THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") if you are resident in the United Kingdom or if not from another appropriately authorised independent adviser.

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by the London Stock Exchange plc (the "**London Stock Exchange**"). It is expected that Admission will be effective, and dealings in the Ordinary Shares will commence, at 8.00 a.m. on 30 June 2017. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

Prospective investors should read the whole of this document and should be aware that an investment in the Company is speculative and involves a high degree of risk. The attention of prospective investors is drawn in particular to Part II (*Risk Factors*) of this document, which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of these risk factors.

FFI HOLDINGS PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 10793426)

Placing of 39,370,078 Ordinary Shares at a price of 150 pence per share

and

Admission to trading on AIM

Nominated Adviser, Sole Bookrunner and Broker

Liberum Capital Limited

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading on AIM of the entire issued and to be issued ordinary share capital of the Company. This document does not constitute an offer or constitute any part of an offer of transferable securities to the public within the meaning of sections 85 and 102B of FSMA or otherwise. Accordingly this document does not comprise a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by or filed with the Financial Conduct Authority ("**FCA**") or any other competent authority.

The Directors, whose names appear on page 15 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 30 June 2017 (or such later date as the Company and Liberum may agree, being not later than 15 July 2017). The New Ordinary Shares will, upon Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission. It is emphasised that no application has been or is being made for the Ordinary Shares to be admitted to the Official List of the UK Listing Authority or to any other recognised investment exchange.

Liberum Capital Limited ("**Liberum**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, sole bookrunner and broker to the Company and no one else in connection with the Placing and Admission, and will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Liberum, nor for providing advice in relation to this document, the Placing, Admission or any other transaction or arrangement referred to in this document. Its responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not, under the AIM Rules for Nominated Advisers, owed to the Company or to any Director or to any other person in respect of such person's decision to acquire Ordinary Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Liberum as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability is accepted by Liberum for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document, for which the Company and the Directors are solely responsible.

IMPORTANT INFORMATION

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, Japan, New Zealand or the Republic of South Africa or to any resident, national, citizen or corporation, partnership or other entity created or organised under the laws thereof or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States. The Placing Shares may not be offered or sold, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Placing Shares are being offered and sold outside of the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). The Placing Shares, subject to certain exemptions, may not be offered or sold under the securities legislation of any of, and they may not be offered or sold directly or indirectly within, or to or for the account or benefit of any national, citizen or resident of, the Excluded Jurisdictions (including, the United States of America, Canada, Australia, Japan, New Zealand or the Republic of South Africa).

No prospectus is required, in accordance with the Prospectus Directive, to be published in connection with the Placing. Prospectus Directive means Directive 2003/71/EU (as amended) and includes any relevant implementing measures in each member state of the EEA. The contents of this document have not been examined or approved by the FCA or the London Stock Exchange, nor is it intended that this document will be so examined or approved.

This document should not be forwarded or transmitted to or into the Excluded Jurisdictions (including, the United States of America, Canada, Australia, Japan, New Zealand or the Republic of South Africa). No action has been taken by the Company, the holders of the Existing Ordinary Shares or Liberum that would permit a public offer of Ordinary Shares or possession or distribution of this document where action for those purposes is required. The distribution of this document may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. All holders of Ordinary Shares are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

The delivery of this document or any subscriptions or purchases made hereunder and at any time subsequent to the date of this document shall not, under any circumstances, create an impression that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing

Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "envisages", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "could", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and the Directors' current intentions, beliefs or expectations concerning, amongst other things, investment strategy, financing strategy, performance, results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group will operate. By their nature, forward-looking statements involve risks (including unknown risks) and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not an assurance of future performance. The Company's actual performance, results of operations, financial condition, liquidity and dividend policy and the development of the business sector in which the Group will operate, may differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Company's performance, results of operations, financial condition, liquidity and dividend policy and the development of the industry in which the Group will operate, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Prospective investors are advised to read this entire document, including Part II (*Risk Factors*), for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Group will operate. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may or may not occur. Any forward-looking statements in this document reflect the Company's and the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the matters referred to above. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Other than in accordance with the Company's obligations under the AIM Rules for Companies or the Market Abuse Regulation, neither the Company nor Liberum undertakes any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Neither the forward-looking statements nor the underlying assumptions have been verified or audited by any third party.

SOURCES

Various market data used in this document have been obtained from independent industry sources. Neither the Company nor Liberum has verified the data, statistics or information obtained from these sources and cannot give any guarantee of the accuracy or completeness of the data.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, financial information in this document has been prepared in accordance with IFRS.

ROUNDING

Various figures and percentages in tables in this document have been rounded and accordingly may not total. Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

TIME ZONE

All times referred to in this document are, unless otherwise stated, references to London time.

CURRENCIES

Unless otherwise indicated, all references in this document to:

(a) "**GBP**", "**£**", "**pounds sterling**", "**pounds**", "**sterling**", "**pence**" or "**p**" are to the lawful currency of the United Kingdom;

(b) "**US$**", "**US Dollar**" or "**$**" are to the lawful currency of the United States of America; and

(c) "**EUR**", "**€**" are to the lawful currency of the European Union.

NO INCORPORATION OF WEBSITE

The contents of the Company's website (or any other website) do not form part of this document.

GOVERNING LAW

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

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SUMMARY INFORMATION

The following information does not purport to be complete and is derived from, is qualified in its entirety by and should be read in conjunction with more detailed information appearing elsewhere in this document. Financial information has been extracted from the historical financial information set out in Part III (Historical Financial Information on the Group). See Part II (Risk Factors) for a discussion of certain factors which should be taken into account when considering whether to acquire Placing Shares. Investors should read the whole of this document and not just rely on the key or summarised information.

1. Introduction

FFI is the world leader in the provision of completion contracts to the entertainment industry for films, television, mini-series and streaming product. FFI was founded in London in 1950 and is now headquartered in Los Angeles, with 11 offices globally including in London, Stockholm, Toronto, New York, Cape Town, Cologne and Shanghai.

2. Business description

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

FFI is a trusted, iconic brand positioned at the centre of the independent film and television entertainment industry. It has an extensive network of relationships with the studios, mini studios, streaming companies, producers and financiers involved in the production of films, television and other content. This extensive network of longstanding relationships, together with FFI's deep knowledge and expertise of the film and television production process, has enabled it to secure a leading market share globally and a high level of repeat business from existing clients in its core completion contract business.

In February 2017, the Group acquired Rainbow, which trades as Pivotal Post, a company providing post-production equipment rental and software services for film makers around the world. The Rainbow Group generated revenue of US$9.9 million, operating profit of US$1.5 million and a net profit before tax of US$1.4 million in the year ended 31 December 2016.

3. Key strengths and growth strategy

3.1 *Key strengths*

- **Profitable, cash generative core business, with high barriers to entry**: FFI has a profitable core completion contract offering, which is cash generative, high margin and low risk, providing a solid platform from which to grow. FFI provides completion contracts for approximately 200 projects per annum at an average and growing budget of US$14.1 million per project in the financial year ended 31 March 2017 and an expected minimum gross margin on each project of 60 per cent.

- **Strong relationships built on proven track record**: FFI has an extensive network of relationships with studios, mini studios, streaming companies, producers and financiers which have been forged over many years.

- **Low insurance claims loss ratio**: Since 2008, FFI has provided completion contracts for approximately 1,700 productions with a total budget of over US$17 billion and only incurred US$17.6 million in claims (6.4 per cent. of fee revenue in this period).

- "**Trusted supplier" status in the entertainment industry**: FFI is the market leader in the provision of completion contracts and has been issuing them for over 60 years. The Directors believe that the substitution risk for clients is high, as the delivery of the production on time and on budget is so important and, as such, the appetite from clients to move away from FFI to a competitor is very low.

- **Experienced management team and proprietary database**: FFI has management depth and longevity throughout its business and this depth of experience, combined with its proprietary database, are a powerful combination for attracting and retaining clients.

- **Operating in a growing market**: The global demand for in-home entertainment and cinema content is projected to continue to grow globally until at least 2019 and the Directors expect this growth in demand for content to keep FFI's products and services in demand.

- **First mover advantage in China**: China is becoming the largest entertainment market in the world, with significant growth in the number of movie theatres and film production companies. FFI China provides completion contracts for local language and international co-productions and is broadening its business to provide consulting services for entertainment insurance and other services in China.

- **Highly scalable business model**: Due to FFI's key "gatekeeper" role in the production life cycle, through the issuance of completion contracts and monitoring of the entire production process, coupled with FFI's extensive network of relationships in the entertainment industry, FFI believes it is uniquely positioned to provide various non-creative ancillary services to film makers via a platform growth model.

3.2 ***Growth strategy***

The Directors believe that FFI's core business of providing completion contracts to the entertainment industry provides a platform for growth via the following threefold growth strategy:

- **Acquisitions of non-creative ancillary services businesses**: Productions require non-creative ancillary services such as editing solutions, post-production accounting, collection services, localisation, sound design and visual effects as they move from development, to production, to distribution and marketing. FFI intends to acquire businesses currently providing these ancillary services and leverage its market intelligence to build a trusted ecosystem to service the entire production cycle, cross selling and packaging services into FFI's existing client base. In February 2017, the Group acquired Rainbow, which trades as Pivotal Post, an editing equipment business, its first non-creative ancillary services acquisition.
- **Expansion of its core completion contract offering into China**: China is the fastest growing market for entertainment in the world, but the entertainment industry infrastructure in China is in its infancy. FFI China provides completion contracts for local language and international co-productions and is broadening its business to provide consulting services for entertainment insurance and other services in China.
- **Strategic low risk investment in content**: Due to FFI's awareness of projects at an early stage and its extensive network within the entertainment industry, FFI is occasionally asked or is given the opportunity to invest in content, where a predetermined sale to global distributors can be identified on a profitable basis. In addition, FFI has also provided partial finance for the production of a documentary film to be distributed by IMAX and Warner Brothers, and has had discussions to potentially be involved with the production of additional original content in conjunction with IMAX, although no final agreement has been reached.

4. Directors

The Board comprises James Terlizzi as Non-Executive Chairman, Steven Ransohoff as Chief Executive Officer, Timothy Trankina as Chief Financial Officer, Antony Mitchell as Chief Operating Officer and Simon Ingram and Stephen Argent as Non-Executive Directors. Further details about the Directors are set out in paragraph 7 of Part I (*Information on the Group*).

5. Key financial information

Part III (*Historical Financial Information on the Group*) contains consolidated financial information for the FFI Group for the financial years ended 31 March 2014, 2015 and 2016, consolidated financial information for the Rainbow Group for the financial years ended 31 December 2014, 2015 and 2016 and unaudited consolidated financial information for the FFI Group for the nine months ended 31 December 2015 and 2016.

The following financial information has been derived from the financial information in Part III (*Historical Financial Information on the Group*) and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

Key consolidated financial information for the FFI Group for the financial years ended 31 March 2014, 2015 and 2016 and unaudited key consolidated financial information for the FFI Group for the nine months ended 31 December 2015 and 2016

	Audited			*Unaudited*	
	12 months ended 31 March 2014 USD	*12 months ended 31 March 2015 USD*	*12 months ended 31 March 2016 USD*	*9 months ended 31 December 2015 USD*	*9 months ended 31 December 2016 USD*
Continuing operations					
Revenue	43,197,639	50,848,653	38,675,812	31,420,142	27,094,262
Costs related to revenue	(15,312,383)	(13,692,845)	(11,805,121)	(8,936,625)	(4,801,583)
Gross profit	27,885,256	37,155,808	26,870,691	22,483,517	22,292,679
Administrative and other expenses	(22,017,894)	(27,466,850)	(23,729,675)	(16,012,091)	(13,406,336)
Other income (expense)	1,079,774	172,487	37,574	(106,768)	(200,779)
Operating profit	6,947,136	9,861,445	3,178,590	6,364,658	8,685,564
Finance costs	(2,461)	(76,011)	(41,964)	5,763	19,356
Finance income	21,821	27,556	9,844	(3,191)	(193,878)
Profit before taxation from continuing operations	6,966,496	9,812,990	3,146,470	6,367,230	8,511,042
Net profit/(loss) from joint venture	–	(37,406)	94,822	9,634	–
Profit before taxation	6,966,496	9,775,584	3,241,292	6,376,864	8,511,042
Taxation	(3,018,056)	(3,566,116)	(1,253,695)	(2,786,706)	(3,851,009)
Profit for the year	3,948,440	6,209,468	1,987,597	3,590,158	4,660,033

	Audited			*Unaudited*
	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*	*31 December 2016 USD*
Non-current assets	11,586,604	12,495,405	12,732,809	13,195,154
Current assets	117,554,868	71,960,002	68,956,910	71,762,246
Non-current liabilities	6,372,470	7,133,345	4,720,696	5,761,888
Current liabilities	114,223,668	64,146,427	64,526,394	62,333,206
Total equity and liabilities	129,141,472	84,455,407	81,689,719	84,957,400

Key consolidated financial information for the Rainbow Group for the financial years ended 31 December 2014, 2015 and 2016

	12 months ended 31 December 2014 USD	*12 months ended 31 December 2015 USD*	*12 months ended 31 December 2016 USD*
Continuing operations			
Revenue	7,949,449	7,579,372	9,883,594
Costs related to revenue	(5,125,923)	(5,228,579)	(5,367,163)
Gross profit	2,823,526	2,350,793	4,516,431
Operating Expenses	(2,825,335)	(2,567,041)	(3,045,745)
Operating profit/(loss)	(1,809)	(216,248)	1,470,686
Finance Income	7,629	7,175	9,633
Finance costs	(135,356)	(102,593)	(75,485)
Profit/(loss) before taxation	(129,536)	(311,666)	1,404,834
Taxation	(33,552)	28,144	(88,615)
Profit/(loss) for the year	(163,088)	(283,522)	1,316,219

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Non-current assets	3,104,389	2,386,125	2,723,089
Current assets	1,589,026	1,330,479	1,658,406
Non-current liabilities	1,819,374	1,897,164	1,398,875
Current liabilities	1,516,478	919,529	939,843
Total equity and liabilities	4,693,415	3,716,604	4,381,495

6. Current trading and prospects

Save in respect of the Pre-IPO Reorganisation, the acquisition of Rainbow and other matters as disclosed herein (including, but not limited to, the cash impact of the acquisition of Snowden territorial rights and the cash impact of the investment in the panda documentary), there has been no significant change in the financial or trading position of the FFI Group since 31 December 2016, being the last date to which the unaudited consolidated financial information in Part III (*Historical Financial Information on the Group*) has been prepared.

There has been no significant change in the financial or trading position of the Rainbow Group since 31 December 2016, being the last date to which the consolidated financial information in Part III (*Historical Financial Information on the Group*) has been prepared.

Trading for the period from 31 December 2016 to the date of this document has been consistent with the Directors' expectations.

7. Reasons for the Placing and Admission and use of proceeds

The Directors believe that the Placing and Admission will provide capital for the Group's next stage of development and further enhance the Group's public profile.

The Company expects to receive gross proceeds of approximately £31.5 million from the issue of New Ordinary Shares in the Placing. The net proceeds of the issue of New Ordinary Shares in the Placing, which are expected to be approximately £26.5 million, are intended to be used for:

- **Acquisition of non-creative ancillary services businesses**: Approximately £15.6 million of the net proceeds is intended to be used for targeted acquisition of non-creative ancillary services businesses.
- **Financing of the captive insurance entity**: Approximately £6.2 million of the net proceeds is intended to be used to set up a captive insurer and new insurance agreement with the Group's insurers, which is expected to significantly reduce the Group's insurance costs.
- **Strategic content acquisition**: Approximately £4.7 million of the net proceeds is intended to be used to fund strategic content acquisitions.

8. Details of the Placing

Subject to the Placing becoming unconditional, the Company will issue 20,997,375 New Ordinary Shares and the Selling Shareholders will sell 18,372,703 Sale Shares. The issue of New Ordinary Shares by the Company will raise approximately £31.5 million before expenses for the Company. Expenses payable by the Company in connection with the Placing and Admission are expected to amount to approximately £4.4 million (exclusive of VAT). The Placing Price has been determined by the Company and the Selling Shareholders after consultation with Liberum.

9. Lock-up Arrangements

Pursuant to the Lock-up Deeds, each of the Selling Shareholders has agreed that, subject to certain exceptions, during the period from the date of Admission until the date which is six months (or 12 months in the case of Steven Ransohoff and the Ransohoff Trust) following Admission, he or it will not, without the prior consent of Liberum, dispose of any Ordinary Shares retained by him or it at the time of Admission. In addition, each of the Selling Shareholders has also agreed, for a period of six months from the date of expiry of the lock-up arrangements described above, to comply with certain requirements to maintain an orderly market in the Ordinary Shares.

10. Relationship Agreements

Each of (i) Golden Sun and (ii) Steven Ransohoff and the Ransohoff Trust have entered into a Relationship Agreement with the Company, the principal purpose of which is to ensure that the Company will at all times be capable of carrying on its business independently of Golden Sun, Steven Ransohoff and the Ransohoff Trust and their respective associates.

In accordance with the terms of the Relationship Agreements, for so long as each of Golden Sun and Steven Ransohoff and the Ransohoff Trust (in aggregate) and their respective associates each retain an interest in more than 20 per cent. of the rights to vote at a general meeting of the Company attaching to Ordinary Shares, they shall each be entitled (but not required) to nominate one Director to the Board. Steven Ransohoff has agreed under his Relationship Agreement that this right will not apply for so long as he is a Director of the Company. However, in the event that Golden Sun and its respective associates cease to hold their Director nomination right because their voting interest falls below 20 per cent., Steven Ransohoff will be entitled (but not required) to nominate an additional Director to the Board for so long as he and the Ransohoff Trust (in aggregate) and their associates have an interest in more than 30 per cent. of the rights to vote at a general meeting of the Company attaching to Ordinary Shares.

Each Relationship Agreement will terminate if the Ordinary Shares cease to be admitted to trading on AIM (not including any period of suspension of trading) or if Golden Sun or Steven Ransohoff and the Ransohoff Trust (in aggregate) and their respective associates cease to retain an aggregate interest of 15 per cent. or more of the rights to vote at a general meeting of the Company attaching to Ordinary Shares.

11. Dividend Policy

The Company intends to retain any earnings in order to pursue its growth strategy and does not anticipate paying dividends for at least two years. Thereafter, the Board may implement a dividend policy if it is appropriate to do so. Any policy will take into account the profitability of the business and underlying growth

in earnings of the Group, as well as its cash flows and growth requirements. The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. Shareholders should note that due to the Company being treated as a US corporation for US federal income tax purposes, any dividends that were to be paid in the future in respect of the Ordinary Shares to a non-US holder would be subject to US withholding tax either at a rate of 30 per cent. of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. Further details are set out in paragraph 16.2 of Part V (*Additional Information*).

12. Taxation

Information regarding UK taxation is set out in paragraph 15 of Part V (*Additional Information*) of this document. That information is intended as a general guide only for UK tax resident Shareholders as to their tax position under current UK tax legislation and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is subject to change at any time and possibly with retrospective effect. If you are in any doubt as to your tax position or are subject to taxation in a jurisdiction other than the UK, you should contact your independent professional advisers immediately.

In addition, the Company is expected to be treated as a US corporation for US federal income tax purposes and will be subject to US federal income tax rules. The Company is also expected to be treated as a UK resident company for UK tax purposes because the Company is incorporated under the laws of England and Wales. Further details are set out in Part II (Risk Factors). Information regarding the tax consequences for Shareholders is set out in paragraph 16 of Part V (*Additional Information*).

13. Risk Factors

Your attention is drawn to the risk factors set out in Part II (*Risk Factors*) of this document. In addition to all other information set out in this document, potential investors should carefully consider the risks described in that section before making a decision to invest in the Company.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	22 June 2017
Expected date of Admission and dealings in the Ordinary Shares expected to commence on AIM	8.00 a.m. on 30 June 2017
CREST accounts credited (where applicable)	8.00 a.m. on 30 June 2017
Despatch of definitive share certificates (where applicable)	Week commencing 10 July 2017

Notes:

(1) References to time in this document are to London time (BST).

(2) Each of the above dates is subject to change at the absolute discretion of the Company and Liberum. Any such change will be notified by an announcement on a Regulatory Information Service.

PLACING STATISTICS

Placing Price (per Ordinary Share)	150 pence
Number of Existing Ordinary Shares in issue immediately prior to Admission[1]	136,043,873
Number of New Ordinary Shares to be allotted and issued by the Company pursuant to the Placing	20,997,375
Number of Sale Shares to be sold by the Selling Shareholders pursuant to the Placing	18,372,703
Total number of Placing Shares	39,370,078
Number of Ordinary Shares in issue at Admission	157,041,248
Percentage of Enlarged Share Capital represented by Placing Shares	25 per cent.
Gross proceeds of the Placing receivable by the Company	£31,496,062.50
Gross proceeds of the Placing receivable by the Selling Shareholders	£27,559,054.50
Approximate market capitalisation of the Company at the Placing Price on Admission[2]	£235,561,872.0
ISIN	GB00BF04DT64
SEDOL number	BF04DT6
AIM/TIDM	FFI

Notes:

(1) Assuming the Pre-IPO Reorganisation described in paragraph 4 of Part V (*Additional Information*) has taken place.

(2) The Company's market capitalisation at any given time will depend on the market price of the Ordinary Shares at that time. The Company cannot assure prospective investors that the market price of an Ordinary Share will be equal to or exceed the Placing Price.

DIRECTORS, SECRETARY AND ADVISERS

Directors	James Dominic Terlizzi *(Non-Executive Chairman)* Steven Arthur Ransohoff *(Chief Executive Officer)* Timothy Joseph Trankina *(Chief Financial Officer)* Antony Mitchell *(Chief Operating Officer)* Simon Henry Ingram *(Non-Executive Director)* Stephen Esmond Argent *(Non-Executive Director)*
Company Secretary	Jordan Company Secretaries Limited 21 St Thomas Street Bristol BS1 6JS United Kingdom
Registered Office	15 Conduit Street London W1S 2XJ United Kingdom
Website	www.filmfinances.com
Nominated Adviser, Sole Bookrunner and Broker	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY United Kingdom
Legal Advisers to the Company as to English Law	Latham & Watkins (London) LLP 99 Bishopsgate London EC2M 3XF United Kingdom
Legal Advisers to the Company in respect of the Pre-IPO Reorganisation	Foley & Lardner LLP One Independent Drive Suite 1300 Jacksonville FL 32202-5017 United States
Legal Advisers to the Nominated Adviser and Broker as to English Law	Rosenblatt Solicitors 9-13 St. Andrew Street London EC4A 3AF United Kingdom
Auditors to the Company	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB United Kingdom

Reporting Accountants to the Company	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU United Kingdom
	RSM Corporate Finance LLP 25 Farringdon Street London EC4A 4AB United Kingdom
Registrar	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

PART I

INFORMATION ON THE GROUP

1. INTRODUCTION

FFI is the world leader in the provision of completion contracts to the entertainment industry for films, television, mini-series and streaming product. FFI was founded in London in 1950 and is now headquartered in Los Angeles, with 11 offices globally including in London, Stockholm, Toronto, New York, Cape Town, Cologne and Shanghai.

Over the last 67 years, FFI has provided the financiers of film and television productions with contracts providing assurance that film and television productions will be completed on time, on budget and to a basic pre-agreed specification.

FFI is a trusted, iconic brand positioned at the centre of the independent film and television entertainment industry. It has an extensive network of relationships with the studios, mini studios, streaming companies, producers and financiers involved in the production of films, television and other content. This extensive network of longstanding relationships, together with FFI's deep knowledge and expertise of the film and television production process, has enabled it to secure a leading market share globally and a high level of repeat business from existing clients in its core completion contract business.

Since 2008, FFI has issued completion contracts to the leading financiers involved in the entertainment industry, unlocking funding for approximately 1,700 productions with gross production budgets estimated to be in excess of US$17 billion. FFI issues completion contracts for approximately 200 productions per annum. As at 31 March 2017, the Group employed 92 people.

