



INTERIM  
FINANCIAL  
REPORT

H1 2018

## FFI Holdings PLC

(“FFI” or “the Group”)

### Interim Results for the six months ended 30 September 2017

London, 21 December 2017 - FFI Holdings PLC (AIM: FFI), the world leader in the provision of completion contracts to the entertainment industry for films, television, mini-series and streaming product, as well as for renting editing equipment to film makers is pleased to present unaudited financial results for the six months ended 30 September 2017 (H1 2018).

#### Financial Highlights:

- Group revenue up 55.1% to \$24.2m (H1 2017: \$15.6m).
- Completion Contract revenues up 24.3% to \$18.9m (H1 2017: \$15.2m).
- Equipment Rental \$5.0m revenue contribution following the acquisition of Pivotal Post in February 2017.
- Underlying EBIT of \$7.1m (H1 2017: \$5.4m)\*.
- Reported EBIT, loss of \$1.8m (H1 2017: \$4.9m), including \$8.9m of IPO-related expenses.
- Underlying profit of \$5.3m (H1 2017: \$3.2m).
- Underlying operating cash flow of \$7.5m (H1 2017: \$5.7m).
- Net cash increased to \$41.5m (H1 2017: \$15.7m) primarily due to successful IPO on AIM market, raising net proceeds of approximately \$38.8m on 30 June 2017.

\* Reported EBIT adjusted for certain exceptional expenses

#### Trading Update:

- Growth in all Completion Contract markets except US where industry scandals affecting one prominent independent film maker have directly and indirectly resulted in project delays
- Insurance captive (FFI Insurance) program commenced October 2017 enabling FFI to generate savings in insurance costs
- IMAX panda documentary scheduled for release in Spring 2018
- Reel Media acquisition announced today provides platform to launch FFI's entertainment insurance intermediary business
- Three acquisitions completed post balance sheet date: EPS Cineworks, Buff Dubs and Reel Media, further broadening FFI's product offerings

**Commenting on the Group's historical performance and trading update, Steven Ransohoff, CEO of FFI, said:**

"It has been an eventful first six months for FFI as a listed company, during which we saw continued growth across our business. Our IPO at the end of the first quarter was a landmark event that delivered net proceeds of approximately \$38.8m and equipped the Group for a new phase of investment-led growth.

It is frustrating to have been impacted by recent events in the US film business as our core business has experienced growth in the rest of the world and the US business had been on track to meet expectations until scandals erupted in the last quarter of the calendar year resulting in the delay or cancellation of several projects. As we move towards the fiscal fourth quarter, I expect a busy end to our financial year and further announcements on our use of IPO proceeds. The next twelve months will no doubt be exciting ones for FFI as we reap the financial benefits of the initiatives embarked upon in 2017. I look forward to communicating our progress to shareholders as we diversify our business and consolidate our market shares in both completion contracts and post-production services."

Steven Ransohoff, CEO  
21 December 2017

## **About FFI Holdings PLC**

FFI Holdings PLC (AIM: FFI) is the holding company of Film Finances Inc., the world's leading provider of completion contracts to the entertainment industry, which offer assurance to the financiers of film, TV, mini-series and online media content that productions will be completed on time and on budget. These contracts serve to offload risks to production budgets and timelines for financiers, as well as for FFI through long-standing insurance relationships.

Since its founding in the 1950s, FFI has issued contracts on approximately 7,000 productions. These include many of the film industry's best known-titles, ranging from the first Bond movie (Dr. No, 1962) to The Hunger Games (2012) and Oscar winning films such as 12 Years a Slave (2013) and La-La Land (2016).

FFI is also a fast-growing global provider of post-production equipment and services for the entertainment industry. FFI entered this business in February 2017 through the acquisition of Pivotal Post and consolidated its position in this market further through the purchase of EPS-Cineworks Digital Studios in November 2017.

Over successive decades FFI has grown globally to become a trusted, iconic brand at the centre of the film industry. Headquartered in Los Angeles, USA, it has 11 offices globally, including in London, Stockholm, Toronto, New York, Cape Town, Cologne and Shanghai.

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This announcement contains inside information.

## Review of Operations

### Group Overview

Group revenue for the first six months of the financial year increased by 55.1% on the previous year to \$24.2m (H1 2017: \$15.6m). Completion Contract revenues continued to dominate Group sales (78% of total) and grew by 24.3% to \$18.9m (H1 2017: \$15.2m). The acquisition of Pivotal Post (Rainbow Production Services, LLC) in February 2017 saw the Group recognise Equipment Rental revenues of \$5.0m for the period (21% of total).

The Group delivered underlying EBIT of \$7.1m in the first six months of 2018 (H1 2017: \$5.4m). Reported EBIT was a loss of \$1.8m (H1 2017: \$4.9m), which includes \$8.9m of IPO-related expenses. The Group recorded an after-tax loss of \$3.5m (H1 2017: \$2.5m).

