



INTERIM
FINANCIAL
REPORT

H1 2019

FFI Holdings PLC

(“FFI” or “the Company”)

Interim results for the six months ended 30 September 2018

London, 19 December 2018 - FFI Holdings PLC (AIM: FFI), a world-leading provider in the provision of diversified services across the entertainment industry, is pleased to present its unaudited financial results for the six months ended 30 September 2018 (H1 2019).

Financial Highlights:

- Revenue up 91% to \$45.6m (H1 2018: \$24.0m), comprised of:
 - o Completion Contract revenues of \$16.8m (H1 2018: \$18.9m)
 - o Editing Equipment Rental revenues of \$9.9m (H1 2018: \$5.0m)
 - o Insurance Agency revenues of \$10.9m, following acquisition of Reel Media in Dec 2017
 - o Technical Services revenues of \$2.8m, following acquisition of Buff Dubs in Dec 2017
 - o Content Distribution revenues of \$5.2m, following acquisition of Signature in April 2018
- Gross profit of \$28.3m, an increase of 53% (H1 2018: \$18.5m)
- Underlying EBIT of \$6.0m down 15% (H1 2018: \$7.1m)*
- Reported EBIT of \$4.6m (H1 2018: -\$2.1m)
- Pre-tax profit of \$4.7m (H1 2018: -\$2.1m)
- After-tax profit from continuing operations of \$3.4m (H1 2018: -\$3.7m)
- Underlying FD EPS of 3.0c (H1 2018: 3.9c)
- Underlying operating cash flow of \$4.9m (H1 2018: \$7.5m)
- Cash at 30 September of \$16.0m (H1 2018: \$44.0m)

* Represents operating income, adjusted for exceptional costs of \$1.0m, acquisition-related amortisation of \$0.9m, less gain from sale of minority interest investment of \$0.5m

Mid-Year Operational Highlights:

- Completion Contracts: Volume grew by 2% (77 titles in H1 2018 as compared to 74 titles in H1 2017). The Group maintained its average fee of production budgets. During H1 2019, fewer large budget productions resulted in the average budget per new order decreasing by 14% to \$11.2 million in the period (H1 2018: \$12.9m), which resulted in lower revenue despite providing more completion contracts in the period. The Group’s pipeline shows more larger budget titles likely in H2 2019.
- Editing Equipment Rental: Pivotal Post and EPS-Cineworks continue to meet expectations, with growth in available editing suites and steady utilization rates.
- Insurance Agency: Reel Media continued to ramp up its business during H1 2019. The Group is experiencing more consistent cash flows with particularly strong growth expected in H2 2019. Reel Media is expected to exceed the Board’s expectations through the end of the year.
- Technical Services: Buff Dubs is benefiting from strong demand from its streaming clients resulting from growth in Australia and Asia.

- Content Distribution: Signature Entertainment is experiencing an uptick in licensing deals, as it continues to meet demand for content from its distribution channels and streaming companies. IMAX Panda documentary continues to receive rave reviews from viewers and critics. The roll out of the film has been slower than anticipated, with the Chinese release anticipated to occur in 2019. As previously disclosed, the ultimate timing of cash flows will be dependent on theatre availability and is subject to IMAX's release schedule, in particular the Group is awaiting schedule release dates for China. The Group now expects to start generating significant income from Panda in FY 2020 after recouping its initial distribution costs.

Commenting on the Group's results, Steven Ransohoff, CEO of FFI, said:

"We began the first half of fiscal 2019 with a diverse mix of revenues from across our platform. Our transformation reflects the successful acquisition strategy which began in 2017. This strategy, coupled with the rising demand for content, positions us well for future growth. FFI's deep industry knowledge, expertise and broad network of services provides us with a significant market advantage across our business verticals and uniquely positions us to capitalise on the opportunities available for servicing the diverse needs of content creators globally.

The businesses we acquired since the IPO have performed in accordance with and in some cases beyond our expectations. Equipment Rental, Insurance, Technical Services and Content have all performed very well and are expected to grow into the future. Whilst Completion Contracts continue to be an important part of our business, performance has been muted. Whilst we are involved with more productions in H1 2018, the films have lower budgets and we have experienced higher claims activity than in the last two years. Based on the pipeline of projects we expect the balance of the year should produce better performance in the Completion Contract business.

H1 numbers have begun to reflect the broadening of our sales mix, with material revenue contributions seen from our equipment rental, insurance agency and content distribution verticals, and we remain focused on continuing to grow these diversified business segments which have been performing at or above expectations. As has been historically the case, we expect a busy second half to our fiscal year, as we are seeing a strong completion contracts and entertainment insurance agency pipeline."

*Steven Ransohoff, CEO
19 December 2018*

About FFI Holdings PLC

FFI Holdings PLC is the holding company of Film Finances Inc., a leading provider of diversified services across the entertainment industry. FFI was formerly focused on completion contracts to the entertainment industry, and over successive decades, has grown globally to become a trusted, iconic brand at the centre of the film industry.

Founded in the 1950s, FFI soon established itself as the world leader in completion guarantees to the entertainment industry, offering assurance to financiers that productions will be completed on time and on budget. These guarantees serve to offload risks to production budgets and timelines for financiers, as well as for FFI through long-standing insurance relationships.

FFI listed on the AIM market in June 2017 and has diversified its business beyond completion contracts to provide services across the broader entertainment landscape. FFI is also present in China, where it provides a

growing range of entertainment-related services including completion contracts to the domestic film making industry.

Headquartered in Los Angeles, USA, FFI 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 91% YOY to \$45.6m (H1 2018: \$24.0m), as contributions from acquisitions in FY18 were realised. Adjusting for exceptional costs of \$1.0m, acquisition-related amortisation of \$0.9m, less gain from sale of minority interest investment of \$0.5m, underlying EBIT for the Group was \$6.0m (H1 2018: \$7.1m). Reported EBIT was up to \$4.6m versus a loss of \$2.1m last year. The Group recorded an after-tax profit of \$3.4m, up from a loss of \$3.7m in H1 2018.

The Group reported positive operating cash flow in the period of \$4.2m (H1 2018: -\$4.9m). Cash decreased to \$16.0m (H1 2018: \$44.0m) due primarily to costs associated with acquisitions.

Whilst Completion Contract revenues continued to deliver the largest segmental contribution to Group sales, making up 37% of total revenue, this is down from 79% of total revenue last year. This reflects a significant broadening of FFI's sales mix, with new revenue contributions from Editing Equipment Rental, Technical Services, Insurance Agency and Content Distribution business segments.

