

Seven Arts Pictures plc

Unaudited Interim Results For The Six Months Ended

30 September 2006

Company Registration No. 4276617

SEVEN ARTS PICTURES PLC

Chairman's statement

I am pleased to report consolidated pre-tax profits for Seven Arts Pictures plc of £717,649 for the six-month period ended 30 September 2006 compared with a loss of £176,010 in the corresponding period last year. The Group's turnover in this six month period was £1,886,560 (HY2005: £3,544,244) though, with the bulk of the turnover weighted to the second half of the current year, the Company expects that gross revenues for the Group for the remaining six months will increase substantially reflecting the delivery of Noise, starring Tim Robbins and William Hurt, and Deal, starring Burt Reynolds and Shannon Elizabeth, as well as Drunkboat (John Malkovich), Firecracker, Mirror Wars, and Silent Partner. The revenue from these films, as well as continuing revenue on the Company's library of over 25 motion pictures, will be realized in the second half. The Company is also in the process of acquiring more completed motion pictures for distribution, to be delivered in the current year.

The Company has entered into important production and distribution agreements with Paul Verhoeven, Alan Marshall and Thomas Hedman for Mr. Verhoeven's next production which he will also direct, currently entitled The Winter Queen. The Company has also entered into an agreement with Milla Jovovich for the principal female role and the picture is expected to start principal photography in April 2007. In addition, the Company has entered into a two picture production agreement with Warren Zide, the producer of the American Pie and Final Destination series, for new motion pictures entitled Pool Boy (in the American Pie teen comedy genre) and Autopsy (in the Final Destination teen horror genre), both of which are expected to commence principal photography in early 2007.

The Company expects to shortly enter into an increased credit facility with certain institutional lenders to support its increased production and distribution activities. We look forward to a positive audience reaction to Noise and Deal, which will further establish the Seven Arts' reputation as one of only a few reliable and experienced producers of independently produced theatrical motion pictures.

Peter Hoffman

Chairman

17 November 2006

SEVEN ARTS PICTURES PLC**Consolidated profit and loss account for the six months ended September 2006**

	Unaudited 6 months ended 30 September 2006 £	Audited 12 months ended 31 March 2006 £	Unaudited 6 months ended 30 September 2005 £
Turnover	1,886,560	9,015,480	3,544,244
Cost of sales	(423,126)	(5,011,576)	(2,514,983)
- Amortisation of intangible assets	-	(1,964,647)	-
	<u>(423,126)</u>	<u>(6,976,223)</u>	<u>(2,514,983)</u>
Gross profit	1,463,434	2,039,257	1,029,261
Other operating expenses (net)	<u>(541,044)</u>	<u>(989,375)</u>	<u>(1,026,231)</u>
Operating profit	922,390	1,049,882	3,030
Net interest payable	<u>(204,741)</u>	<u>(73,927)</u>	<u>(179,040)</u>
Profit/(Loss) on ordinary activities before taxation	717,649	975,955	(176,010)
Taxation	<u>(215,294)</u>	<u>(355,842)</u>	-
Retained Profit/(Loss) for the period	<u>502,355</u>	<u>620,113</u>	<u>(176,010)</u>
Earnings/(loss) per share in pence	3.81	4.70	(1.83)
Diluted earnings/(loss) per share in pence	<u>1.35</u>	<u>1.67</u>	<u>(1.83)</u>

SEVEN ARTS PICTURES PLC

Consolidated statement of total recognised gains and losses
for the six months ended 30 September 2006

	Unaudited 6 months ended 30 September 2006 £	Audited 12 months ended 31 March 2006 £	Unaudited 6 months ended 30 September 2005 £
Profit/(Loss) for the period	502,355	620,113	(176,010)
Exchange differences on translation of foreign operations	(135,579)	34,958	81,013
Total recognised gains and losses relating to the period	366,776	655,071	94,997