The Group was cash flow positive in the period reporting underlying operating cash flow of \$7.5m (H1 2017: \$5.7m). Net cash increased to \$41.5m (H1 2017: \$15.7m) primarily due to the Group's successful IPO on London's AIM market (on 30 June 2017), which raised net proceeds of approximately \$38.8m.

### Completion Contracts

The Group's core Completion Contract business continued to grow over the period, delivering revenues of \$18.9m (H1 2017: \$15.2m). This was mainly driven by a \$2.5m contribution in China (13% of total). Completion Contract revenue for the period, excluding China, increased by 8% to \$16.4m (H1 2017: \$15.2m).

#### Completion Contract Revenue by geographical segment:

	H1 2018 (\$)	H1 2017 (\$)	YOY change (%)
Asia	2,519,290	-	-
Australia	912,472	747,517	22.1%
Europe	2,364,706	1,886,330	25.4%
Middle East & Africa	139,541	115,776	20.5%
North America	13,014,584	12,476,970	4.3%
	18,950,593	15,226,593	24.5%

Gross insurance costs remained relatively constant at 40.0% of sales (H1 2017: 40.2%) due to a slight delay implementing the Group's captive insurance arrangement, which commenced in October 2017. Claims of \$0.2m (H1 2017: \$19k) were up slightly due to claim reserves on two projects but remain lower than historical averages. The Group expects the new captive insurance arrangement to significantly reduce both gross and net insurance costs going forward.

The number of new projects in the Completion Contracts business was lower than in the equivalent period last year at 74 (H1 2017: 85) but the average budget per project was higher at \$12.9m (H1 2017: \$12.0m).

This resulted in total net fees of \$15.2m (H1 2017: \$15.6m) at an average net fee per project of 1.59% (H1 2017: 1.53%).

<b>Completion Contracts (ex China) - New Projects:</b>		
	<b>H1 2018</b>	<b>H1 2017</b>
Number of projects	74	85
Average budget per project	\$ 12,930,857	\$ 12,023,275
Project Value	\$ 956,883,416	\$1,021,978,404
Net fee per value *	1.59%	1.53%
Net fees *	\$ 15,197,419	\$ 15,603,558

\* Net of no-claims payment

### **Equipment Rental**

Acquisitions in post-production services have been a key strategic focus of our business as we leverage FFI's core Completion Contracts franchise.

The Group benefited from first-time revenue contributions from Equipment Rental in the year to 31 March 2017 following the acquisition in February 2017 of Pivotal Post, a leading equipment rental business. Pivotal Post recorded \$5.0m in revenues during the six months to 30 September 2017.

### **Entertainment Content**

The Group is committed to investing in Entertainment Content where this can enhance shareholder returns. Our major ongoing commitment here is FFI's collaboration with IMAX on a panda documentary, which will be distributed to audiences throughout IMAX's theatres. We were pleased to see photography and editing completed on the documentary during the period. However, the Group has since been notified by IMAX that it intends to shift its US release date to Spring 2018, slightly later than originally planned.

### **China**

China continues to be the newest and most exciting growth market for FFI. As the only foreign company to receive a license to offer completion contracts to the domestic entertainment industry, we see significant opportunities to expand our commercial reach in what remains one of the world's fastest growing entertainment markets. Our relationship with People's Insurance Company of China (PICC), China's largest insurer, remains strong and rollout on entertainment risk insurance services has now begun with training of key PICC personnel. We expect to write our first policies in this business during fiscal year 2019.

### **Acquisitions Update**

FFI has continued to invest in its Post Production business through acquisitions, in line with our business strategy outlined at the time of the IPO. The Group has made three acquisitions in fiscal Q3.

In November 2017, FFI acquired EPS-Cineworks Digital Studios (“EPS-Cineworks”) for a total consideration of \$9.54m. EPS-Cineworks is a full service, digital, post-editing machine rental business, servicing numerous theatrical and television productions and complements our existing Equipment Rental business.

In December 2017, FFI announced the acquisition of Buff Dubs Pty. Ltd. (“Buff Dubs”) for an initial payment of A\$1.65 million in cash followed by 5 annual payments of 12.5% of Buff Dub’s EBITDA at a 4 times multiple. Buff Dubs is one of Australia’s most innovative post-production services companies with technology leadership in encoding, transcoding, media duplication and mastering.

Separately today, FFI announced the acquisition of Reel Media LLC (Reel Media) for an initial payment of \$7.25 million and 5 annual payments equivalent to a 6 times multiple of 8.6% of trailing EBITDA thereafter. Reel Media is a leading US-based entertainment insurance agency that offers a comprehensive suite of insurance products to the entertainment industry globally. Reel Media provides the Group with the platform needed to aggressively grow its entertainment insurance business. Additional updates are expected in early 2018.

## **Outlook**

Since the beginning of October 2017 the film industry in the US has been impacted by allegations of misconduct against senior figures. A number of titles in the Group’s pipeline for completion bonding and post production editing in FY18 have been delayed as a result. In particular, the FFI pipeline reflected \$3.5m in completion guarantee fees from the three largest titles from one specific production company alone which is not now in a position to proceed with those projects. The Board does ultimately expect these films to be taken on by other production companies but they will not now contribute to FY18 earnings. Completion contract business has grown in every other jurisdiction other than the US.