Despite an increase in the number of new orders, Completion Contracts revenues reduced by 11% to \$16.8m (H1 2018: \$18.9m) as a result of a decrease in average film budgets in the period. Editing Equipment Rental revenues increased 97% to \$9.9m (H1 2018: \$5.0m), contributing to 22% of Group total, largely as a result of the acquisition of EPS-Cineworks. The acquisition of Buff Dubs in December 2017 resulted in revenues of \$2.8m related to Technical Services (6% of total revenue). Insurance Agency comprised 24% of total Group revenue, at \$10.9m, following the acquisition of Reel Media in December 2017. The addition of Signature Entertainment in April 2018 resulted in a Content Distribution contribution of 11% of overall Group revenues, at \$5.2m for the period.

By geography, North America continued to be FFI's biggest market in terms of revenue (65% of total) increasing 71% to \$29.9m from the previous year (H1 2018: \$17.5m). This was followed by Europe which delivered revenue of \$7.8m (17% of total), up from \$2.9m last year and Asia, with \$3.1m in revenues representing 7% of total revenue (H1 2018: \$2.5m).

| | Six months ended 30 September 2018 USD | Six months ended 30 September 2017 USD | Year ended 31 March 2018 USD |
|----------------------|---|---|---------------------------------------|
| Asia | 3,149,915 | 2,519,290 | 5,302,189 |
| Australia | 4,729,384 | 912,472 | 2,964,810 |
| Europe | 7,801,268 | 2,858,199 | 6,357,528 |
| Middle East & Africa | 69,747 | 139,541 | 146,179 |
| North America | 29,890,003 | 17,526,218 | 41,828,666 |
| South America | - | - | 2,000,000 |
| | 45,640,317 | 23,955,720 | 58,599,372 |

Completion Contracts

Despite an increase in the number of new orders (77 in H1 2019 versus 74 in H1 2018), the Group's Completion Contract business delivered reduced revenues of \$16.8m for the period (H1 2018: \$18.9m), including China revenues. This was primarily due to a reduction in the average film budget size from \$12.9m (H1 2018) to \$11.2m (H1 2019), as some larger projects started later than expected. New order fees were \$13.9m (H1 2018: \$15.2m). With the new captive insurance arrangement, gross insurance costs fell to 24.0% of net completion guarantee fees, excluding China (H1: 2018: 40.0%). Claims expense of \$1.6m (H1 2018: \$0.2m) was higher due to claim reserves on two projects.

Completion Contract New Order Fees*

| | H1 2018 | H1 2017 |
|-------------------------------------|---------|---------|
| Number of New Orders | 77 | 74 |
| Total Net Fees (\$mn) | 13.9 | 15.2 |
| Total Bonded Budgets (\$mn) | 859.7 | 962.5 |
| Average Budget per New Order (\$mn) | 11.2 | 13.0 |

* Excludes revenue related to China licensing arrangement

Editing Equipment Rental

Revenues from Pivotal Post (acquired in February 2017) and EPS-Cineworks (acquired in November 2017) made a contribution of \$9.9m to the Group's revenue performance over the six-month period, representing an almost twofold increase from the previous year (H1 2018: \$5m Pivotal Post only), in line with estimates. This has been supported by an increase in the average number of available equipment and suite rental units, at 521 and 289, respectively (up from 275 and 112 in H1 2018 - related to Pivotal only).

Technical Services

Buff Dubs was acquired by FFI in December 2017 and is a post-production services company based in Australia, with capabilities in encoding, transcoding, media duplication, and mastering for film and television productions. This is still a new operating segment for the Group, contributing \$2.8m of revenue (6% of Group revenue).

Insurance Agency

The Group made two acquisitions in the area of entertainment insurance risk in FY18, including that of Reel Media (December 2017) and the motorsports book of business from All Risks Ltd (January 2018). In addition, FFI also signed a strategic partnership with Allianz Global Corporate & Speciality (January 2018). FFI's Insurance Agency segment delivered revenues of \$10.9m in H1 2019, representing 24% of Group revenue. The division delivered total net commissions of \$6.4m, and, with a strong pipeline for the rest of the year, is tracking to the Board's full year estimates.

Content Distribution

FFI's Content Distribution segment delivered revenues of \$5.2m in the six-month period, representing 11% of total revenue, primarily from the acquisition of Signature Entertainment in April 2018. Signature is a film distributor in the UK and acts as an aggregator for streaming companies.

Outlook

The Board is pleased with the progress and integration of acquired businesses and operations in our Editing & Equipment Rental, Technical Services, and Insurance Agency businesses. These businesses are all trading in line with or even ahead of our original expectations. In that light, it is disappointing to report that Underlying EBIT for the Group for the full year is expected to be below previous expectations because of the impact of delays in the timing of revenues from certain larger budget titles within the Completion Contracts business and of revenues associated with the Pandas Documentary within the Content Distribution business. The Board looks forward to providing updates in this regard in due course. Separately, the Board is clearly disappointed by the Company's poor share price performance since IPO and is committed exploring the options to address this issue.

FFI Holdings Plc
Consolidated statement of comprehensive income
for the period ended 30 September 2018

| | Note | Unaudited 6 months ended 30 September 2018 USD | Unaudited 6 months ended 30 September 2017 USD | Audited year ended 31 March 2018 USD |
|--|------|---|---|---|
| Continuing operations | | | | |
| Revenue | 3 | 45,640,317 | 23,955,720 | 58,599,372 |
| Costs related to revenue | | (17,322,622) | (5,438,706) | (14,034,127) |
| Gross profit | | 28,317,695 | 18,517,014 | 44,565,245 |
| Administrative and other expenses | | (23,338,105) | (11,932,789) | (29,427,829) |
| Exceptional costs | 4 | (961,072) | (8,874,975) | (10,698,413) |
| Other income | | 606,823 | 197,668 | 588,403 |
| Operating profit/(loss) | | 4,625,341 | (2,093,082) | 5,027,406 |
| Financing income | | 102,169 | 36,369 | 35,959 |
| Finance costs | | (24,166) | (1,034) | (76,695) |
| | | 4,703,344 | (2,057,747) | 4,986,670 |
| Net profit from joint venture | | 11,777 | - | 25,723 |
| Profit/(loss) before taxation | | 4,715,121 | (2,057,747) | 5,012,393 |
| Taxation | 6 | (1,277,380) | (1,687,389) | (3,678,363) |
| Profit/(loss) for the period from continuing operations | | 3,437,741 | (3,745,136) | 1,334,030 |
| Discontinued operations | | | | |
| Profit for the period from discontinued operations | 20 | 45,371 | 136,994 | 157,679 |
| Profit/(loss) for the period | | 3,483,112 | (3,608,142) | 1,491,709 |
| Total profit/(loss) for the period attributable to: | | | | |
| Owners of the Company | | 3,498,470 | (3,682,918) | 1,428,769 |
| Non-controlling interest | | (15,358) | 74,776 | 62,940 |
| Other comprehensive (loss)/income from continuing operations, net of income tax | | 3,483,112 | (3,608,142) | 1,491,709 |
| Exchange difference on translating foreign operations attributable to Owners of the Company | | (214,991) | 106,238 | 237,075 |
| Total other comprehensive income from continuing operations attributable to Owners of the Company | | (214,991) | 106,238 | 237,075 |
| Exchange difference on translating foreign operations attributable to non-controlling interests | | (2,901) | 7,591 | 8,815 |

