or +44(0)20 3427 0598 or +44(0)80 0358 7735 from outside the U.S. The conference call I.D. number is 4764893. The call will be available as a live webcast, which can be accessed at Eros' Investor Relations website. A replay of the webcast recording will be available until February 21, 2018.

Non-GAAP Financial Measures

Net Income

The Company uses the term Net Income, as the International Financial Reporting Standards ("IFRS") define the term as synonymous with profit for the period.

Adjusted EBITDA

In addition to the results prepared in accordance with IFRS provided in this release, the Company has presented Adjusted Earnings Before Interest, Tax, Depreciation and Amortization ("Adjusted EBITDA"). The company uses Adjusted EBITDA along with other IFRS measures to evaluate operating performance. Adjusted EBITDA is defined by the Company as net income before interest expense, income tax expense and depreciation and amortization (excluding amortization of capitalized film content and debt issuance costs), adjusted for impairments of available-for-sale financial assets, profit/loss on held for trading liabilities (including profit/loss on derivatives) share based payments and transaction costs relating to equity transactions.

Adjusted EBITDA, as used and defined by us, may not be comparable to similarly-titled measures employed by other companies and is not a measure of performance calculated in accordance with GAAP. Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, net income, cash flows from operating investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. Adjusted EBITDA provides no information regarding a company's capital structure, borrowings, interest costs, capital expenditures and working capital movement or tax position. However, our management team believes that Adjusted EBITDA is useful to investors in evaluating our results of operations because these measures:

• are widely used by investors to measure a company's operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;
• help investors to evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating structure; and
• are used by our management team for various other purposes, including presentations to our board of directors as a basis for strategic planning and forecasting.

See the supplemental financial schedules for a reconciliation of Adjusted EBITDA to Net Income.

Cautionary Statement Concerning Forward-Looking Statements

Some of the information presented in this press release and in related comments by Eros' management contains forward-looking statements. In some cases, these forward-looking statements are identified by terms and phrases such as "aim," ''anticipate,'' ''believe,'' "feel," "contemplate," ''intend,'' ''estimate,'' ''expect,'' ''continue,'' ''should,'' ''could,'' ''may,'' ''plan,'' ''project,'' ''predict,'' ''will,'' "future," "goal," "objective," and similar expressions and include references to assumptions and relate to Eros' future prospects, developments and business strategies. Similarly, statements that describe Eros' strategies, objectives, plans or goals are forward-looking statements and are based on information available to Eros as of the date of this press release. Forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant statement. Such risks and uncertainties include a variety of factors, some of which are beyond Eros' control, including but not limited to market conditions and economic conditions. Information concerning these and other factors that could cause results to differ materially from those contained in the forward-looking statements is contained under the caption "Risk Factors" in Eros' Prospectus dated July 9, 2014 filed with the U.S. Securities and Exchange Commission. Eros undertakes no obligation to revise the forward-looking statements included herein to reflect any future events or circumstances, except as required by law. Eros' actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements.

Seasonality

The Groups' financial position and results of operations for any period fluctuate due to film release schedules. Film release schedules take account of holidays and festivals in India and elsewhere, competitor film releases and sporting events.

About Eros International, Plc

Eros International Plc (NYSE: EROS) is a leading global company in the Indian film entertainment industry that acquires, co-produces and distributes Indian films across all available formats such as cinema, television and digital new media. Eros International Plc was the first Indian media company to list on the New York Stock Exchange. Eros International has experience of over three decades in establishing a global platform for Indian cinema. The Company has a competitive advantage through its extensive and growing movie library comprising of over 3,000 films, which include Hindi, Tamil, and other regional language films for home entertainment distribution. Eros International has built a dynamic business model by combining the release of new films every year with the exploitation of its film library. The company also owns the rapidly growing OTT platform Eros Now. For further information please visit: www.erosplc.com

Eros International Plc

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EROS INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited, In thousands)