The completion contracts issued by FFI provide financiers with assurance that a production will be completed on time and on budget. Typically financiers of films and television will not provide capital to fund the cost of production without a completion contract in place. As such, FFI is effectively the "gatekeeper" to unlocking the capital of financiers, without which the productions may not progress beyond the development phase. While providing this important service, FFI takes limited risk as to the success of a film. FFI receives its fee up front and its primary responsibility is that the film is finished on time, on budget and to a pre-agreed specification.

Prior to issuing a completion contract, FFI's staff of industry experts undertake extensive due diligence on each production, including extensive assessment of budget and production plans, to ensure they are confident that the production can be delivered on time and within budget. On issuing a completion contract guaranteeing on time and on budget production delivery, FFI simultaneously mitigates its risk through a syndicate of insurance companies. Once the completion contract is issued, FFI's global team of production experts will monitor the entire production process from start to finish, seeking to identify issues as they arise and working with producers to ensure successful delivery. Ultimately, FFI has the right to take over a project's production if deemed necessary.

Due to FFI's key "gatekeeper" role in the production life cycle, through the issuance of completion contracts and monitoring of the entire production process, coupled with FFI's extensive network of relationships with the studios, mini studios, streaming companies, producers and financiers, FFI is uniquely situated to provide various ancillary services and products to the makers of film and television productions via a platform growth model. The Group is implementing a threefold growth strategy comprising:

- **Acquisitions of non-creative ancillary services businesses**: Productions require non-creative ancillary services such as editing solutions, post-production accounting, collection services, localisation, sound design and visual effects as they move from development, to production, to distribution and marketing. FFI intends to acquire businesses currently providing these ancillary services and leverage its market intelligence to build a trusted ecosystem to service the entire production cycle, cross selling and packaging services into FFI's existing client base. In February 2017, the Group acquired Rainbow, which trades as Pivotal Post, an editing equipment business, its first non-creative ancillary services acquisition.

- **Expansion of its core completion contract offering into China**: China is the fastest growing market for entertainment in the world, but the entertainment industry infrastructure in China is in its infancy. FFI China provides completion contracts for local language and international co-productions and is broadening its business to provide consulting services for entertainment insurance and other services in China.
- **Strategic low risk investment in content**: Due to FFI's awareness of projects at an early stage and its extensive network within the entertainment industry, FFI is occasionally asked or is given the opportunity to invest in content, where a predetermined sale to global distributors can be identified on a profitable basis. In addition, FFI has also provided partial finance for the production of a documentary film to be distributed by IMAX and Warner Brothers, and has had discussions to potentially be involved with the production of additional original content in conjunction with IMAX, although no final agreement has been reached.

2. HISTORY AND BACKGROUND OF THE GROUP

The Group was founded in 1950 by Peter Hope, a Lloyd's underwriter, and Robert Garrett, a film producer. The Group was formed following the severe financial crisis that afflicted the British film industry from 1948 to 1949. The losses that the big film corporations in Britain incurred in their production activity during this period caused them to cease to provide direct finance for film production and to rely instead on distribution guarantees. These distribution guarantees allowed the vertically integrated film corporations in Britain to obtain the feature films they needed for their cinema chains from independent producers rather than have to produce these films themselves. The concept of a "completion contract" was therefore borne out of necessity as the independent producers required third party finance to make films, but those funding providers would not invest without assurances that a project would be completed on time and on budget. Before the Group pioneered the concept of the completion contract, producers had to provide additional collateral themselves (as security against possible over-budget costs) in order to borrow against the distribution guarantee, which was not a sustainable solution.

On the strength of the completion contract, the independent producer could therefore raise money from the bank while the guarantor (i.e. FFI) – rather than the film corporation – would take the risks of production. At about the same time, in order to alleviate the severe difficulties independent producers were having in obtaining finance, the British Government set up the National Film Finance Corporation (NFFC). The independent producer would raise approximately 70 per cent. of the budget from a bank on the security of the film corporation's distribution guarantee, and would then turn to the NFFC for the "end money". As the distribution guarantee only came into effect upon delivery of a completed film and lenders, whether the banks or the NFFC, needed assurances about the effective use of their money, the completion contract became a cornerstone of this new system of British film financing.

In return for a fee based on a percentage of the budget, FFI would guarantee to lenders that the contracted film would be delivered to the distributor on-schedule and on-budget. FFI would issue a completion contract only once it was satisfied that the independent producer was able to meet a set of stringent conditions relating to the production of the film. In the few instances where a production it had guaranteed got into serious difficulties, FFI had the right to take a number of actions, including the right to take over and finish production of the film. To fulfil its role successfully, FFI acted as both mediator and production consultant. It required an independent film producer to undertake the most rigorous preparation before a film went into its production phase and continued to monitor the progress of the production closely. To this day, the role of FFI in respect of its core completion contracts business remains the same.

As Hollywood heavily increased its investment in UK and Europe-based productions during the 1960's, FFI assumed an international dimension, writing completion contracts for Dr. No (1962), Tom Jones (1963), The Ipcress File (1965), Cabaret (1972) and numerous other films. In 1971, Richard Soames joined FFI, eventually replacing Robert Garrett as managing director. Over the next decade, Richard Soames expanded the business to Canada, Australia and the US. The climate of international film-making encouraged this development. The traditional Hollywood "majors" were now being joined by a number of new independent companies that were raising finite sums of money to make single films, largely collateralised by each film's commercial potential. As such these companies had little commercial collateral or additional funds to meet potential budget over costs. Accordingly, they regarded the completion contract as an important element in their financing objectives. Additionally, Canada and Australia benefited from the introduction of tax incentives designed to encourage the development of an indigenous film industry. These tax credits were (and many

still are) available only once expenditure in the relevant location could be demonstrated (i.e. when the budget has been spent after principal photography is complete) and therefore, in order to access this money up front to fund production, it had to be borrowed from a lending bank. This led to many independent producers seeking completion contracts to provide the necessary reassurance to their financiers.

In 1982, the Group opened its office in Los Angeles, which is now used as the Group's headquarters. Steven Ransohoff, the Group's current Chief Executive Officer, joined the business in 1986 as a vice president and in-house lawyer. Steven purchased a minority interest in the Group in 1991. In 1993, Amlin became one of the Group's primary insurers and, at that time, acquired a shareholding in the Group (which is now approximately 9 per cent.). Amlin is wholly-owned by the MS&AD insurance group, the eighth largest non-life insurer globally and the largest capacity provider at Lloyds of London.

In 2008, Steven Ransohoff and Kurt Woolner purchased the shares of Richard Soames and the other minority shareholders in the Group (other than Amlin).

In 2015, the Group opened an office in Shanghai in China and obtained a licence to issue completion contracts as a WOFE. FFI began to offer completion contracts in China in late 2016.

In 2016, the decision was taken to sell the Group's holdings in CaSHET, which offered credit cards to film producers, and its parent company, Realta, to Kurt Woolner. The consideration for the sale was satisfied by a cancellation of part of Kurt Woolner's shareholding in Film Finances. In addition, the remaining shareholding of Kurt Woolner was sold, primarily to ERL. ERL was 85 per cent. owned by Golden Sun, a registered fund. The remaining 15 per cent. interest in ERL was owned by JDT, an investment company owned by James Terlizzi, a director and the Non-executive Chairman of the Company.

The investment by ERL in 2016 was a catalyst for the existing management team to launch the platform growth strategy that the Group is now pursuing. The first acquisition as part of this platform growth strategy was undertaken in February 2017, with the Group acquiring Rainbow, which trades as Pivotal Post, an editing equipment business.

3. GROUP OVERVIEW

3.1 Divisional overview and geographic coverage

FFI is headquartered in Los Angeles, with 11 offices globally. The offices for FFI are located in key film making centres, including in London, Stockholm, Toronto, New York, Cape Town, Cologne and Shanghai. This worldwide presence allows FFI to closely monitor productions across the globe and act proactively to seek to rectify situations that could otherwise result in claims.

In total, FFI employed 92 staff worldwide as at 31 March 2017, with 56 based in Los Angeles, 15 in London and the remainder across FFI's other locations; this includes the 27 employees that recently joined the Group in February 2017 following the acquisition of Rainbow, which trades as Pivotal Post, which has offices in Los Angeles, New York, Atlanta, Toronto, Quebec and London. In the nine months to 31 December 2016, the Group's four largest jurisdictions by revenue were the US, the UK, Canada and Australia, generating 77.6 per cent., 11.2 per cent., 4.4 per cent. and 4.0 per cent. of the Group's revenue in that period, respectively.

Detailed descriptions of FFI's core completion contract business and its recent editing equipment company acquisition, Rainbow, which trades as Pivotal Post, are set out below.

3.2 Core completion contract business

FFI is the world leader in the provision of completion contracts to the entertainment industry for films, television, mini-series and streaming product. FFI has strong relationships with the studios, mini studios, streaming companies, producers and financiers involved in the production of films, television and other content. This extensive network of longstanding relationships, together with FFI's deep knowledge and expertise of the film and television production process, has enabled it to secure a leading market share globally and a high level of repeat business from existing clients. Since 2008, FFI has issued completion contracts to all the leading financers involved in the entertainment industry, unlocking funding for approximately 1,700 productions with gross production budgets estimated to be in excess of US$17 billion.

In the financial year ended March 2016, excluding revenue from the CaSHET business that was sold in November 2016, 99.53 per cent. of the Group's revenue and 99.35 per cent. of the Group's gross profit were attributable to its core completion contract business.

The completion contracts issued by FFI provide financiers with assurance that a production will be completed on time, on budget and to a basic pre-agreed specification. Without a completion contract, the financers will not generally lend capital and, as a result, a project may not get made due to lack of funding. As such, FFI is effectively the "gatekeeper" to unlocking the capital of the financiers, without which productions may not progress beyond the development phase.

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

(a) ***The production life cycle***

The typical life cycle of a film production is set out in the diagram below:

The production life cycle commences with a development phase, comprising both creative and financial workstreams. This phase typically involves securing the underlying literary rights (also referred to as "intellectual property" upon which the film or television production will be based), hiring a writer and director to supervise the writing of a screenplay, engaging the crew and cast who will work on the film or television production, creating and finalising the budget and securing funding for the project.

Funding can be secured from a number of potential sources and there are some types of funding that do not require completion contracts. For example, some micro-budget films are produced using crowd-funding and some large studios do not require a bond. However, in many cases, finance plans are pieced together using the three main sources set out below, being pre-sales, tax credits and equity.

Pre-sales: a sales agent takes the development package (the script, the intended director and lead cast) to international markets including Cannes Film Festival and the American Film Market at which international distributors may agree to purchase the film for its particular territory for a minimum guarantee (or MG), this is a pre-sale. The MG is an advance against expected proceeds from cinema, DVD and other exploitation. Distributors will usually pay a deposit, for example 20 per cent. of their total MG, with the remaining 80 per cent. being payable on delivery of the film on a pre-determined date and to a pre-determined specification.

Tax credits and subsidies: in order to attract the positive economic impact of production in a particular geographic location, many countries, regions and US states offer a tax incentive or subsidy of approximately 20-35 per cent. of the amount of money spent in that area. This benefit can often be estimated quite accurately prior to principal photography commencing (by a specialist accountant who reviews the budget) but cannot usually be collected until after the budget has been spent (i.e. principal photography has been completed).

Pre-sales, tax credits and subsidies are often vital aspects of a producer's finance plan, but, in order to realise the funds in advance, the producer must obtain finance against these receivables from a bank or other entertainment lender. The lenders will undertake their usual due diligence to determine if the counterparty to a receivable is likely to make payment – their business is one of pricing and taking credit risks but in order to trigger payment, the film must be completed and delivered and, in many cases, lenders are not in a position to take on this risk of non-completion.

Equity Investors: these are specialised organisations, in many cases backed by high net worth individuals or public funds with some cultural remit (for example, the British Film Institute). Equity Investors are seen to be investing in the long term commercial success of a project. They will contribute funds to a production without being entitled to specific receivables on delivery and instead are entitled to future proceeds of film distribution. Future proceeds can include sales to territories that were not pre-sold and funds received from pre-sold territories once the MG has been recouped by the territorial distributor. These Equity Investors take the risk that a film or television production is going to be a commercial success (and will often see a significant profit when that is the case), but in order for commercial success to even be a possibility, the film or television production must be completed and delivered to the distributors and sales agent to make further sales at markets. Many Equity Investors, like banks, do not wish to take on this risk of non-completion.

Furthermore, both the banks and the Equity Investors have calculated the sum they wish to lend or invest. In the bank's case, it is based on the value of receivables and in the Equity Investor's case, it is a based on anticipated performance which often involves various ratios and calculations based on similar productions. So their contribution to the cost of the film or television production is largely intended to be fixed. They do not usually intend to finance more if the film or television production ends up costing more than budgeted. Therefore, they will not usually advance any funds until they know that their funds will result in a finished film or television production being delivered – hence the completion contract is a cornerstone of the financing process.

The execution of the completion contract will trigger the release of funds needed to pay for the production of the film or television production. The development phase is followed by a production phase, comprising pre-production, production and post-production.

Pre-production: Pre-production typically lasts approximately 8 to 18 weeks and involves undertaking all the necessary steps to get ready to shoot. The first priority is usually to hire the heads of each production department; for example, the production designer and director of photography. The first assistant director will work closely with the director, line producer, location manager and others to finalise a schedule that includes shooting the whole script and keeps to the budget (taking into account time for building sets, availability of actors, working hours of crew and various other factors). Each department will work with the director to realise his or her vision. In the case of costume, they will have to hire, make or buy all the costumes and in the case of hair and make-up, they will need to undertake make up, hair and wig tests, often working closely with the director of photography to ensure the look is correct in the context of the intended lighting. The location manager and his or her team will be scouting to find locations, the production designer and his or her art department and construction team will be designing and build sets and all departments will be undertaking numerous other tasks to ensure that the shoot itself runs as smoothly as possible.

Production: Production, or principal photography, is a fixed period in which the crew works together to shoot the scenes allocated for that day in the schedule. Each day starts with a "call sheet" detailing exactly what is going to be shot and where cast have to be at what time. A film will usually shoot for 6 to 12 weeks and a television series for approximately 12 to 30 weeks depending on the number of episodes.

Post-production: Once the film has been shot, post-production typically starts with the editing of the film. The director will usually be given at least 10 weeks to prepare a director's cut and thereafter, the producers, distributors and financiers will give notes. At the point where the cut is settled, this is called "picture lock". The locked picture is likely to include placeholders for VFX. It may be whole scenes that need to be created or smaller items that need to be dealt with (like removing visible overhead cables during a period film). Alongside VFX, the sound and picture work begins. Each frame will be checked and often colour corrected (called grading) to ensure the lighting is consistent. In addition, the score will be composed, commercial music identified and licensed and the dialogue reviewed to see if any of the actors' speech needs to be re-recorded. Following this, the sound will be mixed so that the music, dialogue and effects are each at the right volume. Once the final mix is completed, the film is finished and the delivery materials can be prepared.

The final phase of the life cycle is the distribution and marketing phase, when the completed film or television production is finally released and seen by the general public.

(b) ***Risk management***

Production and legal due diligence

As "gatekeeper" to the financing of many independently produced projects, FFI sees entertainment projects early in the life cycle, getting first sight at the end of the development phase. At this stage, prior to issuing a completion contract, FFI's staff of industry experts undertake extensive due diligence split between production and legal.

Production due diligence includes an in-depth assessment of the budget, schedule, the key personnel and cast, the crew and the producer. Each budget should also include an adequate contingency of approximately 7-10 per cent. If the production budget exceeds US$50 million, a production overview report is prepared for the insurance syndicate, highlighting the production timetable, budget, key production personnel and FFI's assessment of the risk exposure. This due diligence process is critical to FFI assessing the level of production risk involved and only if FFI is satisfied that the production can be delivered on time and within budget, will it issue a completion contract.

Legal due diligence involves the legal and business affairs team reviewing any US and overseas distribution agreements to whom delivery must be made. Legal due diligence also involves a review of the delivery requirements to distributors to ensure that these are achievable and in line with the production schedule. Agreements with key personnel such as director, producers and the principal cast are also reviewed to ensure that there are no unusual terms and that any stop dates (being commitments to release actors or directors to other productions) will not restrict filming. The legal and business affairs team will also obtain and review all insurance documents including production package insurance, liability insurance and errors and omissions insurance. These policies are confirmed with the insurance provider and insurance broker. In addition, the Group is noted as an "additional insured" and "loss payee" on both the production insurance policy and the errors and omissions policy.

Legal underwriting process and recoupment

During the process of the legal underwriting, the legal team will assess the various contracts relating to the production, distribution and financing of a film and work with the various parties to address their individual concerns. In each completion contract, FFI will have a recoupment provision whereby in the event that FFI is required to advance funds over budget to ensure completion on time, FFI can recoup these losses from the proceeds of the film after the financiers of the film have recouped their principal plus interest and after the sales companies have recouped their costs and fees. As such, any amounts paid to productions by FFI are capable of being recovered from the future distribution proceeds should the film be successful. In certain circumstances, the financier will often provide additional funding instead of allowing FFI to advance any funds because there is additional collateral such as tax credits, in order to prevent FFI taking control of the production and also avoid any negative publicity associated with productions being over budget.

Monitoring

Once a completion contract is issued, FFI will monitor the entire production process from start to finish, ensuring production remains on track and on budget throughout. FFI monitors each live production daily and the process involves obtaining and reviewing daily call sheets detailing scenes to be filmed each day, the production reports that show what work has been done that day and various financial reports. The information required by FFI varies based on where the film or television production is made, the competence of the production team and other factors. Generally speaking however, the information FFI receives is similar across the board and is described in more detail below.

In addition to receiving progress reports indicating the work that is being done on the film or television production on a daily basis, FFI may receive a half day report and wrap report that is often sent by the production manager or other production personnel each day to communicate progress against the schedule. This information can be given orally but is generally provided in

writing. Any significant variances to the schedule are investigated and may involve calls between the production team and FFI to discuss and resolve issues that may come up during the production process. For each day of filming, typically a "hot cost report" is produced to describe the costs incurred each day against the master budget. In addition, each week, a detailed production cost report is generally produced which shows the variances for each departmental budget including the hours of each actor and production crew and commentary on any variances. Should any issues arise during production, FFI's team can identify the issues based on their review of the production records they obtain and will work with the production team to solve these before they impact timetable or budget. Ultimately, FFI retains the right to step in and take control of the production process should it be necessary to do so.

This production monitoring process is a fundamental part of FFI's efforts to ensure that productions in respect of which it has issued a completion contract are run to budget and schedule and, in turn, to mitigate FFI's risk in relation to such completion contract.

Commercial risk

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

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

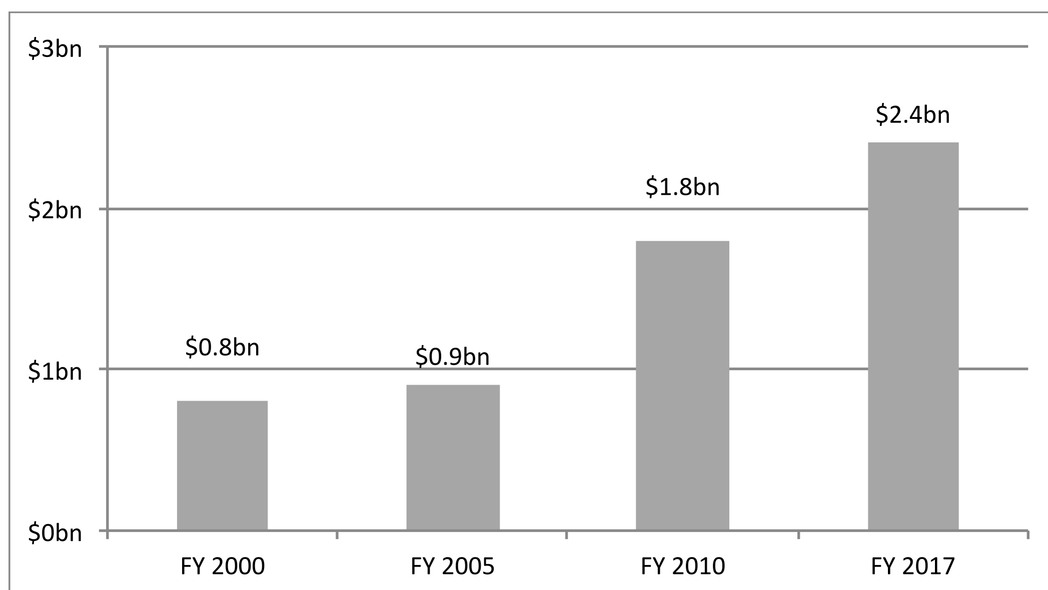
FFI has issued completion contracts for a number of Oscar winning and Oscar nominated movies in recent years, including The Kings Speech, The Queen and Slumdog Millionaire. It also issued completion contracts for three of this year's Oscar nominated movies, namely La La Land, Hacksaw Ridge and Hell or High Water. Whilst FFI is pleased to be involved in these critically acclaimed productions, FFI is able to achieve similar financial returns when issuing completion contracts on productions that have been unsuccessful at the box office or received poor reviews. This is because FFI's fees for issuing completion contracts are paid upfront and in full and so as long as the production is delivered on time and on budget, the actual commercial success of the production has little or no impact on the Group's profitability.

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

(c) ***Key performance indicators for the Group's completion contract business***

The Group's completion contract business has seen a growing total budget of FFI bonded projects since 2000, as illustrated in the chart below. As at the end of March 2017, the total annual budget of FFI's bonded projects had grown to US$2.4 billion, three times the level it was in 2000.

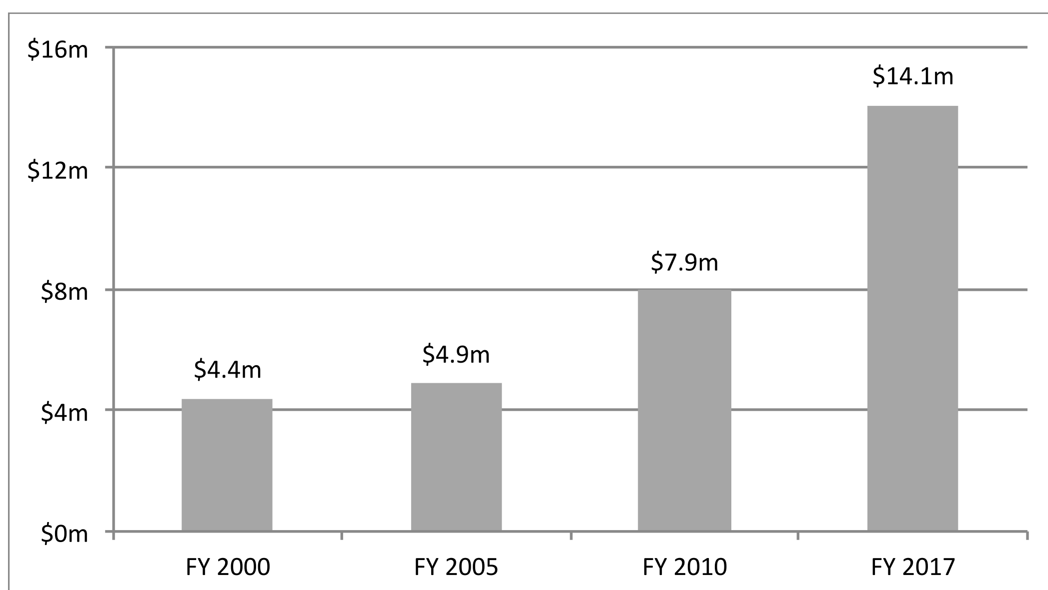
Total Budget of FFI Bonded Projects



Source: Company

In parallel with the growth in total production budget, FFI has also seen significant growth in the average budget of the productions it bonds since 2000, as illustrated in the chart below. As at the end of March 2017, the annual average budget of FFI's bonded projects has grown to US$14.1 million, more than three times the budget during the year 2000.