| | | | | |
|--|---|-----------|-------------|-----------|
| Total comprehensive income/(loss) for the period from continuing operations | | 3,265,220 | (3,494,313) | 1,737,599 |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the Company | | 3,283,479 | (3,576,680) | 1,665,844 |
| Non-controlling interest | | (18,259) | 82,367 | 71,755 |
| | | 3,265,220 | (3,494,313) | 1,737,599 |
| Earnings/(loss) per share attributable to owners of the parent | | | | |
| Total | | | | |
| Basic (cents) | 7 | 2.22 | (2.51) | 0.94 |
| Diluted (cents) | 7 | 2.21 | (2.48) | 0.93 |
| Continuing operations | | | | |
| Basic (cents) | 7 | 2.18 | (2.56) | 0.88 |
| Diluted (cents) | 7 | 2.18 | (2.52) | 0.87 |

FFI Holdings Plc
Consolidated statement of financial position

as at 30 September 2018

| | Note | Unaudited 30 September 2018 USD | Unaudited 30 September 2017 USD | Audited 31 March 2018 USD |
|------------------------------------|------|--|--|------------------------------------|
| Assets | | | | |
| Non-current | | | | |
| Goodwill | 11 | 35,283,256 | 9,871,423 | 31,215,954 |
| Intangible assets | 12 | 21,620,441 | 7,579,951 | 15,468,359 |
| Film rights, net | 13 | 5,803,590 | - | - |
| Investments | | - | 283,113 | 283,113 |
| Investment in a joint venture | | 422,500 | - | 410,723 |
| Other non-current assets | | 2,271,342 | 909,220 | 1,490,890 |
| Property, plant and equipment | | 5,882,762 | 2,929,589 | 4,647,389 |
| Deferred tax assets | | 1,702,744 | 1,954,389 | 1,626,893 |
| Non-current assets | | 72,986,635 | 23,527,685 | 55,143,321 |
| Current | | | | |
| Trade and other receivables | 14 | 33,563,129 | 7,779,423 | 18,512,663 |
| Other current assets | | 3,792,767 | 2,595,298 | 2,631,936 |
| Restricted cash | 15 | 73,633,959 | 62,604,967 | 68,382,153 |
| Cash and cash equivalents | | 15,994,381 | 43,967,107 | 23,552,491 |
| | | 126,984,236 | 116,946,795 | 113,079,243 |
| Assets classified as held for sale | | - | 216,044 | - |
| Current assets | | 126,984,236 | 117,162,839 | 113,079,243 |
| Total assets | | 199,970,871 | 140,690,524 | 168,222,564 |
| Liabilities | | | | |
| Current | | | | |
| Trade and other payables | 16 | 55,100,703 | 21,289,930 | 28,004,345 |
| Income tax payable | | 1,022,196 | 2,949,990 | 316,323 |
| Payable to productions | | 54,338,329 | 50,557,951 | 56,119,649 |
| Provision for losses | | 2,121,203 | 663,749 | 609,556 |
| Borrowings | 17 | 107,114 | 1,954,137 | 3,783,419 |
| Current liabilities | | 112,689,545 | 77,415,757 | 88,833,292 |
| Non-current | | | | |
| Borrowings | 17 | 432,661 | 486,629 | 379,415 |
| Other payables | 18 | 19,731,450 | 1,709,000 | 15,208,995 |
| Deferred tax liabilities | | 1,641,339 | 4,667,661 | 1,631,578 |
| Non-current liabilities | | 21,805,450 | 6,863,290 | 17,219,988 |
| Total liabilities | | 134,494,995 | 84,279,047 | 106,053,280 |
| Equity | | | | |
| Share capital | | 2,045,666 | 2,035,570 | 2,035,570 |
| Share premium | | 38,539,508 | 38,539,508 | 38,539,508 |
| Other reserve | | 14,731,074 | 14,731,074 | 14,731,074 |
| Merger reserve | | (16,384,976) | (16,384,976) | (16,384,976) |
| Foreign exchange | | (302,283) | (218,129) | (87,292) |
| Share based payment reserve | | 1,257,354 | 3,174,652 | 3,807,511 |
| Retained earnings | | 25,467,156 | 14,312,291 | 19,423,978 |

| | | | |
|---|-------------------|-------------------|-------------------|
| Total equity attributable to owners of the Company | 65,353,499 | 56,189,990 | 62,065,373 |
| Non-controlling interests | 122,377 | 221,487 | 103,911 |
| Total equity | 65,475,876 | 56,411,477 | 62,169,284 |

