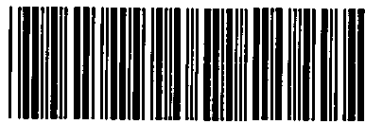


Registered number: 5957372

**AYNGARAN INTERNATIONAL (UK) LTD
REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012**

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**AYNGARAN INTERNATIONAL (UK) LTD
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FOR THE YEAR ENDED 31ST MARCH 2012**

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AYNGARAN INTERNATIONAL (UK) LTD

Company Information

Directors

K Karunamoorthy
R Manickavasagar
A Heffernan

Secretary

A Mavinkurve

Registered Office

Milner House
13 Manchester Square
London
W1U 3PP

Registration Number

5957372

Auditors

Chris Seeromben & Co
298 High Street North,
Manor Park,
London
E12 6SA

AYNGARAN INTERNATIONAL (UK) LTD
DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the year ended 31st March 2012

PRINCIPAL ACTIVITY

The principal activity of the company during the year under review was production of motion pictures and video and worldwide sale and distribution of the screening rights

REVIEW OF BUSINESS

The directors acknowledge the loss incurred on ordinary activities by the company. The directors consider the future of the company to be secure.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have considered all principal risks and uncertainties and do not envisage any problem in the future.

GOING CONCERN AND LIQUIDITY RISK

The directors do not envisage any going concern or liquidity problems. The Company is a subsidiary of Eros International group and the directors have been provided with the assurance from the parent company that it will continue to provide ongoing support to the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

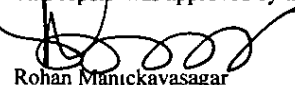
- there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Chris Seeromben & Co. offers themselves for re-appointment as auditors in accordance with Section 485 of the Companies Act 2006.

BOARD APPROVAL

This report was approved by the Board on 24 July, 2012 and signed on its behalf by



Rohan Manickavasagar

Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYNGARAN INTERNATIONAL (UK) LTD

We have audited the financial statements of Ayngaran International (UK) Ltd for the year ended 31 March 2012 set out on pages 4 to 8. The financial reporting framework that has been 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 Chapter 3 of Part 16 of the Companies Act 2006. Our 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 auditors' 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 the directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

-give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended,

-have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

-have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

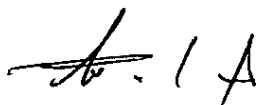
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

-adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or

-the financial statements are not in agreement with the accounting records and returns, or

-certain disclosures of directors' remuneration specified by law are not made, or

-we have not received all the information and explanations we require for our audit.



Paramananda Seeromben FCCA (Senior Statutory Auditor)

for and on behalf of Chris Seeromben & Co

Chartered Certified Accountants

And Statutory Auditors

298 High Street North,

Manor Park, London E12 6SA

Date 24/07/2012

AYNGARAN INTERNATIONAL (UK) LTD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012.

		2012	2011
	Notes	£	£
Turnover		4,257,120	8,154,979
Cost of sales		<u>(3,876,798)</u>	<u>(7,496,608)</u>
Gross profit		380,322	658,371
Distribution costs		(35,552)	(44,484)
Administrative expenses		<u>(540,094)</u>	<u>(603,128)</u>
Operating (loss)/ profit	2	(195,324)	10759
Interest payable		<u>(184)</u>	<u>(3,818)</u>
(Loss)/Profit on ordinary activities before taxation		(195,508)	6,941
Taxation	3	<u>4,719</u>	<u>(4,719)</u>
(Loss)/Profit on ordinary activities after taxation		<u>(190,789)</u>	<u>2,222</u>
All transactions arise from continuing operations			

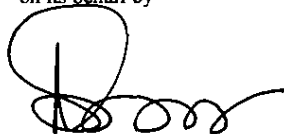
The company has no recognised gains and losses other than the profit for the above period

The notes on pages 6 to 8 form an integral part of these financial statements

AYNGARAN INTERNATIONAL (UK) LTD
BALANCE SHEET AS AT 31ST MARCH 2012

	Notes	2012	2011
		£	£
FIXED ASSETS			
Intangible Fixed Assets	4	1,547,922	1,765,953
Tangible Fixed Assets	5	20,714	35,823
		<u>1,568,636</u>	<u>1,801,776</u>
CURRENT ASSETS			
Stocks		169,314	194,804
Debtors	6	7,912,657	4,985,883
Cash at Bank and in hand		4,876	24,297
		<u>8,086,847</u>	<u>5,204,984</u>
CREDITORS Amounts falling due within one year	7	<u>(9,740,785)</u>	<u>(6,901,273)</u>
NET CURRENT LIABILITIES		(1,653,938)	(1,696,289)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(85,302)</u>	<u>105,487</u>
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account	9	(85,303)	105,486
Shareholders Funds	10	<u>(85,302)</u>	<u>105,487</u>

These financial statements were approved by the Board of Directors on 24 July, 2012 and were signed on its behalf by



Rohan Manickavasagar
Director

Company registration number 5957372

The notes on pages 6 to 8 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1 BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

The financial statements present information about the company as an individual undertaking. Being an indirect subsidiary, the accounts are consolidated in Eros International PLC, the ultimate parent company.

Turnover and revenue recognition

Turnover represents the total invoice value, excluding value added tax, of sales made during the year and derives from the provision of goods falling within the company's ordinary activities. The revenue is recognised for the services as the services are performed.

Cash flow Statement

The directors have taken the advantage of exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statement on the grounds that the company is a subsidiary company and ultimate parent publishes a consolidated cash flow statement.

