FFI FILM FINANCES INC.

ANNUAL FINANCIAL REPORT 2017

Contents

Company Information

Directors

Steven Ransohoff (Chief Executive Officer)
Gregory Trattner (Executive Vice President)

Corporate Headquarters

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Website

www.filmfinances.com

Auditors to the Company

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Public Relations Advisor

Hawthorn Advisors
7 Howick Place
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Directors' Report

The Directors of the company are pleased to present their report and the audited non-statutory financial statements of Film Finances, Inc. and subsidiaries ("FFI" or the "Group") for the year ended 31 March 2017.

Nature of the business

FFI is the world's leading provider of completion contracts to the entertainment industry for films, television, mini-series and online streaming product. The business was originally founded in London in 1950 following the severe financial crisis that affected the British film industry in the late-1940s, which prompted film companies to cease to provide direct finance for film productions and to rely instead on completion guarantees. In 1982, the Group opened its office in Los Angeles, which is now used as the Group's headquarters. Since then, FFI has established 11 offices globally including in London, Stockholm, Toronto, New York, Cape Town, Cologne and Shanghai.

Post balance sheet events

FFI Holdings PLC was incorporated in London in May 2017 as a holding company of Film Finances, Inc., its principal operating subsidiary. Shares in FFI Holdings PLC ("FFI Holdings") were admitted to trading on London's AIM market on 30 June 2017 under the exchange identifier "FFI". FFI Holdings issued 157,041,248 shares at 150 pence per share, valuing the company at approximately £236 million on admission.

As a public company incorporated in May 2017, FFI Holdings will publish its first statutory accounts for the financial year ending 31 March 2018 no later than 30 September 2018. The acquisition of FFI by FFI Holdings will be accounted for, applying the principles of merger accounting, in the first financial statements of FFI Holdings for the period ending 31 March 2018, and will consequently reflect the Group as if it had always been combined.

Principal activity

FFI's principal business is the provision of completion contracts, in which it is a trusted, iconic brand positioned at the centre of the independent film and television entertainment industry. FFI has an extensive network of relationships with the studios, mini studios, streaming companies, producers and financiers involved in the production of films, television and other content. This extensive network of long standing relationships, together with FFI's deep knowledge and expertise of the film and television production process, has enabled it to secure a leading market share in the global marketplace for completion contracts, where it enjoys a high level of repeat business from existing clients.

Over the last 67 years, FFI has provided the financiers of film and television productions with contracts providing assurance that such productions will be completed on time, on budget and to a basic pre-agreed specification. Since 2008, FFI has issued completion contracts to all the leading financiers involved in the entertainment industry, unlocking funding for approximately 1,700 productions with gross production budgets estimated to be in excess of US$17bn.

Other business activities

In February 2017, FFI acquired Rainbow Production Services, LLC and subsidiaries (Rainbow), which trades as Pivotal Post, a company providing post-production equipment rental and software services for film makers around the world. The Directors continue to review similar acquisition opportunities and view this area as a key source of FFI's growth going forward.

The Directors also see opportunities in the ownership of, and distribution rights for, specific and limited types of content, particularly where a pre-determined sale to a global distributor can be identified on a profitable basis. FFI started to acquire rights and make investments of this type in 2016.

Business and financial review

The Directors are pleased to report the financial results of FFI for the year ended 31 March 2017. One of the Group's subsidiaries, Cashet Card, was disposed of in November 2016. For comparative purposes, and in accordance with IFRS accounting principles, the Group's financial results for the financial year ended 31 March 2016 have been adjusted to present Cashet Card's contributions as if the operations had been discontinued for both financial years 2016 and 2017.

The financial year to end-March 2017 saw continued growth across our business and a significant rise in year-on-year profits, helped by lower costs and other expenses. Revenues grew by 9.1% during the financial year to $38.8m (2016: $35.6m). Significantly

lower costs resulted in Underlying EBIT of $12.7m, Reported EBIT of $10.5m and reported pre-tax profits of $10.3m, a more than three-fold increase on 2016 ($3.1m). Excluding a one-time profit on discontinued operations of $2.8m, net income after tax for the period of $5.5m was up 183.1% versus 2016 ($1.9m.)

Continuing operations (USD)	31 March 2017	YoY change (%)	Margin (%)
Revenue	**38,812,125**	9.1	
Gross profit	**30,321,575**	15.6	78.1
Underlying EBIT*	**12,744,599**	119.7	32.8
Reported EBIT**	**10,455,834**	244.5	26.9
Pre-tax profit	**10,295,939**	232.4	26.5
After tax profit from continuing operations***	**5,777,498**	204.1	14.9
Adjusted net income***	**5,450,365**	183.1	14.0

* Reported EBIT adjusted for certain exceptional and lifestyle expenses
** Presented as "operating profit" in the income statement
*** Adjusted to exclude one-time profit from discontinued operations of $2.8m

The majority of our revenues continued to be generated by FFI's completion contracts business, where revenues grew 6.2% year-on-year. Pivotal Post contributed approximately one month's revenues from its acquisition date in February 2017. North America continued to dominate the geographical revenue mix of the business. No single customer contributed more than 10% of total revenues for the financial year.

For the year ended 31 March 2017	Completion Contracts USD	Tax Credit Financing USD	Editing Equipment Rental USD	Group USD
Total revenue	37,564,994	315,734	931,397	38,812,125
Gross profit	29,493,805	267,518	560,252	30,321,575
Operating Profit/(loss)	**9,968,935**	**214,351**	**272,548**	**10,455,834**
Finance income	42,310	–		42,310
Finance costs	–	(202,205)		(202,205)
Profit before taxation	**10,011,245**	**12,146**	**272,548**	**10,295,939**

Directors' Report (continued)

Business and financial review continued

	2017 USD	2016 USD
Asia	**6,293**	44,212
Australia	**2,156,006**	1,772,009
Europe	**5,499,305**	4,504,001
Middle East & Africa	**130,771**	1,051,381
North America	**31,019,750**	28,198,387
	38,812,125	35,569,990

Review of operations

The provision of completion contracts to the entertainment industry continued to dominate FFI's business mix in 2017, representing 96.8% of total revenues. These completion contracts provide financiers with assurance that a production will be completed on time, on budget and to a basic pre-agreed specification. Without a completion contract, the financiers will not generally lend capital and, as a result, a project may not get made due to lack of funding. As such, FFI is effectively the "gatekeeper" to unlocking the capital of the financiers, without which productions may not progress beyond the development phase.

FFI issues completion contracts for approximately 200 productions per annum, which is more than all the feature films produced by the major studios in the United States combined. For this service, FFI charges a fee based on the total production budget. In turn, FFI mitigates its risk by buying insurance, thereby earning a profitable spread on each production. Fees charged by FFI are paid and received up front and in full at the time the completion contract is issued.

The Group's completion contract business has seen a growing total budget of FFI bonded projects since 2000. As at the end of March 2017, the total annual budget of FFI's bonded projects had grown to US$2.4 billion, three times the level it was in 2000. In parallel with the growth in total production budget, FFI has also seen significant growth in the average budget of the productions it bonds since 2000. As at the end of March 2017, the annual average budget of FFI's bonded projects had grown to US$14.1 million, more than three times the budget during the year 2000.

The Directors expect that both the total and average budget of FFI's bonded projects will continue to grow, in line with historical precedent and the growing demand for high-quality content globally. This is partly driven by the increased use of streaming technology and the proliferation of viewing platforms, including cinema, television and on-demand and online streaming via tablet and smart phone, including second screen viewings, all of which are driving a demand for new content.

In line with the increased use of streaming technology, FFI is also seeing growth in the demand for completion contracts for streaming platform productions. For the financial year ended 31 March 2017, the Group issued completion contracts for 18 streaming platform productions, which accounted for approximately 9.7% of the Group's completion contract revenues in that period. This compares with just one completion contract for a streaming platform production in the financial year ended 31 March 2013.

The Directors expect that the number of completion contracts issued for streaming platform productions will continue to grow, in line with historical precedent and the growing demand for high-quality content from a variety of online streaming companies. The Directors also believe these new entrants to the market present an opportunity for FFI's expertise.

Risk management

For its completion contracts business, FFI mitigates its risk in relation to a number of external factors which could impact a production schedule or budget, such as the illness of actors or crew working on a film, accidents on set and a broad range of other potential circumstances which would increase the cost of production, by requiring the purchase of third party insurance products that FFI is then made a party to.

Similarly, FFI does not take credit risk associated with the financiers who are party to its completion contracts as FFI's obligations are subject to the financier fully funding their obligations to pay for the production budget of the film or television production. If the financier of a film or television production is unable to complete its financial obligations for such film or television production, FFI will have no obligation to complete the funding for the budget of the film or television production.

In circumstances where FFI has had to expend funds to finish a production due to a film or television show having gone over budget, then FFI is entitled to recover those sums (after the financier(s) have recouped their investment(s)). Importantly, in the event that the commercial success of the film or television show is limited, the Group does not rely on recovery of its contributions to productions to meet its financial forecasts.

Statement of Directors' Responsibilities

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

The Directors have elected to prepare the non-statutory Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and as issued by the International Accounting Standards Board.

Accordingly, 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 Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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. 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.

Approved by the Board of Directors on 20 September 2017 and signed on its behalf by:

Steven A. Ransohoff
Director

Non-Statutory Independent Auditor's Report to the Directors of Film Finances, Inc.

Opinion on Financial Statements

We have audited the non-statutory consolidated financial statements of Film Finances, Inc. on pages 8 to 44. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate.

Respective responsibilities of Directors and Auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the non-statutory 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 non-statutory 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.

This non-statutory report is made solely to the company's Directors in accordance with the terms of our engagement letter dated 27 June 2017. Our non-statutory audit work has been undertaken so that we might state to the company's Directors those matters we are required to state to them in a non-statutory 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's Directors, for our non-statutory audit work, for this non-statutory report, or for the opinions we have formed.