Average Budget of FFI Bonded Projects



Source: Company

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

In line with the increased use of streaming technology, FFI is also seeing growth in the demand for completion contracts for streaming platform productions. For the financial year ended 31 March 2017, the Group issued completion contracts for 18 streaming platform productions, which accounted for approximately 9.7 per cent. of the Group's completion contract revenue in

that period. In the financial year ended 31 March 2013, the Group had issued just one completion contract for a streaming platform production.

FFI Streaming Content - Number of Titles Per Year

Source: Company

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

(d) ***Key characteristics of the Group's core completion contract business***

High barriers to entry: The Group's core completion contract business has high barriers to entry for new entrants. These include FFI's extensive network of relationships with studios, mini studios, streaming companies, producers, and financiers, which FFI has built over a long period of time. FFI also has an extensive proprietary database containing 67 years of film making history, which is a key component in informing the due diligence that FFI undertakes prior to issuing a completion contract. In addition, FFI has an impressive claims performance, which not only demonstrates the robustness of the due diligence and production monitoring that FFI undertakes, but also keeps underwriting costs low, providing a key advantage versus potential new entrants. Finally, FFI's claims record enables it to obtain insurance from third party insurers on terms that the Directors believe to be very favourable.

Low cost item, but a crucial component of financing: When considered in the context of the entire production budget, the completion contract itself is a low cost item, costing approximately 150-200 basis points of the entire production budget. Very large films, with budgets in excess of US$100 million, may have lower rates. The Directors believe that the substitution risk for clients is high, as delivery of the production on time and on budget is so important, and as such the appetite from clients to move away from FFI to a competitor is very low.

High margin, low risk model: The Group's core completion contract offering delivers a high margin, low risk return, along with a favourable working capital profile. The core business is profitable and delivers a minimum expected gross margin on each project of 60 per cent., prior to taking into account overheads, claims and other costs associated with conducting the business.

Cash generative: FFI receives payment for the provision of a completion contract at the point of issuance. As such, FFI does not have any long dated receivables due from its producer clients, ensuring that the completion contract business is cash generative.

(e) ***Insuring the risk***

At the point at which FFI issues a completion contract guaranteeing on time and on budget production and delivery of film or television production, it simultaneously mitigates part of this risk to a syndicate of insurers through its ICW insurance policy. The payment to FFI from the production company is typically paid up front and in full at the time the completion contract is issued. The payment to the insurer by FFI is paid 45 days after the month in which the bond fees

were received. From the gross insurance premium paid, FFI is entitled to a profit commission, depending upon the amount of claims made during a given year of operation.

FFI insurance syndicate: The Group's ICW insurance policies are provided by a syndicate of insurance providers, led by syndicates at Lloyd's and Allianz. BMS is the sole broker used to administer this insurance for the Group. It is a specialist in completion contracts and has been the Group's broker for the Lloyd's syndicate for the last 25 years.

Historic claims performance and tiered insurance structure: FFI commissioned the preparation of an actuarial report in 2016 by Lewis & Ellis Inc, a third party actuarial firm, reviewing the historical insurance costs and level of claims. This report states that, since 2008, the insurers had not incurred any net losses across approximately 1,700 productions insured against in that period. FFI receives a profit commission from its insurers each year based on its performance. Profit commission calculations are agreed to annually with the insurers and after deduction for claims. The profit commission is calculated based on the insurance period running from July to June each year and is driven by the value of FFI's gross premiums (which in turn is calculated using the value of orders placed) and the level of historical claims. The profit commission is recognised within cost of sales and is accrued for monthly within cost of sales based on the delivery of titles and after deduction for any claims above the excess layer.

As mentioned above, whilst FFI insures against claims incurred under the completion contracts issued by it, FFI's insurance arrangements include provision for FFI to pay the cost of claims on top of the premium up to certain caps.

The Lewis & Ellis Inc actuarial report, prepared for FFI, calculated that a claim needs to exceed approximately US$10 million before the insurers incur any losses. In line with the findings of the actuary, the insurers have not incurred any losses since 2008, so FFI has effectively paid all claims from its own resources in this period. Following monitoring of productions with claims and remedial actions, some claims provisions can later be reduced. In addition, when amounts are paid to productions for a claim, FFI has a charge to recover the funds if possible from distribution proceeds ranked after the financier(s).

No-claims bonus: As part of some completion contracts, FFI sometimes offers a no-claims bonus to its producer clients, which is payable to the customer if no claims are made. The no-claims bonus is reserved for, in full, upon receipt of the bond fee and is recognised against revenue over the life of the contract in line with FFI's revenue recognition policy. The size of the no-claims bonus typically ranges from 10 to 15 per cent. of the fees charged for the issuance of the completion contract.

Creation of captive insurance arrangement: FFI is in the process of negotiating a new captive insurance arrangement with its underwriters. It expects to deploy approximately US$8 million of the net proceeds of the issue of New Ordinary Shares in the Placing to establish this new captive insurance arrangement and the Directors expect it will result in substantial savings on the previous net insurance costs.

3.3 Editing equipment business – Rainbow/Pivotal Post

In February 2017, the Group acquired Rainbow, which trades as Pivotal Post. Rainbow provides post-production equipment rental and software for filmmakers around the world. Post-production is an ancillary service needed by film and television producers, both large and small, who require software and hardware to edit film and television productions. Rainbow is a leading company in this area and has traditionally focused on leasing its equipment and software to large film studios. This acquisition is expected to allow FFI to introduce its clients to Rainbow. Since completion of the acquisition of Rainbow in February 2017, the Group has already introduced over 16 productions from the FFI platform to Rainbow.

For the year ended 31 December 2016, Rainbow delivered revenue of US$9.9 million, operating profit of US$1.5 million and a net profit before tax of US$1.4 million.

Rainbow provides film editing and production equipment on a rental basis and has a number of wholly owned subsidiaries, namely Rainbow Digital Services LLC, Pivotal Post Ltd and Pivotal Post Corp.

Rainbow Digital Services LLC focuses on the US market, primarily southern California. Pivotal Post Ltd focusses on the UK and European market. Pivotal Post Corp focusses on the Canadian market. As at 31 March 2017, Rainbow employed 27 people and one consultant and has offices in Los Angeles, New York, Atlanta, Toronto, Quebec and London.

The Chief Executive Officer of Rainbow, Kevin Hyman, has signed an employment contract as part of the transaction to remain in his role for a further four years.

4. KEY STRENGTHS

FFI is a profitable business with a leading market share and the Directors attribute this to the following factors:

4.1 Profitable, cash generative core business, with high barriers to entry

FFI has a profitable core completion contract offering, which is cash generative, high margin and low risk providing a solid platform from which to grow. FFI provides completion contracts for approximately 200 projects per annum at an average and growing budget of US$14.1 million per project in the financial year ended 31 March 2017 and an expected minimum gross margin on each project of 60 per cent. Fees are paid up front and in full on signing of a completion contract so there are no long dated receivables. Furthermore, FFI is a trusted iconic brand in the entertainment industry and its core completion contract business has high barriers to entry. This is evidenced by FFI's leading market share worldwide and the high levels of repeat business from existing clients.

4.2 Strong relationships built on proven track record

FFI has an extensive network of relationships with studios, mini studios, streaming companies, producers and financiers which have been forged over many years. The strength of these relationships is built on FFI's track record of delivering productions on time and on budget, as evidenced by the negligible loss ratio of insurance claims discussed further below.

4.3 Low insurance claim loss ratio

Since 2008, FFI has provided completion contracts for approximately 1,700 productions with a total budget of over US$17 billion and only incurred US$17.6 million in claims (6.4 per cent. of fee revenue over this period). This has built a high level of trust between FFI and the other key stakeholders in the production process, including the producers, financiers and insurers. Furthermore, this impressive claims performance keeps underwriting costs low, providing a key competitive advantage versus potential new entrants.

4.4 "Trusted supplier" status in the entertainment industry

FFI is the market leader in the provision of completion contracts and has been issuing them for over 60 years. This experience and longevity has given FFI a "trusted supplier" status in the entertainment industry. When considered in the context of the entire production budget, the completion contract itself is a low cost item (at approximately 150-200 basis points of the entire production budget). The Directors believe that the substitution risk for clients is high, as delivery of the production on time and on budget is so important and as such, the appetite from clients to move away from FFI to a competitor is very low.

4.5 Experienced management team and proprietary database

FFI has management depth and longevity throughout its business, with a large number of employees having been with the business for over 15 years. This depth of experience, combined with FFI's proprietary database which contains data comprising 67 years of film making history, are a powerful combination for attracting and retaining clients.

4.6 Operating in a growing market

The global demand for in-home entertainment and cinema content is projected to continue to grow globally until at least 2019. This is expected to be partly driven by the increased use of streaming technology and the proliferation of viewing platforms, including cinema, television and on-demand and online streaming via tablet and smart phone. The Company understands that a number of streaming companies are acquiring multi-territory rights for feature films and want to distribute content online or

are looking to enter the market with original content to drive their subscription model. The Directors expect this growth in demand for content to keep FFI's products and services in demand.

4.7 **First mover advantage in China**

China is becoming the largest entertainment market in the world, with significant growth in the number of movie theatres and film production companies. The Chinese market is expected to surpass the US markets as the largest box office market. However, the film making infrastructure in China is in its infancy. FFI China provides completion contracts for local language and international co-productions and is broadening its business to provide consulting services for entertainment insurance and other services in China.

4.8 **Highly scalable business model**

Due to FFI's key "gatekeeper" role in the production life cycle, through the issuance of completion contracts and monitoring of the entire production process, coupled with FFI's extensive network of relationships with the studios, mini studios, streaming companies, producers and financiers, FFI believes it is uniquely positioned to provide various non-creative ancillary services to film makers via a platform growth model. Producers know time is key for a completion contract schedule and are largely agnostic when deciding who should provide these non-creative ancillary services providing they are priced on a competitive basis so they take comfort from FFI's recommendations. FFI's ability to service the entire production cycle, cross-selling and packaging services to FFI's client base, is expected by the Directors to enable it to capture more value throughout the production life cycle.

5. GROWTH STRATEGY

The Directors believe that FFI's core business of providing completion contracts to the entertainment industry provides a platform for growth via a threefold growth strategy. As such, the Group is targeting a more diverse revenue mix by the financial year ending 31 March 2018, with revenue from its core completion contracts business being supplemented by acquisitions of non-creative ancillary services businesses, expansion of its offering into China and strategic low risk investment in content. Each part of this threefold growth strategy is set out in more detail below:

5.1 **Acquisitions of non-creative ancillary services businesses**

The film making process requires the provision of many non-creative ancillary services by third party providers which a production will require as it moves from development, to production, to distribution and marketing. As a result of FFI's leading position in the industry, FFI has knowledge of proposed projects and early engagement with the producers responsible for them. The Directors believe that FFI has the opportunity to broaden its services offering via acquisition and cross-selling of these non-creative ancillary services to producers, in addition to FFI's core offering of completion contracts. As such, FFI is targeting low risk, low multiple acquisitions to monetise its existing relationships. FFI plans to acquire small companies with high quality management and minimal integration risk.

The diagram below shows the non-creative ancillary services businesses that FFI is targeting via its acquisition strategy.

In the post production phase alone, the addressable market within FFI's existing customer base is significant. For example, the total budget of FFI's bonded projects in the financial year ended 31 March 2017 was approximately US$2.4 billion and, on average, post production represents approximately 15 per cent. of a production budget. As such, the Board believes an approximate 15 per cent. profit margin on post production services is achievable, but this is currently being earnt by a fragmented

base of post-production service providers. FFI intends to capture some of this spend through its acquisition strategy.

The Group acquired Rainbow in February 2017. Rainbow offers the rental of editing equipment commonly used in the post-production process. This was the Group's first acquisition to broaden the service offering available to its clients.

FFI has identified a number of other acquisition targets which it believes will further broaden its non-creative ancillary service offering. The Group is in negotiations to acquire a revenue collection business, a post-production accounting business and an entertainment insurance agency in the United States. Furthermore, the Group is targeting acquisition opportunities including a post-production services business and a localisation business.

The revenue collection business is contracted to manage cash flows from film distribution to agencies and rights holders. Revenue collection involves collecting and distributing revenue shares on a project to the various parties with financial interests. Such collection and distribution must be managed responsibly and in accordance with the agreed recoupment waterfall. Revenue collection is an ancillary service needed by many producers of independent productions. This proposed acquisition, if completed, would allow the Group to leverage its relationships in the industry and capitalise on its involvement in other elements of the production process.

The post-production accounting business provides all aspects of traditional post-production accounting for film and television. Production accounting services are an ancillary service needed by many producers of independent productions between principal photography and final wrap of production. This includes daily cost reporting, accounting reports including cash flows to the financier, processing supplier payments and payroll and ongoing analysis of budgets, as well as corporate tax reporting. The Group deals closely with the post-production accounting firm on each production for which the Group has issued a completion contract in order to review the daily budget analysis and cash flow statements. This proposed acquisition, if completed, would allow the Group to leverage its relationships in the industry and capitalise on its involvement in other elements of the production process.

FFI has entered into a non-binding letter of intent in relation to the acquisition of an entertainment insurance agency in the United States pursuant to which FFI has an eight week exclusivity period commencing on 4 June 2017 in which to undertake due diligence and prepare formal documentation. The entertainment insurance agency provides a wide range of specialised coverage for cast, fire and hazard protection for props, sets and equipment and foreign location insurance.

The post-production services business provides a wide range of services which are needed after principal filming is complete, including editorial, graphics, sound, colour, formatting and encoding.

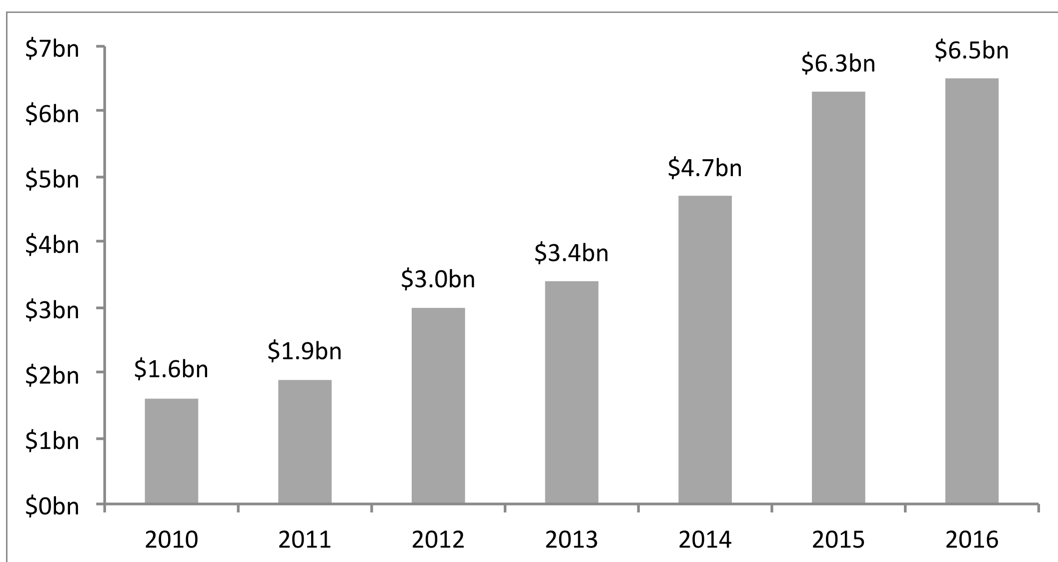
The localisation business specialises in post-production services including translation and dubbing of foreign languages for international release, as well as content suitability to ensure acceptable cultural perception by the target audience in each country or region.

The Group has not entered into any binding commitments in respect of the acquisition targets noted above and there can be no guarantee that any of these discussions, or any future discussions, would result in a transaction.

5.2 Expansion of FFI's core completion contract offering into China

The Directors believe that the developing film production market in China and growth of the country's entertainment market present an opportunity for FFI to grow its core completion contract business and other ancillary services. Market commentators suggest that China could become the largest box office market in the world by the end of 2017. The chart below shows China's box office revenue growth between 2010 and 2016.

China's box office revenue 2010 – 2016

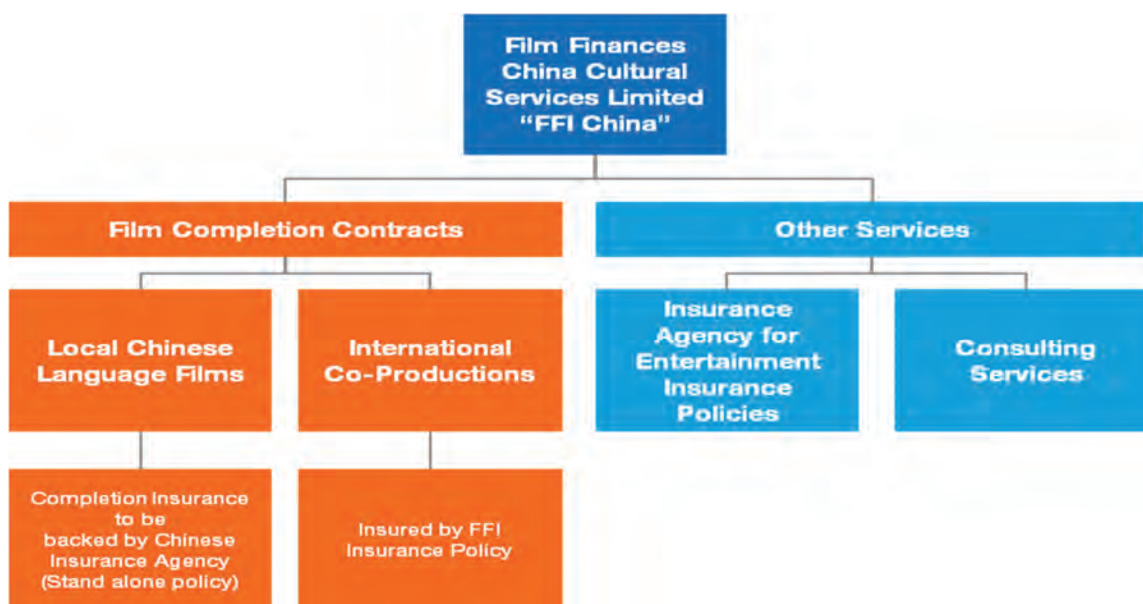


Source: ENTGROUP

The Group opened an office in Shanghai in China in 2015 and obtained a licence to issue completion contracts as a WOFE in 2015. FFI began to offer completion contracts in China in 2016. Completion contracts are a new product in China but there is significant growth expected in this market.

The Directors have identified multiple opportunities using FFI's extensive expertise, namely completion contracts, other entertainment insurance, administration and consultancy.

The diagram below sets out the Group's business activities in China which is split into the provision of completion contracts and the provision of other services.



Within the completion contract arm, the China office will offer completion contracts for local Chinese language films and for international co-productions. Completion contracts issued in relation to non-Chinese language films will be insured by FFI's existing insurance arrangements. Completion contracts for local Chinese language films will be insured by a stand-alone insurance policy with PICC.

FFI has entered into a non-exclusive licensing agreement with Zuyan, a Hong Kong based investor, who will pay US$5 million for the first year and US$6 million for the second year to the Group for a share of FFI's Chinese completion contracts for an initial two year term commencing on 1 June 2017.

The completion contracts for international co-productions will be insured by FFI's existing insurance syndicates. Further information is contained in paragraph 18.9 of Part V (*Additional Information*).

Outside FFI's core completion contract business, the China office will offer consulting services to insurers who provide entertainment insurance policies in China. Using FFI's existing underwriting expertise, the Group is in negotiations to sign a contract with PICC to consult and collaborate on various entertainment insurance products, earning approximately 7 per cent. of gross insurance premiums. The China office also intends to charge fees for consultancy advice on how to structure and administer production subsidies in relation to production facilities in China.

5.3 **Strategic, low risk investment in content**

FFI's leading position in the completion contract business results in it being approached by many independent film producers in need of securing finance for the productions they intend to undertake when traditional sources (i.e. banks) may not be able to make loans on a timely basis. In some instances, projects are partially unfunded and producers require funds on an immediate basis or may lack the network or capability to complete final funding requirements. FFI is occasionally asked to or given the opportunity to invest in content where a pre-determined sale to a global distributor can be identified on a profitable basis. By strategically investing in content to complete the financing of projects, the Directors believe that the Company can generate compelling returns on a low risk basis given its network and relationships with distributors who are the ultimate acquirers of these assets.

Of the approximately 200 projects per annum FFI provides completion contracts for, the Directors expect to see 5 or 6 projects per year which are appropriate for this type of strategic, low risk investment. The Directors expect to deploy approximately US$5 to US$6 million per annum in acquiring such rights to distribute content. In 2016, FFI acquired certain territorial rights associated with the film "Snowden" for US$1 million. At the same time, it was able to secure an onward distribution deal with a major studio for an expected return of approximately US$2 million over 15 months, commencing in September 2017.

Over the course of the last two years, FFI co-financed the production of a 45 minute IMAX documentary film about pandas. The film will be distributed and partly financed by IMAX and Warner Brothers. The intention is that FFI will be entitled to approximately 21 per cent. of the net revenues of this film after repayment of the production costs and deduction of distribution fees and expenses. The film has an anticipated limited US release intended for late 2017, with global release in the early part of 2018. FFI is also in discussions with IMAX regarding expanding their relationship to co-finance additional documentaries over the next few years.

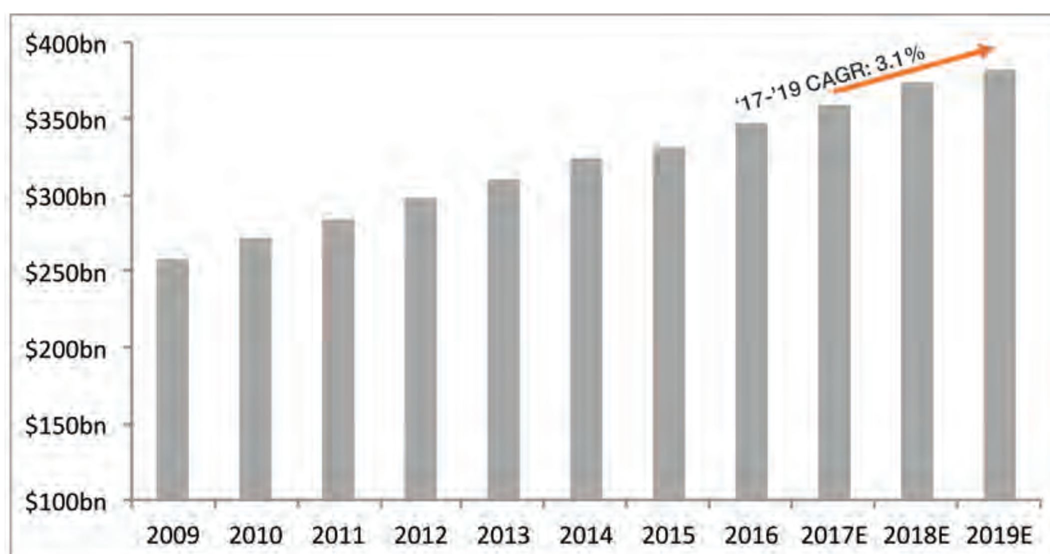
6. MARKETS AND COMPETITION

6.1 Market drivers

(a) ***End user growth***

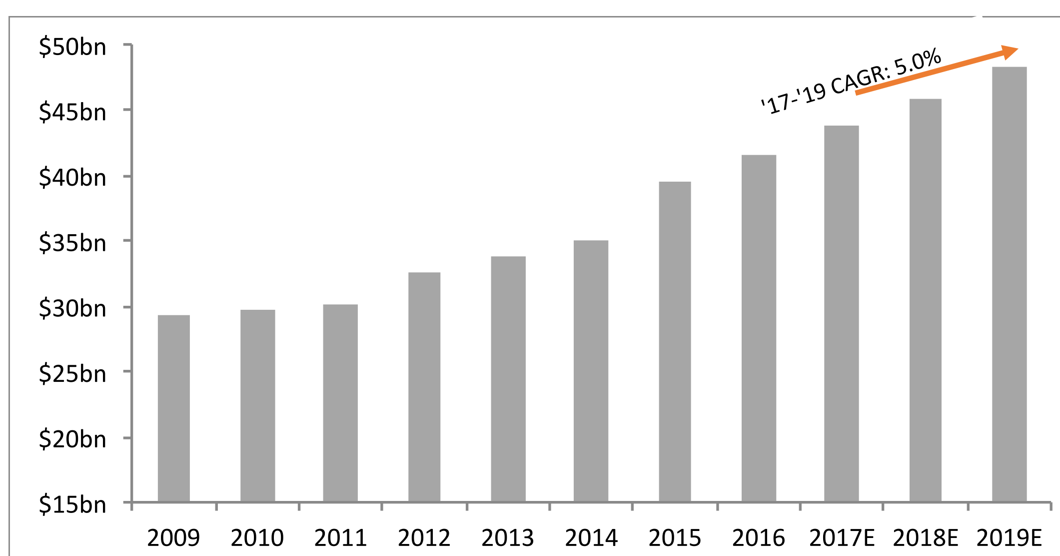
Both global in-home and cinema demand is projected to continue growing over the medium term. The projected growth in content demand, partly driven by the increased use of streaming technology, is expected to keep FFI's services in demand over this period. The two charts below show the historic growth rates and projected growth rates for total in-home viewing spending and total global cinema spending:

Total Global In-Home Viewing Spending ($bn)



Source: McKinsey & Company Global Media Report 2015

Total Global Cinema Spending



Source: McKinsey & Company Global Media Report 2015

(b) ***Technology***

New technological progressions including the ability to stream movies and the proliferation of mobile devices have increased the end users' ability to consume technology. Online streaming services have eliminated the need for individual purchases of DVDs and Blu-ray discs and can often provide a more stable source of revenue for production companies through multiple seasons of a television series. As purchasing power on online streaming services has grown, the typical theatrical window (time between cinema and home release) has started to decline. This in turn drives a demand for greater content production.