Film and Audio/Video Licensing Rights - 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. 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 amortisation charge is recognised in the income statement within cost of sales. The determination of useful life is based upon management's judgement and includes assumptions on the timing and future estimated revenues to be generated by these assets.

Amortisation Film and Audio/Video Licensing Rights

The company's policy in amortising intangible assets is as follows:

The amortisation charge is recognised in the income statement within cost of sales.

Film Licensing rights are divided into 3 groups-Theatrical, DVD and TV & Satellite in the ratio of 50:30:20. Theatrical rights are amortised 100% in the first year while DVD and TV rights are amortised at the rate of 50% in the first year, 30% in the second year and 20% in the third year. Audio and Licensing Rights are amortised over 10 years. Blue Ray Technology 25% straight line.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down cost less estimated residual value of all tangible fixed assets. The rates applicable are:

Motor Vehicle 20% straight line

Equipment 20% straight line

Stocks

Stocks which comprise videos and DVDs are valued at the lower of cost and net realisable value of each of item or group of items, after making due allowance for obsolete and slow moving items.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of changes in equity to the extent that they relate to a gain or loss on that non-monetary item, otherwise such gains and losses are recognised in the income statement.

Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation balances are not discounted.

AYNGARAN INTERNATIONAL (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012

2 OPERATING (LOSS)/PROFIT

	2012	2011
	£	£
Operating (loss) / profit is stated after charging		
Directors' emoluments	125,503	124,873
Amortisation of intangible fixed assets	2,749,864	6,078,228
Depreciation of tangible fixed assets	18,578	19,570
Auditors' remuneration	8,480	11,500
Net foreign exchange (gain)	<u>(15,519)</u>	<u>(83,436)</u>

3 TAXATION

	2012	2011
	£	£
UK Corporation Tax	<u>(4,719)</u>	<u>4,719</u>

4 INTANGIBLE FIXED ASSETS

	Audio Rights	Film Rights	Bluray	Total
Cost	£	£	£	£
At 1st April 2011	131,418	12,775,626	107,424	13,014,468
Additions	-	2,531,833	-	2,531,833
At 31st March 2012	<u>131,418</u>	<u>15,307,459</u>	<u>107,424</u>	<u>15,546,301</u>
Depreciation				
At 1st April 2011	43,056	11,132,853	72,606	11,248,515
Charge for the year	13,142	2,709,865	26,857	2,749,864
At 31st March 2012	<u>56,198</u>	<u>13,842,718</u>	<u>99,463</u>	<u>13,998,379</u>
Net Book Value;				
At 31st March 2012	<u>75,220</u>	<u>1,464,741</u>	<u>7,961</u>	<u>1,547,922</u>
At 31st March 2011	<u>88,362</u>	<u>1,642,773</u>	<u>34,818</u>	<u>1,765,953</u>

5 TANGIBLE FIXED ASSETS

	Motor Vehicle	Equipment	Plant &	Total
Cost	£	Fixtures & fittings	Machinery	£
At 1st April 2011	2,500	12,063	74,858	89,421
Additions	-	3,469	-	3,469
At 31st March 2012	<u>2,500</u>	<u>15,532</u>	<u>74,858</u>	<u>92,890</u>
Depreciation				
At 1st April 2011	2,000	7,707	43,891	53,598
Charge for the year	500	3,106	14,972	18,578
At 31st March 2012	<u>2,500</u>	<u>10,813</u>	<u>58,863</u>	<u>72,176</u>
Net Book Value:				
At 31st March 2012	<u>-</u>	<u>4,719</u>	<u>15,995</u>	<u>20,714</u>
At 31st March 2011	<u>500</u>	<u>4,356</u>	<u>30,967</u>	<u>35,823</u>

AYNGARAN INTERNATIONAL (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012

	2012	2011
	£	£
6 DEBTORS		
Trade debtors	2,618,894	1,316,625
Advances to group undertakings	5,194,142	3,642,008
Prepayments and accrued income	99,621	27,250
	<u>7,912,657</u>	<u>4,985,883</u>

	2012	2011
	£	£
7 CREDITORS: Amounts falling due within one year		
Bank overdraft	38,540	29,482
Trade creditors	516,430	965,771
Amounts owed to group undertakings	9,000,231	5,722,717
Social security and other taxes	106,718	68,032
Directors' accounts	62,866	86,379
Other creditors	16,000	28,892
	<u>9,740,785</u>	<u>6,901,273</u>

	2012	2011
	£	£
8 CALLED UP SHARE CAPITAL		
Authorised		
1000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted issued and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

	2012	2011
	£	£
9 RESERVES		
At 1st April 2011	105,486	103,264
(Loss)/ Profit for the year	(190,789)	2,222
At 31st March 2012	<u>(85,303)</u>	<u>105,486</u>

	2012	2011
	£	£
10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
(Loss) /Profit for the year	(190,789)	2,222
Opening shareholders' funds	105,487	103,265
Closing shareholders' funds	<u>(85,302)</u>	<u>105,487</u>

11 RELATED PARTY DISCLOSURES

The company has taken the available exemption in FRS8 from disclosing transactions with fellow 100% held subsidiaries

<u>Amounts owed by at 31st March</u>	2012	2011
	£	£
Eros International Ltd	<u>1,062,330</u>	<u>998,723</u>

Transactions during the year

Sales to Related Parties

Eros International Ltd	<u>28,054</u>	<u>3,606</u>
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12 ULTIMATE PARENT UNDERTAKING

Ayngaran International Ltd (registered in the Isle of Man) is the holding company of Ayngaran International (UK) Ltd and the ultimate holding company is Eros International PLC (registered in the Isle of Man)