RSM UK AUDIT LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 20 September 2017

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2017

		2017 USD	2016 USD
Continuing operations			
Revenue	3	**38,812,125**	35,569,990
Costs related to revenue	4	**(8,490,550)**	(9,333,812)
Gross profit		**30,321,575**	26,236,178
Administrative and other expenses	5	**(18,853,329)**	(22,258,666)
Exceptional costs	5	**(1,894,445)**	(970,956)
Other income		**924,666**	305,677
Other expense		**(42,633)**	(277,103)
Operating profit		**10,455,834**	3,035,130
Finance income	6	**42,310**	9,844
Finance costs	6	**(202,205)**	(41,964)
		10,295,939	3,003,010
Net profit from joint venture	11	**–**	94,822
Profit before taxation		**10,295,939**	3,097,832
Taxation	7	**(4,518,441)**	(1,198,206)
Profit for the year from continuing operations		**5,777,498**	1,899,626
Discontinued operations			
Profit for the year from discontinued operations	31	**2,844,697**	87,971
Profit for the year		**8,622,195**	1,987,597
Total profit for the year attributable to:			
Owners of the Company		**8,429,493**	2,031,085
Non-controlling interest	15	**192,702**	(43,488)
		8,622,195	1,987,597
Other comprehensive income, net of income tax			
Exchange difference on translating foreign operations attributable to Owners of the Company		**(307,070)**	25,275
Total other comprehensive income attributable to Owners of the Company		**(307,070)**	25,275
Exchange difference on translating foreign operations attributable to non-controlling interests		**(20,063)**	394
Total comprehensive income for the year		**8,295,062**	2,013,266
Total comprehensive income attributable to:			
Owners of the Company		**8,122,423**	2,056,360
Non-controlling interest	15	**172,639**	(43,094)
		8,295,062	2,013,266

The notes on pages 12 to 44 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 March 2017

		31 March 2017 USD	31 March 2016 USD
Assets			
Non-current			
Goodwill	9	**9,871,423**	8,540,934
Intangible assets	10	**5,472,988**	816,666
Investment in a joint venture	11	**–**	216,044
Investment	12	**283,113**	283,113
Other non current assets	13	**741,279**	579,371
Property, plant and equipment	14	**2,957,436**	572,858
Deferred tax assets	7	**646,079**	1,723,823
Non-current assets		**19,972,318**	12,732,809
Current			
Trade and other receivables	17	**12,164,786**	7,341,877
Other current assets	18	**4,428,372**	2,826,691
Restricted cash	19	**40,397,215**	43,859,558
Cash and cash equivalents	20	**13,146,871**	14,928,784
		70,137,244	68,956,910
Assets classified as held for sale	16	**216,044**	–
Current assets		**70,353,288**	68,956,910
Total assets		**90,325,606**	81,689,719
Equity and liabilities			
Equity			
Share capital	27	**–**	–
Share premium	27	**109,500**	109,500
Retained earnings		**17,670,842**	12,358,988
Total equity attributable to owners of the Company		**17,780,342**	12,468,488
Non-controlling interests		**139,120**	(25,859)
Total Equity		**17,919,462**	12,442,629
Liabilities			
Non-current			
Borrowings	21	**590,163**	–
Other payables	30	**1,709,000**	–
Deferred tax liabilities	7	**4,667,661**	4,720,696
Non-current liabilities		**6,966,824**	4,720,696
Current			
Trade and other payables	22	**21,737,427**	19,737,527
Income tax payable		**1,287,635**	140,055
Payables to production	19	**36,265,379**	39,785,808
Provision for losses	23	**777,246**	457,632
Borrowings	21	**5,371,633**	4,405,372
Current liabilities		**65,439,320**	64,526,394
Total liabilities		**72,406,144**	69,247,090
Total equity and liabilities		**90,325,606**	81,689,719

The notes on pages 12 to 44 are an integral part of these consolidated financial statements.

The financial statements on pages 8 to 44 were approved by the Board of Directors on 20 September 2017 and signed on its behalf by:

Steven A. Ransohoff
Director

Consolidated Statements of Cash Flows

for the year ended 31 March 2017

		2017 USD	2016 USD
Cash flows from operating activities			
Profit before taxation including discontinued operations		13,140,636	3,185,803
Adjustments for:			
Depreciation	14	214,770	153,923
Amortisation of intangible assets	10	82,694	66,667
Finance costs		202,205	41,964
Profit on disposal of subsidiary	31	(2,810,569)	–
Net foreign exchange (gain)/loss		(327,133)	25,669
		10,502,603	3,474,026
Increase in working capital:			
(Increase)/decrease in restricted cash	19	(58,086)	1,076,570
Increase in accounts receivable	17	(920,128)	(1,437,902)
(Increase)/decrease in other assets		(1,686,628)	408,204
(Decrease)/increase in trade and other payables	22	(717,149)	32,718
Increase/(decrease) in provision for losses	23	319,614	(1,036,054)
Increase (decrease) in deferred revenue	22	1,510,019	(1,011,900)
Cash generated from operations		8,950,245	1,505,662
Interest paid		(202,205)	(41,964)
Income taxes paid		(2,013,859)	(4,213,743)
Net cash generated from/(used in) operating activities		6,734,181	(2,750,045)
Cash flows from investing activities			
Purchases of intangible assets	10	(2,989,016)	–
Purchase of property, plant and equipment	14	(260,167)	(395,083)
Payment to invest in joint venture	11	–	(129,614)
Dividends received from joint venture	11	–	176,095
Loan amounts advanced to employees	17	(4,862,113)	(237,366)
Loan repayments by employees	17	1,867,030	190,325
Amounts advanced to non-controlling interests		–	(125,983)
Repayments by non-controlling interests		–	125,000
Net cash outflow on acquisition of subsidiary	30	(3,016,503)	–
Net cash used in investing activities		(9,260,769)	(396,626)
Cash flows from financing activities			
Proceeds from capital contributions from non-controlling interests		–	21,930
Distribution of capital to non-controlling interests		(7,660)	(348,202)
Proceeds from borrowings	21	5,157,707	4,405,372
Repayment of borrowings	21	(4,405,372)	(300,000)
Decrease in restricted cash collateral for credit facility		–	950,000
Dividends paid to owners of the Company	8	–	(2,420,000)
Net cash generated by financing activities		744,675	2,309,100
Net decrease in cash and cash equivalents		(1,781,913)	(837,571)
Cash and cash equivalents at the beginning of the year	20	14,928,784	15,766,355
Cash and cash equivalents at the end of the year	20	13,146,871	14,928,784

Consolidated Statements of Changes in Equity

for the year ended 31 March 2017

	Share capital and share premium attributable to owners of the Company USD	Treasury shares USD	Foreign exchange attributable to owners of the Company USD	Retained earnings attributable to owners of the Company USD	Non-controlling interest USD	Total equity USD
Balance at 31 March 2015	109,500	–	(42,572)	12,765,200	343,507	13,175,635
Profit/(loss) for the period	–	–	–	2,031,085	(43,488)	1,987,597
Other comprehensive income for the period	–	–	25,275	–	394	25,669
Total comprehensive income for the period	–	–	25,275	2,031,085	(43,094)	2,013,266
Contribution of capital from non-controlling interests	–	–	–	–	21,930	21,930
Dividends	–	–	–	(2,420,000)	–	(2,420,000)
Distribution of capital to non-controlling interests	–	–	–	–	(348,202)	(348,202)
Balance at 31 March 2016	109,500	–	(17,297)	12,376,285	(25,859)	12,442,629
Profit for the period	–	–	–	8,429,493	192,702	8,622,195
Other comprehensive income for the period	–	–	(307,070)	–	(20,063)	(327,133)
Total comprehensive income for the period	–	–	(307,070)	8,429,493	172,639	8,295,062
Distribution of capital to non-controlling interests	–	–	–	–	(7,660)	(7,660)
Acquisition of own shares into treasury	–	2,810,569	–	(2,810,569)	–	–
Cancellation of shares	–	(2,810,569)	–	–	–	(2,810,569)
Balance at 31 March 2017	**109,500**	**–**	**(324,367)**	**17,995,209**	**139,120**	**17,919,462**

Notes to the Non-Statutory Financial Statements

1. General information

Film Finances, Inc. (the Company) was incorporated in California on 16 June 1982 and is domiciled in the USA. The address of its registered office and principal place of business is 9000 Sunset Boulevard, Suite 1400, Los Angeles, CA 90069. The principal activities of the Company and its subsidiaries (the Group) is to provide completion contracts to financial lenders and distributors in connection with the production of motion picture films and television content. Completion contracts guarantee that a particular film will be completed within specific time and budget constraints. In such circumstances, the Group's completion contract acts as a form of guarantee for film production.

2. Significant accounting policies and basis of preparation

(a) Basis of preparation

The Group non-statutory financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Reporting Interpretations Committee (IFRIC) interpretations (collectively IFRSs) as adopted for use in the European Union and as issued by the International Accounting Standards Board.

The non-statutory financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The Group's principal accounting policies have been applied consistently throughout the year.

The following Standards and Interpretations, relevant to the Group's operations that have not been applied in the financial statements, were in issue but not yet effective or endorsed (unless otherwise stated):

IFRS 9 'Financial Instruments'

Another version of IFRS 9 'Financial Instruments' was issued in July 2014 and becomes effective from 1 January 2018 with early adoption permitted. The key changes include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Based on the analysis of the Group's financial assets and liabilities as at 31 March 2017 on the basis of the facts and circumstances that exist at that date, the Directors of the Company have assessed the impact of IFRS 9 to the Group's consolidated financial statements to be immaterial.

IFRS 17 'Insurance Contracts'

IFRS 17 'Insurance Contracts' becomes effective from 1 January 2021. IFRS 17 replaces IFSR 4 'Insurance Contracts'.

The Group is currently in the process of assessing the impact of IFRS 17 on the financial statements.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 'Revenue Recognition' becomes effective from 1 January 2018. Revenue arising from insurance contracts is outside the scope of IFRS 15. The impact on the recognition of revenue from other services delivered to customers by the Group is expected to be insignificant.