(c) ***China's movie theatre growth***

In recent years, there has been a movement toward investment in films aimed at global audiences. As such, China has been a key driver of international box office revenue growth. China's box office revenue has been growing since 2010 and market commentators suggest that China could become the largest box office market in the world by the end of 2017. The number of movie theatres in China was reported to have surpassed the number in the US for the first time at the end of 2016. Additionally, the current cap on overseas films shown in China in each year (currently 34) is expected to be reviewed in 2017.

(d) ***Growth of subscription video on-demand services in Asia Pacific***

The subscription video on-demand market in the Asia Pacific region is poised for strong growth over the next five years due to increased mobile adoption, amplified broadband expansion, and enhanced purchasing power. According to a 2016 report by Business Insider, the Asia Pacific region had nearly 42 million subscription video on-demand subscribers in 2015, but could have up to 158 million by 2021. The increasing adoption of smartphones and mobile data is propelling growth in mobile video viewing across Asia Pacific, which is poised to outpace the rest of the world.

(e) ***Content production and financing competitive landscape***

The large US studios who can finance their own films and usually do not require completion contracts, have typically focused on "tent-pole" movies (large budget films) and stayed away from financing mid-range films (those with budgets of US$25 million to US$75 million). However, these mid-range films are still being made in very large numbers, as are lower budget movies. There are an increasing number of influential third party financiers investing in these films which are being produced independently.

6.2 **Competitors for provision of completion contracts**

FFI has a limited number of competitors in its core completion contract business and the Directors believe that FFI has maintained a leading market share globally for many years. FFI's main competitors are Prosight Speciality Insurance, European Film Bond and Unifi Bonds.

FFI is considered the most established completion bond provider in the industry.

6.3 **China's competitive landscape**

There has not previously been a market for completion contracts in China. It has therefore taken some time for FFI to build relationships with producers and financiers and introduce completion contracts.

Following the rapid growth of the Chinese film industry, there is a lack of standardisation in the process of creating films in China. Budgets for films produced in China are increasing and the Directors therefore expect that completion contracts are likely to become a part of the film making process for the same reasons they are now part of the global film making landscape. The Directors believe such completion guarantees will enforce standardisation and quality controls and also provide financing solutions for small and medium-sized producers. As such, there is currently a low level of competition in China.

7. DIRECTORS

The Board comprises James Terlizzi as Non-Executive Chairman, Steven Ransohoff as Chief Executive Officer, Timothy Trankina as Chief Financial Officer, Antony Mitchell as Chief Operating Officer and Simon Ingram and Stephen Argent as Non-Executive Directors.

James Dominic Terlizzi (aged 52), *Non-Executive Chairman*

Mr Terlizzi joined the Group in June 2017 as its Non-Executive Chairman.

Mr Terlizzi has over 20 years of executive management experience. Mr Terlizzi is currently a principal in several specialty finance businesses and has been the Executive Chairman of a multi-asset liquidity solutions company called DRB Financial Solutions, LLC since 2014.

Mr Terlizzi was formerly the Chief Operating Officer and subsequently, the Chief Executive Officer of Peach Holdings, Inc., a finance company specialising in purchasing high-quality deferred payment obligations. He led the initial public offering of Peach Holdings, Inc. on AIM in 2006 and remained in the position of Chief Executive Officer until 2011 (following its acquisition by Orchard Acquisition Company in late 2006).

Mr Terlizzi holds a Bachelor of Arts and a Juris Doctor degree from Rutgers University and Rutgers University Law School, respectively and is admitted to the New Jersey State Bar and the New York State Bar Associations (retired).

Mr Terlizzi will be a member of the Audit and Remuneration Committees.

Steven Arthur Ransohoff (aged 59), *Chief Executive Officer*

Mr Ransohoff joined the Group in July 1986 and was appointed as its Chief Executive Officer and President in 2016. From 2008, Mr. Ransohoff was Co-President and Co-Chief Executive Officer.

Mr Ransohoff has over 30 years of experience in the film industry and has deep industry relationships with producers, studios, banks and insurers.

Mr Ransohoff holds a Bachelor of Arts from Vassar's College and a Juris Doctor degree from the University of California, Hastings College of Law.

Timothy Joseph Trankina (aged 55), *Chief Financial Officer*

Mr Trankina joined the Group in February 2017 as its Chief Financial Officer.

Mr Trankina has over 20 years of executive management experience. Prior to joining the Group, Mr Trankina was the Managing Director of Gateway Capital Holdings, LLC, a boutique private equity firm.

Mr Trankina founded Peach Holdings, Inc. and was the President of this company at the time of its initial public offering on AIM in 2006. Mr Trankina remained in this position until the company was acquired later in that year (as noted above). Mr Trankina was formerly a member of the Entertainment, Media and Communications practice at PricewaterhouseCoopers LLP and provided tax consulting and transactional structuring advice to clients.

Mr Trankina holds a Bachelor of Economics from Rutgers University and a Juris Doctor degree from Georgia State University College of Law. He also holds a Masters degree in Business Administration from Georgia State University and is a member of the State Bar of Georgia (inactive) and was previously a member of the Georgia State Board of Accountancy as a Certified Public Accountant.

Antony Mitchell (aged 52), *Chief Operating Officer*

Mr Mitchell joined the Group in March 2017 as its Chief Operating Officer.

Mr Mitchell has over 15 years of public company leadership and executive management experience. Prior to joining the Group, Mr Mitchell was the Chief Executive Officer of Emergent (formerly called Imperial) since its founding in February 2007 and prior to August 2012, also served as its Chairman, including at the time of its initial public offering on the New York Stock Exchange in 2011.

Between 2010 and 2016, Mr Mitchell was the Executive Chairman of Polaris Infrastructure Inc. (formerly called Ram Power, Corporation), an entity listed on the Toronto Stock Exchange. Between 2013 and 2015, Mr Mitchell also served as the acting Chief Executive Officer of DRB Capital, LLC, which specialises in the purchase of annuities.

Mr Mitchell was also a co-founder of Singer Asset Finance Company, LLC (a subsidiary of Enhance Financial Services Group Inc.) in 1993, which was involved in acquiring insurance policies, structured settlements and other types of receivables.

Simon Henry Ingram (aged 47), *Non-Executive Director*

Mr Ingram joined the Group in June 2017 as a Non-Executive Director.

Mr Ingram is a senior international executive with strong public company leadership. Mr Ingram was the founder, director and Chief Executive Officer of Reservoir Minerals Inc., a Toronto Stock Exchange venture listed company which grew from a market capitalisation of US$10 million to over US$500 million in six years. In 2016, a merger between Reservoir Minerals Inc. and Nevsun Resources Ltd. created a US$1 billion company which was awarded the UK Mining Journal 2016 outstanding achievement award for the best small and mid-cap deal of the year. Mr Ingram was also shortlisted as Chief Executive Officer of the year in 2015 and 2016 in the UK Mining Journal. Reservoir Minerals Inc. was also awarded the Toronto Stock Exchange venture top 50 company award in 2013 and 2014 in the mining sector.

Mr Ingram holds a Bachelor of Science in Exploration and Mining Geology and a PhD. in Earth Sciences from Cardiff University.

Mr Ingram will be a member, and act as chair, of the Remuneration Committee and will be a member of the Audit Committee.

Stephen Esmond Argent (aged 60), *Non-Executive Director*

Mr Argent joined the Group in June 2017 as a Non-Executive Director.

Mr Argent is the Chief Executive Officer and founder of Soupologie Limited, an international fresh soup company. Prior to founding Soupologie, Mr Argent ran his own accountancy practice for 30 years dealing with clients in the entertainment, fashion and medical sectors. Mr Argent was also appointed to develop the computer software for Singer Asset Finance Company LLC's sales and marketing strategy before the company's acquisition by a New York Stock Exchange listed company. As a result of his experience, he has developed sophisticated financial models that were used by companies in sectors such as life insurance, stockbroking and asset securitisation.

Mr Argent is a qualified chartered accountant and commenced his career at Bright Grahame Murray Chartered Accountants.

Mr Argent will be a member, and act as chair, of the Audit Committee and will be a member of the Remuneration Committee.

8. KEY FINANCIAL INFORMATION

Part III (*Historical Financial Information on the Group*) contains consolidated financial information for the FFI Group for the financial years ended 31 March 2014, 2015 and 2016, consolidated financial information for the Rainbow Group for the financial years ended 31 December 2014, 2015 and 2016 and unaudited consolidated financial information for the FFI Group for the nine months ended 31 December 2015 and 2016. All such consolidated financial information has been prepared in accordance with IFRS.

The following financial information has been derived from the financial information contained in Part III (*Historical Financial Information on the Group*) and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

Key consolidated financial information for the FFI Group for the financial years ended 31 March 2014, 2015 and 2016 and unaudited key consolidated financial information for the FFI Group for the nine months ended 31 December 2015 and 2016

	Audited			*Unaudited*	
	12 months ended 31 March 2014 USD	*12 months ended 31 March 2015 USD*	*12 months ended 31 March 2016 USD*	*9 months ended 31 December 2015 USD*	*9 months ended 31 December 2016 USD*
Continuing operations					
Revenue	43,197,639	50,848,653	38,675,812	31,420,142	27,094,262
Costs related to revenue	(15,312,383)	(13,692,845)	(11,805,121)	(8,936,625)	(4,801,583)
Gross profit	27,885,256	37,155,808	26,870,691	22,483,517	22,292,679
Administrative and other expenses	(22,017,894)	(27,466,850)	(23,729,675)	(16,012,091)	(13,406,336)
Other income (expense)	1,079,774	172,487	37,574	(106,768)	(200,779)
Operating profit	6,947,136	9,861,445	3,178,590	6,364,658	8,685,564
Finance costs	(2,461)	(76,011)	(41,964)	5,763	19,356
Finance income	21,821	27,556	9,844	(3,191)	(193,878)
Profit before taxation from continuing operations	6,966,496	9,812,990	3,146,470	6,367,230	8,511,042
Net profit/(loss) from joint venture	–	(37,406)	94,822	9,634	–
Profit before taxation	6,966,496	9,775,584	3,241,292	6,376,864	8,511,042
Taxation	(3,018,056)	(3,566,116)	(1,253,695)	(2,786,706)	(3,851,009)
Profit for the year	3,948,440	6,209,468	1,987,597	3,590,158	4,660,033

	Audited			Unaudited
	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*	*31 December 2016 USD*
Non-current assets	11,586,604	12,495,405	12,732,809	13,195,154
Current assets	117,554,868	71,960,002	68,956,910	71,762,246
Non-current liabilities	6,372,470	7,133,345	4,720,696	5,761,888
Current liabilities	114,223,668	64,146,427	64,526,394	62,333,206
Total equity and liabilities	129,141,472	84,455,407	81,689,719	84,957,400

Key consolidated financial information for the Rainbow Group for the financial years ended 31 December 2014, 2015 and 2016

	12 months ended 31 December 2014 USD	*12 months ended 31 December 2015 USD*	*12 months ended 31 December 2016 USD*
Continuing operations			
Revenue	7,949,449	7,579,372	9,883,594
Costs related to revenue	(5,125,923)	(5,228,579)	(5,367,163)
Gross profit	2,823,526	2,350,793	4,516,431
Operating Expenses	(2,825,335)	(2,567,041)	(3,045,745)
Operating profit/(loss)	(1,809)	(216,248)	1,470,686
Finance Income	7,629	7,175	9,633
Finance costs	(135,356)	(102,593)	(75,485)
Profit/(loss) before taxation	(129,536)	(311,666)	1,404,834
Taxation	(33,552)	28,144	(88,615)
Profit/(loss) for the year	(163,088)	(283,522)	1,316,219

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Non-current assets	3,104,389	2,386,125	2,723,089
Current assets	1,589,026	1,330,479	1,658,406
Non-current liabilities	1,819,374	1,897,164	1,398,875
Current liabilities	1,516,478	919,529	939,843
Total equity and liabilities	4,693,415	3,716,604	4,381,495

9. CURRENT TRADING AND PROSPECTS

Save in respect of the Pre-IPO Reorganisation, the acquisition of Rainbow and other matters as disclosed herein (including, but not limited to, the cash impact of the acquisition of Snowden territorial rights and the cash impact of the investment in the panda documentary), there has been no significant change in the financial or trading position of the FFI Group since 31 December 2016, being the last date to which the unaudited consolidated financial information in Part III (*Historical Financial Information on the Group*) has been prepared.

There has been no significant change in the financial or trading position of the Rainbow Group since 31 December 2016, being the last date to which the consolidated financial information in Part III (*Historical Financial Information on the Group*) has been prepared.

Trading for the period from 31 December 2016 to the date of this document has been consistent with the Directors' expectations.

The Rainbow Group, which trades as Pivotal Post, is performing well and integration of the Pivotal Post business is proceeding in accordance with expectations. The Pivotal Post business is already seeing the benefits of inclusion on the FFI platform having already secured business on over 16 projects to which FFI are providing completion contracts, despite only having been acquired in February 2017.

10. REASONS FOR THE PLACING, THE ADMISSION AND USE OF PROCEEDS

The Directors believe that the Placing and Admission will provide capital for the Group's next stage of development and further enhance the Group's public profile.

The Company expects to receive gross proceeds of approximately £31.5 million from the issue of New Ordinary Shares in the Placing. Costs and expenses payable by the Group in connection with the Placing and Admission are estimated to amount to approximately £4.4 million (exclusive of VAT).

The net proceeds of the issue of New Ordinary Shares in the Placing receivable by the Company after the payment of costs and expenses are expected to be approximately £26.5 million million and are intended to be used for:

Acquisitions of non-creative ancillary services businesses: Approximately £15.6 million of the net proceeds is expected to be used for targeted acquisitions of non-creative ancillary services businesses. As described above, the Group is currently in discussions with a number of such businesses that are involved in various stages of the production life cycle. These acquisitions will enable the Group to broaden its product offering and cross-sell these non-creative ancillary services to producers in addition to the core offering of completion contracts. The Board has identified a number of acquisition targets, including a post-production accounting business, a revenue collection business, an entertainment insurance agency in the United States, a post-production services business and a localisation business.

Financing of the captive insurance entity: Approximately £6.2 million of the net proceeds is expected to be used to set up a captive insurer and a new insurance agreement with the Group's insurers. The Directors anticipate that the captive insurer arrangement will enable the Group to significantly reduce its insurance costs as it will no longer be paying for insurance that the Group's actuaries have demonstrated is neither required nor used by the Group. This arrangement will enable the Group to offer the same security to its counterparties while significantly reducing its insurance costs.

Strategic content acquisition: Approximately £4.7 million of the net proceeds is expected to be used to fund strategic content acquisition. As described above, of the approximately 200 projects per annum the Group provides completion contracts for, the Board expects to see 5 or 6 projects per year which are appropriate for this type of strategic, low risk investment. The Group has also had discussions to potentially be involved with the production of additional original content in conjunction with IMAX, although no final agreement has been reached.

11. DETAILS OF THE PLACING

The Placing comprises the sale by the Selling Shareholders at the Placing Price of 18,372,703 Sale Shares, representing approximately 11.7 per cent. of the Enlarged Share Capital, and the allotment and issue by the Company at the Placing Price of 20,997,375 New Ordinary Shares, representing approximately 13.4 per cent. of the Enlarged Share Capital. The issue of New Ordinary Shares in the Placing will raise approximately £31.5 million gross (approximately £26.5 million net of costs and expenses) for the Company.

On Admission, the Company will have 157,041,248 Ordinary Shares in issue and a market capitalisation of £235,561,872.0 million at the Placing Price.

The Company, the Selling Shareholders, the Directors and Liberum have entered into the Placing Agreement relating to the Placing, pursuant to which, subject to certain conditions, Liberum has agreed to use reasonable endeavours to procure subscribers for the New Ordinary Shares to be issued by the Company and purchasers for the Sale Shares to be sold by the Selling Shareholders. The Placing is not being underwritten by Liberum.

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 30 June 2017 (or such later date as the Company and Liberum may agree, being not later than 15 July 2017). The New Ordinary Shares will be issued as fully paid and will, upon Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission.

Further details of the Placing Agreement are set out in paragraph 18.1 of Part V (*Additional Information*) of this document. The terms and conditions of the Placing are described in Part IV (*Terms and Conditions of the Placing*) of this document.

12. ADMISSION, SETTLEMENT, CREST AND DEALINGS

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 30 June 2017.

The Ordinary Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e., in CREST). CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

No temporary documents of title will be issued. All documents sent by or to a Placee, or at his or her direction, will be sent through the post at the Placee's risk. Pending dispatch of definitive share certificates, instruments of transfer in respect of Ordinary Shares held in certificated form will be certified against the register of members of the Company. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such a person is a "system member" (as defined in the CREST Regulations) in relation to CREST. Dealings in advance of crediting the relevant CREST account(s) shall be at the sole risk of the persons concerned.

In the case of Placees who have requested to receive New Ordinary Shares in uncertificated form, it is expected that CREST accounts will be credited with effect from 8.00 a.m. 30 June 2017. In the case of Placees who have requested to receive New Ordinary Shares in certificated form, it is expected that share certificates will be dispatched the week commencing 10 July 2017.

The ISIN of the Ordinary Shares is GB00BF04DT64.

13. LOCK-UP ARRANGEMENTS

Pursuant to the Lock-up Deeds, each of the Selling Shareholders has agreed that, subject to certain exceptions, during the period from the date of Admission until the date which is six months (or 12 months in the case of Steven Ransohoff) following Admission, he or it will not, without the prior consent of Liberum, dispose of any Ordinary Shares and the Ransohoff Trust retained by him or it at the time of Admission. In addition, each of the Selling Shareholders has also agreed, for a period of six months from the date of expiry of the lock-up arrangements described above, to comply with certain requirements to maintain an orderly market in the Ordinary Shares.

14. RELATIONSHIP AGREEMENTS

Each of (i) Golden Sun and (ii) Steven Ransohoff and the Ransohoff Trust have entered into a Relationship Agreement with the Company, the principal purpose of which is to ensure that the Company will at all times be capable of carrying on its business independently of Golden Sun, Steven Ransohoff and their respective associates.

The Relationship Agreements contain undertakings that each of Golden Sun, Steven Ransohoff and the Ransohoff Trust and their associates and nominated directors (subject to their statutory and fiduciary duties) shall procure that certain actions are done or not done to meet the principal purpose described in the preceding paragraph.

In accordance with the terms of the Relationship Agreements, for so long as each of Golden Sun and Steven Ransohoff and the Ransohoff Trust (in aggregate) and their respective associates each retain an interest in more than 20 per cent. of the rights to vote at a general meeting of the Company attaching to Ordinary Shares, they shall each be entitled (but not required) to nominate one Director to the Board. Steven Ransohoff has agreed under his Relationship Agreement that this right will not apply for so long as he is a Director of the Company. However, in the event that Golden Sun and its respective associates cease to hold their Director nomination right because their voting interest falls below 20 per cent., Steven Ransohoff will be entitled (but not required) to nominate an additional Director to the Board for so long as he and the Ransohoff Trust (in aggregate) and their associates have an interest in more than 30 per cent. of the rights to vote at a general meeting of the Company attaching to Ordinary Shares.

Each Relationship Agreement will terminate if the Ordinary Shares cease to be admitted to trading on AIM (not including any period of suspension of trading) or if Golden Sun or Steven Ransohoff and the Ransohoff Trust (in aggregate) and their respective associates cease to retain an aggregate interest of 15 per cent. or more of the rights to vote at a general meeting of the Company attaching to Ordinary Shares.

Further details on the Relationship Agreements are set out in paragraph 18.3 of Part V (Additional Information) of this document.

15. CORPORATE GOVERNANCE

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to follow the principles set out in the QCA Corporate Governance Code. The QCA Corporate Governance Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies.

Upon Admission, the Board will comprise six Directors, three of whom shall be Executive Directors and three of whom shall be Non-Executive Directors, reflecting a blend of different experiences and backgrounds. The Board believes that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities following Admission, while at the same time ensuring that no individual (or a small group of individuals) can dominate the Board's decision-making. The Board considers Simon Ingram to be an independent Non-Executive Director. The Board recognises that, given Mr Terlizzi's and Mr Argent's respective relationships with David Haring (as described in further detail in paragraph 9.2 of Part V (*Additional Information*)), Mr Terlizzi and Mr Argent should not be considered to be independent. The Company intends to recruit an additional independent Director by the end of 2017.

The Board intends to meet regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. The Company has established the Audit Committee and the Remuneration Committee with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit Committee

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet not less than two times in each financial year and will have unrestricted access to the

Group's external auditors. The Audit Committee comprises Stephen Argent, Simon Ingram and James Terlizzi and is chaired by Stephen Argent.

Remuneration Committee

The Remuneration Committee will review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary, but at least twice each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The Remuneration Committee comprises Simon Ingram, Stephen Argent and James Terlizzi and is chaired by Simon Ingram.

Share Dealing Code

The Directors will comply with and seek to procure compliance by applicable employees with the relevant provisions of the AIM Rules for Companies and the Market Abuse Regulation relating to dealings by Directors and applicable employees in the securities of the Company. The Company has therefore adopted, with effect from Admission, the Share Dealing Code, in conformity with the requirements of Rule 21 of the AIM Rules for Companies and will take all reasonable steps to ensure compliance by the Board and all applicable employees with the terms of the Share Dealing Code.

16. DIVIDEND POLICY

The Company intends to retain any earnings in order to pursue its growth strategy and does not anticipate paying dividends for at least two years. Thereafter, the Board may implement a dividend policy if it is appropriate to do so. Any policy will take into account the profitability of the business and underlying growth in earnings of the Group, as well as its cash flows and growth requirements. The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. Shareholders should note that due to the Company being treated as a US corporation for US federal income tax purposes, any dividends that were to be paid in the future in respect of the Ordinary Shares to a non-US holder would be subject to US withholding tax either at a rate of 30 per cent. of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. Further details are set out in paragraph 16.2 of Part V (*Additional Information*).

17. THE CITY CODE ON TAKEOVERS AND MERGERS

The City Code applies to the Company. Under the City Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered when, except with the consent of the Takeover Panel, any person (together with persons acting in concert with him) who is interested in shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other shares which increases the percentage of shares carrying voting rights in which he is interested.