SEVEN ARTS PICTURES PLC

Consolidated balance sheets

As at 30 September 2006

	Unaudited 6 months ended 30 September 2006 £	Audited 12 months ended 31 March 2006 £	Unaudited 6 months ended 30 September 2005 £
Fixed assets			
Intangible assets	7,871,601	7,952,513	12,828,709
Tangible assets	20,946	17,076	15,308
Investments	800,000	800,000	800,000
	<u>8,692,547</u>	<u>8,769,589</u>	<u>13,644,017</u>
Current assets			
Debtors: amounts falling due within one year	4,881,377	7,772,527	4,024,685
Debtors: amounts falling due after more than one year	-	581,591	-
Cash at bank and in hand	361,373	696,906	60,742
	<u>5,242,750</u>	<u>9,051,024</u>	<u>4,085,427</u>
Creditors: amounts falling due within one year	<u>(3,764,706)</u>	<u>(7,198,430)</u>	<u>(11,829,158)</u>
Net current assets/(liabilities)	1,478,044	1,852,594	(7,743,731)
Total assets less current liabilities	10,170,591	10,622,183	5,900,286
Creditors: amounts falling due after more than one year	<u>(6,459,965)</u>	<u>(7,278,333)</u>	<u>(3,000,000)</u>
Total assets less current liabilities	<u>3,710,626</u>	<u>3,343,850</u>	<u>2,900,286</u>
Capital and reserves			
Called up share capital	9,592,000	9,592,000	9,592,000
Share premium account	65,818	65,818	65,818
Convertible debt	3,000,000	3,000,000	-
Profit and loss account	(8,947,192)	(9,313,968)	(6,757,532)
Shareholders' funds	<u>3,710,626</u>	<u>3,343,850</u>	<u>2,900,286</u>
Equity	(2,289,374)	(2,656,150)	(99,714)
Non-equity	<u>6,000,000</u>	<u>6,000,000</u>	<u>3,000,000</u>
	<u>3,710,626</u>	<u>3,343,850</u>	<u>2,900,286</u>

SEVEN ARTS PICTURES PLC
 Consolidated cash flow statement
 for the six months ended 30 September 2006

	Unaudited 6 months ended 30 September 2006 £	Audited 12 months ended 31 March 2006 £	Unaudited 6 months ended 30 September 2005 £
Cash flow from operating activities	3,519,273	743,514	1,170,547
Returns on investments and servicing of finance	(204,741)	(73,927)	(179,040)
Capital expenditure and financial investment	(740,124)	(2,705,105)	(2,330,992)
Cash (outflow) / inflow before financing	2,574,408	(2,035,518)	(1,339,485)
Financing	(2,909,941)	2,702,047	1,369,850
Increase/(decrease) in cash in the period	(335,533)	666,529	30,365

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Notes to the interim financial statements
for the six months ended 30 September 2006

1. Earnings/(loss) per share

Basic earnings/(loss) per ordinary share of 3.81 pence (year ended 31 March 2006: 4.7 pence) (six months ended 30 September 2005: loss 1.83 pence) is calculated using the Group profit for the period after taxation of £502,355 (year ended 31 March 2006: £620,113) (six months ended 30 September 2005: loss £176,010) and the weighted average number of shares in issue of 13,184,000 (year ended 31 March 2006: 13,184,000) (six months ended 30 September 2005: 9,596,055). Diluted earnings per share is calculated on the basis of the weighted average number of shares in issue plus potential ordinary shares of 37,184,000 (year ended 31 March 2006: 37,184,000).

The weighted average number of shares is calculated by time-apportioning each share in issue during the period.
The convertible preference shares and convertible debt in issue are anti-dilutive where a loss has arisen in a period.

2. Other matters

The results for the six months ended 30 September 2006, which are neither audited nor reviewed by the auditors, have been prepared on the basis of the accounting policies adopted for the year ended 31 March 2006, as set out in the Company's annual report and accounts after taking into account any accounting standards issued since that date, none of which have resulted in any changes to the accounting policies of the Company.

The results for the year ended 31 March 2006 are an abridged version of the Group's full accounts for that period, which carry unqualified auditors' reports and do not contain any statements under S237 (2) or (3) of the Companies Act 1985. The full accounts for the year ended 31 March 2006 have been filed with the Registrar of Companies.

Copies of this statement will be sent to all shareholders. Copies are also available at the registered office of the Company, 30 Farringdon Street, London, EC4A 4HJ. The Board of Directors approved the interim results on 17 November 2006.