IFRS 16 'Leases'

In January 2016, the IASB issued IFRS 16 'Leases' to replace the existing standard IAS 17, which will be effective from 1 January 2019 but with earlier adoption permitted.

The main change under IFRS 16 is that it requires the recognition of the lease obligations, together with an asset representing the right to the use of the leased asset during the term of the lease. Under IAS 17, for leases qualifying as operating leases, the lease obligations are not recognised in the statement of financial position.

The Group is currently in the process of assessing the impact of IFRS 16 on the financial statements. The undiscounted value of the Group's operating lease obligations are disclosed in note 24.

2. Significant accounting policies and basis of preparation continued

Other pronouncements

There are a number of amendments to IFRS that have been issued by the IASB that become mandatory during 2018 or in a subsequent accounting period. The Group has evaluated these changes and none are expected to have a significant impact on the consolidated financial statements.

(b) Going concern

The Group has generated a profit before taxation on continuing activities as well as a profit after taxation for the comparative financial period. After reviewing the Group's performance and forecasted future cash flows, the Directors consider the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the Group's non-statutory financial statements.

(c) Basis of consolidation

This financial statements include the accounts of the Company and all of its subsidiary undertakings. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has the right to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred in a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred to former owners of the acquiree at the date of acquisition. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the considerations transferred in the business combination. Changes in the fair value of the contingent considerations that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Acquisition related costs are generally recognised in profit or loss as incurred.

Intercompany transactions, balances and unrealised gains are eliminated upon consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currencies

US Dollar (USD) is the functional currency of the Company and the presentational currency of the Group. The functional currency of the subsidiaries is the local currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains or losses on monetary assets and liabilities denominated in foreign currencies resulting from the settlement of such transactions and from the translation to the rate prevailing at the year end are recognised in the income statement.

Notes to the Non-Statutory Financial Statements (continued)

2. Significant accounting policies and basis of preparation continued

The financial statements of subsidiaries whose functional currency is different to the presentational currency of the Group are translated into the presentational currency of the Group on consolidation. Assets and liabilities are translated at the exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on consolidation are recognised in other comprehensive income and accumulated in equity.

The gain or loss on a subsequent disposal of any foreign operation shall exclude translation difference that arose before the date of transition to IFRSs and shall include later translation differences.

(e) Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognising its share of further losses.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of assets as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale.

(f) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment in a joint venture, the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from services, provided by the Group in the ordinary course of the Group's activities:

2. Significant accounting policies and basis of preparation continued

Completion contracts

Services include fees from completion bond contracts. These bond contracts provide a completion guarantee to financiers for the completion and delivery of a film or other production. The Group must monitor each production through each stage of completion and the Group has the ability to take over production if budgets and schedules are not properly adhered to. As such, revenue is recognised rateably over the separate production stages of each project.

Editing equipment leasing

Revenue from film editing equipment and editing suite rentals are structured as weekly rentals and the related revenue is recognised on a weekly basis during the rental period, using the accrual method of accounting. Rental revenue is derived from different clients each year, with the majority of revenue being earned from rentals for feature film clients and the minority coming from television clients.

Tax credit financing

Revenue from tax credit financing activities is recognised as the excess tax credits received after repayment of borrowings and company advances, if any.

Credit card fees

Revenue from fees earned on credit card spending is recognised as it is earned. The fee amounts are based on the amount of spending on each credit card.

(h) Goodwill

Goodwill represents the excess of consideration over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Impairment losses are recognised in the income statement and cannot subsequently be reversed.

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGUs"). The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The carrying value of goodwill for each CGU is reviewed annually for impairment, or more frequently when there is an indication that the unit may be impaired. An impairment loss is recognised for the amount by which the assets carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and its value-in-use.

(i) Intangible assets

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Identified intangible assets acquired as part of a business combination are customer relationships, trade names, and non-competition agreements. These intangible assets have a finite useful economic life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the expected life of the asset. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Customer Relationships	12 – 15 years
Trade Names	5 years
Non-competition Agreements	6 years

Intangible assets acquired as part of a business combination are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Intangible assets acquired as part of a business combination that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses and reversal of impairment losses are recognised in the income statements.

Notes to the Non-Statutory Financial Statements (continued)

2. Significant accounting policies and basis of preparation continued

Intangible assets include acquired film distribution rights. These intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recorded in line with actual revenue recognized in the period over the total projected revenue. Impairment losses are recorded in the event that the present value of future proceeds is less than the carrying cost. As at 31 March 2017, the Group has one acquired film distribution rights deal with an expected life of 12 months beginning from September 2017.

Intangible assets include capitalised film production costs. The Group is currently producing a documentary film slated for distribution in late 2017. All film costs are capitalised and included within intangible assets. The balance is amortised in line with actual revenue recognised in the period over total projected revenue. The film is projected to have a life of approximately 10 years. Impairment losses are recorded in the event that the present value of future proceeds is less than the carrying cost. No revenues have been recognised in the current year.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. Leasehold improvements are amortised over the lives of the respective leases or the service lives of the improvements, whichever is shorter. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Editing Equipment	5 years
Fixtures and Fittings	5 – 7 years
Leasehold Improvements	5 – 15 years

Property, plant and equipment is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any property, plant and equipment that has suffered an impairment is reviewed for possible reversal of the impairment at each reporting date.

(k) Leases

Leases in which a significant portion of risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group as a lessor

Rental income from short-term operating leases relating to the rental of editing equipment is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(l) Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group recognises deferred tax liabilities and assets for expected future income tax consequences of events that have been recognised in the Group's financial statements, which will either be taxable or deductible when the assets and liabilities are recovered or settled and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

2. Significant accounting policies and basis of preparation continued

(m) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs. Arrangement and facility fees are capitalised with the borrowings and amortised over the life of the arrangement.

(n) Employee benefits

The Group sponsors a 401(k) plan for all eligible employees. All US resident employees are eligible to participate in the plan after reaching the age of 21 and completing six months of service with the Group. Employees may defer compensation up to the limits prescribed by the US Internal Revenue Code. The plan provides for an employer matching contribution of 100 percent for the first 3 percent of the employee's salary.

The Group also pays for certain health and pension benefits for its employees in the UK, China, Sweden and Canada.

(o) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measures at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial asset and financial liabilities (other than financial assets and financial liabilities at fair value through profit or 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 or loss are recognised immediately in profit or loss.

(p) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(q) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available for sale' (AFS) financial assets, and 'loans and receivables.' The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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 accounts and other receivables, bank balances and cash are measured at amortised cost using the effective interest method, less any impairment.

Notes to the Non-Statutory Financial Statements (continued)

2. Significant accounting policies and basis of preparation continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assets not to be impaired individually.

(r) Financial liabilities

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

(s) Accounts and other receivables

Trade receivables

The Group records as accounts receivable amounts primarily related to the outstanding fees on the short-term leases of editing equipment. The Group also records accounts receivable amounts related to completion contract fees not yet received as of the consolidated balance sheet date and receivables related to future tax credits on productions. These tax credits are usually collateral on loans that are used to provide financing to productions.

Advances

The Group records as advances amounts paid to productions to fund certain costs incurred to complete and deliver the particular film when the amounts paid are recoverable from existing sources of production funding.

Insurance receivable

The Group records an insurance receivable related to losses incurred on completion contract in excess of $500,000, the Group's deductible amount. The Group provides periodic updates on the latest claims positions to the insurers. Any claims in excess of $500,000 are reimbursed by the insurer in accordance with the insurance policies.

Rebate receivable

Potential rebates consist of profit commissions in the form of cash due from underwriters as well as the release of insurance premiums held in escrow. Rebates are accrued throughout the year based on the difference between the provisional insurance premium and the final premium plus any claims incurred in excess of $500,000. The insurance company calculates rebates annually, no later than 15 months following the expiration of the policy period. Rebates are recorded as a reduction to the insurance expense.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into know amounts of cash and which are subject to an insignificant risk of changes in value.

(u) Restricted cash

The Group, acting in a fiduciary capacity on behalf of certain financiers of films, receives cash that is restricted in use for the production of films. The Group is required to fund the production of the related films according to the production funding agreement. The Group records this cash received as restricted cash, with a corresponding payable to productions.

2. Significant accounting policies and basis of preparation continued

Restricted cash also includes insurance premiums held in escrow in connection with rebate conditions of the Group's insurance policy and amounts used to collateralise one of the Group's credit facilities. The escrow funds will be released with the annual insurance rebate in the event that actual claims experience is less than certain stipulated levels.

(v) Accounts and other payables

Accounts payable and accruals

The Group's liabilities include trade and other payables. Liabilities are measured at amortised cost using the effective interest method.

No claim bonuses payable

Certain completion contracts written by the Group provide for the return of a portion of the bond fee in the event that no claims are made against the contract. A liability is accrued for a no-claim bonus when the completion contract is consummated and paid upon the determination that no claims will be made on a specific contract. If a claim is made, any no-claim bonus liability is recognised as income.

Insurance payable

Completion contracts written by the Group are insured through a syndicate led by Lloyds, a UK based specialist insurance market. Film projects are insured on a title-by-title basis, for which the Group is assessed premiums based upon a sliding scale subject to certain deductibles and stop-loss provisions. Insurance premiums are due 45 days following the end of a month in which a completion contract is executed. The Group's facultative insurance policy has been historically renewed on an annual basis. Neither the Group nor the insurers are under obligation to renew the policies at their annual policy renewal date. If such policies were not renewed and a new insurance company was not secured, the impact might be significant to the operation of the Group.

The Group has used the same insurance provider for many years and has not had an issue renewing the policy. The Group has renewed the policy through 30 September 2017 and has recently effected revised insurance arrangements.

(w) Prepaid expenses

Included in prepaid expenses are prepaid Insurance costs. Insurance costs related to each project are deferred and recognised over the period of the contract. These costs are released in line with the recognition of revenue.