FFI Holdings Plc

Consolidated statements of cash flows

for the period ended 30 September 2018

| | Note | Unaudited six months ended 30 September 2018 USD | Unaudited six months ended 30 September 2017 USD | Audited year ended 31 March 2018 USD |
|---|------|---|---|---|
| Cash flows from operating activities | | | | |
| Profit/(loss) before taxation including discontinued operations | | 4,760,492 | (1,920,753) | 5,144,349 |
| Adjustments for: | | | | |
| Share based payments | 10 | 281,270 | 3,174,652 | 3,807,511 |
| Depreciation | | 981,997 | 569,883 | 1,680,328 |
| Amortisation of intangible assets | 12 | 963,094 | 129,503 | 643,513 |
| Finance costs | | - | - | 99,643 |
| Gain on sale of financial assets | | (516,887) | - | - |
| (Gain)/loss on disposal of subsidiary | | (45,371) | 136,994 | 157,679 |
| Net foreign exchange (gain)/loss | | (217,892) | 113,829 | 245,890 |
| | | 6,206,703 | 2,204,108 | 11,778,913 |
| Increase in working capital: | | | | |
| Increase in restricted cash | 15 | (7,033,126) | (7,915,180) | (6,851,698) |
| (Increase)/decrease in accounts receivable | | (10,989,944) | 1,391,696 | (640,836) |
| (Increase)/decrease in other assets | | (570,328) | 1,434,291 | 2,202,656 |
| Increase in film rights, net | | (1,147,047) | - | - |
| Increase/(decrease) in trade and other payables | | 16,464,329 | 694,956 | (2,511,781) |
| Increase/(decrease) in provision for losses | | 1,511,647 | (113,497) | (167,690) |
| Increase/(decrease) in deferred revenue | | 148,003 | (1,086,779) | (1,218,839) |
| Cash generated from operations | | 4,590,237 | (3,390,405) | 2,590,725 |
| Interest paid | | (24,166) | (22,298) | (67,733) |
| Income taxes paid | | (391,500) | (1,503,696) | (8,420,884) |
| Net cash generated from/(used in) operating activities | | 4,174,571 | (4,916,399) | (5,897,892) |
| Cash flows from investing activities | | | | |
| Proceeds on sale of financial assets | | 800,000 | - | 216,044 |
| Purchases of intangible assets | | (2,269,376) | (2,236,466) | (3,897,010) |
| Purchase of property, plant and equipment | | (2,024,847) | (542,036) | (1,502,812) |
| Loan amounts advanced to employees | | - | - | - |
| Loan repayments by employees | | 34,818 | 3,224,491 | 3,275,871 |
| Net cash outflow on acquisition of subsidiary | | (4,391,367) | - | (18,223,228) |
| Net cash (used in)/generated from investing activities | | (7,850,772) | 445,989 | (20,131,135) |
| Cash flows from financing activities | | | | |
| Net proceeds from issue of share capital | | - | 38,811,676 | 38,811,676 |
| Distribution of capital to non-controlling interests | | - | - | (106,964) |
| Net cash used in settlement of share options | | (183,850) | - | - |
| Acquisition of non-controlling interest | | (75,000) | - | - |
| Proceeds from borrowings | 17 | - | 1,750,000 | 3,500,000 |

| | | | | |
|---|----|--------------------|-------------------|-------------------|
| Repayment of borrowings | 17 | (3,623,059) | (5,271,030) | (5,770,065) |
| Net cash (used in)/generated by financing activities | | (3,881,909) | 35,290,646 | 36,434,647 |
| Net decrease in cash and cash equivalents | | (7,558,110) | 30,820,236 | 10,405,620 |
| Cash and cash equivalents at the beginning of the year | | 23,552,491 | 13,146,871 | 13,146,871 |
| Cash and cash equivalents at the end of the year | | 15,994,381 | 43,967,107 | 23,552,491 |

FFI Holdings Plc

Consolidated statements of changes in equity

for the period ended 30 September 2018

| | Equity attributable to owners of the parent | | | | | | | | Total equity attributable to owners of the parent | Non-controlling interest | Total equity |
|---|---|---------------|-----------------|---------------|----------------|------------------|-----------------------------|-------------------|---|--------------------------|--------------|
| | Share capital | Share premium | Treasury shares | Other reserve | Merger reserve | Foreign exchange | Share based payment reserve | Retained earnings | | | |
| | USD | USD | USD | USD | USD | USD | USD | USD | | | |
| Balance at 31 March 2017 (Audited) | 1,763,402 | - | - | 14,731,074 | (16,384,976) | (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 |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | 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 |
| Balance at 30 September 2017 (unaudited) | 2,035,570 | 38,539,508 | - | 14,731,074 | (16,384,976) | (218,129) | 3,174,652 | 14,312,291 | 56,189,990 | 221,487 | 56,411,477 |
| Profit/(loss) for the period | - | - | - | - | - | - | - | 5,111,687 | 5,111,687 | (11,836) | 5,099,851 |
| Other comprehensive income for the period | - | - | - | - | - | 130,837 | - | - | 130,837 | 1,224 | 132,061 |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | 130,837 | - | 5,111,687 | 5,242,524 | (10,612) | 5,231,912 |
| Equity settled share based payments | - | - | - | - | - | - | 632,859 | - | 632,859 | - | 632,859 |
| Disposal of subsidiary | - | - | - | - | - | - | - | - | - | (1,930) | (1,930) |
| Distribution of capital to non-controlling interests | - | - | - | - | - | - | - | - | - | (105,034) | (105,034) |
| Balance at 31 March 2018 (Audited) | 2,035,570 | 38,539,508 | - | 14,731,074 | (16,384,976) | (87,292) | 3,807,511 | 19,423,978 | 62,065,373 | 103,911 | 62,169,284 |
| Profit for the period | - | - | - | - | - | - | - | 3,498,470 | 3,498,470 | (15,358) | 3,483,112 |
| Other comprehensive loss for the period | - | - | - | - | - | (214,991) | - | - | (214,991) | (2,901) | (217,892) |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | (214,991) | - | 3,498,470 | 3,283,479 | (18,259) | 3,265,220 |

| | | | | | | | | | | | | |
|---|------------------|-------------------|----------|-------------------|---------------------|------------------|------------------|-------------------|-------------------|----------------|-------------------|-----------|
| Discontinued operations (note 20) | - | - | - | - | - | - | - | - | - | - | (38,275) | (38,275) |
| Acquisition of subsidiary with non-controlling interest (note 19) | - | - | - | - | - | - | - | - | - | - | 75,000 | 75,000 |
| Net settlement of share options | 10,096 | - | - | - | - | - | - | (286,719) | (276,623) | - | - | (276,623) |
| Adjustment to share based payment reserve | - | - | - | - | - | - | (2,831,427) | (2,831,427) | - | - | - | - |
| Equity settled share based payment reserve | - | - | - | - | - | - | 281,270 | - | 281,270 | - | - | 281,270 |
| Balance at 30 September 2018 (Unaudited) | 2,045,666 | 38,539,508 | - | 14,731,074 | (16,384,976) | (302,283) | 1,257,354 | 25,467,156 | 65,353,499 | 122,377 | 65,475,876 | |

Notes to the Consolidated Interim report

For the six months ended 30 September 2018

1. Nature of operations and general information

FFI Holdings Plc (the "Company") is the holding company of a group of companies (the "Group"), which collectively serves as a diversified service provider to the film and entertainment industry with activities across completion contracts, editing equipment and editing suite rentals, post production technical services, insurance services and content distribution.