	As at December 31, 2016	As at March 31, 2016 (Recasted)*
ASSETS		
Non-current assets		
Property, plant and equipment	$ 10,372	$ 10,686
Goodwill	5,012	5,097
Intangible assets - trade name	14,000	14,000
Intangible assets – content	848,427	795,139
Intangible assets – others	4,790	6,127
Available-for-sale financial assets	29,917	30,147
Trade and other receivables	10,848	9,521
Deferred tax assets	247	167
Other non-current assets	2,332	3,512
Total Non-current assets	**925,945**	**$ 874,396**
Current assets		
Inventories	$ 240	$ 287
Trade and other receivables	220,603	188,361
Current tax receivable	308	238
Cash and cash equivalents	135,821	182,774
Restricted deposits	6,758	1,822
Total current assets	**$ 363,730**	**$ 373,482**
Total assets	**$ 1,289,675**	**$ 1,247,878**
LIABILITIES		
Current liabilities		
Trade and other payables	$ 68,964	$ 65,178
Short-term borrowings	203,612	219,275
Current tax payable	6,273	6,234
Total current liabilities	**$ 278,849**	**$ 290,687**
Non-current liabilities		
Long-term borrowings	$ 90,084	$ 92,630
Other long-term liabilities	675	536
Derivative financial instruments	14,251	22,850
Deferred tax liabilities	34,782	32,002
Total Non-Current Liabilities	**$ 139,792**	**$ 148,018**
Total liabilities	**$ 418,641**	**$ 438,705**
EQUITY		
Share capital	$ 31,866	$ 30,793
Share premium	398,886	356,865
Reserves	435,391	423,230
Other components of equity	(55,039)	(53,310)
JSOP reserve	(15,985)	(17,167)
Equity attributable to equity holders of Eros International Plc	$ **795,119**	$ **740,411**
Non-controlling interest	75,915	68,762
Total equity	**$ 871,034**	**$ 809,173**
Total liabilities and shareholders' equity	**$ 1,289,675**	**$ 1,247,878**

*On completion of purchase price allocation, the carrying amounts of intangible assets- others, related deferred tax liabilities and goodwill are recasted to reflect fair value adjustments relating to acquisition of a subsidiary.

EROS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in thousands, except per share amounts)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2016	2015	2016	2015
Revenue	**$ 57,348**	**$ 60,452**	**$ 200,319**	**$ 209,286**
Cost of sales	(35,029)	(42,911)	(131,974)	(129,442)
Gross profit	**22,319**	**17,541**	**68,345**	**79,844**
Administrative cost	(14,119)	(17,063)	(47,470)	(49,084)
Operating profit	**8,200**	**478**	**20,875**	**30,760**
Financing costs	(4,005)	(3,046)	(12,806)	(10,588)
Finance income	590	822	1,824	3,672
Net finance costs	(3,415)	(2,224)	(10,982)	(6,916)
Other gains / (losses)	10,264	2,761	13,829	1,821
Profit before tax	**15,049**	**1,015**	**23,722**	**25,665**
Income tax	(3,565)	(3,468)	(10,194)	(13,336)
Profit / (Loss) for the period	**$ 11,484**	**$ (2,453)**	**$ 13,528**	**12,329**
Attributable to:				
Equity holders of Eros International Plc	$ 8,184	$ (3,818)	$ 6,484	$ 4,008
Non-controlling interest	3,300	1,365	7,044	8,321
Earnings/(loss) per share(cents)				
Basic earnings/(loss) per share	13.5	(6.6)	11.0	7.0
Diluted earnings/(loss) per share	12.7	(6.6)	9.7	6.1

EROS INTERNATIONAL PLC

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Unaudited; in thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2016	2015	2016	2015
Profit / (Loss) for the period	**$ 11,484**	**$ (2,453)**	**$ 13,528**	**$ 12,329**
Other comprehensive loss:				
Items that will be subsequently reclassified to profit or loss				
Exchange differences on translating foreign operations	(4,075)	(2,230)	(2,852)	(12,857)
Reclassification of the cash flow hedge to the statement of operations	201	201	602	603
Total other comprehensive loss for the period	**$ (3,874)**	**$ (2,029)**	**$ (2,250)**	**$ (12,254)**
Total comprehensive income/(loss) for the period net of tax	**$ 7,610**	**$ (4,482)**	**$ 11,278**	**$ 75**
Attributable to:				
Equity holders of Eros International Plc	$ 5,054	$ (5,438)	$ 4,755	$ (5,438)
Non-controlling interest	2,556	956	6,523	5,513