(x) Provision for losses

In accordance with any completion contract entered into, the Group may incur costs to complete and deliver a particular film in the event a counter party to the completion agreement fails to do so. All completion contracts are insured with a maximum deductible of $500,000 for each claim incurred on insured completion contracts, however the insurance policies also allow the insurer to claw back a portion of claims paid in excess of $500,000 against certain layers of insurance rebates due to the Group. The Group may receive recoveries of losses from the exploitation of the film subject to the completion bond contract. Such recoveries are recognised as a reduction of costs related to revenue when received.

In connection with this reserve, management performs an evaluation of periodic production accounting reports, visitation during various stages of production, and communication with various personnel associated with the production of the film.

(y) Areas of significant management judgment

The following are significant management judgments made in applying the accounting policies of the Group that have the most significant effect on the historical financial information.

Recognition of revenues from completion contracts

The Group takes on risk as soon as the contract is executed, and the incurred risk follows production spending throughout the stages of the project. Determining when to recognise revenues from these completion contracts in line with the risk incurred requires an understanding of the budget, contracts, historical experience, and knowledge of the industry.

Notes to the Non-Statutory Financial Statements (continued)

2. Significant accounting policies and basis of preparation continued

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Classification of EP financial solutions as a joint venture

EP Financial Solutions is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, EP Financial Solutions was classified as a joint venture of the Group. In the current year the investment is classified as held for sale. See note 16 for details.

Insurance rebates

The Group is entitled to insurance rebates if the actual claims are less than certain stipulated levels within the insurance policy. The insurance company calculates rebates 15 months following the expiration of the policy period. The Group must then calculate the insurance rebate to be received each period based on the actual claims for each contract and the stipulated levels within the insurance contract.

Provision for losses

The Group will calculate a provision for losses as soon as the loss is probable and estimable.

Control over Panda Productions, LLC

Note 15 describes that Panda Productions, LLC is a subsidiary of the Group even though the Group has nil ownership interest in Panda Productions, LLC. Panda Productions, LLC is an investment that was entered into by key management personnel. The key management personnel owns 50% of the investment and has direct control overs its dealings. The key management personnel has assigned all Panda Productions, LLC proceeds to the Group.

The Directors of the Group assessed whether or not the Group has control over Panda Productions, LLC based on whether the Group has the practical ability to direct the relevant activities of Panda Productions, LLC unilaterally. In making their judgement, the Directors considered the Group's absolute holdings in Panda Productions, LLC and the relative size of the dispersion of the shareholdings owned by the other investor. After assessment, the Directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Panda Productions, LLC and therefore the Group has control over Panda Productions, LLC. If the Directors had concluded that the Group did not have control, Panda Productions, LLC would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

Control over DSK Ventures Limited

Note 15 describes that DSK Ventures Limited is a subsidiary of the Group even though the Group has nil ownership interest in DKS Ventures Limited. DSK Ventures Limited provides tax credit financing deals. There is an agreement in place between DSK Ventures Limited and KSD Holdings LLC that assigns all profits from DSK Ventures Limited to KSD Holdings LLC. The tax credit financing deals are actively managed by DSK Ventures Limited and the Group.

The Directors of the Group assessed whether or not the Group has control over DSK Ventures Limited based on whether the Group has the practical ability to direct the relevant activities of DSK Ventures Limited unilaterally. In making their judgement, the Directors considered the Group's absolute holdings in DSK Ventures Limited and the overall dispersion of the profits. After assessment, the Directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of DSK Ventures Limited and therefore the Group has control over DSK Ventures Limited. If the Directors had concluded that the Group did not have control, DSK Ventures Limited would instead have been classified as an associate and the Group would have accounted for it using the equity method of accounting.

2. Significant accounting policies and basis of preparation continued

Fair value of shares received on Realta Production Group, Inc. disposal

In consideration for its disposal of Realta Production Group, Inc. the Group received 542 shares in the Company. The fair value of these shares of $2,810,564 was determined with reference to a comparable market transaction which occurred at the same time and the Directors consider this an appropriate basis.

(z) Key sources of estimation uncertainty

Revenue recognition

In order to recognise revenue within the time period of each stage of the contract, the Group utilises a ratio equal to the actual days incurred over the budgeted number of days within each stage multiplied by the percentage of the bonded budget allocated to the stage. Determining what percentage of revenue should be recognised at the different stages of each contract requires an estimation of the breakdown of the bonded budget expenditures over the contractually covered stages of each contract.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual cash flows are less than expected, a material impairment loss may arise. No impairment losses have been recognised to date.

Valuation of intangible assets

To determine the fair value of acquisition related intangible assets valuation techniques were adopted. These techniques use a variety of estimates, including expected future results and projected future cash flows, which are discounted using appropriate discount rates.

Useful lives of assets

The expected lives of intangible assets are estimated based on operational experience and the expectations that the customer relationships, trade names, and non-competition agreements will continue to provide additional synergies to the Group. Should any circumstances arise that would shorten the overall life, the carrying value of the asset may require adjustment.

Provision for losses

Reserves for losses represent management's estimate of the amount of expected costs associated with the completion of films, which includes the estimated deductible for claims on insured contracts. The resulting reserve for losses liability is periodically reviewed, and any adjustments are reflected in earnings at that time.

Rebate receivable

The expected rebate receivable is estimated based on management experience and historical evidence.

Deferred tax

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgment about future events. New information may become available that caused the Group to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such determination is made.

Carrying amount of assets and liabilities

The Group believes the overall carrying amounts of those assets and liabilities where there is estimation or uncertainty are properly stated. In particular, the provision for losses and the contingent consideration recognised as part of the business combination. See note 23 for more information on provision for losses. See note 30 for more information on the contingent consideration.

Notes to the Non-Statutory Financial Statements (continued)

3. Segmental information

For management purposes, the Group is organised into four operation segments; FFI, Cashet Card (now discontinued), KSD Holdings, and Rainbow Production Services. These segments are the basis on which the Group reports internally to the Directors, who have been identified as the chief operating decision makers.

Revenue and costs not included in one of these operating segments, for example central overheads, have not been allocated to an operating segment in line with the way they are reported to the chief operating decision makers.

The principal activities of the operating segments are as follows:

FFI: Completion Contracts
The main segment of the Group is to provide completion contracts to financial lenders and distributors in connection with the production of motion pictures films and television content.

Cashet Card: Credit Card Fees
Cashet Card facilitates the issuance of credit cards sponsored by MasterCard. Cashet Card is able to offer bulk purchasing discounts and earns fees on the transactions. Cashet Card was owned by Realta Production Group, Inc. which was disposed of on 11 November 2016. The operating profits for the year have been included as discontinued operations. See note 31.

KSD Holdings: Tax Credit Financing
KSD Holdings provides tax credit financing in the entertainment industry.

Rainbow Production Services: Editing Equipment Leasing
Rainbow Production Services provides film editing equipment and editing suite rentals. The Rainbow Production Services, LLC Group was acquired on 28 February 2017. See note 30.

For the year ended 31 March 2017	Completion Contracts USD	Tax Credit Financing USD	Editing Equipment Rental USD	Group USD
Total revenue	37,564,994	315,734	931,397	38,812,125
Gross profit	29,493,805	267,518	560,252	30,321,575
Operating Profit/(loss)	9,968,935	214,351	272,548	10,455,834
Finance income	42,310	–		42,310
Finance costs	–	(202,205)		(202,205)
Profit before taxation	10,011,245	12,146	272,548	10,295,939

For the year ended 31 March 2016	Completion Contracts USD	Tax Credit Financing USD	Editing Equipment Rental USD	Group USD
Total revenue	35,387,253	182,737	–	35,569,990
Gross profit	26,062,685	173,493	–	26,236,178
Operating Profit/(loss)	3,032,242	2,888	–	3,035,130
Finance income	9,844	–	–	9,844
Finance costs	(3,446)	(38,518)	–	(41,964)
Profit before taxation	3,038,640	(35,630)	–	3,003,010

3. Segmental information continued

The Group's revenue from continuing operations from external customers by location of operations are detailed below:

	2017 USD	2016 USD
Asia	6,293	44,212
Australia	2,156,006	1,772,009
Europe	5,499,305	4,504,001
Middle East & Africa	130,771	1,051,381
North America	31,019,750	28,198,387
	38,812,125	35,569,990

There were no single customers that contributed 10% or more of the Group's revenue for 2017. Included in total revenue are revenues of $5,744,173, for the year ending 31 March 2016, which arose from sales to the Group's largest customer.

The Group has dividend income from its investment in a joint venture. There was no dividend income earned for the year ending 31 March 2017. The total dividend income earned for the year ending 31 March 2016 totalled $176,095. See Note 11 for more information on the investment in the joint venture.

4. Cost of sales

The cost of sales is made up of the following charges:

	2017 USD	2016 USD
Staff costs	193,776	–
Insurance cost	15,977,127	15,458,722
Insurance rebate	(7,688,559)	(9,045,004)
Net claims/(recoveries)	(295,662)	2,705,151
Monitoring	19,645	84,416
Legal	44,188	118,623
Depreciation	81,923	–
Other	158,112	11,904
	8,490,550	9,333,812

5. Expenses

The profit before taxation is stated after charging/(crediting):

	2017 USD	2016 USD
Staff costs	10,915,773	13,805,620
Operating lease rentals	1,591,143	1,561,069
Depreciation of property, plant and equipment	132,847	153,923
Amortisation of intangible assets	82,694	66,667
Exchange rate transactional differences	(263,911)	(242,263)
Bad debt expense	334,071	60,000
Other administrative costs	6,060,712	6,853,650
	18,853,329	22,258,666

Notes to the Non-Statutory Financial Statements (continued)

5. Expenses continued

	2017 USD	2016 USD
Exceptional Costs	**1,894,445**	970,956

Costs of $1,579,306 have been recognised during the year in respect of the disposal of Realta Production Group, Inc. (see note 31) and to other legal matters connected with pre-IPO shareholder transactions. These costs have been included as exceptional costs on the statement of comprehensive income (2016: $nil). Costs of $315,139 have been recognised during the year in respect to failed share purchase transactions (2016: $970,956).