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 shares 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 2018 was approved by the Board of Directors and authorised for issue on 19 December 2018. The condensed consolidated interim financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2018 have been filed with the Registrar of Companies at Companies House. The auditor's report on the statutory accounts for the year ended 31 March 2018 was unqualified and did not contain any statements under Section 498 (2) or (3) of the Companies Act 2006. The comparative information for the year ended 31 March 2018 presented in these condensed consolidated interim financial statements has been extracted from those accounts.

The consolidated annual financial statements for the year ended 31 March 2018 were prepared in accordance with IFRS adopted for use in the European Union (IFRS). Accordingly, these condensed, consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of IFRS and using accounting policies consistent with those which were adopted by the Group in the financial statements for the year ended 31 March 2018 and which will be used in the preparation of the financial statements for the year ended 31 March 2019.

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. This new standard introduces a classification and measurement approach for a variety of financial assets of which, except for trade receivables and borrowings, the Group has no dealings. For receivables, IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL model), which is to be calculated based on actual historical credit losses, of which the Group has had a negligible amount. The Group continues to evaluate the impact of IFRS 9 across all segments and does not believe that the new classification requirements will have a material impact on its account for trade receivables or loans that are managed on a fair value basis.

IFRS 15 'Revenue Recognition' became effective for accounting periods beginning on or after 1 January 2018. The majority of the Group's contracts with customers are not complex, with revenue being fixed and earned over a certain period of time. The Group continues to evaluate the impact of IFRS 15 across all operating segments and believes that all policies are in accordance with IFRS 15 and that there is no impact on revenue from the adoption of this standard.

There were no other new relevant standards or interpretations to be adopted for the six months ended 30 September 2018.

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.

2.2 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.

At 15 June 2018, the Group settled share options on a net basis in accordance with the amendment to IFRS 2 'Share-based Payment.' The group issued shares equal to the fair market value of shares vested at date exercised less the employee's tax obligation due to this transaction, see note 10.

3. Segmental Information

For management purposes, the Group is organised into five operating segments; completion contracts, editing equipment rentals, technical services, insurance agency, and content distribution. The tax credit financing segment was discontinued during the period, see note 20. 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 corporate overhead, 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:

Completion Contracts

The main segment of the Group is to provide completion contracts to financiers and distributors in connection with the production of film and television content.

Editing Equipment Rental

A segment of the Group provides film editing equipment and editing suite rentals. The Group acquired EPS-Cineworks, Inc. on 10 November 2017 to expand the editing equipment rentals segment. EPS-Cineworks, Inc. provides post-production equipment rental and software services with a focus on theatrical and television productions in North America.

Technical Services

Buff Dubs was acquired on 1 December 2017 and is a post-production services company in Australia with capabilities in encoding, transcoding, media duplication, and mastering for film and television productions. DAMSmart was acquired on 3 July 2018 to expand the technical services of the Group, see note 19.

Insurance Agency

Reel Media LLC was acquired on 20 December 2017 and is an insurance agency that helps provide insurance agency services for a variety of entertainment events including film, television, theatre, and concerts.

Content Distribution

A segment of the Group acquires and distributes film content. Signature Entertainment, a film distribution company based in the United Kingdom, was acquired on 24 April 2018 to expand the Group's content distribution segment, see note 19. Liquid Light was acquired during the period on 10 April 2018, see note 19.

| For the six months ended 30 September 2018 | Completion Contracts USD | Editing Equipment Rental USD | Technical Services USD | Insurance Agency USD | Content Distribution USD | Unallocated Corporate Expenses USD | Group USD |
|--|-----------------------------|---------------------------------|---------------------------|-------------------------|-----------------------------|---------------------------------------|------------------|
| Total revenue | 16,837,358 | 9,851,405 | 2,769,479 | 10,945,241 | 5,236,834 | - | 45,640,317 |
| Gross profit | 12,573,699 | 5,445,449 | 1,513,209 | 6,630,115 | 2,155,223 | - | 28,317,695 |
| Operating Profit/(loss) | 1,427,423 | 1,360,563 | 355,261 | 1,769,403 | 673,763 | (961,072) | 4,625,341 |
| Finance income | 92,795 | - | 1,024 | 8,350 | - | - | 102,169 |
| Finance costs | (2,027) | (16,776) | (5,363) | - | - | - | (24,166) |
| | 1,518,191 | 1,343,787 | 350,922 | 1,777,753 | 673,763 | (961,072) | 4,703,344 |
| Net profit from joint venture | - | - | - | 11,777 | - | - | 11,777 |
| Profit before taxation | 1,518,191 | 1,343,787 | 350,922 | 1,789,530 | 673,763 | (961,072) | 4,715,121 |

| For the six months ended 30 September 2017 | Completion Contracts USD | Editing Equipment Rental USD | Technical Services USD | Insurance Agency USD | Content Distribution USD | Unallocated Corporate Expenses USD | Group USD |
|--|-----------------------------|---------------------------------|---------------------------|-------------------------|-----------------------------|---------------------------------------|--------------------|
| Total revenue | 18,950,593 | 5,005,127 | - | - | - | - | 23,955,720 |
| Gross profit | 15,659,691 | 2,857,323 | - | - | - | - | 18,517,014 |
| Operating Profit/(loss) | 5,590,050 | 1,191,843 | - | - | - | (8,874,975) | (2,093,082) |
| Finance income | 36,369 | - | - | - | - | - | 36,369 |
| Finance costs | (1,034) | - | - | - | - | - | (1,034) |
| | 5,625,385 | 1,191,843 | - | - | - | (8,874,975) | (2,057,747) |
| Net profit from joint venture | - | - | - | - | - | - | - |
| Profit before taxation | 5,625,385 | 1,191,843 | - | - | - | (8,874,975) | (2,057,747) |