Further information on the provisions of the City Code can be found in paragraph 17 of Part V (*Additional Information*) of this document.

18. TAXATION

Information regarding UK taxation is set out in paragraph 15 of Part V (*Additional Information*) of this document. That information is intended as a general guide only for UK tax resident Shareholders as to their tax position under current UK tax legislation and HMRC practice as at the date of this document. Such law

and practice (including, without limitation, rates of tax) is subject to change at any time and possibly with retrospective effect. If you are in any doubt as to your tax position or are subject to taxation in a jurisdiction other than the UK, you should contact your independent professional advisers immediately.

In addition, the Company is expected to be treated as a US corporation for US federal income tax purposes and will be subject to US federal income tax rules. The Company is also expected to be treated as a UK resident company for UK tax purposes because the Company is incorporated under the laws of England and Wales. Further details are set out in Part II (*Risk Factors*). Information regarding the tax consequences for Shareholders is set out in paragraph 16 of Part V (*Additional Information*).

19. FURTHER INFORMATION

Your attention is drawn to Parts II (*Risk Factors*) to V (*Additional Information*) of this document which provide additional information on the Group and the markets in which it operates. You are advised to read the whole of this document and in particular, the attention of prospective investors is drawn to Part II (*Risk Factors*) of this document, which contains a summary of the risk factors relating to an investment in the Company.

PART II

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should carefully consider the risks and uncertainties associated with any investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this document, including in particular the risk factors described below. The Group's business, financial condition, results of operations and prospects could be materially and adversely affected by any or a combination of the risks described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group's business that are not currently known to the Directors, or that the Directors currently deem immaterial, could individually or cumulatively also have a material adverse effect on the Group's business, financial condition, results of operations or prospects. If any such circumstances were to occur, the market price of the Ordinary Shares could decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the Group's business, results of operations, financial condition and prospects, or the market price of the Ordinary Shares.

Risks relating to the Group and the industry in which it operates

There are a number of risks associated with the Group's core completion contracts business

The Group's core business involves issuing completion contracts that promise to the financiers of a film or television programme that such film or television programme will be completed in accordance with a specification and delivered to certain distributors by the applicable delivery date. The Group has insurance policies for losses incurred under completion contracts (as detailed further below). However, despite these insurance arrangements, there are still a number of risks associated with the Group's core completion contract business, including:

- The risk of a claim being made by a distributor, sales agent or other deliveree that a film or television programme has not been completed and delivered in accordance with required specifications. Possible claims include that a film or television programme: (i) is not of satisfactory technical quality for release; (ii) does not sufficiently adhere to the screenplay; (iii) is not of the prescribed duration or aspect ratio; or (iv) does not include the services of the required key cast or crew.
- The risk of productions running over budget and over schedule and the Group therefore having to commit funds in order to ensure that the project completes. This could happen for numerous reasons, including:
  - producer misdemeanour and fraud. For example, a producer could spend production funds other than in accordance with the approved budget, leaving a shortfall;
  - unforeseen weather events and natural disasters that are either not covered by production insurance or are under-insured on a wide scale (for example, a tsunami or an earthquake);
  - material breaches of agreements by key personnel (such as directors, producers and principal cast) and other third party supplier contracts or such persons otherwise being unable or unwilling to provide or complete their services in connection with a film or television programme;
  - labour or production disputes and strikes leading to production delays and increased costs and/or disruption to the provision of essential services, equipment or material required for the production;
  - disruption to travel or to the ability to ship or transport essential materials due to government action, labour disruption or public health issues leading to on the ground delays;
  - withdrawal or suspension of permits by government agencies; and/or

- cyber-attacks where hackers interfere with an edit or the finished version of the film or television programme is taken and held to ransom and it is not covered by production insurance due to an inadequate "check print" (a technical term used for the back-up).

- The Group takes security over assets of a production in respect of which it has issued a completion contract (or, in some cases, over the assets of a production company). This security may not be effective or enforceable in all instances. This could be relevant if a production company went into administration (or an equivalent insolvency procedure in the applicable jurisdiction) during production of a film or television programme. The Group would want to ensure that the part finished film or television programme did not form part of the general assets of the insolvent company. Failure to prove its entitlement to a court could be a significant hurdle to completing and delivering a film or television programme.

- Provisions relating to takeover not being legally binding. If a production is running over budget, then the Group has the contractual right to issue instructions and, at a certain point, terminate the services of members of the crew and take over the production. However, in certain jurisdictions, producers and directors may refuse to comply with instructions because they are confident that local laws would protect their creative endeavours and prevent the Group from enforcing its contractual rights.

- The ability of the Group to effectively monitor and manage projects. The Group's management will often have multiple demands on their time and therefore their capacity and availability to monitor and manage projects may be limited. These risks may be heightened given the proposed growth of the Group's business.

- The documented completion contracts not reflecting the commercial expectation and agreement of the parties thereto. The Group relies on certain key personnel with high levels of experience and uniquely adapted skills to draft the completion contracts based on the information made available to them.

- The Group requires that producers ensure it is listed as an additional insured on the production insurance policies. In the event of a claim by the producer under the production insurance policy it has purchased, such insurance cover may not respond (for example, the claim may fall outside the terms and conditions of the insurance or the insurer may have failed), the insurance may not be sufficient to cover the claim or the insurer may not pay the claim on time and the Group may retain primary liability without full insurance. Additionally, if an insurer failed to make payment in the time frame required to keep production to schedule, the Group may have to advance funds so as not to fall behind schedule. It would then be able to recover this advance from the proceeds of the insurance claim but this situation could still have an adverse impact on the rest of the Group's cashflow.

- Losses resulting directly or indirectly from war, terrorism and civil insurrection are excluded under the terms of each completion contract. However, a changing political climate can still make production activities more difficult to plan for accurately and more risky in certain circumstances. For example, a project may involve taking large numbers of crew into a particular country or obtaining permission to film in a national park, and the appetite for allowing filming, supporting production activity and the extent of the associated "red-tape" can change with a change in government. Furthermore, certain political shifts could lead to changes in the implementation of policies which could, amongst other things, create significant instability with ensuing protests and strikes impacting on national infrastructures. These events may cause significant costs and delays to production, increasing the risk of a claim under a completion contract.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

An increased level of claims under completion contracts will lead to a reduction in profit commissions payable pursuant to the Group's ICW insurance policies and/or increased premiums

The Group is entitled to profit commission from the gross insurance premium paid under its ICW insurance policies, depending upon the amount of claims made during a given year of operation. An increased level of claims under the completion contracts will lead to a reduction in profit commission and/or could lead to increased insurance premiums when the policies are renewed. A significant reduction in profit commission or increase in insurance premiums could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group will be exposed to the distribution and financial success of a production where a claim is made

The Group works with productions only up to the point of delivery. As such, the Group typically has no financial interest in the distribution and financial success of productions that it has provided completion contracts for. However, the Group is exposed to the distribution and financial success of such productions when a claim is made and the Group has rights to potentially recover the claim expenses from the revenues derived from exploitation of the film or television programme. Failure to recover such claim expenses in respect of productions could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group may become party to arbitration proceedings in relation to claims under completion contracts

In the ordinary course of its business, the Group may become involved in arbitration proceedings in relation to claims under completion contracts in a variety of jurisdictions, the outcome of which will determine its rights and obligations thereunder. From time to time, the Group may be a claimant or respondent in arbitration proceedings in respect of completion contracts it has issued. There is a risk that the decisions of the arbitral tribunal are adverse to the Group, result in financial liability and/or harm the Group's reputation.

Where a distributor claims that delivery has not been properly effected under the completion contract, the procedures set out for conduct of a dispute can be quite prescriptive. For example, under the procedures, the Group may be allocated a certain number of business days to conduct an inspection or cure. Furthermore, there may be short deadlines for objections to be raised or notices to be filed. Failure to undertake an activity within the allotted time or comply with a prescribed deadline could result in the Group having liability to a distributor or financier.

Regardless of the outcome of the arbitration proceedings, such a claim will incur significant legal costs and divert management's time and resources. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group's ICW insurance policies may not be renewed on favourable terms, or at all

The Group's ICW insurance policies indemnify the Group for losses incurred under completion contracts as a result of increased costs of completion and/or abandonment of the production of a film or television programme due to circumstances other than those more specifically insured (i.e., losses caused by, for example, accidental damage to property and ill health would continue to be covered under standard production insurance). These policies are renewable annually, in July of each year. As these policies expire, the Group must renew and/or renegotiate them. In addition, these policies are terminable by the underwriters at any time upon 60 days' notice. Even if these policies are renewed or replaced when due for annual renewal or on termination, there is a risk that premiums are increased and/or the terms on which they are renewed or replaced are less favourable than the terms of the Group's current policies. If the Group is unable to renew or replace the policies on acceptable terms, this may have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group's ICW insurers may not be willing, or able, to pay claims under the completion contracts on time, or at all

In the event of a claim by the Group under any ICW insurance policy it has purchased, such insurance cover may not respond (for example, the claim may fall outside the terms and conditions or the insurer may have failed), the insurance may not be sufficient to cover the claim or the insurer may not pay the claim on time and the Group may retain primary liability without full insurance. Any such insurance inadequacy may therefore have a material adverse effect on the Group's financial condition and operating results.

Changes in law and regulation may affect the Group's insurance arrangements and the way that it operates its business

Changes in law and regulation may affect the Group or the Group's insurance arrangements (for example, requiring the alteration of terms and conditions of insurance policies) and the way that it operates its business. The Group will be under a duty to comply with any implementation of new rules, regulations and laws applicable to it. Compliance with these rules, regulations and laws could create additional burdens for the

Group. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

Risks associated with insurance arrangements

The Group is negotiating a restructuring of its insurance arrangements which is intended to significantly reduce the costs of obtaining ICW Insurance in the future. There is a risk that the cost savings projected by the Group may not be as high as anticipated due to fluctuations in the insurance market. In addition, these arrangements have not yet been finalised and there can be no guarantee that the captive entity will be able to be formed or appropriately licensed or that binding agreements will be entered into reflecting these arrangements. The formation of the captive insurance company may subject the Group to regulatory compliance obligations.

The Group faces risks when it acquires businesses and may have difficulty integrating or managing acquired businesses

A key part of the Group's growth strategy is the acquisition of ancillary services businesses which are complementary to the Group's core completion contracts business. Acquisitions may not be accretive to earnings and may not otherwise meet the Group's operational or strategic expectations. Acquisitions involve special risks, including the potential assumption of unanticipated liabilities and contingencies and difficulties in integrating acquired businesses and acquired businesses may not achieve the levels of revenue, profit or productivity the Group anticipates or otherwise perform as the Group expects.

Should the Group seek to make material acquisitions or investments in the future, it may not have sufficient funds available or be able to raise sufficient funds on acceptable terms or at all. The Group intends to allocate approximately £15.6 million of the net proceeds it receives in the Placing to fund targeted acquisitions of non-creative ancillary services businesses. In addition, the Group is currently in negotiations to obtain a US$15 million secured line of credit from a U.S. national bank, which may be used to fund the consideration for acquisitions. However, there is no guarantee that such line of credit will be successfully concluded, nor as to the terms on which it may be concluded. Any such future acquisitions or investments may require the Group to use significant amounts of cash or incur debt, each of which could materially affect the Group's business, financial condition, operating results and/or prospects.

The Group may be unable to integrate an acquired business effectively and may not succeed in managing such acquired business or the larger business of the Group that results from such acquisitions. The process of integration of an acquired business may subject the Group to a number of risks, including:

- diversion of management attention and disruption to the Group's business;
- inability to retain the management, key personnel and other employees of the acquired business;
- inability to retain the acquired business's clients;
- incurrence of additional expenses in connection with the integration process;
- challenges in consolidating functions, establishing uniform standards and integrating controls, procedures, policies, information technology and accounting systems, personnel and operations in a timely and efficient manner;
- exposure to legal claims for activities of the acquired business prior to acquisition; and/or
- the Group intends to introduce protocols to inform producers about additional companies owned by the Group but if the Group's interest was not adequately disclosed, the market may perceive a conflict of interest where the Group provides a completion contract and directs business to an ancillary services provider owned by the Group. Some producers may have concerns about the Group being involved in several aspects of their productions and therefore, not take up additional services offered by the Group beyond the completion contract.

The negotiation of a potential transaction could require the Group to incur significant costs and divert management's time and resources and elements of such costs will be incurred regardless of whether the Group consummates any such transaction. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group's business, financial condition, operating results and/or prospects could be materially and adversely affected if the Group fails to accurately assess and effectively respond to technological change in post-production

In February 2017, the Group acquired Rainbow, a provider of post-production equipment rental and software services for filmmakers around the world. There is a risk that the technology relating to post-production moves on at a faster rate (making the post-production equipment obsolete) than business projections anticipate. The Group's business, financial condition, operating results and/or prospects could be materially and adversely affected if the Group fails to accurately assess and effectively respond to technological change in post-production.

The Group faces risks when investing in new areas of business, such as taking up opportunities to acquire rights to distribute content and/or production of content

Another key part of the Group's growth strategy is the opportunistic acquisition of rights to distribute content and/or production of content. The Group faces risks when investing in new areas of business, such as taking up opportunities to buy rights to distribute content and/or producing content. These risks include that the Group's management team may not be able to identify sufficient suitable investment opportunities in a given period and may not have sufficient expertise in the new area of business.

The Group may fail to recover the amounts invested in content production or acquisition for a number of reasons, including the failure of distributors, sales agents or other third parties to perform their contractual obligations including delays in marketing or distributing a film on a timely basis. These obligations may be to make payment of a minimum guarantee, adequately and effectively marketing and exhibiting the project, and/or accounting accurately back to the Group. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group is exposed to risks inherent in operating in China

The third key part of the Group's growth strategy is the expansion of its core completion contracts offering into China. The Group opened an office in China in 2013, obtained a licence to issue completion contracts as a WOFE in 2015 and began to offer completion contracts in China in late 2016. China is the fastest growing market for entertainment in the world, but the film industry infrastructure is in its infancy and there are various risks inherent in operating in China which are beyond the Group's control. These risks include:

- different business and operating practices;
- an unpredictable legislative environment;
- administrative issues (including bureaucratic red tape);
- discretionary enforcement of regulations;
- risk of the government reducing the quota of foreign films in the future;
- lack of standardisation in the process of producing films which means that it is common for films to be overdue or over budget. While this may drive demand for completion contracts, this may lead to a higher percentage of claims on such contracts and there will be a need for experienced personnel on the ground in China to manage projects; and
- increased counterparty performance risk generally (enforcement of contracts in China could potentially be unpredictable, expensive and commercially ill-advised) and in particular in relation to suppliers of essential production requirements (for example, utilities, locations and transport) because participation in the production of a film may be a new experience and some suppliers may not be able to supply material on a timely basis.

China has been a key driver of international box office revenue growth in recent years. However, that growth rate slowed dramatically in 2016 largely due to a weakening local currency against the US dollar and less popular local productions. A continued slowdown in the rate of box office revenue growth in China could materially impact the Group's proposed growth strategy in China.

Events or developments related to these and other risks associated with operating in China could materially and adversely affect the Group's business, financial condition, operating results and/or prospects.

The completion contracts issued by the Group for local Chinese language films will be backed by a stand-alone insurance policy with PICC. The Group's relationship with PICC is important to the Group's growth strategy in China. If the Group is unable to maintain its relationship with PICC, the Group could instead use its existing insurance facilities or use other similar insurance companies in China, although there is no assurance that such other insurance companies in China would provide a viable alternative. In addition, the process of finding and engaging such other insurance companies could divert management attention and cause disruption to the Group's business.

Failure to successfully implement the Group's strategy could have an adverse effect on its business

The Group may be unable to successfully implement its business strategies, in particular its strategies to grow the Group's business, in the time period set out in its business plan or at all. The Group's ability to implement its strategies in a competitive market requires effective planning and management and the Group's future growth will depend on its ability to implement strategy and expand and improve its operations. Any failure to successfully implement the Group's strategy could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

There are certain risks associated with the disposals of Realta and CaSHET

In November 2016, the Group's holdings in CaSHET, which offered credit cards to film producers, and its parent company, Realta, were split-off from the Group's core completion contracts business. The split-off was intended to be tax neutral under specific US tax provisions, such that the Group would not realise a gain on the disposal of Realta and CaSHET. There is a risk, however, of the IRS investigating, and challenging, the "tax neutral" status of the disposal or that the Pre-IPO Reorganisation could crystallise the tax exposure in any event.

More specifically, the split-off could result in a tax liability (estimated at between US$1 million and US$1.25 million) to Film Finances if the distribution did not qualify for non-recognition of gain and loss under section 355 of the Code. Section 355(e) of the Code generally creates a presumption that the distribution would be taxable to Film Finances, if Film Finances or Film Finances' stockholders were to engage in transactions that result in a 50 per cent. or greater change by vote or value in the ownership of Film Finances' stock during the four-year period beginning on the date that begins two years before the date of the distribution, unless it were established that such transactions and the distribution were not part of a plan or series of related transactions giving effect to such a change in ownership. During this four year period, Golden Sun and James Terlizzi have beneficially acquired 49.42 per cent. of Film Finances. In addition, further stock of Film Finances will be indirectly acquired by investors in the Placing. If the Placing was integrated with the Realta split-off and Golden Sun and James Terlizzi stock acquisition and treated as part of one overall plan, then the 50 per cent. or greater threshold would be exceeded and this tax liability would be recognised by Film Finances. The Directors believe that given the small value of Realta (US$2,500,000) relative to the size of the overall group and the lack of any discussions between Film Finances and Liberum until sometime after the split-off, that the Placing should not be treated as part of a plan that included the split-off and Golden Sun acquisition.

If the distribution were taxable to Film Finances due to such a 50 per cent. or greater change in ownership of Film Finances' stock or another failure to satisfy the requirements of section 355 of the Code (which are extensive), Film Finances would recognise gain equal to the excess of the fair market value of Realta's stock distributed to Film Finances' stockholders over Film Finances' tax basis in Realta's common stock. A tax cost of between US$1 million and US$1.25 million would likely be incurred, plus interest and possible penalties if the split-off did not qualify under section 355 of the Code.

Film Finances did not request a ruling from the IRS regarding the US federal income tax consequences of the split-off. While the Directors believe that the split-off should qualify as tax-free to Film Finances, there can be no assurances of such a result. A decision by the IRS that the split-off does not qualify as tax-free could result in additional taxes being payable by the Group and could have an adverse effect on the Group's business, financial condition, operating results and/or prospects.

In addition, as part of the disposal, the Group gave certain uncapped representations, warranties and indemnities, all of which are outstanding. There is a risk that claims are brought against the Group under these outstanding representations, warranties and indemnities. Any such claims may harm the Group's reputation and result in financial liability.

A significant external event could have a disproportionate effect on the Group's results for the year if it occurs during a busier period for the Group

The Group generally has certain busier periods within its financial year when it has a higher number of ongoing productions. Typically, the Group's cash receipts are higher in the second and third quarters of its financial year in line with the "Oscar-bait" season, although these busier periods can vary from year to year. If a significant external event occurs during a busy period (for example, a pandemic or natural disaster which disrupts travel) that widely impacts film and television productions, this could have a disproportionate effect on the Group's results for the year compared to if such an event occurred during a quieter period.

The Group is exposed to risks relating to the holding and distribution of production funds

Film and television financiers often require the Group to hold funding and distribute it appropriately for production purposes. This enables the Group to ensure the financier meets their funding commitments. The Group is exposed to certain risks relating to the holding and distribution of production funds, including the failure of bank counterparties with whom the funds are placed on deposit, fraud (for example, the Group's personnel could inadvertently distribute production funds to a fraudulent third party in response to an email scam) and errors made by personnel in distributing production funds (for example, to the wrong party or in the wrong proportions). Any of the foregoing could harm the Group's reputation and, if substantial sums were involved, have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group has had a longstanding working relationship with its insurance broker, BMS

Insurance is provided to the Group by certain insurance syndicates, led by Lloyd's. BMS is engaged to administer this insurance. BMS has been the Group's broker for the Lloyd's syndicates for the last 25 years and is a specialist in completion contracts. There can be no assurance that BMS will continue to act as the Group's broker going forward or that in the event that BMS ceases to act as the Group's insurance broker the Group will be able to replace BMS in a timely and effective manner with a new broker with whom it is able to generate a strong working relationship. In addition, the process of finding and engaging a replacement broker could divert management attention and cause disruption to the Group's business.

The Group operates in the entertainment industry, which involves a substantial degree of risk

The Group's revenue generation through the provision of completion contracts is principally led by the volume of entertainment content (that is, film and television programmes) produced as well as the size of the budgets on these productions. As such, the Group's business is impacted by the key market drivers affecting the entertainment industry.

Operating in the entertainment industry involves a substantial degree of risk. Audience acceptance of film and television entertainment programming and content is determined not only by inherently unpredictable audience reactions to a production's artistic components, but also by critical reviews, promotions, the quality and acceptance of films and television programmes and content released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure activities, general economic conditions and public tastes generally, all of which could change rapidly and most of which are beyond the control of the Group.

There is a risk that anticipated box office revenue growth may not materialise. In recent years, poor movie theatre ticket sales in the United States has facilitated a movement toward investments in films aimed at global audiences. China has been a key driver of international box office revenue growth, with a growth rate of approximately 49 per cent. in 2015. This growth, however, slowed to approximately 4 per cent. in 2016 largely due to a weakening local currency against the US dollar and less popular local productions.

The conversion of content into digital formats facilitates the creation, transmission and "sharing" of high quality unauthorised copies of films and television programmes. As a result, consumers may be able to download or purchase physical and digital pirated versions of content rather than watch content via legitimate

channels, whether cinema, physical home entertainment, authorised digital or broadcast services. According to the US Congressional International Anti-Piracy Caucus, piracy costs the United States movie production industry approximately US$25 billion annually in lost sales. Significant growth in these consumer practices in either film or television could have a material adverse impact on the entertainment industry and thus, the business of the Group.

The Group's revenue generation through the provision of completion contracts is principally led by the volume of entertainment content produced as well as the size of the budgets on these productions

Fee income is charged by the Group for providing completion contracts to entertainment productions. It is principally led by the size and number of productions. The Group's fee income decreased in the year ended 31 March 2016 largely due to an approximate 15 per cent. reduction in the number of productions. The Group attributes this to a lack of "bankable" actors available across the industry for film productions due to increased levels of TV productions which, in turn, resulted in fewer films being produced during a discrete time period. In the past, writers' strikes have also impacted the number of productions, leading to a decrease in fee income and adversely affecting the Group's completion contracts business.

The Group's fees in respect of the provision of a completion contract for a production are charged at a fixed percentage (approximately 1.5-2 per cent.) of a project's overall production budget. Therefore, the Group's income is directly affected by the budget sizes of entertainment productions. Trends towards high budget "blockbuster" movies would result in greater fees per production for the Group, whilst growth in a number of lower budget "indie" films would reduce the fees generated per production.

As completion contracts are typically issued in conjunction with productions financed by debt or third party private financing, the Group's revenue generation through the provision of completion contracts is also impacted by the proportion of productions financed by debt or third party private financing, compared to other sources of financing that do not required a completion contract.

There are a number of risks associated with the independent film business

Given that most large studios will directly finance productions and therefore do not require completion contracts, the majority of the Group's revenues through the provision of completion contracts are attributable to small studios and independent producers. As such, the Group is particularly exposed to the independent film business. There are a number of risks associated with the independent film business, each of which may individually or in combination result in an adverse impact on the Group's business or results of operations, including:

- reliance on international sales to a limited number of distributors in each territory;
- reliance on tax credits and other public funds (for example, funding from the British Film Institute), which are subject to change with changes in government and/or political climate;
- reliance on lead actors (who are increasingly engaged on long, multi-season television engagements) to make sufficient sales to fully finance the film;
- competition for crew during times of high production. Independent films are shorter engagements than television programmes with lower weekly rates than studio movies so scarcity of key heads of department can lead to delays and subsequent inability to shoot when cast are available; and/or
- where films are successful, pursuing and collecting revenue from worldwide exploitation can be complicated and expensive.