	2017 USD	2016 USD
Employment costs for the Group		
(including Executive Directors)		
Wages, salaries and commissions	**9,479,595**	12,230,730
Social security costs	**763,013**	724,184
Benefits	**668,852**	683,770
Pensions-defined contribution plan	**198,089**	166,936
	11,109,549	13,805,620
Included in the wages, salaries and commissions are the following amounts paid to the Directors:		
Director's emoluments	**2,809,650**	3,957,770
Pension-defined contribution plan	**21,200**	23,850
	2,830,850	3,981,620

Wage and salary costs were inclusive of bonus payments totalling $1,540,885 (2016: $3,342,520).

6. Finance costs and finance Income

Finance costs and finance income for the reporting periods consist of the following:

	2017 USD	2016 USD
Finance income		
Bank interest	**42,310**	9,844
Total interest income	**42,310**	9,844
Finance costs		
Bank interest	**202,205**	41,964
Total finance expense	**202,205**	**41,964**

7. Taxation

The charge to taxation consists of income taxes currently due or refundable plus deferred taxes arising from the timing differences between financial and income tax reporting.

The income tax provision consists of the following:

	2017 USD	2016 USD
Current	3,312,528	3,615,022
Deferred	1,205,913	(2,416,816)
	4,518,441	1,198,206

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2017 USD	2016 USD
Profit before tax from continuing operations	10,295,939	3,003,010
Tax on book income at Federal statutory rate (effective rate of 34%)	3,500,619	1,021,023
State income tax (5.19%), net of federal benefit	348,913	196,304
Non-deductible expenses	11,975	5,728
Effect of different tax rates of subsidiaries in foreign jurisdiction	68,656	12,183
Effect of tax credits of subsidiaries in foreign jurisdiction	103,152	63,173
Other return to provision adjustments	278,079	(27,953)
Adjustment to deferred income tax	207,047	(72,252)
	4,518,441	1,198,206

Notes to the Non-Statutory Financial Statements (continued)

7. Taxation continued

The provision for deferred income taxes results from temporary differences in the recognition of transactions for financial statement and tax purposes. The nature of the tax effects of those differences in each year were as follows:

	2017 USD	2016 USD
Deferred tax assets		
Net operating loss	49,542	166,448
Accrued bonus	–	1,098,852
State taxes and other	596,537	458,523
Total assets	646,079	1,723,823
Deferred tax liabilities		
Deferred revenue	2,386,420	3,212,424
Capitalised expenses	1,035,330	881,828
Customer relationships	311,921	326,666
Rebate receivable	863,577	229,365
Depreciation	70,413	70,413
Total liabilities	4,667,661	4,720,696
Net deferred tax assets and liabilities		
Deferred tax assets	646,079	1,723,823
Deferred tax liabilities	(4,667,661)	(4,720,696)
Net deferred tax liability	(4,021,582)	(2,996,873)

The Group files state income tax returns in various states, which may have different statutes of limitations. Generally, state income tax returns for the years ended 31 March 2014 through present are subject to examination. The Group also files tax returns in foreign jurisdictions, including the United Kingdom and Canada. The periods open to general examination for the United Kingdom are the years ended 31 March 2016 through present. The federal tax return for the year ended 31 March 2016 is currently under examination by the U.S. Internal Revenue Service (IRS). As of the date of this report, the IRS has not proposed any adjustment.

U.S. and foreign withholding taxes have not yet been recognised on the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that are essentially permanent in duration. Determination of the amount of any unrecognised deferred income tax liability on the excess of the financial reporting basis over the tax basis of investments in foreign subsidiaries, if any, has not been made. In the even that foreign earnings are to be remitted, the additional U.S. income tax expense would be immaterial.

Factors that may affect the Group's future tax charge include the impact of corporate restructuring, the resolution of open tax issues, future planning opportunities, corporate acquisitions and disposals, the use of roll forward tax losses and changes in tax legislation and tax rates.

At 31 March 2017, the Group has a state net operating loss carryforward of $1,000.

In June 2015 the Group reached a settlement with the US Internal Revenue Service (IRS) resolving all issues that arose in the 2012 routine audit. This settlement had no significant impact on the financial statements of the Group.

8. Dividends

	Date paid	2017 USD	2016 USD
Final dividend 2016 – 242 per share	2 June 2015	–	2,420,000
Total dividends		–	2,420,000

There were no dividends declared or paid in 2017.

9. Goodwill

	2017 USD	2016 USD
Cost	8,540,934	8,540,934
Additional amount recognised from business combinations occurring during the year (Note 30)	1,330,489	–
Balance at end of year	9,871,423	8,540,934

Goodwill represents the excess consideration over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired subsidiary at the date of acquisition.

Goodwill acquired through business combinations is allocated to CGU's for impairment testing. The goodwill balance was allocated to the following CGU's:

	2017 USD	2016 USD
Film Finances, Inc.	8,540,934	8,540,934
Rainbow Productions Services, LLC	1,330,489	–
Total	9,871,423	8,540,934

The recoverable amount for each CGU is determined using a value in use calculation. This calculation uses pre-tax cash flow projections derived from 2018 budgets, as approved by the Directors, with an underlying growth rate of 2% per annum in years 2 to 5. After year 5 a terminal value has been applied using an underlying long-term growth rate of 2%. No additional specific growth has been assumed beyond year 1. The pre-tax cash flows are discounted to present value using the Group's pre-tax weighted average cost of capital ("WACC"), which was 14%. This rate was calculated using the Capital Asset Pricing Model with an estimated cost of debt and equity, with appropriate small company risk factors.

The value-in-use exceeds the total goodwill value across the Group. The impairment review of the Group is sensitive to changes in the key assumptions, most notably the pre-tax discount rate, the terminal growth rate and the projected operating cash flows. Reasonable changes to these assumptions are considered to be:

- 1.0% increase in the pre-tax discount rate.
- 1.0% decrease in the terminal growth rate.
- 10.0% decrease in projected operating cash flows.

Reasonable changes to the assumptions used, considered in isolation, would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Notes to the Non-Statutory Financial Statements (continued)

10. Intangible assets

	Film Distribution Rights USD	Capitalised Film Costs USD	Trade Name USD	Non-Competition Agreement USD	Customer Relationships USD	Total USD
Cost						
At 1 April 2016	–	–	–	–	1,000,000	1,000,000
Additions	1,000,000	1,989,016	220,000	250,000	1,280,000	4,739,016
At 31 March 2017	**1,000,000**	**1,989,016**	**220,000**	**250,000**	**2,280,000**	**5,739,016**
Amortisation						
At 1 April 2016	–	–	–	–	(183,334)	(183,334)
Charge for period	–	–	(3,667)	(3,472)	(75,555)	(82,694)
At 31 March 2017	**–**	**–**	**(3,667)**	**(3,472)**	**(258,889)**	**(266,028)**
Net carrying amount at 31 March 2017	**1,000,000**	**1,989,016**	**216,333**	**246,528**	**2,021,111**	**5,472,988**
Cost						
At 1 April 2015	–	–	–	–	1,000,000	1,000,000
Additions	–	–	–	–	–	–
At 31 March 2016	–	–	–	–	1,000,000	1,000,000
Amortisation						
At 1 April 2015	–	–	–	–	(116,667)	(116,667)
Charge for period	–	–	–	–	(66,667)	(66,667)
At 31 March 2016	–	–	–	–	(183,334)	(183,334)
Net carrying amount at 31 March 2016	–	–	–	–	816,666	816,666

Amortisation costs are charged through administrative and other expenses.

No amortisation costs were recognised on the Film Distribution Rights or Capitalised Film Costs during the year. As at 31 March 2017 the one film that comprises the Group's Film Distribution Rights has not been released, therefore no revenues have been recognised in relation to this film. Further, the documentary film that comprised the Group's Capitalised Film Costs is currently in production, therefore no revenue has been recognised in relation to this film.

11. Financial assets

	2017 USD	2016 USD
Joint ventures at equity method accounting		
Opening cost of joint venture at equity method accounting	**140,905**	187,386
Capital contributions	**–**	129,614
Dividends	**–**	(176,095)
Closing cost of joint venture at equity method accounting	**140,905**	140,905
Earnings for the year	**–**	94,822
Cumulative share in earnings (losses) of associate from prior periods	**75,139**	(19,683)
Closing value of joint venture at equity method accounting	**216,044**	216,044
Transfer of interest to an asset held for sale	**(216,044)**	–
Investment in joint venture	**–**	216,044

The Group owns a 40% interest in EP Financial Solutions. Entertainment Partners owns the other 60% interest in EP Financial Solutions and is responsible for the financial reporting. EP Financial Solutions provides tax credit financing. The purpose for the investment in EP Financial Solutions was to participate in the domestic tax credit financing.

As at 31 March 2017, the Group has not recorded any profit share for the year due to the lack of financial reporting from Entertainment Partners. The Group is actively negotiating with Entertainment Partners to sell its 40% interest in the joint venture. The selling price is expected to equal the current closing value of the joint venture.

12. Investment

Investments related to the Group's 2.5% ownership in the Chinese Theatres Holdings LLC, which owns and operates the world famous Chinese Theatre in Hollywood.

	2017 USD	2016 USD
At 1 April 2016 and 31 March 2017	**283,113**	283,113

13. Other non-current assets

Other long-term assets principally consist of prepaid expenses and deposits. These items are considered long-term as they will not be settled within the 12 months following the end of the reporting period.