EROS INTERNATIONAL PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

		Nine Months Ended December 31,	
	Note	**2016**	**2015**
Cash flows from operating activities:			
Profit before tax		$ 23,722	$ 25,665
Adjustments for:			
Depreciation		590	710
Share based payment		18,645	24,504
Amortization of intangible film and content rights		105,730	97,700
Amortization of other intangibles assets		1,029	705
Other non-cash items		(12,898)	200
Net finance costs		10,982	6,916
Gain on sale of property, plant and equipment		—	(2)
Gain on sale of available for sale financial asset		(58)	—
Changes in trade and other receivables		(38,443)	(17,553)
Changes in inventories		41	(153)
Changes in trade and other payables		4,195	16,168
Cash generated from operations		113,535	154,860
Interest paid		(13,744)	(17,857)
Income taxes paid		(6,464)	(2,707)
Net cash generated from operating activities		**$ 93,327**	**$ 134,296**
Cash flows from investing activities:			
Proceeds from sale of available for sale financial assets		288	—
Purchases of property, plant and equipment		(629)	(871)
Proceeds from/ (investment in) restricted deposits held with banks		(4,937)	367
Acquisition of cash and cash equivalent in a subsidiary		—	263
Purchase of available for sale financial assets		—	(230)
Purchase of intangible film and content rights		(168,585)	(154,873)
Purchase of other intangible assets		—	(1,357)
Interest received		2,309	2,053
Net cash used in investing activities		**$ (171,554)**	**$ (154,648)**
Cash flows from financing activities:			
Proceeds from issue of share capital		30,452	5,414
Proceeds from issue of shares by subsidiary		19	105
Proceeds from issue out of treasury shares		938	6,295
Repayment from short-term debt with maturity less than three months (net)		(1,685)	(12,763)
Proceeds from short-term debt		66,524	66,280
Repayment from short-term debt		(74,809)	(36,842)
Proceeds from long-term borrowings		16,598	5,942
Repayment of long-term borrowings		(11,225)	(15,850)
Net cash generated from financing activities		**$ 26,812**	**$ 18,581**
Net decrease in cash and cash equivalents		**(51,415)**	**(1,771)**
Effect of exchange rate changes on cash and cash equivalents		4,462	(443)
Cash and cash equivalents, beginning of period		182,774	153,664
Cash and cash equivalents, end of period		**$ 135,821**	**$ 151,450**

SUPPLEMENTAL FINANCIAL DATA

1. TRADE AND OTHER RECEIVABLES

	As at	
	December 31, 2016	**March 31, 2016**
Trade accounts receivables	$ 203,585	$ 169,283
Other receivables	25,195	18,493
Prepaid charges	449	1,071
Accrued revenues	2,222	9,035
Trade and other receivables	**$ 231,451**	**$ 197,882**
Current trade and other receivables	220,603	188,361
Non-current trade and other receivables	10,848	9,521
	$ 231,451	**$ 197,882**

2. BORROWINGS

An analysis of long-term borrowings is shown in the table below.

	Nominal Interest Rate	Maturity	As at December 31, 2016	As at March 31, 2016
Asset backed borrowings				
Vehicle Loan	10.0% - 12.0%	2017-21	$ 362	$ 260
Term Loan	BPLR+1.8% - 2.75%	2016-17	1,197	6,244
Term Loan	BPLR+2.75%	2017-18	666	1,579
Term Loan	BPLR+2.85%	2019-20	9,341	7,932
Term Loan	BPLR+2.55% - 3.4%	2020-21	8,435	12,945
Term Loan	MCLR+3.45%	2021-22	14,713	-
			$ 34,714	**$ 28,960**
Retail bond	6.5%	2021-22	$ 61,660	$ 71,901
Revolving facility	LIBOR +1.90% - 2.90% and Mandatory Cost	2016-17	115,000	123,750
Other borrowings	10.5%	2021-22	6,183	6,933
			$ 182,843	**$ 202,584**
Nominal value of borrowings			**$ 217,557**	**$ 231,544**
Cumulative effect of unamortized costs			(1,352)	(2,109)
Installments due within one year			(126,121)	(136,805)
Long-term borrowings — at amortized cost			**$ 90,084**	**$ 92,630**

Bank prime lending rate ("BPLR") and marginal cost based lending rate ("MCLR") are the Indian equivalent to LIBOR. Asset backed borrowings are secured by fixed and floating charges over certain Group assets.