The Group is exposed to a greater risk of claims from lower budget productions

The introduction of streaming services to commissioning and producing films and television programmes has had an impact on production practices. The Group works closely with these newer producers to help ensure their creative expectations can be achieved at their intended budget levels. However, the Group is exposed to a greater risk of claims from a larger number of smaller budget productions, in particular because lower budget productions often utilise less experienced crew.

Technological development, including changes in entertainment delivery formats, drives frequent changes within the film and television industry and the overall effect of this technological development on the Group's business is unpredictable

The entertainment industry experiences frequent change driven by technological development, including developments with respect to the formats through which films and television programming are created and/or delivered to consumers. For example, in recent years film and television consumers have begun to spend an increasing amount of time on the internet and on mobile devices and increasingly seek to download and/or view content on a time-delayed or on-demand basis via televisions and on handheld or portable devices, which has caused significant changes to the creation and consumption of films and television programming. The overall effect that technological development and new forms of entertainment have on the revenue and profits of the Group is unpredictable and the Group's business, financial condition, operating results and/or prospects could be materially and adversely affected if the Group fails to accurately assess and effectively respond to technological change in the entertainment industry.

The United Kingdom's exit from the European Union may have a negative effect on global economic conditions, financial markets and the Group's business

The United Kingdom held a referendum on its continued membership of the EU on 23 June 2016, the result of which was a majority vote for the United Kingdom to leave the EU. The UK government formally served notice of the United Kingdom's intention to leave the EU on 29 March 2017 in accordance with Article 50 of the Treaty on the European Union, marking the start of the process of the United Kingdom's withdrawal from the EU.

The United Kingdom's exit from the EU has created significant uncertainty about the future relationship between the United Kingdom and the EU. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which EU-derived laws and regulations to replace or replicate as part of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity and restrict access to capital. If the United Kingdom and the EU are unable to negotiate acceptable withdrawal terms or if other EU member states pursue withdrawal, barrier-free access between the United Kingdom and other EU member states or among the European economic area overall could be diminished or eliminated.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility.

The potential impacts of the United Kingdom's exit from the EU on the film industry and the Group include the following:

- A reduction in the availability of public money for English language films and changes to the flexibilities afforded to co-productions could lead to a reduction in the number of projects making it through the development phase into production. At present, certain EU funds are made available for production via Creative Europe or via the regional development funds. These funds are never guaranteed to continue in perpetuity but if the UK was no longer able to access them, the impact could be significant. Where a UK project has to pass the UK cultural test (to fulfil the requirements of a co-production treaty or to qualify for a tax credit or subsidy), this test is currently fulfilled by reference to the project and its cast and crew emanating from across Europe. If this test was amended to separate the UK from the rest of Europe, then that could lead to a reduction in the number of productions able to access local subsidies and tax credits. This may lead to an overall reduction in the number of projects produced in Europe and could also impact co-productions with other non-EU countries (where the co-production treaty in question includes a cultural test or requires a threshold level of participation from each co-producer).
- Each production could in itself become more complicated and expensive, increasing the risk of the Group having to commit funds to ensure the production is completed and delivered in accordance with required specifications. The UK is an attractive location for filming for a number of reasons; these include low production costs (partly due to reduced union involvement), highly skilled crews, tax credits on expenditure and a huge versatility of locations. Part of this versatility comes from the ability of crews

to travel to Europe and shoot in, for example, Paris or on the Mediterranean coast, with relative ease. Restrictions on movement generally and particularly an increased requirement for visas and more complicated goods shipping procedures could add a significant work stream for production offices. Furthermore, there is a chance that entire crews would not be granted visas and heads of department would be forced to hire crew locally in the European country in question, which could lead to production delays and costs as new crews become accustomed to working together.

Any of these factors could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

There is a risk that the US government imposes penalties on the US entertainment industry

There is a risk that, as a result of political pressure in the United States, the US government seeks to impose penalties on the US entertainment industry and encourage producers to make fewer films abroad, which in turn lessens the financial viability of films due to fewer tax breaks, impacting overall output. This could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group's success depends on the continuing efforts of its senior management team and other key personnel and it may not be able to operate and grow its business effectively if it loses their services or is unable to attract qualified personnel in the future

The Group's success depends, to a significant extent, on the continued services of its key personnel, particularly its senior management team, with many of its key executives having been with the Group for more than 20 years and who have high levels of experience in the industry and uniquely adapted skills. In particular, the Group's Chief Executive Officer, Steven Ransohoff, has been with FFI for over 30 years and has deep industry relationships with producers, banks, studios and insurers. If one or more senior executives or other key personnel are unable or unwilling to continue their present positions, the Group may not be able to replace them easily or at all. There is no guarantee that any of the senior management team will remain employed by the Group. Competition for key personnel is high, the pool of qualified candidates is limited and the Group may not be able to retain the services of its key personnel, or attract and retain high-quality key personnel in the future.

In addition, the business relationships certain key personnel have with the Group's clients are a critical element of obtaining and maintaining client relationships. If the Group loses key personnel who manage substantial client relationships or possess substantial experience or expertise or if the Group is unable to successfully attract, retain and integrate suitably qualified personnel or there are delays in hiring required personnel, it could materially adversely affect the Group's ability to develop, maintain and expand client relationships and delay the achievement of the Group's development objectives, which would have an adverse impact on the Group's business, financial condition, operating results and/or prospects. If any key personnel leave and carry on any activities competing with the Group, the Group may lose further key personnel. Legal remedies against such individuals may be limited. In particular, certain employment agreements for key personnel do not contain restrictive covenants or non-compete provisions and there are restrictions on enforcing restrictive covenants or non-compete provisions in certain key jurisdictions in which the Group operates.

There is competition in the Group's industry and, if the Group is unable to compete effectively, its business may be materially adversely affected

The Group is the world leader in the provision of completion contracts to the entertainment industry for films, TV, mini-series and streaming product, however, the Group faces competition from other providers of completion contracts in the industry in which it operates, being both established competitors and new entrants to the market. Such competitors currently offer, or may in the future offer, the same or similar products and services as the Group. The Group's key established competitors are ProSight, European Film Bonds and Unifi Bonds. In recent years, competitors have driven increasing fee pressure for the Group's core completion contracts business. The entry into, or the targeting of, the markets in which the Group operates by competitors with greater financial resources, greater pricing flexibility or risk tolerance than the Group could adversely affect its ability to obtain new, or retain existing customers, which could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

If the Group is unable or is perceived to be unable to compete effectively in the market or in its products and services, its competitive position may be adversely affected. In particular, competitive pressures may,

among other things, lead to the Group reducing its prices, which may adversely affect its operating margins, capital position and capital requirements, or reduce its market share, any of which could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group is dependent on its relationships with customers, suppliers, film makers, financiers, distributors, sales agents and other film industry experts and those relationships are critical to the Group's operations

The Group's worldwide network of relationships with customers, suppliers, film makers, financiers, distributors, sales agents and other industry participants is critical to its business. In particular, approximately US$5.9 million, US$4.8 million and US$5.7 million of the Group's total revenue for the financial years ended 31 March 2014, 2015 and 2016, respectively, was attributable to sales to the Group's largest customer. If the Group is unable to maintain its relationship with this key customer or other customers, suppliers, film makers, financiers, distributors, sales agents and other industry participants or if key personnel with whom the Group has a strong working relationship leave the Group's customers, suppliers, film makers, financiers, distributors, sales agents and other industry participants with which the Group contracts, this could cause disruption to the Group's business. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

The Group's largest customers may choose to restructure so as not to require completion contracts from the Group and instead elect to bear the risk of the film or television programme going over budget or schedule themselves (or "self-bond") going forward, or they may seek completion contracts for a smaller proportion of their productions and/or produce fewer high budget films (which drive higher fee income for the Group). The Group's business, financial condition, operating results and/or prospects could be materially and adversely affected by any such events.

The Group operates a global business and is dependent on global economic conditions

Any economic downturn or political instability, either globally or locally in any area in which the Group operates, may have an adverse effect on the demand for the Group's products and services. A more prolonged economic downturn or political instability may lead to an overall decline in the volume of the Group's sales, restricting the Group's ability to make a profit. In particular, the Group conducts a significant proportion of its operations in the United States (revenue generated from the United States accounted for approximately 76.6 per cent. of the Group's total revenue in the year ended 31 March 2017 (unaudited)) and the profitability of the Group's business may therefore be adversely affected by a worsening of general economic conditions in the United States, whether in isolation or as a consequence of economic conditions, or disruptions to global financial markets. Conditions which result in inflation, high levels of unemployment and low levels of consumer and business confidence, and other factors that may be particularly prevalent during periods of economic downturn, affect the disposable income of customers as well as their spending habits and international trade, which may, in turn, negatively affect the Group's products and services and its ability to generate revenue in the markets in which the Group operates.

Other factors which may affect the spending habits of consumers and international trade include, among other things, gross domestic product growth, social, political and industrial unrest, the availability and cost of credit, interest rates, taxation, regulatory changes, oil and utility prices and acts of terrorism (which could affect the willingness of consumers to continue existing spending habits and use of free time).

A decline in consumer spending on entertainment could materially and adversely affect the Group's business, financial condition, operating results and/or prospects.

The Group is exposed to risk inherent in operating across different markets

The Group has 11 offices across 4 continents and, as a result, its business is subject to certain risks inherent in international business, many of which are beyond its control. These risks include:

- laws and policies affecting trade, investment, including the laws and policies relating to the repatriation of funds and withholding taxes, and changes to these laws;
- changes in local regulatory requirements;
- differing cultural tastes and attitudes;
- differing degrees of protection for intellectual property; and

- the instability of foreign economies and governments.

Events or developments related to these and other risks associated with international trade could materially and adversely affect the Group's business, financial condition, operating results or prospects.

The Group is exposed to risk as a result of appointing overseas representatives

The Group currently operates via overseas representatives in Australia. The Group relies on timely reporting from its overseas representatives to assess the status of productions and then, where required, it can send further personnel to work on a project. A failure to communicate effectively with overseas representatives could lead to delays and increased costs in addressing any issues with the production of the films and television programmes in those territories. In certain territories, there are limited contractual obligations to back up the working relationship with overseas representatives and the Group's legal recourse would therefore be complicated if the relationships broke down. The Group also has less control over its overseas representatives than it would have over its own employees (for example, overseas representatives may not be subject to the same (if any) restrictive covenants or non-compete provisions or restrictions regarding confidentiality of Group data as employees would be).

The Group is exposed to reputational risk

The Group has an iconic status within the entertainment industry and its reputation is one of its most important assets. The Group's ability to attract and retain customers and personnel and conduct business with its counterparties could be materially adversely affected to the extent that its reputation or the reputation of its brand is damaged. Failure to address, or appearing to fail to address, various issues that could give rise to reputational risk could cause harm to the Group and its business prospects. Reputational risks that the Group faces include:

- poor customer service or technology failures;
- breaching, or facing allegations of having breached, legal and regulatory requirements in respect of its business;
- litigation or employee misconduct; and/or
- operational failures, accidents, press speculation and negative publicity.

A failure to address these or any other relevant issue appropriately could make customers and suppliers less willing to do business with the Group, which may materially adversely affect its business, financial condition, operating results and/or prospects.

Exchange rate fluctuations in the currencies in which the Group operates could adversely affect the Group's earnings

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures in respect of revenues, assets, liabilities, and cash flows. The functional currency of the Group is US dollars and the Group's financial statements are prepared in US dollars. However, the Group also generates substantial cash receipts in United Kingdom pounds sterling, Canadian dollars, euros and Australian dollars. Therefore, fluctuations in exchange rates between these currencies may have a material impact on the Group's business, financial condition and operating results.

As the Group operates in different territories (including in Europe, Asia, Australia and Canada), there is a translation risk resulting from the requirement to present monetary assets and monetary liabilities from different territories in the Group's reporting currency. The Group is mainly exposed to United Kingdom pounds sterling, Malaysian ringgit, Chinese yuan, Australian dollars and Canadian dollars when translating monetary assets and monetary liabilities in these currencies to the Group's reporting currency. The Group does not hedge this translation exposure.

The Group minimises foreign currency risk by requiring customers in jurisdictions other than the United Kingdom to adhere to strict payment terms. The risk is also mitigated by paying insurance premiums in US dollars based on the transaction rate of foreign currencies. However, fluctuations in exchange rates may nonetheless have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

Certain of the Group's agreements are subject to change of control provisions

Certain of the Group's agreements specify that if a change of control of the relevant Group company occurs during the term of the agreement, the counterparty has the right to terminate the agreement. The Pre-IPO Reorganisation and/or a combination of the Placing and sales of Ordinary Shares by existing Shareholders after Admission may crystallise certain of such change of control provisions and accordingly, such agreements may be terminated by the relevant counterparties and/or amounts may become payable to the relevant counterparties. In particular, it should be noted that, under the Rainbow Acquisition Agreement, Film Finances must pay Kevin Hyman the maximum contingent earnout amount thereunder for the remainder of the earnout period in the event of a change of control of Film Finances prior to the end of the earnout period. This change of control provision may be triggered following Admission if the existing shareholders of Film Finances cease to hold at least 50 per cent. of the Shares. Further details on this are set out in paragraph 18.5 of Part V (*Additional Information*) of this document.

The termination of these agreements could have an adverse effect on the Company's business, financial condition and operating results.

The Group has not registered the trademark "Film Finances" and there is no assurance that an application made by the Group to register this trademark would be granted

The Group relies on its trademarks, trade names, and brand names to distinguish its products and services from the products and services of its competitors. In particular, the Group uses, but has not registered, the trademark "Film Finances". As such, the Group may not be able to prevent third parties from using and/or applying to register, this mark (or a confusingly similar mark) as a trademark.

Applications filed by the Group to register the trademark "Film Finances" may not proceed to registration and be objected to or opposed by third parties claiming they have prior rights or by national and/or international trademark offices. This may result in revised applications (increasing cost and time spent) and may prevent trademark applications from being granted at all. No assurance can be given that an application for registration will result in a granted trademark nor that the scope of any trademark protection (registered or otherwise) will exclude competitors or provide a competitive advantage. In addition, once registered, trademarks can be challenged and can be invalidated, including on the basis of prior rights and for non-use.

In the event that the Group's use of its trademarks is successfully challenged, it could be forced to rebrand its products and services (or suffer expensive infringement litigation) or forego registration of any trademarks, which could result in loss of brand recognition or the benefits and protections of registration, and could require the Group to devote resources to developing, advertising and marketing new brands. If third parties use, or successfully register, the trademark "Film Finances", this could materially adversely affect the Group's brand strength and, accordingly, its business, financial condition, operating results and/or prospects and its ability to develop its business.

Further, no assurance can be given that competitors will not infringe the Group's trademarks, or that the Group will have adequate resources to enforce its rights in any registered or unregistered trademarks. If it does enforce against third party infringers or bring oppositions against third parties attempting to register conflicting rights, it could also be costly for the Group to bring these actions and defend its brand.

The Group may face online security breaches and service disruptions due to hacking, viruses, fraud and malicious attack

The Group cannot guarantee protection against unauthorised attempts by third parties or its current or former employees to access its or its counterparties' IT systems, including malicious third party applications that may interfere with or exploit security flaws in its products and services. Viruses, worms and other malicious software programmes could, amongst other things, jeopardise the security of the information stored in the Group's computer systems. Hackers may also act in a coordinated manner to launch denial of service attacks or other coordinated attacks that cause the Group's website or other systems to experience service outages or other interruptions or result in the creation of fraudulent transactions. If any compromise in the Group's security measures were to occur and the Group's efforts to combat this breach are unsuccessful, the Group's reputation may be harmed and its business, financial condition and operating results may be materially adversely affected.

The Group may also process personal data (some of which may be sensitive) as part of its business. If there were a security breach in respect of such data, the Group could face liability under data protection laws and face reputational damage (including loss of goodwill of its customers), which may have a material adverse effect on the Group's financial condition, operating results and prospects. The Group may also be subject to fines for data protection breaches. Any of the foregoing could materially and adversely affect the Group's business, financial condition, operating results or prospects.

The Group holds certain historic records in hard-copy form only

The Group holds certain historic records in hard-copy form only. Although such records are insured, they will not be able to be replaced if they are destroyed (for example, if the office in which they are stored experiences a flood or fire).

The Group's internal controls and financial reporting procedures require development

The Group has been private since its establishment in the 1950's. Historically:

- the Group has not prepared annual budgets or forecasts. Therefore, there was no comparison between actual results and budgeted results for the same period. Instead, management have previously performed a high-level comparison to results for the prior year. The Group has recently engaged Numeritas, an external modelling consultant, to assist with forecasting. The working capital forecast model will be utilised as a budget for the financial year ended 31 March 2018 with a full budget process performed for the financial year ended 31 March 2019. The Group is evaluating hiring a permanent budget and reporting manager or person with equivalent responsibility who will have primary responsibility for budgeting, reporting and forecasting;
- the Group has prepared management accounts on a quarterly basis and the general ledger system in place only provided the ability to produce management accounts quarterly. The Group has purchased and installed a new general ledger system permitting the preparation of monthly management accounts and closed its accounts on a monthly basis for the first time for the month of April 2017. This system reports the Group's US operations primarily. The Group's primary non-US offices each utilise a unique general ledger system and report results to the Group's headquarters for inclusion in the Group accounts. The Group is evaluating general ledger systems that will permit greater functionality, including the consolidation of separate operating entities in foreign jurisdictions, currency exchange and user level control at the subsidiary level permitting local personnel to utilise the system. However, the systems under consideration require several months of development and are expected to take some time to install. Since the Group has limited experience in generating monthly management accounts, there is a risk that the Group and/or a particular office will be unable to do so in a timely manner. In addition, since the Group has not previously prepared monthly management accounts, there is risk associated with the quality of the monthly management accounts as the Group is unable to compare monthly results on a month-over-month basis to the prior year until the Group enters its second financial year of monthly reporting;
- the Group has not had adequate staffing levels to effectively provide a separation of duties consistent with best practices within its accounting function. The Group has recently hired a Chief Financial Officer and Group Accounting Manager, who, along with the Group Controller and other accounting staff, are able to provide effective separation of duties; and
- the Group has advanced certain amounts to individuals for various investment and profit sharing arrangements and made various "one-off" investments outside the normal course of trading. In connection with Admission, the Group is establishing an authorisation and approval procedure which sets out caps on disbursements, budgeted or not, that will work to prevent "one-off" investments and large advances without board approval.

The Group is also currently reliant on its external advisers to ensure accordance with financial reporting regulations under IFRS. The Directors intend that such expertise and compliance will be managed internally as the Group's finance team expands.

The Group's internal controls and procedures in respect of financial reporting and corporate governance, whilst considered adequate, continue to be developed and increased in the level of sophistication therein. The Group is in the process of enhancing its internal controls and procedures in respect of its financial reporting and corporate governance in connection with Admission.

The Group does not currently have an internal audit department in place. The Board intends to develop an action plan in consideration of the formation of an internal audit department, but there can be no assurance given as to the efficacy of such action plan.

The Board is newly constituted. With the exception of Steven Ransohoff, the Directors and Non-Executive Directors are newly appointed. Timothy Trankina was appointed in February 2017, Antony Mitchell in March 2017 and the Non-Executive Directors in June 2017. In addition, the Board members are based in various different locations worldwide.

Any significant failure in the Group's financial reporting and corporate governance more generally could have a material adverse effect on the Group's reputation, business, financial condition and/or operating results.

The Group does not have a co-ordinated IT strategy, global IT oversight or continuity plans

Basic information technology (IT) protocols are in place for the Group, including in relation to logging on/off, network access, data backups, malware detection and terminations. However, each of the Group's offices operates on a separate network with varying degrees of IT support. Only the Group's office in Los Angeles has a full time, internal IT resource and that resource does not oversee IT activities in the Group's other offices. The Group's other offices use outsourced helpdesk services. The Group does not have a coordinated IT strategy, global IT oversight or continuity plans. There are certain risks associated with this, for example, the Group may not be able to successfully combat service outages or security breaches. In addition, having only a single internal IT resource at the Group's office in Los Angeles creates risk in the event that the resource is unavailable for any reason. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

System failures or delays associated with the Group's new general ledger system could materially harm the Group's business

As noted above, the Group has recently purchased and installed a new general ledger system permitting the preparation of monthly management accounts. There is a risk that system errors and failures may occur, especially when new versions and upgrades are made, or that the system does not operate as efficiently and effectively as expected. If the system was to stop operating properly for any significant period of time for any reason or the management accounts produced by the system were not provided in a timely manner or were found to be inaccurate or unreliable, the Group could suffer a disruption to its business, loss of data and material financial loss.

Changes in the interpretation of existing tax laws, amendments to existing tax rates or policies, or the introduction of new tax legislation may adversely impact the Group's reputation, business, financial condition, results of operations and prospects

The Group operates in a number of different tax jurisdictions around the world.

Tax risk is the risk associated with changes in tax laws or in the interpretation of tax laws, including those tax laws relating to utilisation of capital allowances, net operating profits, net operating losses, intra-group arrangements and tax loss or credit carry forwards among other things. It also includes the risk of changes in tax rates or policies and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures and other aspects of tax law. Tax risk also includes the risk of tax authorities challenging and investigating the Group's tax or transfer pricing arrangements or tax domicile. It is an inherent risk with growing, internationally agile businesses that local tax authorities could seek to argue that local subsidiaries are not being remunerated appropriately for services provided to the Group (i.e., they are not being remunerated on an arm's length basis under transfer pricing provisions) and/or that the Group has created a taxable presence and asset taxing rights over profits they consider to be allocable to the given territory. This can lead to additional taxes due and, in some cases, penalties.

There is also a risk that the US tax authorities could investigate and challenge:

- the "tax neutral" status of the disposal of Realta and CaSHET;
- net operating losses ("**NOLs**") carried forward to shelter profits in future years (the ability of NOLs to carry forward and be utilised to shelter profits could be limited if there is a greater than 50 per cent. change of control of the Group determined over a rolling 3 year period);

- the timing of tax deductions in relation to “no-claim bonuses”; and
- the lack of tax filings in certain states within the United States where the Group has employees, agents or independent contractors (which if determined adversely for the Group following an audit or other determination could result in additional tax, interest and penalties being due in such jurisdictions).

If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions or tax or transfer pricing arrangements are greater than expected, it could have a material adverse effect on the Group’s reputation, business, financial condition, results of operations and/or prospects.

The Company could be subject to the adoption of new US or international tax legislation or exposure to additional tax liabilities

The Company is subject to taxes in the US and numerous foreign jurisdictions, including the UK. The Company’s future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates or changes in tax laws or their interpretation, including in the US and UK. Moreover, the activities of the Company’s subsidiaries in other foreign jurisdictions could cause the Group to incur additional taxes, including withholding taxes, in such foreign jurisdictions (although those additional taxes may be creditable against the Group’s US federal income tax liability). If the Company’s effective tax rates were to increase, particularly in the US or UK, or if the ultimate determination of the Company’s taxes owed is for an amount in excess of amounts previously accrued or assumed, the Company’s operating results, cash flows, and financial condition could be adversely affected.

Dual tax residence of the Company for US and UK income tax purposes

Under current US federal income tax law, a corporation will generally be considered to be resident for US federal income tax purposes in its place of organisation or incorporation. Accordingly, under the generally applicable US federal income tax rules, the Company, an entity incorporated in England and Wales, would generally be classified as a non-US corporation (and, therefore, not a US tax resident). Section 7874 of the Code and the regulations promulgated thereunder, however, contain specific rules that can cause the Company to be treated as a US corporation for US federal income tax purposes. Under section 7874 of the Code, the Company would be treated as a US corporation for US federal income tax purposes if the former shareholders of Film Finances own (within the meaning of section 7874) 80 per cent. or more (by both vote and value) of the Company’s Ordinary Shares by reason of holding shares in Film Finances and the Group is not treated as having substantial business activities in the UK, when compared to the total business activities of such Group. The Film Finances shareholders are expected to own more than 80 per cent. (by both vote and value) of the Ordinary Shares in the Company immediately after the Pre-IPO Restructuring by reason of their ownership of shares of Film Finances common stock and the Group is not expected to have substantial business activities in the UK when compared to the total business activities of the Group. Moreover, in applying the 80 per cent. test, Ordinary Shares issued and sold in the Placing are not considered. As a result, under current law, the Company is expected to be treated as a US corporation for US federal income tax purposes and will be subject to US federal income taxes. These rules are complex and there is little or no guidance as to their application.