	2017 USD	2016 USD
Prepaid Expenses	**326,819**	562,371
Deposits	**414,460**	17,000
Total	**741,279**	579,371

Notes to the Non-Statutory Financial Statements (continued)

14. Property, plant, and equipment

	Editing Equipment	Leasehold Improvements	Fixtures and Fittings	Total
Cost				
At 1 April 2016	–	160,750	1,594,162	1,754,912
Additions	166,358	28,678	65,131	260,167
Acquired through acquisition (see note 30)	8,870,416	125,721	5,782	9,001,919
Disposals	–	(148,732)	(33,292)	(182,024)
At 31 March 2017	**9,036,774**	**166,417**	**1,631,783**	**10,834,974**
Depreciation				
At 1 April 2016	–	(154,843)	(1,027,211)	(1,182,054)
Charge for period	(80,368)	(3,515)	(130,887)	(214,770)
Acquired through acquisition (see note 30)	(6,530,881)	(19,901)	(2,313)	(6,553,095)
Disposals	–	148,732	33,292	182,024
Adjustment	–	–	(109,643)	(109,643)
At 31 March 2017	(6,611,249)	(29,527)	(1,236,762)	(7,877,538)
Net book value at 31 March 2017	**2,425,525**	**136,890**	**395,021**	**2,957,436**
Cost				
At 1 April 2015	–	160,750	1,199,079	1,359,829
Additions	–	–	395,083	395,083
At 31 March 2016	–	160,750	1,594,162	1,754,912
Depreciation				
At 1 April 2015	–	(137,550)	(890,581)	(1,028,131)
Charge for period	–	(17,293)	(136,630)	(153,923)
At 31 March 2016	–	(154,843)	(1,027,211)	(1,182,054)
Net book value at 31 March 2016	**–**	**5,907**	**566,951**	**572,858**

Depreciation expense is charged to costs related to revenue and administrative and other expenses.

15. Group undertakings

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Country of incorporation/ principal operation	Proportion of ownership interest and voting power held by the Group 2017 USD	2016 USD
Held directly:			
Film Finances Canada Ltd.	Canada	**100%**	100%
Film Finances Scandinavia AB	Sweden	**60%**	60%
Film Finances Limited (formerly Film Finances Services Limited)	United Kingdom	**100%**	100%
Film Finances GmbH-Munich (dormant)	Germany	**100%**	100%
Realta Production Group, Inc. (i)	USA	**Nil**	100%
DaDa Productions, Inc. (dormant) (vii)	USA	**n/a(vii)**	100%
Film Finances GmbH-Germany	Germany	**100%**	100%
KSD Holdings LLC	USA	**70%**	70%
Nordic Capital Media AB	Sweden	**60%**	60%
Film Finances Singapore PTE LTD	Singapore	**100%**	100%
Film Finances Hungary	Hungary	**100%**	100%
PBL Finance	USA	**100%**	100%
FF Network	USA	**100%**	100%
Great Outlook	Malaysia	**100%**	100%
FF Asia	USA	**100%**	100%
Film Finances China Cultural Services Ltd.	China	**100%**	100%
Film Finances SA PTY LTD	South Africa	**100%**	100%
Film Finances S.R.O.	Czech Republic	**100%**	100%
DSK Productions Inc. (dormant) (vii)	USA	**n/a(vii)**	100%
FF Sales, Inc. (dormant) (vii)	USA	**n/a(vii)**	100%
Rainbow Productions Services, LLC	USA	**100%**	100%
Film Finances New Mexico, LLC	USA	**100%**	100%
Film Finance Louisiana, LLC	USA	**100%**	100%
FF of Carolina, LLC	USA	**100%**	100%
Film Finances Pennsylvania, LLC	USA	**100%**	100%
Film Finances Alabama, LLC	USA	**100%**	100%
Film Finances Scandinavia APS (dormant) (vii)	Denmark	**n/a(vii)**	100%
DSK Ventures Limited (ii)	USA	**Nil**	Nil
Cashet Card, LLC (iii)	USA	**Nil**	50%
Cashet Card Holdings, LLC (formerly Film Travel Holdings) (iii)	USA	**Nil**	50%
Rainbow Productions Services, LLC (iv)	USA	**100%**	Nil
Rainbow Digital Services LLC (iv)	USA	**100%**	Nil
Pivotal Post Limited (iv)	United Kingdom	**100%**	Nil
Post Production Pivotal (Quebec) Inc. (iv)	Canada	**100%**	Nil
Pivotal Post Corporation (iv)	Canada	**100%**	Nil
Film Finances, Inc. (Bahamas) (v)	Bahamas	**100%**	Nil
Panda Productions LLC (vi)	USA	**Nil**	Nil

(i) Realta Production Group, Inc. was sold during the year. See note 31.

(ii) DSK Ventures Limited is 70% owned by key management personnel of the Group. The service agreement between KSD and DSK as well as control by the key management personnel gives the Group indirect control.

(iii) Cashet Card, LLC is 50% owned by Realta Production Group, Inc., a fully owned subsidiary. Cashet Card Holdings, LLC is 100% owned by Cashet Card, LLC. Realta Production Group, Inc. was sold during the year; therefore the Group no longer has control over Cashet Card Holdings LLC and Cashet Card, LLC as of 31 March 2017. See note 31.

(iv) Rainbow Productions Services, LLC and subsidiaries (Rainbow Digital Services LLC, Pivotal Post Limited, Post Production Pivotal (Quebec) Inc. and Pivotal Post Corporation) were purchased during the year. See note 30.

(v) Film Finances, Inc. (Bahamas) was incorporated on 19 December 2016 and became a subsidiary at that date.

(vi) Panda Productions LLC is 50% owned by key management personnel of the Group. The service agreement between the key management personnel and Panda Productions LLC gives the Group rights to variable returns from the entity, which gives the Group indirect control.

(vii) The following entities, which were previously dormant, were dissolved during the year:

a. Dada Productions, Inc., 9 May 2016
b. DSK Productions, Inc., 7 November 2016
c. FF Sales, Inc., 7 November 2016
d. FF Scandinavia APS, 28 February 2017

Notes to the Non-Statutory Financial Statements (continued)

15. Group undertakings continued

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interest		Accumulated non-controlling interests	
		2017	2016	**2017 USD**	2016 USD	**2017 USD**	2016 USD
KSD Holdings LLC	USA	**30%**	30%	**(1,484)**	(14,024)	**57,895**	59,369
Cashet Card, LLC (i)	USA	**0%**	50%	**255,379**	(88,326)	**–**	(255,379)
Individually immaterial subsidiaries with non-controlling interests						**81,225**	170,151
Total						**139,120**	(25,859)

(i) Prior to its disposal, Realta Production Group, Inc., was a fully owned subsidiary, and owned 50% of Cashet Card, LLC. The Group maintained the bank accounts for Cashet Card, LLC, managed the financial reporting, and made the strategic decisions. As such, the Group had control over the entity. Realta Production Group, Inc. was sold during the year. See note 31.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

KSD Holdings LLC

	2017 USD	2016 USD
Current assets	**5,561,204**	2,112,228
Non-current assets	**–**	–
Current liabilities	**(4,182,578)**	(683,019)
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**(1,378,626)**	(1,429,209)
Non-controlling interests	**–**	–

15. Group undertakings continued

	2017 USD	2016 USD
Revenue	315,734	–
Expenses	(303,585)	(1,637)
Profit/(loss) for the year	12,149	(1,637)
Profit/(loss) attributable to owners of the Company	8,504	(1,146)
Profit/(loss) attributable to the non-controlling interest	3,645	(491)
Profit/(loss) for the year	12,149	(1,637)
Other Comprehensive income attributable to owners of the Company	(3,000)	371
Other Comprehensive income attributable to the non-controlling interests	(1,286)	159
Other Comprehensive income for the year	(4,286)	530
Dividends paid to non-controlling interests	7,660	348,202
Net cash outflow from operating activities	(1,900,754)	(234,803)
Net cash outflow from financing activities	(7,660)	(348,202)
Net cash outflow	(1,908,414)	(583,005)

16. Assets classified as held for sale

	2017 USD	2016 USD
Investment in joint venture	216,044	–

As described in note 11, the Group plans to dispose of the investment in the joint venture. The Group is currently negotiating with Entertainment Partners to sell its 40% interest in the joint venture. No impairment loss was recognised on the reclassification of the investment as the selling price is expected to equal the current closing value of the joint venture.

17. Trade and other receivables

Trade and other receivables consist of the following:

	2017 USD	2016 USD
Advances receivable	–	344,071
Trade receivable	2,091,695	1,244,859
Rebate receivable	2,302,824	585,236
Insurance receivable	194,473	411,274
Due from related parties	3,423,999	335,878
Total trade and other receivables	8,012,991	2,921,318
Loans receivable		
Loans receivable [(i)]	4,151,795	4,420,559
Total	12,164,786	7,341,877

(i) The collateral of the loan balance above is a tax credit receivable.

Notes to the Non-Statutory Financial Statements (continued)

17. Trade and other receivables continued

The aging of trade and other receivable balance is as follows:

	2017 USD	2016 USD
Not past due	11,856,229	7,331,877
Past due 1 to 30 days	148,447	–
Past due 31 to 90 days	143,915	–
Past due 91 days	16,195	10,000
Total	12,164,786	7,341,877

The Directors consider that the carrying value of accounts and other receivables approximates to fair value.

18. Other current assets

Other current assets principally consist of prepaid expenses and prepaid taxes. Prepaid expenses include expenses incurred related to the completion contracts. Expenses that are incurred related to these contracts are deferred and recognised in line with the recognition of revenue.

	2017 USD	2016 USD
Prepaid expenses	3,032,438	2,501,832
Tax and other	1,395,934	324,859
Total	4,428,372	2,826,691

19. Restricted cash

Restricted cash consist of the following:

	2017 USD	2016 USD
Held in fiduciary capacity for production [(i)]	36,265,379	39,785,808
Insurance premiums held in escrow [(ii)]	4,131,836	4,073,750
Restricted cash	40,397,215	43,859,558

(i) The Group acts in a fiduciary capacity on behalf of certain financiers of films. The Group receives cash, which is restricted in use for the production of films. The Group is required to fund the production of the related films according to the production funding agreement. The amounts are recorded in restricted cash with the corresponding payable recorded as payable to productions.

(ii) The Group reserves for approximately 9 percent of net bond fees as insurance premiums to be held in escrow to satisfy insurance premiums in the event that actual claims expense exceed stipulated levels. To the extent actual claims result in additional insurance premiums due, that incremental premium amount is carried forward to future insurance periods to offset rebates that would otherwise be payable to the Group and, in certain situations, the incremental premium amount is immediately due.

20. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2017 USD	2016 USD
Cash in hand	2,443	2,443
Cash at bank	13,144,428	14,926,341
Cash and cash equivalents	**13,146,871**	14,928,784

21. Borrowings

The Group has several bank finance facilities. The first is a one-year term loan secured by a tax credit receivable. The loan bears interest at 2% plus one month LIBOR. The loan had an initial maturity date of 30 September 2016 and was renewed during the period and now matures on 30 September 2017. The average interest rate on the loan for the year ended 31 March 2017 was 2.23% (2016: 2.44%). The outstanding balance of the loan as of 31 March 31 2017 was $4,173,954 (2016: $4,405,372). The loan is due upon receipt of the tax credit.

The second is a $1,000,000 promissory note in connection to the acquisition of film distribution rights (note 10), which bears interest at 12% per annum when called upon and is due on demand. The outstanding balance at 31 March 2017 was $1,000,000 (2016: $nil).

The third is a three-year promissory note due to an employee entered into on 28 February 2017 in the amount of $804,497. The note is payable in $20,000 monthly instalments and bears interest at 6% per annum with the remaining balance outstanding and all accrued interest payable on 25 January 2020. The term loan is payable to a related party, see note 28. The outstanding balance at 31 March 2017 was $787,842 (2016: $nil).

	2017 USD	2016 USD
Non-Current		
Term Loan (related party) 2-5 years	590,163	–
	590,163	–
Current		
Term Loan (secured by a tax credit receivable)	4,173,954	4,405,372
Term Loan	1,000,000	–
Term Loan (related party)	197,679	–
	5,371,633	4,405,372
Total Borrowings	**5,961,796**	4,405,372

Notes to the Non-Statutory Financial Statements (continued)

22. Trade and other payables

Trade and other payables principally comprise of amounts outstanding for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are non-interest bearing and are initially measured at fair value and thereafter at amortised cost using the effective interest method. Deferred revenues arise when the Group enters into a completion contract. Consideration received is initially deferred and recognised in line with the revenue recognition policy.

	2017 USD	2016 USD
Trade payables	**811,450**	490,191
Accruals	**2,230,703**	4,964,253
Deferred revenue	**6,484,318**	4,974,299
Due to affiliates	**–**	125,000
No-claim bonus payable	**3,903,393**	4,030,511
Insurance payable	**7,289,844**	5,153,273
Other payables	**1,017,719**	–
Total	**21,737,427**	19,737,527

Included in "other payables" balance is an amount of $500,000 relating to a tax liability accrual and $491,000 of contingent earn-out payments due to an employee generated as part of the acquisition of a subsidiary (See note 30).

23. Provision for losses

	2017 USD	2016 USD
At beginning of year	**457,632**	1,493,686
Losses charged to income	**445,157**	1,401,185
Claims paid	**(634,686)**	(3,553,833)
Recoveries on claims paid	**509,143**	1,116,594
At end of year	**777,246**	457,632

The provision for losses is in relation to amounts payable for the completion of certain films, which includes the estimated deductible for claims on insured contracts. Provisions for losses are provided for on a by project basis when losses are probable and quantifiable up to the deductible amount of $500,000. Claim payments are typically made directly to production depending on their funding needs. Any claims payments in excess of the deductible are reimbursed by the insurers. Recoveries, if any, are recorded as a reduction to claim payments.

24. Operating lease commitments

Operating leases relate to leases of land with lease terms of between 4 and 10 years. The Group does not have an option to purchase the leased land at the expiry of the lease periods. The Group had commitments under non-cancellable operating leases expiring as follows:

	2017 USD	2016 USD
Not later than 1 year	**2,398,688**	942,142
Later than 1 year and not later than 5 years	**8,011,515**	3,901,861
Later than 5 years	**615,424**	1,210,496
	11,025,627	6,054,499

25. Capital commitments

The Group has no material capital commitments as at 31 March 2017 and 2016.

26. Contingent liabilities

The Company issues Completion Bonds. The Company mitigates the risk in relation to these agreements by making payments to certain third parties in the event a project is not delivered within a time frame and budget range set forth under the terms of the specific agreement. The Company utilises one or more insurance companies to cover the majority (the Group is self insured for a portion) of its liability with respect to each such budget overruns. No liability is recorded with respect to the Completion Bond obligation to the third parties until there is evidence that is it incurred and a loss will result. The Company does record the costs associated with the insurance purchased to cover its risk and the budget overruns related to each such Completion Bond.

On 11 November 2016, the Group was a party to a contract to facilitate a transaction between certain shareholders who wished to sell their shares and a buyer who wished to purchase them. Under this agreement between the Group, the selling shareholders, the continuing shareholders and the buyer, contingent earn out consideration is payable by the buyer to selling shareholders. The earn out payment is calculated based on projected bond fees in 2017 and 2018 meeting certain thresholds, less an allowance for claims. While the earn out payment is payable by the buyer and not the Group, the Group has provided a guarantee to the selling shareholders on the full and punctual payment of the earn out payments by the buyer. As at 31 March 2017, the Group estimates the aggregate earn out payment, and consequently the total quantum of the sum guaranteed to total approximately $2,645,000.

27. Share capital

	Authorised number of common shares	Allotted, issued and fully paid number of common shares	Share capital USD	Share premium USD
At 1 April 2015	900,000	10,000	–	109,500
Movements in the year	–	–	–	–
At 31 March 2016	900,000	10,000	–	109,500
Movements in the year	–	(542)	–	–
At 31 March 2017	**900,000**	**9,458**	**–**	**109,500**

The Group has 100,000, no par value, preferred shares authorised; however no shares are issued or outstanding.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

During the year 542 shares were brought in to treasury by the Group as part of the disposal of Realta Production Group, Inc. These shares were subsequently cancelled by the Group. See note 31.

28. Related party transactions

The Directors do not consider there to be an ultimate controlling party. The Group has related party relationships with its subsidiaries and its Directors. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. See note 30 for business acquisition and note 32 for post balance sheet events.

The Group had a liability of approximately $nil due to minority owners as of 31 March 2017 (2016: $125,000).

Advances to employees totalled approximately $145,000 at 31 March 2017 (2016: $223,000). These amounts are non-interest bearing and are due on demand. There was $63,000 written off during the year, which was recognised in the statement of comprehensive income within the administrative and other expenses.

Notes to the Non-Statutory Financial Statements (continued)

28. Related party transactions continued

Advances to officers totalled approximately $3,257,000 at 31 March 2017 (2016: $113,000). These balances bear interest at 3% and have maturity dates ranging from 2017 through 2025. The interest recognised during the year related to these notes total $34,698 (2016: $nil). This balance includes a $3,000,000 promissory note to an officer, which is secured against 3,216 shares in the Group as at 31 March 2017. This promissory note has subsequently been repaid on 25 July 2017 with no call made on the security provided.

A key member of management has a loan outstanding to Panda Productions LLC in the amount of $160,000 (2016: $nil). The loan is payable on closing of the production bank loan.

A stockholder of the Group participates in the syndicate that insures the Group's completion contracts. The stockholder's share of the gross premiums paid to the syndicate totals $1,148,911 for the year ended 31 March 2017 (2016: $452,000).

The Group has a three-year term loan from an employee in the amount of $804,497 (2016: $nil). The note was entered into on 28 February 2017 and is due in full on 25 January 2020. The note bears interest at 6% per annum and has monthly payments on $20,000. The outstanding balance at 31 March 2017 was $787,842.

The Group has a consulting agreement with a former Director of the Group. As of 11 November 2016 the directorship ended and the new agreement became effective. The agreement requires the Director to provide guidance and services to the Group on an exclusive basis effective 1 April 2016. The Director receives a consulting fee in the amount of $24,000 per month as well as an expense allowance of $3,000 per month. In addition, there is a potential bonus equal to 10 percent of Lionsgate completion guarantee fees. Total bonus expense under this agreement totalled $178,946 for the year ended 31 March 2017 (2016: $781,931).

	2017 USD	2016 USD
Compensation of the five key management personnel		
Short-term employee benefits	**1,421,759**	3,957,770
	1,421,759	3,957,770

29. Financial Instruments

The Group's principal financial instruments comprise bank loans, overdrafts, loan notes, deferred consideration for acquisitions under IFRS 3, trade receivables, investments, trade payables and cash. The main purpose of these financial instruments is to provide finance for the Group operations. The Group has other financial assets and liabilities, which arise directly from operations.

29. Financial Instruments continued

The following table provides an analysis of the Group's non-derivative financial assets and liabilities at 31 March 2017 and 2016:

	2017 USD	2016 USD
Financial assets:		
Classified as loans and receivables:		
Cash and cash equivalents	**13,146,871**	14,928,784
Accounts receivable	**12,164,786**	7,341,877
Total financial assets	**25,311,657**	22,270,661
Financial liabilities:		
Classified as financial liabilities at amortised cost:		
Accounts and other payables	**21,737,427**	19,737,527
Borrowings – Current	**5,371,633**	4,405,372
Borrowings – Non-current	**590,163**	–
Total financial liabilities	**27,699,223**	24,142,899

All non-derivative financial assets are categorised as either available for sale financial assets or loans and receivables and all non-derivative financial liabilities are categorised as other financial liabilities at amortised cost.

Risk Management objectives and policies

The main risk arising from the Group's financial instruments are insurance contract risk, interest rate risk, liquidity risk, credit risk and foreign exchange risk.

Insurance Contracts

The Group works primarily with clients that have a longstanding relationship with the Group. These clients typically have vast experience in film production and work with producers, Directors and line-producers who the Group's employees are familiar with. With each project, both our legal and production staff will need to evaluate, among other things, the reasonableness of the budget, the key individuals and parties involved and other risks based on, but not limited to, the genre, location and the need for any special visual or audio effects.

Interest rate risk

The Group's exposure to interest rate risk arises from the Group's long-term debt obligations with floating and fixed interest rates. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Floating rate financial instruments comprise of the Group's cash and equivalents and borrowings. Fixed rate financial instruments comprise of borrowings. The other financial instruments of the Group are non-interest bearing and are therefore not subject to interest-rate risk.