3. Segmental Information (continued)

| For the year ended 31 March 2018 | Completion Contracts USD | Editing Equipment Rental USD | Technical Services USD | Insurance Agency USD | Content Distribution USD | Unallocated Corporate Expenses USD | Group USD |
|----------------------------------|-----------------------------|---------------------------------|---------------------------|-------------------------|-----------------------------|---------------------------------------|------------------|
| Total revenue | 39,527,383 | 13,806,215 | 1,073,939 | 2,191,835 | 2,000,000 | - | 58,599,372 |
| Gross profit | 34,284,721 | 7,551,319 | 460,909 | 1,268,296 | 1,000,000 | - | 44,565,245 |
| Operating Profit/(loss) | 13,695,762 | 2,430,585 | (203,971) | (1,196,557) | 1,000,000 | (10,698,413) | 5,027,406 |
| Finance income | 31,784 | - | - | 4,175 | - | - | 35,959 |
| Finance costs | (33,421) | (41,617) | (1,657) | - | - | - | (76,695) |
| | 13,694,125 | 2,388,968 | (205,628) | (1,192,382) | 1,000,000 | (10,698,413) | 4,986,670 |
| Net profit from joint venture | - | - | - | 25,723 | - | - | 25,723 |
| Profit before taxation | 13,694,125 | 2,388,968 | (205,628) | (1,166,659) | 1,000,000 | (10,698,413) | 5,012,393 |

Geographical segments

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

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|-----------|--|--|--|
| Asia | 3,149,915 | 2,519,290 | 5,302,189 |
| Australia | 4,729,384 | 912,472 | 2,964,810 |
| Europe | 7,801,268 | 2,858,199 | 6,357,528 |

| | | | |
|----------------------|-------------------|-------------------|-------------------|
| Middle East & Africa | 69,747 | 139,541 | 146,179 |
| North America | 29,890,003 | 17,526,218 | 41,828,666 |
| South America | - | - | 2,000,000 |
| | 45,640,317 | 23,955,720 | 58,599,372 |

4. Expenses

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|--|--|--|--|
| Exceptional costs | | | |
| Initial public offering costs (note 5) | - | 8,874,975 | 8,874,084 |
| Equity settled share based payments | 281,270 | - | 632,859 |
| Acquisition costs | 679,802 | - | 1,191,470 |
| | 961,072 | 8,874,975 | 10,698,413 |

5. 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 \$8,874,975 has been charged to the Consolidated Income Statement and included within administrative expenses in the period ended 30 September 2017.

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.

5. Initial public offering (continued)

A number of one-off and non-cash items are summarised in the following table.

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|--|--|--|--|
| Initial public offering costs | | | |
| Expenses of the IPO - one off | - | 5,700,323 | 5,699,432 |
| Equity settled share based payment transactions - non-cash | - | 3,174,652 | 3,174,652 |
| | - | 8,874,975 | 8,874,084 |

6. Taxation

The underlying tax charge is based on the expected effective tax rate for the full year to 31 March 2019. It is estimated that the tax charge in the period will be \$1,277,380.

7. Earnings per share

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

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|--|--|--|--|
| Weighted average number of shares in issue | 157,430,746 | 146,542,561 | 151,791,904 |
| Profit for the year attributable to owners of the Company | 3,498,470 | (3,682,918) | 1,428,769 |
| Total basic earnings/(loss) per ordinary share (cents) | 2.22 | (2.51) | 0.94 |
| Weighted average number of shares in issue | 157,430,746 | 146,542,561 | 151,791,904 |
| Share options | 595,191 | 1,918,219 | 1,918,219 |
| Weighted average fully diluted number of shares in issue | 158,025,937 | 148,460,780 | 153,710,123 |
| Total fully diluted earnings/(loss) per share (cents) | 2.21 | (2.48) | 0.93 |
| Continuing earnings/(loss) for the year | 3,437,741 | (3,745,136) | 1,334,030 |
| Continuing basic earnings/(loss) per share (cents) | 2.18 | (2.56) | 0.88 |
| Continuing fully diluted earnings/(loss) per share (cents) | 2.18 | (2.52) | 0.87 |

8. Dividends

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

9. Share capital

| | Unaudited Number of ordinary shares | Unaudited Number of redeemable shares | Unaudited Total USD |
|---|---|---|---------------------------|
| At 30 May 2017 on incorporation | 1 | - | - |
| Issued on 30 June 2017 | - | 50,000 | 64,810 |
| Cancellation of shares 30 June 2017 | - | (50,000) | (64,810) |
| Issued on 30 June 2017 related to share for share agreement | 136,043,872 | - | 1,763,402 |
| Issued on 30 June 2017 related to IPO | 20,997,375 | - | 272,168 |
| At 30 September 2017 and 31 March 2018 | 157,041,248 | - | 2,035,570 |
| Issued on 15 June 2018 | 778,995 | - | 10,096 |
| At 30 September 2018 | 157,820,243 | - | 2,045,666 |

10. 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.

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.

The executive options were 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 were exercised 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

were exercised on 15 June 2018. With respect to the executive options granted to Antony Mitchell, 340,110 of the executive options were exercised on 15 June 2018 and 680,219 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 June 2017, the date of admission, the Group had charged \$3,174,652 as a share-based payment expense for all executive options fully vested and exercisable at the date of admission. At 31 March 2018, the Group charged an additional \$632,859 as a share-based payment expense for the additional shares for Antony Mitchell that became fully vested and exercisable. At 31 March 2018 the Group had charged an aggregate amount of \$3,807,511 as a share-based payment expense for all executive options fully vested and exercisable.

At 15 June 2018, the Group settled share options on a net basis by issuing shares equal to the fair market value of shares vested at date exercised less the employee's tax obligation due to this transaction. As a result, 1,663,137 in executive options were exercised in exchange for 778,995 ordinary shares. This reduced the share based payment reserve by \$2,831,427. At 30 September 2018, the Group charged an additional \$281,270 as a share-based payment expense for the additional shares for Antony Mitchell that became fully vested and exercisable. At 30 September the Group has charged an aggregate amount of \$4,088,781 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. Volatility has been determined based on the historical common stock price volatility of selected guideline public companies over the last three years, as there is no historical stock price volatility for the Group. The risk-free rate represents the yield on US Treasury noted with a maturity that approximates the expected term of each series of options.

The assumptions used in valuing the executive options are a risk-free rate range of 1.23% - 1.45%, volatility range of 29% - 30.3%, and an expected life between 0.96 years and 2.5 years. The weighted average remaining contractual life of the options is 1 year. The fair value of the series of options has been calculated as \$1.65 – \$1.66.