In general, if the Company is treated as a US corporation for federal income tax purposes, dividends paid in respect of the Company’s Ordinary Shares to a non-US person will be subject to US withholding tax at a 30 per cent. rate. The withholding tax might not apply, or might apply at a reduced rate, under the terms of an applicable tax treaty. Under US Treasury regulations, to obtain a reduced rate of withholding under a tax treaty, a non-US person generally will be required to satisfy applicable certification and other requirements. A non-US person eligible for a reduced rate of US withholding tax may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for refund with the IRS. A non-US person generally will not be subject to US federal income tax, including withholding tax, in connection with the receipt of proceeds from the sale, exchange, or other taxable disposition of the Company’s Ordinary Shares.

Regardless of the application of section 7874 of the Code, the Company is also expected to be treated as a UK resident company for UK tax purposes because the Company is incorporated under the laws of England and Wales.

Consequently, the Company will be subject to tax in both the UK and the US. Assuming the Company remains a holding company and does not directly engage in any trade or business activities, the Company is not expected to incur any material tax in the UK unless the UK controlled foreign corporation rules

(described below) apply to cause the Company to be required to currently include in its income the earnings of one or more of its subsidiaries, the UK participation exemption (described below) is not available for any distributions from subsidiaries or the UK diverted profits provisions (described below) applied.

While there is a comprehensive income tax treaty in force between the UK and US, it is unclear whether a dual-resident company (e.g., a company resident in the UK by virtue of its place of incorporation but resident in the other jurisdiction by virtue of its management and control) is eligible for benefits under the treaty. The US-UK income tax treaty provides that where a corporation is treated as a resident of both US and UK, the competent authorities of the UK and US shall endeavour to determine by mutual agreement the mode of application of the tax-treaty to that person. In the absence of such a determination, the treaty would be generally inapplicable to the Company, other than the provisions governing relief from double taxation and non-discrimination.

The Company has not obtained, and does not intend at this time to obtain, any ruling or determination from the IRS, HMRC or other competent tax authorities with respect to the application of US and UK tax laws, the US-UK income tax treaty or the Company's dual resident status, and there can be no assurance that the IRS, HMRC or other competent tax authorities will agree with the Company's interpretation of such laws and the application of them to the Company or that they would make a determination as to the tax residence of the Company if requested. It is possible, however, that the Company may seek a determination of its tax residence for treaty purposes in the future. If the Company received a determination that it was tax-resident in the US and not the UK because the Company was managed and controlled from the US and the Company was not engaged in a trade or business in the UK through a permanent establishment and the Company otherwise qualified under the terms of the treaty for the benefits thereof, including the limitation of benefits clause, then the Company could rely on a number of provisions in the US-UK income tax treaty to claim partial or full exemption from income tax in the UK in a number of instances.

Controlled foreign corporation rules

The Group does business through a number of directly owned and indirectly owned non-US and non-UK subsidiaries. Both the UK and US have various controlled foreign corporation rules that could require the Company or Film Finances to be subject to current taxation on the earnings of these foreign subsidiaries notwithstanding that these earnings are not currently repatriated. Repatriation (and hence current taxation) can also be treated as occurring if the funds of a non-US subsidiary are loaned to US Group members or invested in certain types of US property. These rules are highly complex and in many cases, depend upon the actual manner of operation of the subsidiaries. In some instances, these rules require that the subsidiaries actively operate outside the United States (and not be engaged in a US trade or business) through their own officers and employees and that the activities of these officers and employees be substantial in order for the controlled foreign corporation rules to permit tax deferral on the earnings of these subsidiaries.

FFI Bahamas was only recently formed and its operations are still being commenced. Although the Directors intend that FFI Bahamas arranges its affairs to attempt to defer some or all of the income which it realises from its operations, no assurances can be given that the actual method of FFI Bahamas' operations will be sufficient to permit the income of FFI Bahamas to be deferred in whole or in part. The Group is also evaluating the manner in which it is presently operating in certain foreign jurisdictions and considering changes designed to better defer its foreign source income. No assurances can be provided that any such changes will be implemented or effective. If a non-US subsidiary was treated as engaged in a trade or business in the US by reason of any of its activities occurring in the US, the non-US subsidiary could be subject to federal income tax in the US. The UK controlled foreign corporation rules are designed to identify profits that have been artificially diverted away from the UK and cause them to be subject to current taxation in the UK. The Directors do not believe that the Group will operate in a manner that will divert meaningful profits out of the UK. The Directors have made certain assumptions about the method and manner of these foreign subsidiaries' future operations and whether the earnings of these foreign subsidiaries will be currently taxable under the various controlled foreign corporation tax rules. In the event that these assumptions are incorrect in whole or in part, the Group could be subject to taxation at a rate higher than projected.

Participation and dividend exemptions

The Group relies upon various dividend and participation exemptions in order to distribute earnings from one member of the Group to another. In the event that the UK or US were to change these rules or interpret them in a manner which prevents the Group from relying upon such exemptions, the Group could incur additional taxes in the event that the Group desired to distribute earnings throughout the Group.

Diverted profits tax rules

With effect from April 2015, a new tax was introduced in the UK called the "diverted profits tax" which may be charged on relevant "diverted profits". The tax is charged on profits arising from UK activities that are "diverted" out of the United Kingdom into other territories where a lower rate of tax is payable. The Directors do not believe that the Group is generating any income or profits from the UK that it is diverting or transferring to another jurisdiction where a lower tax rate is payable. However, no assurances can be given that HMRC will not take a contrary view on some of the Group's activities.

The Group is subject to tax examinations of its tax returns by the IRS and other tax authorities. An adverse outcome of any such audit or examination by the IRS or other tax authority could have a material adverse effect on its results of operations, financial condition and liquidity

The Group is subject to ongoing tax examinations of its tax returns by the IRS and other tax authorities in various jurisdictions and may be subject to similar examinations in the future. The Group regularly assesses the likelihood of adverse outcomes resulting from ongoing tax examinations to determine the adequacy of its provision for income taxes. These assessments can require considerable estimates and judgments. The Group is currently undergoing an IRS audit of certain components of its tax return for the year ended 31 March 2016. As audit outcomes and the timing of audit resolutions are subject to significant uncertainty, the Group is unable to estimate the possible amount of change in its unrecognised tax benefits, if any, that may occur within the next 12 months. A difference in the ultimate resolution of tax uncertainties from what is currently estimated could have a material adverse effect on the Group's operating results and financial condition.

Overseas expansion and restructurings

The Group has recently expanded its operations in a number of foreign jurisdictions and is considering operational changes in certain foreign jurisdictions (including the direct issuance of completion contracts by the foreign subsidiaries operating in those jurisdictions as opposed to arranging for them to be issued by Film Finances out of California). The Group may expand into additional foreign jurisdictions in connection with its acquisition strategy. There are certain tax, operational and regulatory risks associated with this activity. In the event that completion contracts are directly issued by one or more of the Group's non-US subsidiaries, one or more local jurisdictions might consider them to be insurance products or financial instruments subject to special regulation or taxation. The conduct by employees in these jurisdiction may also cause these subsidiaries to be subject to tax that may not otherwise be due or to cause a higher rate of tax to apply. Financiers and producers of films in other countries may have become accustomed to seeing Film Finances as the issuer of their completion contracts and have obtained some comfort from this. This change could have an impact on the ability to complete certain transactions. Any changes to the form of the completion contracts, including the entity issuing them, will need to be approved by the Group's insurance provider. There may also be impacts from expanding the size of certain foreign jurisdictions, such as the loss of exemptions available only to small companies and possibility the application of a broader range of laws (for example, employment quotas) to such subsidiaries. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, operating results and/or prospects.

Risks relating to the Placing, Admission and the Ordinary Shares

The costs of compliance with AIM corporate governance and accounting requirements are significant

As a public company, the Company will be subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Company may incur significant costs associated with its public company reporting requirements, including costs associated with applicable AIM corporate governance requirements. The Company expects to incur significant legal and financial compliance costs as a result of these rules and regulations and if the Group does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

General risks of investing in shares traded on AIM

Application has been made for the Ordinary Shares to be admitted to trading on AIM, a market designated primarily for emerging or smaller companies. The AIM Rules are less onerous than those of the UK's Official List and an investment in shares that are traded on AIM is likely to carry a higher risk than an investment in

shares listed on the Official List of the UK Listing Authority. Further, neither the London Stock Exchange nor the FCA (in its capacity as the UK Listing Authority) has examined or approved the contents of this document. The Ordinary Shares will not be listed on the Official List of the UK Listing Authority and although the Ordinary Shares will be traded on AIM, this should not be taken as implying that there will always be a liquid market in the Ordinary Shares.

It may be more difficult for investors to realise their investment on AIM than to realise an investment in a company whose shares are quoted on the Official List. The market for shares in smaller public companies is less liquid than for larger public companies. The share price of publicly traded early stage companies can be highly volatile. The price at which the Ordinary Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, some not specific to the Group and its operations. Furthermore, there is no guarantee that the market price of an Ordinary Share will accurately reflect its underlying value.

AIM has been in existence since 1995 but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

Substantial sales of Ordinary Shares by significant Shareholders could depress the price of the Placing Shares

Subsequent sales by key Shareholders, in particular Golden Sun and Steven Ransohoff and/or the Ransohoff Trust, of a substantial number of Ordinary Shares may significantly reduce the price of the Ordinary Shares. Each of the Selling Shareholders has agreed that, subject to certain exceptions, during the period from the date of Admission until the date which is six months (or 12 months in the case of Steven Ransohoff and the Ransohoff Trust) following Admission, he or it will not, without the prior consent of Liberum, dispose of any Ordinary Shares retained by him or it at the time of Admission. The Selling Shareholders have also agreed, for a period of six months from the date of expiry of the lock-up arrangements, to comply with certain requirements required to maintain an orderly market in the Ordinary Shares. Nevertheless, the Group is unable to predict whether substantial amounts of Ordinary Shares (in addition to Placing Shares) will be sold in the open market following the termination of the lock-up and orderly market arrangements. Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Ordinary Shares.

The Ordinary Shares may be subject to market price volatility and the market price of the shares in the Company may decline in response to developments that are unrelated to the Group's operating performance

The Placing Price may not be indicative of the market price for the Ordinary Shares following Admission. The subsequent market price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Group's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the market price of the Ordinary Shares, regardless of the Group's performance.

The future performance of the Company cannot be guaranteed

There is no certainty and no representation or warranty is given by any person that the Company will be able to achieve any returns referred to in this document. The financial operations of the Group may be adversely affected by general economic conditions, by conditions within the UK and US markets generally or by the particular financial condition of other parties doing business with the Group.

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained

Prior to Admission, there is no public market for the Ordinary Shares. As a consequence, there can be no assurance that an active trading market will develop after Admission or, if developed, that an active trading market will be sustained. The Company cannot predict the extent to which investor interest in the Ordinary

Shares will lead to the development of a trading market or how liquid such a market might become. Investors may experience greater price volatility and less efficient execution of buy and sell orders than expected.

There is no guarantee that the Company will maintain its quotation on AIM

The Company cannot guarantee that it will always retain a quotation on AIM. If the Company fails to do so, certain investors may decide to sell their Ordinary Shares, which could have an adverse impact on the share price. Additionally, if in the future the Company decides to obtain a listing on another exchange, in addition to AIM or as an alternative, this may affect the liquidity of the Ordinary Shares traded on AIM.

The Company is a holding company with substantially all of its operations conducted through its subsidiaries. Its ability to pay dividends on the Ordinary Shares depends on its ability to obtain cash dividends and other cash payments or obtain loans from its subsidiaries

The ability of the Company to pay dividends in the future will depend on, among other things, the Group's future profit, financial position, regulatory capital requirements, distributable reserves, working capital requirements, general economic conditions and other factors that the Directors deem significant from time to time. The Company's ability to pay dividends is also subject to the requirements of the laws of England and Wales, which permits the distribution of dividends only out of distributable reserves. Furthermore, because the Company is a holding company, the Company's ability to pay dividends depends primarily upon receipt of sufficient funds from its subsidiaries. Additionally, the payment of dividends by the Company may, in certain instances, be subject to statutory restrictions, and regulatory restraints or other potential and economic factors. The inability on the part of any of its subsidiaries to pay dividends would negatively affect the amount of funds available to the Company to pay dividends. There can therefore be no assurance as to the level of future dividends (if any) that may be paid by the Company.

The Company may not pay dividends and so investors may not receive any return on their investment

The Company intends to retain any earnings to expand the growth and development of its business and, therefore, does not anticipate paying dividends in the foreseeable future. There can be no assurance that the Company will change its dividend policy and pay dividends in the future. Any decision to change its dividend policy and to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, applicable law, regulations, the results of the Group's operations, cash requirements, contractual restrictions, future projects and plans and other factors that the Board may deem relevant. Consequently, investors may not receive any return on investment unless they can sell their Ordinary Shares for a price greater than that which they paid for them (after accounting for all applicable taxes and fees).

Certain post-Admission significant shareholders will retain a significant interest in and will continue to exert substantial influence over the Company following Admission and their interests may differ from or conflict with those of other Shareholders.

On Admission, Golden Sun and Steven Ransohoff and the Ransohoff Trust will have substantial holdings of Ordinary Shares. Accordingly, they may possess sufficient voting power to be able to influence certain matters requiring Shareholder approval, including the election of directors and the approval of certain business decisions. There could also be a conflict between the interests of such parties and the interests of the Company's other Shareholders.

Furthermore, in accordance with the terms of the Relationship Agreements, for so long as Golden Sun and Steven Ransohoff and the Ransohoff Trust (in aggregate) and their respective associates each retain an interest in more than 20 per cent. of the rights to vote at a general meeting of the Company attaching to Ordinary Shares, they shall each be entitled (but not required) to nominate one Director to the Board (Steven Ransohoff has agreed that this right will not apply for so long as he is a Director of the Company). In addition, in the event that Golden Sun and its respective associates cease to hold their Director nomination right because their voting interest falls below 20 per cent., Steven Ransohoff will be entitled (but not required) to nominate an additional Director to the Board for so long as he and the Ransohoff Trust (in aggregate) and their associates have an interest in more than 30 per cent. of the rights to vote at a general meeting of the Company attaching to Ordinary Shares. Accordingly, Golden Sun and Steven Ransohoff (who is the Chief Executive Officer of the Company) and the Ransohoff Trust may be able to exert influence on the management of the Company and may be able to influence the outcome of shareholder votes, including

votes concerning the election of Directors, the adoption of provisions in the Articles, the approval of significant acquisitions or dispositions, decisions affecting the Group's capital structure, other significant corporate transactions (including share buy-backs or other purchases of Ordinary Shares that could give the Company's shareholders the opportunity to realise a premium over the then prevailing market price for the Ordinary Shares). However, such decisions are subject to certain undertakings given by each of Golden Sun, Steven Ransohoff, the Ransohoff Trust and their associates and nominated directors to ensure that the Company will at all times be capable of carrying on its business independently of Golden Sun, Steven Ransohoff, the Ransohoff Trust and their respective associates.

The significant share ownership of Golden Sun, Steven Ransohoff and the Ransohoff Trust may also have the effect of deterring a takeover of the Company, delaying or preventing changes in control or changes in management or limiting the ability of others holders of Ordinary Shares to approve transactions that they deem to be in their best interests. The market price of the Ordinary Shares could also be adversely affected if potential new investors are disinclined to invest in the Group because they perceive disadvantages to a large shareholding being concentrated in the hands of a small number of significant shareholders.

Future issues of Ordinary Shares may result in immediate dilution of existing Shareholders

The Company may decide to issue additional Ordinary Shares in the future in subsequent public offerings or private placements to fund the future funding requirements of the Group and may also issue additional Ordinary Shares in connection with future acquisitions if the Directors consider it appropriate to do so. In the case of pre-emptive offerings, if existing Shareholders do not subscribe for additional Ordinary Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company and, in the case of any non-pre-emptive offering, existing interests of Shareholders will be diluted by the issuance of new Ordinary Shares. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than the Placing Shares. In addition, the issue of additional shares by the Company, or the possibility of such issue, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price.

Shareholders outside the United Kingdom may not be able to subscribe for future issues of Ordinary Shares

In order to undertake future equity fund raisings, the Company would be required to increase its issued share capital. In the case of certain increases in the Company's issued share capital, the Company's existing Shareholders would be entitled to pre-emption rights pursuant to the 2006 Act unless such rights have been disapplied by a special resolution of the Shareholders at a general meeting or, in certain circumstances, pursuant to the Articles.

Under the Articles, a holder of the Ordinary Shares generally has the right to subscribe and pay for a sufficient number of Ordinary Shares to maintain its relative ownership percentage prior to the issuance of any new Ordinary Shares to another person. Shareholders outside the United Kingdom may not be able to exercise their pre-emption rights over Ordinary Shares unless the Company decides to comply with applicable local laws and regulations. In the United States, this may include the registration statement under the Securities Act becoming effective with respect to such rights and the related Ordinary Shares or an exemption from the registration requirement of the Securities Act being available. Similar restrictions exist in certain other jurisdictions. The Group does not intend to register the Ordinary Shares under the laws of any jurisdiction, and no assurance can be given that an exemption from registration requirements will be available to non-UK holders of the Ordinary Shares or, if available, that the Company will use it. To the extent that non-UK holders of the Ordinary Shares are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and their proportional interests in the Company would be reduced.

Legislation and compliance

This document has been prepared on the basis of current legislation, regulation, rules and practice and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any change in legislation, regulation, rules or practice may have an adverse effect on the returns on an investment in the Company.

Suitability of the Ordinary Shares as an investment

The Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, Shareholders and other prospective investors are advised to consult an appropriate independent financial adviser authorised under FSMA if such Shareholder or other prospective investor is resident in the UK or, if not, from another appropriately authorised independent financial adviser who specialises in advising on acquisitions of shares and other securities.

The value of the Ordinary Shares, and the income received from them, can go down as well as up and Shareholders may receive less than their original investment or less than what may be received in an alternative investment.

In the event of a winding-up of the Company, the Ordinary Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

Conditionality of Placing

The Placing is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, Admission (and therefore Placing) will not occur.

The Placing is not underwritten

The Placing is not being underwritten. It is therefore possible that the proceeds of the Placing may be less than expected.

Forward-looking statements

This document contains forward-looking statements that involve risks and uncertainties. All statements, other than those of historical fact, contained in this document are forward-looking statements. The Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors. Investors are urged to read this entire document carefully before making an investment decision.

The forward-looking statements in this document are based on the relevant Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Group's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect upon the Group.

PART III

HISTORICAL FINANCIAL INFORMATION ON THE GROUP

SECTION A: INDEPENDENT REASONABLE ASSURANCE REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF THE FFI GROUP FOR THE THREE YEARS ENDED 31 MARCH 2016

The following is the full text of a report on Film Finances, Inc. and its subsidiary undertakings from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of FFI Holdings PLC.

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The Directors
FFI Holdings PLC
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22 June 2017

Dear Sirs,

Film Finances, Inc. ("Film Finances") and its subsidiary undertakings (the "FFI Group")

We report on the consolidated historical financial information of the FFI Group as set out in Section B of Part III of the Admission Document dated 22 June 2017 (the "**Admission Document**") of FFI Holdings PLC (the "**Company**"). This consolidated historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the consolidated historical financial information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by paragraph (a) of Schedule Two to the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of the Company are responsible for preparing the consolidated historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the consolidated historical financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Opinion

In our opinion, the consolidated historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the FFI Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as if it had been applied by paragraph (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

SECTION B: CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE FFI GROUP FOR THE THREE YEARS ENDED 31 MARCH 2016

Film Finances, Inc. and Subsidiaries

Consolidated statements of comprehensive income

for the three years ended 31 March 2016

	Notes	*2014* *USD*	*2015* *USD*	*2016* *USD*
Continuing operations				
Revenue	3	43,197,639	50,848,653	38,675,812
Costs related to revenue	4	(15,312,383)	(13,692,845)	(11,805,121)
Gross profit		27,885,256	37,155,808	26,870,691
Administrative and other expenses	5	(22,017,894)	(27,466,850)	(23,729,675)
Other income		1,079,774	172,487	37,574
Operating profit		6,947,136	9,861,445	3,178,590
Finance costs	6	(2,461)	(76,011)	(41,964)
Finance income	6	21,821	27,556	9,844
		6,966,496	9,812,990	3,146,470
Net profit/(loss) from joint venture	11	–	(37,406)	94,822
Profit before taxation		6,966,496	9,775,584	3,241,292
Taxation	7	(3,018,056)	(3,566,116)	(1,253,695)
Profit for the year		3,948,440	6,209,468	1,987,597
Total profit for the year attributable to:				
Owners of Film Finances		4,181,113	5,983,140	2,031,085
Noncontrolling interest		(232,673)	226,328	(43,488)
		3,948,440	6,209,468	1,987,597
Other comprehensive income, net of taxation				
Exchange difference on translating foreign operations attributable to Owners of Film Finances		132,611	(175,183)	25,275
Total other comprehensive income attributable to Owners of Film Finances		132,611	(175,183)	25,275
Exchange difference on translating foreign operations attributable to non-controlling interests		(691)	(3,985)	394
Total comprehensive income for the year		4,080,360	6,030,300	2,013,266
Total comprehensive income attributable to:				
Owners of Film Finances		4,313,724	5,807,957	2,056,360
Noncontrolling interest		(233,364)	222,343	(43,094)
		4,080,360	6,030,300	2,013,266

Consolidated statements of financial position

as at 31 March 2014, 2015, and 2016

	Notes	*2014* *USD*	*2015* *USD*	*2016* *USD*
Assets				
Non-current				
Goodwill	9	8,540,934	8,540,934	8,540,934
Intangible assets	10	950,000	883,333	816,666
Investment in a joint venture	11	–	125,946	216,044
Assets classified as held for sale	11	396,446	283,113	283,113
Other	12	535,762	557,663	579,371
Property, plant and equipment	13	431,702	331,698	572,858
Deferred tax assets	7	731,760	1,772,718	1,723,823
Non-current assets		11,586,604	12,495,405	12,732,809
Current				
Trade and other receivables	16	6,191,190	5,897,915	7,341,877
Other current assets	17	4,042,404	2,937,041	2,826,691
Restricted cash	18	95,611,999	47,358,691	43,859,558
Cash and cash equivalents	19	11,709,275	15,766,355	14,928,784
Current assets		117,554,868	71,960,002	68,956,910
Total assets		129,141,472	84,455,407	81,689,719
Equity and liabilities				
Equity				
Share capital	26	–	–	–
Share premium	26	109,500	109,500	109,500
Retained earnings		8,364,671	12,722,628	12,358,988
Total equity attributable to owners of Film Finances		8,474,171	12,832,128	12,468,488
Non-controlling interests		71,163	343,507	(25,859)
Total Equity		8,545,334	13,175,635	12,442,629
Liabilities				
Non-current				
Deferred tax liabilities	7	6,372,470	7,133,345	4,720,696
Non-current liabilities		6,372,470	7,133,345	4,720,696
Current				
Trade and other payables	21	22,652,878	20,774,604	19,737,527
Income tax payable		736,309	319,766	140,055
Payables to production	18	90,287,445	41,258,371	39,785,808
Provision for losses	22	247,036	1,493,686	457,632
Borrowings	20	300,000	300,000	4,405,372
Current liabilities		114,223,668	64,146,427	64,526,394
Total liabilities		120,596,138	71,279,772	69,247,090
Total equity and liabilities		129,141,472	84,455,407	81,689,719