The successful creation of FFI Insurance in September 2017, a captive insurer, and new agreement with MS Amlin Underwriting Limited are starting to deliver cost benefits to FFI’s insurance-related expenses. The program began in October 2017, slightly behind its originally anticipated launch.

Our panda documentary, which is being produced in collaboration with IMAX, has finished photography and was originally slated for a launch in late 2017. However, the Group has since been informed by IMAX that it currently anticipates a U.S. launch in the Spring of 2018. As a result, the Group now anticipates revenue recognition will begin in the second calendar quarter of 2018.

The Board expects to report Underlying EBIT in the range of \$15-\$18 million for the fiscal year ending 31 March 2018 (2017: \$12.7m).

**FFI Holdings Plc**  
**Consolidated statement of comprehensive income**  
**for the period ended 30 September 2017**

	Note	Unaudited 6 months ended 30 September 2017 USD	Unaudited 6 months ended 30 September 2016 USD	Audited year ended 31 March 2017 USD
<b>Continuing operations</b>				
Revenue	3	24,238,965	15,566,502	38,812,125
Costs related to revenue		(5,438,706)	(1,836,550)	(8,490,550)
<b>Gross profit</b>		18,800,259	13,729,952	30,321,575
Administrative and other expenses		(11,934,431)	(8,284,299)	(18,853,329)
Exceptional costs	4	(8,874,975)	(525,978)	(1,894,445)
Other income		197,668	7,401	924,666
Other expense		-	(42,633)	(42,633)
<b>Operating profit</b>		(1,811,479)	4,884,443	10,455,834
Financing income		36,369	4,757	42,310
Finance costs		(22,298)	(188,011)	(202,205)
<b>(Loss)/profit before taxation</b>		(1,797,408)	4,701,189	10,295,939
Taxation	5	(1,810,734)	(2,127,391)	(4,518,441)
<b>(Loss)/profit for the year from continuing operations</b>		(3,608,142)	2,573,798	5,777,498
<b>Discontinued operations</b>				
Profit for the year from discontinued operations		-	63,054	2,844,697
<b>(Loss)/profit for the year</b>		(3,608,142)	2,636,852	8,622,195
Total (loss)/profit for the year attributable to:				
Owners of the Company		(3,682,918)	2,425,368	8,429,493
Non-controlling interest		74,776	211,484	192,702
		(3,608,142)	2,636,852	8,622,195
<b>Other comprehensive income/(loss) from continuing operations, net of income tax</b>				
Exchange difference on translating foreign operations attributable to Owners of the Company		106,238	(174,691)	(307,070)
<b>Total other comprehensive income from continuing operations attributable to Owners of the Company</b>		106,238	(174,691)	(307,070)
Exchange difference on translating foreign operations attributable to non-controlling interests		7,591	(5,427)	(20,063)
<b>Total comprehensive income for the year from continuing operations</b>		(3,494,313)	2,456,734	8,295,062
Total comprehensive (loss)/income attributable to:				
Owners of the Company		(3,576,680)	2,250,677	8,122,423
Non-controlling interest		82,367	206,057	172,639
		(3,494,313)	2,456,734	8,295,062
(Loss)/earnings per share attributable to owners of the parent				
Total				
Basic (cents)	6	(2.44)	1.65	5.97
Diluted (cents)	6	(2.44)	1.65	5.97
Continuing operations				
Basic (cents)	6	(2.46)	1.89	4.25
Diluted (cents)	6	(2.46)	1.89	4.25