11. Goodwill

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|---|--|--|--|
| Cost | 31,215,954 | 8,540,934 | 9,871,423 |
| Additional amount recognised from business combinations occurring during the period (note 19) | 4,067,302 | 1,330,489 | 21,644,531 |
| Reallocation | - | - | (300,000) |
| Balance at end of period | 35,283,256 | 9,871,423 | 31,215,954 |

12. Intangibles

| | Film Distribution Rights USD | Capitalised Film Costs USD | Trade Name USD | Non-Competition Agreement USD | Customer Relationships USD | Software USD | Total USD |
|---------------------------------|------------------------------------|-------------------------------------|----------------------|-------------------------------------|----------------------------------|-----------------|------------------|
| Cost | | | | | | | |
| 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 |
| At 30 September 2017 | 1,000,000 | 4,225,482 | 220,000 | 250,000 | 2,280,000 | - | 7,975,482 |
| Amortisation | | | | | | | |
| At 1 April 2017 | - | - | (3,667) | (3,472) | (258,889) | - | (266,028) |
| Charge for period | - | - | (22,000) | (20,833) | (86,670) | - | (129,503) |
| At 30 September 2017 | - | - | (25,667) | (24,305) | (345,559) | - | (395,531) |

| | | | | | | | |
|---|------------------|------------------|------------------|------------------|--------------------|-----------------|--------------------|
| Net carrying amount at 30 September 2017 | 1,000,000 | 4,225,482 | 194,333 | 225,695 | 1,934,441 | - | 7,579,951 |
| Cost | | | | | | | |
| At 1 October 2017 | 1,000,000 | 4,225,482 | 220,000 | 250,000 | 2,280,000 | - | 7,975,482 |
| Additions Acquired in business combination | - | 1,660,544 | - | - | - | - | 1,660,544 |
| Disposal Reclass to receivable | (1,000,000) | - | - | - | - | - | (1,000,000) |
| | | (4,394,633) | - | - | - | - | (4,394,633) |
| At 31 March 2018 | - | 1,491,393 | 1,353,941 | 1,157,029 | 12,253,441 | 122,096 | 16,377,900 |
| Amortisation | | | | | | | |
| At 1 October 2017 | - | - | (25,667) | (24,305) | (345,559) | - | (395,531) |
| Charge for period | - | - | (93,597) | (80,731) | (333,868) | (5,814) | (514,010) |
| At 31 March 2018 | - | - | (119,264) | (105,036) | (679,427) | (5,814) | (909,541) |
| Net carrying amount at 31 March 2018 | - | 1,491,393 | 1,234,677 | 1,051,993 | 11,574,014 | 116,282 | 15,468,359 |
| Cost | | | | | | | |
| At 1 April 2018 | - | 1,491,393 | 1,353,941 | 1,157,029 | 12,253,441 | 122,096 | 16,377,900 |
| Additions Acquired in business combination | - | 2,269,376 | - | - | - | - | 2,269,376 |
| | - | - | 719,968 | 121,272 | 4,004,560 | - | 4,845,800 |
| At 30 September 2018 | - | 3,760,769 | 2,073,909 | 1,278,301 | 16,258,001 | 122,096 | 23,493,076 |
| Amortisation | | | | | | | |
| At 1 April 2018 | - | - | (119,264) | (105,036) | (679,427) | (5,814) | (909,541) |
| Charge for period | - | - | (179,578) | (131,748) | (642,776) | (8,992) | (963,094) |
| At 30 September 2018 | - | - | (298,842) | (236,784) | (1,322,203) | (14,806) | (1,872,635) |
| Net carrying amount at 30 September 2018 | - | 3,760,769 | 1,775,067 | 1,041,517 | 14,935,798 | 107,290 | 21,620,441 |

13. Film rights, net

The Group acquired all the assets and liabilities of Signature Entertainment on 25 April 2018, see note 19. As part of the acquisition the Group acquired film content licenses, which are part of Signature Entertainment's core business. The film rights are prepaid content costs paid by Signature Entertainment for the distribution rights primarily in the United Kingdom territories. These costs are capitalised and amortised over the expected life of the film.

| | Unaudited Six months ended 30 September 2018 USD |
|-----------------------------------|--|
| Film rights acquired, see note 19 | 4,656,545 |
| Additions | 2,926,029 |
| Total costs | 7,582,574 |
| Less: Amortisation | (1,778,984) |
| Balance at end of period | 5,803,590 |

Amortisation is charged through cost related to revenues.

14. Trade and other receivables

Trade and other receivables consist of the following:

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|-----------------------------|--|--|--|
| Trade receivables | 14,361,468 | 1,450,046 | 4,684,233 |
| Rebate receivable | 3,093,077 | 5,817,911 | 3,122,784 |
| Insurance receivable | 986,136 | 312,558 | 723,524 |
| Insurance agency receivable | 13,312,032 | - | 4,353,349 |
| Film costs receivable | 673,553 | - | 4,394,633 |
| Due from joint venture | 430,143 | - | 430,143 |
| Due from related parties | 488,301 | 198,908 | 498,941 |
| Other receivables | 218,419 | - | 305,056 |
| Total | 33,563,129 | 7,779,423 | 18,512,663 |

15. Restricted cash

Restricted cash consist of the following:

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|--|--|--|--|
|--|--|--|--|

| | | | |
|---|-------------------|-------------------|-------------------|
| Held in fiduciary capacity for production (i) | 54,338,329 | 50,557,951 | 56,119,649 |
| Insurance premiums held in escrow (ii) | 100,121 | 5,343,115 | 2,656,910 |
| Insurance agency (iii) | 10,153,018 | - | 1,782,127 |
| Captive (iv) | 8,883,847 | 6,703,901 | 7,823,467 |
| Certificate of deposit | 158,644 | - | - |
| | 73,633,959 | 62,604,967 | 68,382,153 |

- (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) For periods prior to 1 October 2017, the Group reserved 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.
- (iii) The insurance agency restricted cash is related to monies collected by Reel Media, LLC, which are due to underwriters.
- (iv) The captive restricted cash is the cash held by FFI Insurance Limited to cover any potential claims.