Analysis of short-term borrowings

	Nominal interest rate (%)	As at December 31, 2016	As at March 31, 2016
Asset backed borrowings			
Export credit bill discounting and overdraft	BPLR+1-3.5%	$ 44,414	$ 20,716
Export credit and overdraft	LIBOR+3.5%	23,382	26,586
Other Short-term loan	1.75% - 2.6%	3,679	-
Term Loan	MCLR+4.25%	5,297	-
		$ 76,772	$ 47,302
Unsecured borrowings			
Commercial paper	10.0% - 13.0%	-	1,511
Other Short-term loan	1.75% - 2.6%	-	32,871
Other Short-term loan	12.75%	719	786
Installments due within one year on long-term borrowings		126,121	136,805
Short-term borrowings - at amortized cost		**$ 203,612**	**$ 219,275**

Fair value of the long-term borrowings as at December 31, 2016 is $192,258 (March 31, 2016: $ 195,924). Fair values of long-term financial liabilities except retail bonds have been determined by calculating their present values at the reporting date, using fixed effective market interest rates available to the Companies within the Group. As at December 31, 2016, the fair value of retail bond amounting to $46,862 (March 31, 2016: $47,922) has been determined using quoted prices from the London Stock Exchange (LSE). Carrying amount of short-term borrowings approximates fair value

3. ISSUED SHARE CAPITAL

	Number of Shares	GBP (in thousands)
Authorized		
A ordinary shares of 30p each at December 31, 2016 and March 31, 2016	83,333,333	25,000

	Number of Shares		USD
Allotted, called up and fully paid	A Ordinary 30p Shares	B Ordinary 30p Shares	
As at March 31, 2015	**31,982,488**	**25,555,220**	**30,622**
Issue of shares on July 16, 2015	300,000	—	138
Issue of shares on August 18, 2015	3,500	—	2
Issue of shares in February 2016	57,860	—	26
Issue of shares in March 2016	10,900	—	5
Transfer of B Ordinary to A Ordinary share	594,566	(594,566)	—
As at March 31, 2016	**32,949,314**	**24,960,654**	30,793
Issue of shares of on April 1, 2016	1,750	—	0
Issue of shares of on July 29, 2016	20,813	—	8
Issue of shares of in August, 2016	387,613	—	153
Issue of shares of in September, 2016	2,107,010	—	825
Issue of shares of in October, 2016	98,500	—	36
Issue of shares of in November, 2016	117,963	—	45
Issue of shares of in December, 2016	14,580	—	6
Transfer of B Ordinary to A Ordinary share	3,247,939	(3,247,939)	—
As at December 31, 2016	**38,945,482**	**21,712,715**	**31,866**

On June 5, 2014, the Board of Directors had approved a grant of 525,000 ‘A’ ordinary share awards with a fair market value of $14.95 per share, to certain executive directors and members of senior management. These awards vest subject to certain share price conditions being met on or before May 31, 2015 and the employee remaining in service until May 31, 2015. On fulfillment of share price condition, 487,500 restricted shares were issued on December 1, 2014. All these awards have since vested and remaining 30,000 share awards, issued on November 2, 2016.

In July, August and November 2016, the Company issued 62,439 ‘A’ ordinary shares out of IPO 2006 Plan. All share options were exercised and issued.

On June 9, 2015, the Board of Directors approved a grant of 580,000 ‘A’ ordinary shares to certain executive directors with a fair market value of $21.34 per share. Subject to continued employment, these awards with Nil exercise price, vest over a period of three years. In August and October 2016, 420,000 shares of 580,000 share awards were issued of which 210,000 shares were issued with restriction.

In September 2016, the Company issued 2,000,310 ‘A’ ordinary shares to two of its existing institutional shareholders for an aggregate consideration of $30 million.