**FFI Holdings Plc**  
**Consolidated statement of financial position**  
**as at 30 September 2017**

	Note	Unaudited 30 September 2017 USD	Unaudited 30 September 2016 USD	Audited 31 March 2017 USD
<b>Assets</b>				
<b>Non-current</b>				
Goodwill		9,871,423	8,540,934	9,871,423
Intangible assets	10	7,579,951	783,333	5,472,988
Investments		283,113	283,113	283,113
Other non current assets		909,220	1,010,534	741,279
Investment in a joint venture		-	216,044	-
Property, plant and equipment		2,929,589	526,354	2,957,436
Deferred tax assets		1,954,389	1,723,823	646,079
<b>Non-current assets</b>		<b>23,527,685</b>	<b>13,084,135</b>	<b>19,972,318</b>
<b>Current</b>				
Trade and other receivables		7,779,423	3,485,371	12,164,786
Other current assets		2,595,298	2,531,728	4,428,372
Restricted cash	11	62,604,967	38,356,182	40,397,215
Cash and cash equivalents		43,967,107	17,676,903	13,146,871
		116,946,795	62,050,184	70,137,244
Assets classified as held for sale		216,044	-	216,044
<b>Current assets</b>		<b>117,162,839</b>	<b>62,050,184</b>	<b>70,353,288</b>
<b>Total assets</b>		<b>140,690,524</b>	<b>75,134,319</b>	<b>90,325,606</b>
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables		21,289,930	15,721,521	21,737,427
Income tax payable		2,949,990	2,721,279	1,287,635
Payable to productions		50,557,951	36,048,120	36,265,379
Provision for losses		663,749	43,469	777,246
Borrowings	12	1,954,137	1,945,350	5,371,633
<b>Current liabilities</b>		<b>77,415,757</b>	<b>56,479,739</b>	<b>65,439,320</b>
<b>Non-current</b>				
Borrowings	12	486,629	-	590,163
Other payables		1,709,000	-	1,709,000
Deferred tax liabilities		4,667,661	3,755,217	4,667,661
<b>Non-current liabilities</b>		<b>6,863,290</b>	<b>3,755,217</b>	<b>6,966,824</b>
<b>Total liabilities</b>		<b>84,279,047</b>	<b>60,234,956</b>	<b>72,406,144</b>
<b>Equity</b>				
Share Capital		2,035,570	1,763,402	1,763,402
Share premium		38,539,508	-	-
Merger reserve		(1,653,902)	(1,653,902)	(1,653,902)
Foreign exchange		(218,129)	(191,988)	(324,367)
Share based payment reserve		3,174,652	-	-
Retained Earnings		14,312,291	14,801,653	17,995,209
<b>Total equity attributable to owners of the Company</b>		<b>56,189,990</b>	<b>14,719,165</b>	<b>17,780,342</b>
Non-controlling interests		221,487	180,198	139,120
<b>Total Equity</b>		<b>56,411,477</b>	<b>14,899,363</b>	<b>17,919,462</b>

**FFI Holdings Plc**  
**Consolidated statements of changes in equity**  
**for the period ended 30 September 2017**

	Equity attributable to owners of the parent							Total equity attributable to owners of the parent USD	Non-controlling interest USD	Total equity USD
	Share capital	Share premium	Treasury shares	Merger reserve	Foreign exchange	Share based payment reserve	Retained earnings			
	USD	USD	USD	USD	USD	USD	USD			
<b>Balance at 31 March 2016 (Audited)</b>	1,763,402	-	-	(1,653,902)	(17,297)	-	12,376,285	12,468,488	(25,859)	12,442,629
Profit for the period	-	-	-	-	-	-	2,425,368	2,425,368	211,484	2,636,852
Other comprehensive income for the period	-	-	-	-	(174,691)	-	-	(174,691)	(5,427)	(180,118)
<b>Total comprehensive income for the period</b>	-	-	-	-	(174,691)	-	2,425,368	2,250,677	206,057	2,456,734
<b>Balance at 30 September 2016 (unaudited)</b>	1,763,402	-	-	(1,653,902)	(191,988)	-	14,801,653	14,719,165	180,198	14,899,363
Profit for the period	-	-	-	-	-	-	6,004,125	6,004,125	(18,782)	5,985,343
Other comprehensive income for the period	-	-	-	-	(132,379)	-	-	(132,379)	(14,636)	(147,015)
<b>Total comprehensive income for the period</b>	-	-	-	-	(132,379)	-	6,004,125	5,871,746	(33,418)	5,838,328
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)	-	(2,810,569)
<b>Balance at 31 March 2017 (Audited)</b>	1,763,402	-	-	(1,653,902)	(324,367)	-	17,995,209	17,780,342	139,120	17,919,462
(Loss)/profit for the period	-	-	-	-	-	-	(3,682,918)	(3,682,918)	74,776	(3,608,142)
Other comprehensive income for the period	-	-	-	-	106,238	-	-	106,238	7,591	113,829
<b>Total comprehensive loss for the period</b>	-	-	-	-	106,238	-	(3,682,918)	(3,576,680)	82,367	(3,494,313)
Issue of shares during the period	272,168	40,553,072	-	-	-	-	-	40,825,240	-	40,825,240
Issuance costs	-	(2,013,564)	-	-	-	-	-	(2,013,564)	-	(2,013,564)
Equity settled share based payments	-	-	-	-	-	3,174,652	-	3,174,652	-	3,174,652
<b>Balance at 30 September 2017 (Unaudited)</b>	2,035,570	38,539,508	-	(1,653,902)	(218,129)	3,174,652	14,312,291	56,189,990	221,487	56,411,477