Based on current levels of net debt, interest rate risk is not considered to be material.

Foreign exchange risk

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures in respect of revenues, assets, liabilities, and cash flows. The Group minimises foreign currency risk by requiring overseas customer to adhere to strict payment terms. The risk is also mitigated by paying insurance premiums in USD based on the transaction rate of foreign currencies.

The Group has foreign subsidiaries located in Europe, Asia, Australia, and Canada. Differences that arise from the translation of these assets from foreign currency to USD are recognised in other comprehensive income in the year and the cumulative effect as a separate component in equity. The Group does not hedge this translation exposure to its equity.

Notes to the Non-Statutory Financial Statements (continued)

29. Financial instruments continued

The Group took out a loan in September 2015 through its variable interest entity, DSK Ventures Limited, to fund against a future tax credit receivable for a UK production. The loan was renewed in September 2016. The production's expenditures are expected to quality for a tax credit that will be in excess of the loan. The loan is denominated in GBP and has an offsetting tax credit receivable also denominated in GBP. Both balances are translated at the spot rate at the balance sheet date.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2017 USD	2016 USD	**2017 USD**	2016 USD
Currency of United Kingdom	**280,216**	269,903	**2,649,918**	2,849,721
Currency of Canada	**4,102,732**	1,875,103	**4,098,523**	1,895,953
Currency of China	**309,919**	774,549	**447,650**	934,737
Others	**86,729**	175,375	**500,897**	396,307

The Group is mainly exposed to the currency of the United Kingdom (GBP), Malaysia (MYR), China (CNY) and Canada (CAD).

The following table details the Group's sensitivity to a 10% increase and decrease in the USD to the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender of the borrower. A positive number below indicates an increase in profit or equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	2017 USD Profit or loss	**2017 USD Equity**	2016 USD Profit or loss	2016 USD Equity
Currency of United Kingdom	**20,880**	**236,321**	64,987	699,946
Currency of Canada	**(1,198)**	**(420)**	279	2,081
Currency of China	**(58,073)**	**13,729**	(76,036)	15,960

Liquidity risk

The Group aims to mitigate its liquidity risk by managing its cash resources and continuously monitoring forecast and actual cash flows. The Group has a term loan agreement secured by a tax credit receivable, which expires 30 September 2017. The outstanding balance at 31 March 2017 is $4,173,954 (2016: $4,405,371). The Group has a $1,000,000 promissory note in connection to the acquisition of film distribution rights outstanding, which is due on demand. The Group has an $804,497 promissory note due to an employee outstanding with a related party that matures on 25 January 2020. Monthly payments of $20,000 began January 2017. The note was entered into on 28 February 2017 and is due in full on 25 January 2020. The note bears interest at 6% per annum and has monthly payments on $20,000. The outstanding balance at 31 March 2017 was $787,842.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at 31 March 2017 and 2016 based on contractual undiscounted payments, including estimated interest payments where applicable.

29. Financial instruments continued

As at 31 March 2017	Within 1 year USD	1-2 years USD	2-3 years USD	Total USD
Obligation under loan facilities	5,371,633	209,975	380,188	5,961,796
Trade payables	21,737,427	–	–	21,737,427
Payable to production	36,265,379	–	–	36,265,379
Total	63,374,439	209,975	380,188	63,964,602

As at 31 March 2016	Within 1 year USD	1-2 years USD	2-3 years USD	Total USD
Obligation under loan facilities	4,405,372	–	–	4,405,372
Trade payables	19,737,527	–	–	19,737,527
Payable to production	39,785,808	–	–	39,785,808
Total	63,928,707	–	–	63,928,707

Credit risk

The credit risk on liquid funds is limited because funds are deposited over a number of counterparties who are banks with a mix of high quality balance sheets, high credit ratings assigned by international credit rating agencies or strong governmental support. The Group maintains cash balances in financial institutions in excess of insured limits. The Group has not experienced any losses on such accounts and does not believe it is exposed to significant credit risk.

Fair values of financial assets and financial liabilities

The Group's financial instruments are principally compromised of cash, investments, and bank loans. Fair value items, when calculated by discounting the expected future cash flows at prevailing interest rates, result in no differences between the carrying amount and fair value. The carrying amounts of all other financial instruments of the Group, i.e. short-term trade receivables and payables are a reasonable approximation of fair value. The carrying amount recorded in the balance sheet of each financial asset represents the Group's maximum exposure to credit risk.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains access to sufficient capital to continue to grow its business. The Group's capital comprises share capital and retained earnings. See note 32.

30. Business combination

On 28 February 2017, the Group purchased the entire share capital of Rainbow Production Services, LLC and Subsidiaries (RPS), a limited liability company incorporate in the State of Delaware. RPS provides film editing and production equipment on a rental basis. RPS was acquired to expand the Group's activities within the film industry.

Consideration

	Total USD
Cash	4,000,000
Contingent consideration arrangement	2,200,000
Total consideration transferred	6,200,000

Notes to the Non-Statutory Financial Statements (continued)

Under the contingent consideration arrangement, the Group is required to pay the former owner of RPS an additional $400,000 plus 30% of the EBITDA in excess of the specified EBITDA target (which excess amount shall not exceed $2,000,000 per year) in each of the years 2017, 2018, 2019 and 2020, provided RPS reaches the fiscal year EBITDA target for the applicable year. The target EBITDA for each of the following four years is as follows; 2017: $2,500,000, 2018: $2,600,000, 2019: $2,700,000, and 2020: $2,800,000. RPS's EBIDTA for the past two years as been approximately $600,000 on average. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between $nil and $4,000,000.

The fair value of the contingent consideration arrangement of $2,200,000 was estimated by applying the income approach. The fair value estimates are based on an assumed discount rate range of 1.4 – 2.7% and assumed probability-adjusted EBITDA in RPS of $2,500,000 – $3,300,000 for each of the next four years.

Acquisition related costs amounting to $19,236 have been excluded from the consideration transferred and have been recognised as an expense in the statement of comprehensive income in the current year, within the administrative expense line item.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Total USD
Current assets	
Cash and cash equivalents	983,497
Accounts receivable	907,698
	1,891,195
Non-current assets	
Plant and equipment	2,448,824
Deposits	368,938
Identifiable intangible assets	1,750,000
	4,567,762
Current liabilities	
Accounts payable	(262,843)
Accrued liabilities	(522,514)
Notes payable	(804,089)
	(1,589,446)
Net balance acquired	4,869,511

The receivables acquired (which principally comprise trade receivables) in these transactions have a fair value equal to the contractual amount. There are no contractual cash flows that are not expected to be collected as of the acquisition date.

The goodwill of $1,330,489 arising from the acquisition of RPS consists largely of the of expected synergies, revenue growth, future market development and the assembled workforce of RPS. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Included in the profit for the year is $272,548 attributable to the additional business generated by RPS and revenue for the year includes $931,397. Had this business combination been effected as 1 April 2016, the revenue of the Group from continuing operations would have been $49,362,504, and the profit for the year from continuing operations would have been $7,273,634. The Directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

31. Discontinued operations

On 11 November 2016, the Group disposed of Realta Production Group, Inc., which owned 50% of Cashet Card, LLC. Cashet Card facilitates the issuance of credit cards sponsored by MasterCard and is able to offer bulk purchasing discounts and earns fees on the transactions. The transaction was carried out with one of the Directors of the Group. The consideration was a transfer of the Director's shares, 542 shares of common stock, in the Group for the 1,500 shares, 100% of the then-issues and outstanding shares of common stock, of Realta Production Group, Inc. The fair value of the 542 shares received was $2,810,569 which has been recognised in the statement of comprehensive income as part of the profit from discontinued operations. These shares were subsequently cancelled.

Simultaneously with the agreement, the Director sold his remaining shares, 3,274 shares of common stock, to unrelated third parties.

Costs in relation to this transaction total $1,579,306 and have been disclosed in the statement of comprehensive income separately as exceptional costs.

	Total USD
Consideration	2,810,569
Net assets disposed of	(105,373)
Total profit on disposal	2,705,196

Analysis of profit for the year from discontinued operations

The combined results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	2017 USD	2016 USD
Profit for the year from discontinued operations		
Revenue	**2,627,622**	3,114,822
Expenses	**(2,467,733)**	(2,971,362)
Profit before tax	**159,889**	143,460
Attributable income tax expense	**(59,798)**	(55,489)
Profit after tax	**100,091**	87,971
Profit on disposal of operation	**2,705,196**	–
Attributable income tax expense	**39,410**	–
	2,744,606	–
Profit for the year from discontinued operations (attributable to owners of the Company)	**2,844,697**	87,971

	2017 USD	2016 USD
Cash flows from discontinued operations		
Net cash inflows from operating activities	**(127,372)**	214,093

Notes to the Non-Statutory Financial Statements (continued)

31. Discontinued operations continued

Analysis of assets and liabilities over which control was lost:

	Realta Production Group, Inc. USD	Cashet Card, LLC USD	Cashet Services Holdings LLC USD	Total USD
Current assets				
Cash and cash equivalents	–	501,266	57,369	558,635
Accounts receivable	–	–	76,185	76,185
	–	501,266	133,554	634,820
Non-current assets				
Other assets	–	500,822	–	500,822
	–	500,822	–	500,822
Current liabilities				
Accounts payable	–	(1,139,482)	109,213	(1,030,269)
	–	(1,139,482)	109,213	(1,030,269)
Net balance	–	(137,394)	242,767	105,373

32. Post balance sheet events

FFI Holdings PLC was incorporated in London on 30 May 2017 as a holding company of Film Finances Inc., its principal operating subsidiary. Shares in FFI Holdings PLC were listed on London's AIM market on 30th June 2017 under the exchange identifier "FFI". The company issued 157,041,248 shares at 150 pence per share, valuing the company at approximately £236 million on issue. As this occurred after year end, there are no earnings per share calculations.