In the month of August, September and October 2016, the Board of Directors approved grant of 24,500 ‘A’ ordinary share awards to certain employees with NIL value exercise price and a fair market value of $ 15.91 - $ 17.01. These awards vested on grant date and were issued immediately on vesting.

On September 8, 2016, the Board of Directors approved a grant of 100,000 'A' ordinary share awards to a certain employee with Nil value exercise price and a fair market value of $16.2. These awards vested on grant date and were issued on September 23, 2016.

On October, 2016, a permitted holder of Class B shares converted 3,247,939 Class B Shares into Class A shares. This was effected through the cancellation of 3,247,939 Class B shares and subsequent issuance of the equivalent amount of Class A shares

On September 4, 2015 the Company entered in to an employment exit agreement with an employee pursuant to which the board approved a grant of 20,000 'A' ordinary share awards with Nil exercise price and a fair market value of $33.66 per share. The shares were issued on November 2, 2016.

4. ACQUISITION

On August 1, 2015, Eros' subsidiary Eros International Media Limited ("EIML") acquired 100% of the shares and voting interests in Techzone. In accordance with the terms of the agreement between the parties, EIML issued 900,970 equity shares to the shareholders of Techzone at an acquisition date fair value of INR 586 ($9.16) per share. Up to March 31, 2016, pending completion of valuation of assets, including intangible assets, the purchase price was allocated on a preliminary basis to net assets based on initial estimates. On July 31, 2016 the valuation has been completed and purchase price allocation has been finalized and changes recognized with retrospective effect. The impact of the final allocation is not material to the Group's financial position or results of operations.

5. SHARE BASED COMPENSATION PLANS

The compensation cost recognized with respect to all outstanding plans and by grant of shares, which are all equity settled instruments, is as follows:

	Three months ending December 31,		Nine months ending December 31,	
	2016	**2015**	**2016**	**2015**
IPO India Plan	$ 574	$ 307	$ 1,787	$ 1,167
JSOP Plan	905	903	2,716	1,792
Option award scheme 2012	102	256	599	1,357
2014 Share Plan	308	717	1,191	1,820
2015 Share Plan	80	119	295	552
Other share option awards	(573)	805	1,684	3,156
Management scheme (staff share grant)	2,723	5,121	10,373	14,660
	$ 4,119	$ 8,228	**$ 18,645**	$ 24,504

In the meeting date June 28, 2016, the Board of Directors approved the following grants:

620,000 'A' ordinary share awards to certain executive directors with a fair value of $14.68 per share. Subject to continued employment these awards with Nil exercise price, vest over a period of three years.

200,460 'A' ordinary share awards to certain employees with a fair market value of $14.68 per share. Subject to continued employment, these awards with Nil exercise price, vest over a period of three years.

On September 8, 2016, the Board of Directors approved, 100,000 'A' ordinary share awards to an employee with a fair market value of $16.2 per share. These awards vested on grant date.

On September 22, 2016, the Board of Directors approved a grant of 18,915 'A' ordinary share awards to certain employees with Nil value exercise price and a fair market value of $16.2. These awards vest over a period of three years.

In the month of August, September and October 2016, the Board of Directors approved grant of 24,500 'A' ordinary share awards to certain employees with NIL value exercise price and a fair market value of $ 15.91 - $ 17.01. These awards vested on grant date and were issued immediately on vesting.

6. INTANGIBLE CONTENT ASSETS

		Gross Content Assets	Accumulated Amortization	Content Assets
As at December 31, 2016				
Film and content rights	$	1,246,344	(740,513)	505,831
Content advances		340,705	—	340,705
Film productions		1,891	—	1,891
Non-current content assets	**$**	**1,588,940**	**(740,513)**	**848,427**
As at March 31, 2016				
Film and content rights	$	1,158,737	(652,651)	506,086
Content advances		284,817	—	284,817
Film productions		4,236	—	4,236
Non-current content assets	$	**1,447,790**	**(652,651)**	**795,139**