**FFI Holdings Plc**  
**Consolidated statements of cash flows**  
**for the period ended 30 September 2017**

	Note	Unaudited six months ended 30 September 2017 USD	Unaudited six months ended 30 September 2016 USD	Audited year ended 31 March 2017 USD
<b>Cash flows from operating activities</b>				
(Loss)/profit before taxation including discontinued operations		(1,797,408)	4,764,243	13,140,636
Adjustments for:				
Share based payments	9	3,174,652	-	-
Depreciation		569,883	62,951	214,770
Amortisation of intangible assets	10	129,503	33,333	82,694
Finance costs		-	-	202,205
Profit on disposal of subsidiary		-	-	(2,810,569)
Net foreign exchange (gain)/loss		113,829	(180,118)	(327,133)
		2,190,459	4,680,409	10,502,603
<b>Increase in working capital:</b>				
(Increase)/decrease in restricted cash	11	(7,915,180)	1,765,688	(58,086)
Decrease/(increase) in accounts receivable		1,391,696	3,220,966	(920,128)
Decrease/(increase) in other assets		1,434,291	176,951	(1,686,628)
Increase/(decrease) in trade and other payables		708,605	(4,098,617)	(717,149)
(Decrease)/increase in provision for losses		(113,497)	(414,163)	319,614
(Decrease)/increase in deferred revenue		(1,086,779)	517,635	1,510,019
<b>Cash generated from operations</b>		<b>(3,390,405)</b>	<b>5,848,869</b>	<b>8,950,245</b>
Interest paid		(22,298)	(188,011)	(202,205)
Income taxes paid		(1,503,696)	(455,525)	(2,013,859)
<b>Net cash generated from/(used in) operating activities</b>		<b>(4,916,399)</b>	<b>5,205,333</b>	<b>6,734,181</b>
<b>Cash flows from investing activities</b>				
Purchases of intangible assets		(2,236,466)	-	(2,989,016)
Purchase of property, plant and equipment		(542,036)	(16,447)	(260,167)
Loan amounts advanced to employees		-	-	(4,862,113)
Loan repayments by employees		3,224,491	19,255	1,867,030
Net cash outflow on acquisition of subsidiary		-	-	(3,016,503)
<b>Net cash used in investing activities</b>		<b>445,989</b>	<b>2,808</b>	<b>(9,260,769)</b>
<b>Cash flows from financing activities</b>				
Net proceeds from issue of share capital		38,811,676	-	-
Distribution of capital to non-controlling interests		-	-	(7,660)
Proceeds from borrowings	12	1,750,000	1,945,350	5,157,707
Repayment of borrowings	12	(5,271,030)	(4,405,372)	(4,405,372)
<b>Net cash generated by financing activities</b>		<b>35,290,646</b>	<b>(2,460,022)</b>	<b>744,675</b>
<b>Net decrease in cash and cash equivalents</b>		<b>30,820,236</b>	<b>2,748,119</b>	<b>(1,781,913)</b>
Cash and cash equivalents at the beginning of the year		13,146,871	14,928,784	14,928,784
<b>Cash and cash equivalents at the end of the year</b>		<b>43,967,107</b>	<b>17,676,903</b>	<b>13,146,871</b>



**Notes to the Consolidated Interim report  
For the six months ended 30 September 2017**

**1. Nature of operations and general information**

FFI Holdings Plc (the “Company”) is the holding company of a group of companies (the “Group”) whose principal activity 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. The Group also provides film editing equipment and editing suite rentals.

The address of FFI Holdings Plc’s registered office and principal place of business is 9000 Sunset Boulevard, Suite 1400, Los Angeles, CA 90069, United States.

FFI Holdings Plc’s share are listed on the London Stock Exchange’s AIM market.

FFI Holdings Plc’s consolidated financial statements are presented in US Dollars, which is the functional currency of the operating subsidiaries.

**2. Accounting policies**

**2.1 Basis of preparation**

The condensed consolidated interim financial information for the half year ended 30 September 2017 was approved by the Board of Directors and authorised for issue on 21 December 2017. The figures for the six months ended 30 September 2017 and 30 September 2016 are unaudited and do not constitute full accounts. The comparative figures for the year ended 31 March 2017 are extracts from the 2017 audited accounts (which are available on the Company’s website) and do not constitute full accounts. The independent auditor’s report on the 2017 accounts was unqualified.

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2017 have been applied in the preparation of these condensed consolidated interim financial statements. These interim financial statements have been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (“IFRS”) as endorsed by the European Union that are expected to be applicable to the consolidated financial statements for the year ended 31 March 2018 and on the basis of accounting policies expected to be used in those financial statements.

There were no new relevant standards or interpretations to be adopted for the six months ended 30 September 2017.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing their half-yearly financial statements.

FFI Insurance Limited was incorporated on 12 July 2017 and became a subsidiary at that date.

**2.3 Capital reorganisation**

On 30 June 2017 FFI Holdings Plc entered into a share for share agreement with the ultimate beneficiaries of Film Finances, Inc. and Subsidiaries, whereby 136,043,872 new ordinary shares of £0.01 each were issued to the ultimate beneficiaries of Film Finances, Inc. and Subsidiaries in exchange for their shares in Film Finances, Inc. and Subsidiaries in the same proportion as their shareholding in Film Finances, Inc. and Subsidiaries. The transaction has been treated as a capital reorganisation and merger accounting principles applied in consolidating the results of FFI Holdings Plc and Film Finances, Inc. and Subsidiaries.