16. Trade and other payables

Trade and other payables consist of the following:

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|------------------------|--|--|--|
| Trade payables | 6,199,873 | 232,688 | 1,286,475 |
| Accruals | 3,780,766 | 2,494,482 | 2,125,479 |
| Deferred revenue | 6,636,145 | 5,397,539 | 5,265,479 |
| No-claim bonus payable | 2,754,093 | 3,802,376 | 2,609,726 |
| Insurance payable | 2,749,772 | 8,649,255 | 5,187,468 |
| Insurance agency | 23,131,691 | - | 6,040,900 |
| Other payables | 9,848,363 | 553,590 | 5,328,818 |
| Due to related parties | - | 160,000 | 160,000 |
| Total | 55,100,703 | 21,289,930 | 28,004,345 |

17. Borrowings

| | Unaudited Six months ended 30 September | Unaudited Six months ended 30 September | Audited Year ended 31 March |
|--|---|---|-----------------------------------|
|--|---|---|-----------------------------------|

| | 2018 USD | 2017 USD | 2018 USD |
|---|----------------|------------------|------------------|
| Non-Current | | | |
| Term Loan (related party) 2-5 years | 432,661 | 486,629 | 379,415 |
| | 432,661 | 486,629 | 379,415 |
| Current | | | |
| Term Loan (for funding of capitalised film costs) | - | 1,750,000 | - |
| Term Loan (related party) | 107,114 | 204,137 | 210,338 |
| Equipment loans | - | - | 73,081 |
| Production loan | - | - | 3,500,000 |
| | 107,114 | 1,954,137 | 3,783,419 |
| Total Borrowings | 539,775 | 2,440,766 | 4,162,834 |

18. Other payables

Other payables consist of the following:

| | Rainbow Production Services, LLC USD | Buff Dubs Pty., Ltd. USD | Reel Media, LLC USD | Signature Entertainment USD | Liquid Light USD | Total USD |
|--------------------------------|--|--------------------------------|---------------------------|-----------------------------------|---------------------|-------------------|
| Balance | | | | | | |
| At 1 April 2017 | 1,709,000 | - | - | - | - | 1,709,000 |
| Additions | - | - | - | - | - | - |
| Reclassification to current | - | - | - | - | - | - |
| At 30 September 2017 | 1,709,000 | - | - | - | - | 1,709,000 |
| Additions | - | 877,565 | 13,153,000 | - | - | 14,030,565 |
| Reclassification to current | (530,570) | - | - | - | - | (530,570) |
| At 31 March 2018 | 1,178,430 | 877,565 | 13,153,000 | - | - | 15,208,995 |
| Additions | - | - | - | 4,232,455 | 290,000 | 4,522,455 |
| Reclassification to current | - | - | - | - | - | - |
| At 30 September 2018 | 1,178,430 | 877,565 | 13,153,000 | 4,232,455 | 290,000 | 19,731,450 |

19. Business Combinations

Subsidiaries acquired

| | Principal activity | Date of acquisition | Proportion of voting equity interest acquired | Consideration transferred USD |
|-------------------------|----------------------|---------------------|---|-------------------------------------|
| Signature Entertainment | Content distribution | 25 April 2018 | 100% | 13,560,004 |
| DAMSmart | Technical services | 3 July 2018 | 100% | 1,512,432 |

| | | | | |
|--------------|----------------------|---------------|-----|-------------------|
| Liquid Light | Content distribution | 10 April 2018 | 80% | <u>375,000</u> |
| | | | | <u>15,447,436</u> |

Signature Entertainment and Liquid Light were acquired to expand the Group's content distribution segment.

DAMSmart was acquired to expand the Group's activities within technical services segment.

Consideration transferred

| 2018 | Signature Entertainment USD | DAMSmart USD | Liquid Light USD | Total USD |
|--------------------------|-----------------------------------|-----------------|---------------------|--------------|
| Cash | 4,808,000 | 1,512,432 | 10,000 | 6,330,432 |
| Contingent consideration | 6,251,000 | - | 290,000 | 6,541,000 |
| Non-controlling interest | - | - | 75,000 | 75,000 |
| Deferred consideration | 2,501,000 | - | - | 2,501,000 |
| | 13,560,000 | 1,512,432 | 375,000 | 15,447,432 |

19. Business Combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

| 2018 | Signature Entertainment USD | DAMSmart USD | Liquid Light USD | Total USD |
|--------------------------------|-----------------------------------|-----------------|---------------------|-------------------|
| Current assets | | | | |
| Cash and cash equivalents | 1,729,478 | 134,591 | - | 1,864,069 |
| Trade and other receivables | 4,465,530 | 73,568 | - | 4,539,098 |
| Other current assets | - | 2,009 | - | 2,009 |
| | 6,195,008 | 210,168 | - | 6,405,176 |
| Non-current assets | | | | |
| Plant and equipment | - | 192,523 | - | 192,523 |
| Deposits | 935,670 | 1,295 | - | 936,965 |
| Film costs | 4,656,545 | - | - | 4,656,545 |
| Identifiable intangible assets | 4,274,000 | 556,800 | 15,000 | 4,845,800 |
| | 9,866,215 | 750,618 | 15,000 | 10,631,833 |
| Current liabilities | | | | |
| Trade and other payables | (2,491,674) | (8,705) | - | (2,500,379) |
| Accrued liabilities | (2,759,158) | (152,390) | - | (2,911,548) |
| Taxes payable | (197,175) | (47,773) | - | (244,948) |
| | (5,448,007) | (208,868) | - | (5,656,875) |
| Net balance acquired | 10,613,216 | 751,918 | 15,000 | 11,380,134 |

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.

Goodwill arising on acquisition

The fair value of identifiable net assets is based upon a preliminary assessment.

20. Discontinued operations

In September 2018, the Group discontinued the tax credit financing segment with the dissolution of KSD Holdings LLC and DSK Ventures Limited.

The tax credit financing segment was not previously classified as held for sale or as a discontinued operation. The comparative condensed consolidated statement of profit or loss has been restated to show the discontinued operation separately from continuing operations.

| | Unaudited Six months ended 30 September 2018 USD | Unaudited Six months ended 30 September 2017 USD | Audited Year ended 31 March 2018 USD |
|--|--|--|--|
| Revenue | - | 283,245 | 290,370 |
| Expenses | 7,096 | (22,906) | (33,709) |
| Profit before tax | 7,096 | 260,339 | 256,661 |
| Attributable income tax expense | - | (123,345) | (88,110) |
| Profit after tax | 7,096 | 136,994 | 168,551 |
| Non-controlling interests | 38,275 | - | - |
| Net gain on disposal | 38,275 | - | - |
| Profit for the period from discounted operations of KSD Holdings LLC and DSK Ventures Limited | 45,371 | 136,994 | 168,551 |
| Loss for the period from discounted operations of Film Finances Scandinavia APS and Nordic Capital Media | - | - | (10,872) |
| Profit for the period from discontinued operations | 45,371 | 136,994 | 157,679 |

21. Post balance sheet events

In November 2018, the Group closed on a \$1.8m term loan facility under its Signature Entertainment subsidiary. The loan has a maturity date of October 2019 and an interest rate of 4.5% per annum.