7. EARNINGS PER SHARE

	Three months ended December 31,				Nine months ended December 31,			
	2016		2015		2016		2015	
	(in thousands, except number of shares and earnings per share)							
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Earnings/(loss) attributable to the equity holders of the parent	$ 8,184	$ 8,184	$ (3,818)	$ (3,818)	$ 6,484	$ 6,484	$ 4,008	$ 4,008
Potential dilutive effect related to share based compensation scheme in subsidiary undertaking	—	(265)	—	—	—	(588)	—	(347)
Adjusted earnings/(loss) attributable to equity holders of the parent	$ 8,184	$ 7,919	$ (3,818)	$ (3,818)	$ 6,484	$ 5,896	$ 4,008	$ 3,661
Number of shares								
Weighted average number of shares	60,465,835	60,465,835	57,875,447	57,875,447	58,964,412	58,964,412	57,648,926	57,648,926
Potential dilutive effect related to share based compensation scheme	—	1,972,602	—	—	—	1,680,698	—	1,970,277
Adjusted weighted average number of shares	60,465,835	62,438,437	57,875,447	57,875,447	58,964,412	60,645,110	57,648,926	59,619,203
Earnings/(loss)per share								
Earnings attributable to the equity holders of the parent per share (cents)	13.5	12.7	(6.6)	(6.6)	11.0	9.7	7.0	6.1

The above table does not split the earnings per share separately for the 'A' ordinary 30p shares and the 'B' ordinary 30p shares as there is no variation in their entitlement to participate in undistributed earnings.

8. BUSINESS SEGMENTAL DATA

Revenues are presented based on customer location:

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Revenue by customer's location				
India	$ 24,810	$ 33,603	$ 109,532	$ 127,679
Europe	1,464	6,228	7,331	13,920
North America	4,528	5,265	9,255	15,452
Rest of the world	26,546	15,356	74,201	52,235
Total Revenue	**$ 57,348**	**$ 60,452**	**$ 200,319**	**$ 209,286**

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Revenue by group's operation				
India	$ 19,647	$ 33,991	$ 102,248	$ 128,549
Europe	5,860	6,257	15,053	22,857
North America	569	4,088	2,461	13,983
Rest of the world	31,272	16,116	80,557	43,897
Total Revenue	**$ 57,348**	**$ 60,452**	**$ 200,319**	**$ 209,286**

9. Other Gains/(Losses)

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Gains on disposal of property, plant and equipment	$ —	$ —	—	$ 2
Gain on sale of available for sale financial assets	—	—	58	—
Net foreign exchange (losses)/gains	1,722	(346)	5,172	(204)
Net gains/(losses) on held for trading financial liabilities	8,542	3,107	8,599	2,023
	$ 10,264	$ 2,761	$ 13,829	$ 1,821

The net gains/(losses) on held for trading financial liabilities in the three and nine months ended December 30, 2016 and 2015, respectively, principally relate to derivative instruments not designated in a hedging relationship.

10. NON-CASH EXPENSES

Significant non-cash expenses except loss on sale of assets, share based compensation, depreciation, derivative interest and amortization were as follows:

	Nine months ended December 31,	
	2016	2015
Net (gains)/losses on held for trading financial liabilities	$ (8,599)	$ (2,023)
Provisions for trade and other receivables	290	1,188
Balances written back	(367)	—
Impairment loss on content advances	950	490
Unrealized foreign exchange (gain)/loss	(5,172)	—
Others	—	545
	$ (12,898)	**$ (200)**

11. NON GAAP-FINANCIAL MEASURES

Adjusted EBITDA

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
		(in thousand)		
Net income	$ 11,484	$ (2,453)	$ 13,528	$ 12,329
Income tax expense	3,565	3,468	10,194	13,336
Net finance costs	3,415	2,224	10,982	6,916
Depreciation	197	288	590	710
Amortization(1)	259	241	1,029	705
Share based payments(2)	4,119	8,228	18,645	24,504
Gains on sale of available – for – sale financial assets	-	-	(58)	-
Net losses/(gains) on held for trading financial liabilities	(8,542)	(3,107)	(8,599)	(2,023)
Adjusted EBITDA	$ 14,497	$ 8,889	$ 46,311	$ 56,477

(1) Includes only amortization of intangible assets other than intangible content assets.
(2) Consists of compensation costs recognized with respect to all outstanding plans and all other equity settled instruments.