The comparatives used within the consolidated interim financial statements reflect the financial performance and position of Film Finances, Inc. and Subsidiaries. The impact of merger accounting is to reflect the group as though it had always been in existence. Therefore the prior periods comparatives reflect those of Film Finances, Inc. and Subsidiaries. In the current period, the results reflect those of the whole group for the whole period. The only change to the reported balance sheet position is to reflect the share capital of FFI Holdings Plc rather than that of Film Finances, Inc. and Subsidiaries. The difference between the nominal value of the shares issued by FFI Holdings Plc in consideration for the share capital of Film Finances, Inc. and Subsidiaries and the share capital of Film Finances, Inc. and Subsidiaries is taken to the merger reserve.

**3. Segmental Information**

For management purposes, the Group is organised into three operating segments; FFI, 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.

**KSD Holdings: Tax Credit Financing**

KSD Holdings provides tax credit financing in the entertainment industry.

**3. Segmental Information (continued)**

**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.

For the six months ended 30 September 2017	Completion Contracts USD	Tax Credit Financing USD	Editing Equipment Rental USD	Unallocated Corporate Expenses USD	Group USD
Total revenue	18,950,593	283,245	5,005,127	-	24,238,965
Gross profit	15,659,691	283,245	2,857,323	-	18,800,259
<b>Operating Profit/(loss)</b>	<b>5,590,050</b>	<b>281,603</b>	<b>1,191,843</b>	<b>(8,874,975)</b>	<b>(1,811,479)</b>
Finance income	36,369	-	-	-	36,369
Finance costs	(1,034)	(21,264)	-	-	(22,298)
<b>Profit before taxation</b>	<b>5,625,385</b>	<b>260,339</b>	<b>1,191,843</b>	<b>(8,874,975)</b>	<b>(1,797,408)</b>

For the six months ended 30 September 2016	Completion Contracts USD	Tax Credit Financing USD	Editing Equipment Rental USD	Unallocated Corporate Expenses USD	Group USD
Total revenue	15,226,593	339,909	-	-	15,566,502
Gross profit	13,390,043	339,909	-	-	13,729,952
<b>Operating Profit/(loss)</b>	<b>5,070,512</b>	<b>339,909</b>	<b>-</b>	<b>(525,978)</b>	<b>4,884,443</b>
Finance income	4,757	-	-	-	4,757
Finance costs	(188,011)	-	-	-	(188,011)
<b>Profit before taxation</b>	<b>4,887,258</b>	<b>339,909</b>	<b>-</b>	<b>(525,978)</b>	<b>4,701,189</b>

For the year ended 31 March 2017	Completion Contracts USD	Tax Credit Financing USD	Editing Equipment Rental USD	Unallocated Corporate Expenses 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
<b>Operating Profit/(loss)</b>	<b>11,863,380</b>	<b>214,351</b>	<b>272,548</b>	<b>(1,894,445)</b>	<b>10,455,834</b>
Finance income	42,310	-	-	-	42,310
Finance costs	-	(202,205)	-	-	(202,205)
<b>Profit before taxation</b>	<b>11,905,690</b>	<b>12,146</b>	<b>272,548</b>	<b>(1,894,445)</b>	<b>10,295,939</b>

**Geographical segments**

The Group also reports by geographical segment.

	Unaudited Six months ended 30 September 2017 USD	Unaudited Six months ended 30 September 2016 USD	Audited Year ended 31 March 2017 USD
Asia	2,519,290	6,319	6,293
Australia	912,472	747,517	2,156,006
Europe	2,858,199	2,219,919	5,499,305
Middle East & Africa	139,541	115,776	130,771



North America	17,809,463	12,476,971	31,019,750
	<b>24,238,965</b>	<b>15,566,502</b>	<b>38,812,125</b>

#### 4. Initial public offering

On 30 June 2017 the Group published its AIM Admission Document following its successful \$38.8m fundraising. Its ordinary shares of £0.01 each were admitted to trading on the AIM market on 30 June 2017.

The Group issued 157,041,248 shares at a price of \$1.94 per share, valuing the group at approximately \$306m on issue and raising \$40.8m before expenses. Total expenses of the Initial public offering ('IPO') and fundraising were \$10,888,539, of which \$2,013,564 were directly attributable to the issue of the new shares and have been charged to the Share Premium account. The balance of \$8,874,957 has been charged to the Consolidated Income Statement and included within administrative expenses in the period ended 30 September 2017.

#### 4. Initial public offering (continued)

To facilitate the IPO, FFI Holdings Plc was incorporated on 30 May 2017 and acquired the entire issued share capital of Film Finances, Inc. and Subsidiaries under a share for share exchange on 30 June 2017.

A number of one-off and non-cash items, totalling \$8,874,975 are summarised in the following table.

	Unaudited Six months ended 30 September 2017 USD	Unaudited Six months ended 30 September 2016 USD	Audited Year ended 31 March 2017 USD
<b>Exceptional Costs</b>			
Expenses of the IPO - one off	5,700,323	-	-
Equity settled share based payment transactions - non-cash	3,174,652	-	-
	<b>8,874,975</b>	-	-

#### 5. Taxation

The underlying tax charge is based on the expected effective tax rate for the full year to 31 March 2017. It is anticipated that the tax charge in the period will be \$1,810,734 and assumes that the \$5,700,323 in IPO expenses are not tax deductible for IRS purposes.

#### 6. Loss per share

Basic loss per share has been calculated on the loss after tax for the period and the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 September 2017 USD	Unaudited Six months ended 30 September 2016 USD	Audited Year ended 31 March 2017 USD
Weighted average number of shares in issue	146,542,561	136,043,873	136,043,873
Total comprehensive (loss)/earnings per ordinary share	(3,576,680)	2,250,677	8,122,423
Total basic (loss)/earnings per ordinary share (cents)	(2.44)	1.65	5.97
Weighted average number of shares in issue	146,542,561	136,043,873	136,043,873
Share options	1,918,219	-	-
Weighted average fully diluted number of shares in issue	148,460,780	136,043,873	136,043,873
Total fully diluted (loss)/earnings per share (cents)	(2.44)	1.65	5.97
Continuing (loss)/earnings for the year	(3,608,142)	2,573,798	5,777,498
Continuing basic (loss)/earnings per share (cents)	(2.46)	1.89	4.25
Continuing fully diluted (loss)/earnings per share (cents)	(2.46)	1.89	4.25

#### 7. Dividends

No dividends have been paid by the Group in any of the periods presented.

#### 8. Share capital

	Unaudited	Unaudited	Unaudited	Unaudited
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	Number of ordinary shares	Number of redeemable shares	Number of deferred shares	Total USD
At 30 May 2017 on incorporation	1	-	-	-
Issued on 30 June 2017	136,043,872	-	-	1,763,402
Issued on 30 June 2017	20,997,375	-	-	272,168
Issued on 30 June 2017	-	50,000	-	64,810
Cancellation of shares 30 June 2017	-	(50,000)	-	(64,810)
	<b>157,041,248</b>	-	-	<b>2,035,570</b>

### 9. Share-based payments

On 30 June 2017, the date of admission, the Group granted to two directors and one employee executive options to subscribe for ordinary shares. All options are equity settled. The executive options have an exercise price \$0.40 per share.

### 9. Share-based payments (continued)

The table below shows the number of executive options granted to each recipient:

Kevin Hyman	President of Rainbow Production Services, LLC	557,780
Timothy Trankina	Chief Financial Officer	1,020,329
Antony Mitchell	Chief Operating Officer	1,020,329

All executive options for Kevin Hyman and Timothy Trankina became fully vested and exercisable at the date of admission. In the case of Antony Mitchell, one-third of his executive options became fully vested and exercisable at the date of admission, and one-third will vest and become exercisable on each of the first two anniversaries of such date thereafter.

Once vested, the executive options may be exercised in full or in part by the recipient by following the procedures established by the Group. With respect to the executive options granted to Timothy Trankina, 765,247 of the executive options expire on 15 June 2018 and 255,082 of the executive options expire on the fifth anniversary of the date of grant. All executive options granted to Kevin Hyman expire on 15 June 2018. The executive options granted to Antony Mitchell expire no later than 15 June following the year in which such portion of his executive options vest. In each case, if the recipient's employment is terminated, all executive options must be exercised within 90 days after the date of termination, or the date on which such executive options otherwise expire.

At 30 September 2017, the Group has charged \$3,174,652 as a share-based payment expense for all executive options fully vested and exercisable. Options were valued using a Black-Scholes model and will be charged through the profit and loss account over the vesting period. The assumptions used in valuing the executive options are a risk free rate of 2.0%, volatility of 30% an expected life between 0.71 years and 2.25 years and a fair value calculated at \$1.65 each.

In addition to the executive options, the Group intends to implement a new discretionary equity incentive plan under which awards can be granted in the form of options to acquire ordinary shares (stock options) or rights to receive a payment equal to the appreciation of an ordinary share (stock appreciation rights). The plan is currently being reviewed by management and is subject to board approval.

### 10. Intangible assets

	Film Distribution Rights USD	Capitalised Film Costs USD	Trade Name USD	Non- Competition Agreement USD	Customer Relationships USD	Total USD
<b>Cost</b>						
At 1 April 2016	-	-	-	-	1,000,000	1,000,000
Additions	-	-	-	-	-	-
<b>At 30 September 2016</b>	-	-	-	-	<b>1,000,000</b>	<b>1,000,000</b>
<b>Amortisation</b>						
At 1 April 2016	-	-	-	-	(183,334)	(183,334)
Charge for period	-	-	-	-	(33,333)	(33,333)
<b>At 30 September 2016</b>	-	-	-	-	<b>(216,667)</b>	<b>(216,667)</b>
<b>Net carrying amount at 30 September 2016</b>	-	-	-	-	<b>783,333</b>	<b>783,333</b>
<b>Cost</b>						
At 30 September 2016	-	-	-	-	1,000,000	1,000,000



Additions	1,000,000	1,989,016	220,000	250,000	1,280,000	4,739,016
<b>At 31 March 2017</b>	<b>1,000,000</b>	<b>1,989,016</b>	<b>220,000</b>	<b>250,000</b>	<b>2,280,000</b>	<b>5,739,016</b>
<b>Amortisation</b>						
At 30 September 2016	-	-	-	-	(216,667)	(216,667)
Charge for period	-	-	(3,667)	(3,472)	(42,222)	(49,361)
<b>At 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>(3,667)</b>	<b>(3,472)</b>	<b>(258,889)</b>	<b>(266,028)</b>
<b>Net carrying amount at 31 March 2017</b>	<b>1,000,000</b>	<b>1,989,016</b>	<b>216,333</b>	<b>246,528</b>	<b>2,021,111</b>	<b>5,472,988</b>

<b>Cost</b>						
At 1 April 2017	1,000,000	1,989,016	220,000	250,000	2,280,000	5,739,016
Additions	-	2,236,466	-	-	-	2,236,466
<b>At 30 September 2017</b>	<b>1,000,000</b>	<b>4,225,482</b>	<b>220,000</b>	<b>250,000</b>	<b>2,280,000</b>	<b>7,975,482</b>
<b>Amortisation</b>						
At 1 April 2017	-	-	(3,667)	(3,472)	(258,889)	(266,028)
Charge for period	-	-	(22,000)	(20,833)	(86,670)	(129,503)
<b>At 30 September 2017</b>	<b>-</b>	<b>-</b>	<b>(25,667)</b>	<b>(24,305)</b>	<b>(345,559)</b>	<b>(395,531)</b>
<b>Net carrying amount at 30 September 2017</b>	<b>1,000,000</b>	<b>4,225,482</b>	<b>194,333</b>	<b>225,695</b>	<b>1,934,441</b>	<b>7,579,951</b>

#### 11. Restricted cash

Restricted cash consist of the following:

	Unaudited Six months ended 30 September 2017 USD	Unaudited Six months ended 30 September 2016 USD	Audited Year ended 31 March 2017 USD
Held in fiduciary capacity for production (i)	50,557,951	36,048,120	36,265,379
Reserves held at captive insurance entity	6,703,901	-	-
Insurance premiums held in escrow (ii)	5,343,115	2,308,062	4,131,836
	<b>62,604,967</b>	<b>38,356,182</b>	<b>40,397,215</b>

(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.

#### 12. Borrowings

	Unaudited Six months ended 30 September 2017 USD	Unaudited Six months ended 30 September 2016 USD	Audited Year ended 31 March 2017 USD
<b>Non-Current</b>			
Term Loan (related party) 2-5 years	486,629	-	590,163
	<b>486,629</b>	<b>-</b>	<b>590,163</b>
<b>Current</b>			
Term Loan (secured by a tax credit receivable)	-	1,945,350	4,173,954
Term Loan	-	-	1,000,000
Term Loan (fund capitalised film costs)	1,750,000	-	-
Term Loan (related party)	204,137	-	197,679
	<b>1,954,137</b>	<b>1,945,350</b>	<b>5,371,633</b>
<b>Total Borrowings</b>	<b>2,440,766</b>	<b>1,945,350</b>	<b>5,961,796</b>

#### 13. Post balance sheet events





On 30 August 2017 the Group funded \$6.7m to form FFI Insurance Ltd., a wholly-owned captive insurance entity. On 1 October 2017, the Group entered into a new insurance agreement with its insurers which will allow the captive to participate. The Group expects this new arrangement to significantly reduce its net insurance costs. The captive insurance entity will generally provide re-insurance on claims up to \$5m subject to certain limits while the Group's existing insurers will continue to provide coverage on all other limits as defined in the insurance policy.

On 13 November 2017, the Group completed its acquisition of EPS-Cineworks Inc. for a total consideration of \$9.5m. EPS-Cineworks Inc. provides post-production equipment rental and software services with a focus on theatrical and television productions in North America. The business is expected to provide a strong complement to Pivotal Post, the Group's initial equipment rental business acquisition in February 2017.

On 11 December 2017, the Group completed its acquisition of Buffs Dubs Pty. Ltd. for an initial payment of \$1.2m in cash followed by 5 annual payments of 12.5% of future EBITDA at a 4 times multiple. Buffs Dubs Pty. Ltd. is engaged in encoding, duplication, authoring and production consulting for film and TV productions. The Group expects the acquisition to greatly enhance FFI's growing business related to streaming productions.

On 20 December 2017, the Group completed its acquisition of Reel Media LLC for an initial payment of \$7.25 million and 5 annual payments equivalent to a 6 times multiple of 8.6% of trailing EBITDA thereafter. Reel Media LLC is a managing general underwriter that helps provide insurance for a variety of entertainment events including film, television, theatre, and concerts. The Group expects to further expand its reach into the entertainment industry.

The initial accounting for the acquisition of EPS-Cineworks Inc., Buffs Dubs Pty. Ltd., and Reel Media LLC have only been provisionally determined at the end of the reporting period. At the date of finalisation of these interim consolidated financial statements, the necessary valuations and other calculations have not been finalised. These items will be reported at year end.