Consolidated statements of cash flows

for the three years ended 31 March 2016

	2014 *USD*	*2015* *USD*	*2016* *USD*
Cash flows from operating activities			
Profit before tax	6,966,496	9,775,584	3,241,292
Adjustments for:			
Depreciation	133,515	128,916	153,923
Amortisation of intangible assets	50,000	66,667	66,667
Net foreign exchange (gain)/loss	131,920	(179,168)	25,669
	7,281,931	9,791,999	3,487,551
Movements in working capital:			
(Increase)/decrease in restricted cash	1,254,371	(775,766)	1,076,570
(Increase)/decrease in accounts receivable	13,793,317	1,164,118	(1,395,938)
(Increase)/decrease) in other assets	(480,211)	593,658	408,204
Increase/(decrease) in trade and other payables	(3,622,047)	(748,891)	113,808
Increase/(decrease) in provision for losses	(2,291,963)	1,246,650	(1,036,054)
Increase/(decrease) in deferred revenue	1,223,612	(1,175,241)	(1,011,900)
Cash generated from operations	17,159,010	10,096,527	1,642,241
Interest paid	(34,183)	(76,011)	(41,964)
Income taxes paid	(842,109)	(3,651,103)	(4,213,743)
Net cash generated by operating activities	16,282,718	6,369,413	(2,613,466)
Cash flows from investing activities			
Payments for property, plant and equipment	(146,941)	(28,912)	(395,083)
Payment to invest in joint venture	–	(187,386)	(129,614)
Dividends received from joint venture	–	–	176,095
(Income)/loss from joint venture	–	61,440	(136,579)
Purchase of financial asset	271,634	–	–
Sale of financial assets	–	113,333	–
Amounts advanced to employees	(85,329)	(207,667)	(237,366)
Repayments by employees	290,427	74,485	190,325
Amounts advanced to non-controlling interest	(244,140)	(737,627)	(125,983)
Repayments by non-controlling interest	453,314	–	125,000
Net cash outflow on acquisition of intangible assets	(1,000,000)	–	–
Net cash (used in)/generated by investing activities	(461,035)	(912,334)	(533,205)
Cash flows from financing activities			
Proceeds from capital contributions from non-controlling interests	250,000	50,001	21,930
Distribution of capital to non-controlling interests	–	–	(348,202)
Proceeds from borrowings	300,000	–	4,405,372
Repayment of borrowings	(12,521,613)	–	(300,000)
Decrease in restricted cash collateral for credit facility	50,000	–	950,000
Dividends paid to owners of Film Finances	(750,000)	(1,450,000)	(2,420,000)
Net cash (used in)/generated by financing activities	(12,671,613)	(1,399,999)	2,309,100
Net increase in cash and cash equivalents	3,150,070	4,057,080	(837,571)
Cash and cash equivalents at the beginning of the year	8,559,205	11,709,275	15,766,355
Cash and cash equivalents at the end of the year	11,709,275	15,766,355	14,928,784

Consolidated statements of changes in equity

for the three years ended 31 March 2016

	Share capital and share premium attributable to owners of Film Finances USD	*Foreign exchange attributable to owners of Film Finances USD*	*Retained earnings attributable to owners of Film Finances USD*	*Non-controlling interest USD*	*Total equity USD*
Balance at 31 March 2013	109,500	–	4,800,947	54,527	4,964,974
Profit/(loss) for the year	–	–	4,181,113	(232,673)	3,948,440
Comprehensive income/(loss) for the year	–	132,611	–	(691)	131,920
Total comprehensive income for the year	–	132,611	4,181,113	(233,364)	4,080,360
Contribution of capital from non-controlling interests	–	–	–	250,000	250,000
Dividends	–	–	(750,000)	–	(750,000)
Balance at 31 March 2014	109,500	132,611	8,232,060	71,163	8,545,334
Profit/(loss) for the year	–	–	5,983,140	226,328	6,209,468
Comprehensive income/(loss) for the year	–	(175,183)	–	(3,985)	(179,168)
Total comprehensive income for the year	–	(175,183)	5,983,140	222,343	6,030,300
Contribution of capital from non-controlling interests	–	–	–	50,001	50,001
Dividends	–	–	(1,450,000)	–	(1,450,000)
Balance at 31 March 2015	109,500	(42,572)	12,765,200	343,507	13,175,635
Profit/(loss) for the year	–	–	2,031,085	(43,488)	1,987,597
Comprehensive income/(loss) for the year	–	25,275	–	394	25,669
Total comprehensive income for the year	–	25,275	2,031,085	(43,094)	2,013,266
Contribution of capital from non-controlling interests	–	–	–	21,930	21,930
Dividends	–	–	(2,420,000)	–	(2,420,000)
Distribution of capital to non-controlling interests	–	–	–	(348,202)	(348,202)
Balance at 31 March 2016	109,500	(17,297)	12,376,285	(25,859)	12,442,629

Notes to the historical financial information

1. General Information

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

2. Significant Accounting Policies and Basis of Preparation

(a) ***Basis of preparation***

The consolidated historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) as adopted for use in the European Union.

The consolidated historical financial information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The FFI Group's principal accounting policies have been applied consistently throughout the year.

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

IFRS 9	'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018)
IFRS 15	'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018)
IFRS 16	'Leases' (effective for annual periods beginning on or after 1 January 2019)
IFRS 4	'Insurance Contracts' – Amendment; Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 January 2018)
IAS 7	'Statement of Cash Flows; – Amendment; Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017)
IAS 12	'Income Taxes' – Amendment; Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017)

(b) ***Going Concern***

The FFI Group has generated a profit before taxation on continuing activities as well as a profit after taxation for each of the historical financial periods presented. After reviewing the FFI Group's performance and forecasted future cash flows, the directors of the Company ("Directors") consider the FFI Group has adequate resources to continue in operational existence for the foreseeable future. The FFI Group therefore continues to adopt the going concern basis in preparing the FFI Group's consolidated historical financial information.

(c) ***Basis of consolidation***

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

The FFI Group uses acquisition method of accounting to account for business combinations. The consideration transferred in a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred to former owners of the acquiree at the date of acquisition. At the

acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the FFI Group's share of the identifiable net assets acquired is recorded as goodwill.

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

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

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

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

(d) ***Foreign currencies***

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

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

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

The cumulative translation differences for all foreign operations are deemed to be immaterial at the date of transition to IFRS. The gain or loss on a subsequent disposal of any foreign operation shall exclude translation difference that arose before the date of transition to IFRSs and shall include later translation differences.

(e) ***Investment in joint venture***

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

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

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

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

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

(f) ***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable from services, provided by the FFI Group in the ordinary course of the FFI Group's activities. Services include fees from completion bond contracts. These bond contracts provide a completion guaranty to financiers for the completion and delivery of a film or other production. The FFI Group must monitor each production through each stage of completion and the FFI Group has the ability to take over production if budgets and schedules are not properly adhered to. As such, revenue is recognised rateably over the separate production stages of each project.

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

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

(g) ***Goodwill***

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

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

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

(h) ***Intangible assets***

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Identified intangible assets acquired as part of a business combination are customer relationships. These intangible assets have a finite useful economic life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the expected life of the asset, which is 15 years. The remaining amortisation period of the intangible assets was 12 years, 13 years, and 14 years as of 31 March 2016, 2015, and 2014, respectively. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

(i) ***Property, plant and equipment***

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

Furniture and fixtures	5-7 years
Leasehold Improvements	5 years

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

(j) ***Current and deferred taxation***

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

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The FFI Group recognises deferred tax liabilities and assets for expected future income tax consequences of events that have been recognised in the FFI Group's historical financial information, which will either be taxable or deductible when the assets and liabilities are recovered or settled and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

(k) ***Borrowing Costs***

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

(l) ***Employee benefits***

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

(m) ***Financial instruments***

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

Financial assets and financial liabilities are initially measures at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial asset and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(n) ***Financial assets***

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

Effective interest method

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts and other receivables, bank balances and cash are measured at amortised cost using the effective interest method, less any impairment.

Available for sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets

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

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

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

(o) ***Financial liabilities***

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

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

(p) ***Accounts and other receivables***

Accounts receivable

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

Advances

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

Insurance receivable

The FFI Group records an insurance receivable related to losses incurred on completion contract in excess of $500,000, the FFI Group's deductible amount.

Rebate receivable

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

(q) ***Cash and cash equivalents***

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

(r) ***Restricted cash***

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

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

(s) ***Accounts and other payables***

Accounts payable and accruals

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

No claim bonuses payable

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

Insurance payable

Completion contracts written by the FFI Group are insured through a syndicate led by an insurance company. Film projects are insured on a title-by-title basis, for which the FFI Group is assessed premiums based upon a sliding scale subject to certain deductibles and stop-loss provisions. Insurance premiums are due 45 days

following the end of a month in which a completion contract is executed. The FFI Group's facultative insurance policy has been historically renewed on an annual basis, with the exception of a previous renewal that was a one-time extension through June 30, 2014 (15-month term). Neither the FFI Group nor the insurance companies are under obligation to renew the policies at their annual policy renewal date. If such policies were not renewed and a new insurance company was not secured, the impact would likely be significant to the operation of the FFI Group.

The FFI Group has used the same insurance provider for many years and has not had an issue renewing the policy. The FFI Group has renewed the policy through 30 June 2017 and is currently negotiating the renewal of the current policy.

(t) ***Prepaid expenses***

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

(u) ***Provision for losses***

In accordance with any completion contract entered into, the FFI Group may incur costs to complete and deliver a particular film in the event a separate party to the completion agreement fails to do so. All completion contracts are insured with a maximum deductible of $500,000 for each claim incurred on insured completion contracts. The FFI Group may receive recoveries of losses from the exploitation of the film subject to the completion bond contract. Such recoveries are recognised as a reduction of costs related to revenue when received.

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

(v) ***Areas of significant management judgment***

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

Recognition of revenues

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

Recognition of deferred tax assets

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

Classification of EP Financial Solutions as a joint venture

EP Financial Solutions is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, EP Financial Solutions is classified as a joint venture of the FFI Group. See note 15 for details.

Insurance Rebates

The FFI Group is entitled to insurance rebates if the actual claims are less than certain stipulated levels within the insurance policy. The insurance company calculates rebates 15 months following the expiration of the

policy period. The FFI Group must then calculate the insurance rebate to be received each period based on the actual claims for each contract and the stipulated levels within the insurance contract.

Provision for losses

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

(w) ***Key sources of estimation uncertainty***

Revenue recognition

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

Impairment of goodwill and intangible assets

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

Useful lives of assets

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

Provision for losses

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

Rebate receivable

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

Deferred tax

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

Carrying amount of assets and liabilities

The FFI Group believes the overall carrying amounts of those assets and liabilities where there is estimation or uncertainty are properly stated. In particular, the provision for losses. See note 22 for more information on provision for losses.

3. Segmental Information

For management purposes, the FFI Group is organised into three operation segments; Completion contracts, Credit card fees, and Tax credit financing. These segments are the basis on which the FFI 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 principle activities of the operating segments are as follows:

Completion Contracts

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

Credit Card Fees

The FFI Group facilitates the issuance of credit cards sponsored by MasterCard through its subsidiary, Cashet Card. Cashet Card is able to offer bulk purchasing discounts and earns fees on the transactions. Cashet Card was owned by Realta Production Group, Inc. which was disposed of on 11 November 2016. See note 30.

Tax Credit Financing

The FFI Group provides tax credit financing in the entertainment industry.

for the year ended 31 March 2016	*Completion Contracts USD*	*Credit Card Fees USD*	*Tax Credit Financing USD*	*FFI Group USD*
Revenue				
Fee Income	35,653,489	–	–	35,653,489
Other	–	2,839,586	182,737	3,022,323
Total revenue	35,653,489	2,839,586	182,737	38,675,812
Gross profit	25,248,456	1,448,742	173,493	26,870,691
Operating Profit/(loss)	3,032,517	143,185	2,888	3,178,590
Finance Costs	(3,176)	–	(38,518)	(41,694)
Finance Income	9,844	–	–	9,844
Profit before taxation	3,039,185	143,185	(35,630)	3,146,740

as at 31 March 2016	*Completion Contracts USD*	*Credit Card Fees USD*	*Tax Credit Financing USD*	*FFI Group USD*
Noncurrent assets	12,732,809	–	–	12,732,809
Current assets	62,675,443	488,157	5,793,310	68,956,910
Total Assets	75,408,252	488,157	5,793,310	81,689,719
Noncurrent liabilities	4,720,696	–	–	4,720,696
Current liabilities	59,336,229	774,847	4,415,318	64,526,394
Total Liabilities	64,056,925	774,847	4,415,318	69,247,090

for the year ended 31 March 2015	*Completion Contracts USD*	*Credit Card Fees USD*	*Tax Credit Financing USD*	*FFI Group USD*
Revenue				
Fee Income	48,173,064	–	–	48,173,064
Other	–	2,002,994	672,595	2,675,589
Total revenue	48,173,064	2,002,994	672,595	50,848,653
Gross profit	34,683,592	663,239	1,808,977	37,155,808
Operating Profit/(loss)	8,256,977	(204,509)	1,808,977	9,861,445
Finance Costs	(76,011)	–	–	(76,011)
Finance Income	27,556	–	–	27,556
Profit before taxation	8,208,522	(204,509)	1,808,977	9,812,990

as at 31 March 2015	*Completion Contracts USD*	*Credit Card Fees USD*	*Tax Credit Financing USD*	*FFI Group USD*
Noncurrent assets	12,495,405	–		12,495,405
Current assets	65,678,535	488,157	5,793,310	71,960,002
Total Assets	78,173,940	488,157	5,793,310	84,455,407
Noncurrent liabilities	7,133,345	–	–	7,133,345
Current liabilities	58,956,262	774,847	4,415,318	64,146,427
Total Liabilities	66,089,607	774,847	4,415,318	71,279,772

for the year ended 31 March 2014	*Completion Contracts USD*	*Credit Card Fees USD*	*Tax Credit Financing USD*	*FFI Group USD*
Revenue				
Fee Income	41,180,898	–	–	41,180,898
Other	–	688,380	1,328,361	2,016,741
Total revenue	41,180,898	688,380	1,328,361	43,197,639
Gross profit	27,412,749	280,528	191,979	27,885,256
Operating Profit/(loss)	7,313,905	(547,039)	180,270	6,947,136
Finance Costs	(2,461)	–	–	(2,461)
Finance Income	21,821	–	–	21,821
Profit before taxation	7,333,265	(547,039)	180,270	6,966,496

as at 31 March 2014	*Completion Contracts USD*	*Credit Card Fees USD*	*Tax Credit Financing USD*	*FFI Group USD*
Noncurrent assets	11,586,604	–	–	11,586,604
Current assets	117,449,255	105,613	–	117,554,868
Total Assets	129,035,859	105,613	–	129,141,472
Noncurrent liabilities	6,372,470	–	–	6,372,470
Current liabilities	113,932,109	241,045	50,514	114,223,668
Total Liabilities	120,304,579	241,045	50,514	120,596,138

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

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Asia	–	250,000	44,212
Australia	2,487,192	3,582,421	1,772,009
Europe	6,903,262	9,410,527	4,504,001
Middle East & Africa	1,524,984	809,242	1,051,381
North America	32,282,201	36,796,463	31,304,209
	43,197,639	50,848,653	38,675,812

Included in total revenue are revenues of $5,744,173, $4,837,605, and $5,943,310 for the years ending 31 March 2016, 2015 and 2014, respectively, which arose from sales to the FFI Group's largest customer. No other single customers contributed 10 per cent. or more of the FFI Group's revenue for 2016, 2015, and 2014.

The FFI Group has dividend income from its investment in a joint venture. There was no dividend income earned for the years ending 31 March 2015 and 2014. The total dividend income earned for the year ending 31 March 2016 totalled $176,095. See Note 11 for more information on the investment in the joint venture.

4. Cost of sales

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

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Insurance cost	18,630,869	20,831,462	15,458,722
Insurance rebate	(7,367,566)	(8,479,392)	(9,045,004)
Net claims/(recoveries)	2,898,041	(1,003,714)	2,705,151
Monitoring	314,915	227,507	84,416
Legal	403,340	731,498	932,852
Other	432,784	1,385,484	1,668,984
	15,312,383	13,692,845	11,805,121

5. Expenses

The profit before taxation is stated after charging:

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Staff costs	11,990,661	15,266,310	14,806,332
Operating lease rentals	1,655,022	1,669,290	1,570,480
Depreciation of property, plant and equipment	133,516	128,916	153,923
Amortisation of intangible assets	50,000	66,667	66,667
Audit fees	337,747	361,694	369,994
Exchange rate transactional differences	541,614	1,581,448	(242,263)
Bad debt expense (recoveries)	(395,825)	160,443	60,000
Other administrative costs	7,705,159	8,232,082	6,944,542
	22,017,894	27,466,850	23,729,675

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Employment costs for the FFI Group			
(including Executive Directors)			
Wages, salaries and commissions	10,429,802	13,598,165	13,231,442
Social security costs	670,245	733,603	724,184
Benefits	710,195	714,704	683,770
Pensions-defined contribution plan	180,419	219,838	166,936
	11,990,661	15,266,310	14,806,332
Included in the wages, salaries and commissions are the following amounts paid to the Directors:			
Director's emoluments	2,599,285	4,798,198	3,957,770
Pension-defined contribution plan	7,500	7,800	7,950
	2,606,785	4,805,998	3,965,720

Wage and salary costs in 2016, 2015 and 2014 were inclusive of bonus payments totalling $3,342,520, $4,057,813, and $1,688,534, respectively.

6. Finance Costs and Finance Income

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

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Finance Costs			
Bank Interest	2,461	76,011	41,964
Total interest expense	2,461	76,011	41,964
Finance Income			
Interest income from cash & cash equivalents	21,821	27,556	9,844
Total Finance Income	21,821	27,556	9,844

7. Taxation

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

The income tax provision consists of the following:

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Current	2,028,123	3,723,085	3,670,511
Deferred	989,933	(156,969)	(2,416,816)
	3,018,056	3,566,116	1,253,695

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

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Profit before tax from continuing operations	6,966,496	9,812,990	3,146,470
Tax on book income at Federal statutory rate (effective rate of 34%)	2,368,608	3,336,417	1,069,800
State income tax (5.19%), net of federal benefit	407,180	382,815	203,016
Non-deductible expenses	134,833	(27,550)	5,728
Effect of different tax rates of subsidiaries in foreign jurisdiction	15,145	48,646	12,183
Effect of tax credits of subsidiaries in foreign jurisdiction	33,799	33,919	63,173
Change in tax contingency	23,933	–	–
Other return to provision adjustments	(32,710)	85,370	(27,953)
Adjustment to deferred income tax	67,268	(293,501)	(72,252)
	3,018,056	3,566,116	1,253,695

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

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Deferred tax assets			
Net operating loss	414,736	290,527	166,448
Accrued bonus	–	–	1,098,852
AMT tax credit	21,105	21,106	–
State taxes and other	295,919	1,461,085	458,523
Total assets	731,760	1,772,718	1,723,823
Deferred tax liabilities			
Capitalised expenses	1,292,236	1,018,259	881,828
Deferred revenue	3,691,702	4,347,553	3,212,424
Customer relationships	380,000	353,333	326,666
Rebate receivable	357,363	1,319,410	229,365
Depreciation	122,259	90,068	70,413
Others	528,910	4,722	–
Total liabilities	6,372,470	7,133,345	4,720,696
Net deferred tax assets and liabilities			
Deferred tax assets	731,760	1,772,718	1,723,823
Deferred tax liabilities	(6,372,470)	(7,133,345)	(4,720,696)
Net deferred tax liability	(5,640,710)	(5,360,627)	(2,996,873)

The FFI Group files state income tax returns in various states, which may have different statutes of limitations. Generally, state income tax returns for the years ended 31 March 2011 through present are subject to examination. The FFI Group also files tax returns in foreign jurisdictions, including the United Kingdom and Canada. The periods open to general examination for the United Kingdom are the years ended 31 March 2014 through present. The federal tax return years that may be subject to examination are 31 March 2013 through the present.

U.S. and foreign withholding taxes have not yet been recognised on the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that are essentially permanent in duration.

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

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

At 31 March 2016, the FFI Group has federal net operating loss (NOL) carryforwards of approximately $510,000, which are set to begin to expire in 2028. The state NOL carry forward is $1,000 at 31 March 2016.

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

8. Dividends

The dividends paid in the year were:

	Date paid	*31 March 2014 USD*	*31 March 2015 USD*	*31 March 2016 USD*
Final dividend 2014 – 75 per share	17 January 2014	750,000	–	–
Final dividend 2015 – 145 per share	16 April 2014	–	1,450,000	–
Final dividend 2016 – 242 per share	2 June 2015	–	–	2,420,000
Total dividends		750,000	1,450,000	2,420,000

9. Goodwill

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Cost	7,840,934	8,540,934	8,540,934
Additional amount recognised from business combinations occurring during the year (Note 9)	700,000	–	–
Balance at end of year	8,540,934	8,540,934	8,540,934

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

Goodwill acquired through business combinations is allocated to CGU's for impairment testing. The entire goodwill balance has been allocated for impairment testing to FFI as the cash-generating unit. The recoverable amount of this CGU is determined based on a value in use calculation. This calculation uses pre-tax cash flow projections derived from 2017 budgets, as approved by the Directors, with an underlying growth rate of 2 per cent. per annum in years 2 to 5. After year 5 a terminal value has been applied using an underlying long-term growth rate of 1 per cent. No additional specific growth has been assumed beyond year 1. The pre-tax cash flows are discounted to present value using the FFI Group's pre-tax weighted average cost of capital ("WACC"), which was 16 per cent. This rate was calculated using the Capital Asset Pricing Model with an estimated cost of debt and equity, with appropriate small company risk factors.

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

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

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

10. Intangible Assets

	Customer Relationships
Cost	
At 1 April 2015	1,000,000
Additions	–
At 31 March 2016	1,000,000
Amortisation	
At 1 April 2015	(116,667)
Charge for period	(66,667)
At 31 March 2016	(183,334)
Net carrying amount at 31 March 2016	816,666
Cost	
At 1 April 2014	1,000,000
Additions	–
At 31 March 2015	1,000,000
Amortisation	
At 1 April 2014	(50,000)
Charge for period	(66,667)
At 31 March 2015	(116,667)
Net carrying amount at 31 March 2015	883,333
Cost	
At 1 April 2013	–
Additions	1,000,000
At 31 March 2014	1,000,000
Amortisation	
At 1 April 2013	–
Charge for period	(50,000)
At 31 March 2014	(50,000)
Net carrying amount at 31 March 2014	950,000

Amortisation costs are charged through administrative expenses.

11. Financial assets

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Joint venture at equity method accounting			
Opening cost of joint venture at equity method accounting	–	–	187,386
Capital contributions	–	187,386	129,614
Dividends	–	–	(176,095)
Closing cost of joint venture at equity method accounting	–	187,386	140,905
Cumulative share in earnings (losses) of joint venture	–	(61,440)	75,139
Closing value of joint venture at equity method accounting	–	125,946	216,044

Film Finances owns a 40 per cent. interest in EP Financial Solutions. EP Financial Solutions provides tax credit financing. The purpose for the investment in EP Financial Solutions was to participate in the domestic tax credit financing.

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Assets classified as held for sale			
Opening cost of assets classified as held for sale	363,333	396,446	283,113
Additions	33,113	–	–
Disposals	–	(113,333)	–
Total assets classified as held for sale	396,446	283,113	283,113

12. Other long-term assets

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

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Prepaid Expenses	518,762	540,663	562,371
Deposits	17,000	17,000	17,000
Total	535,762	557,663	579,371

13. Property, plant, and equipment

	Leasehold Improvements	*Furniture and Fixtures*	*Total*
Cost			
At 1 April 2015	160,750	1,199,079	1,359,829
Additions	–	395,083	395,083
Disposals	–	–	–
At 31 March 2016	160,750	1,594,162	1,754,912
Depreciation			
At 1 April 2015	(137,550)	(890,581)	(1,028,131)
Charge for period	(17,293)	(136,630)	(153,923)
Disposals	–	–	–
At 31 March 2016	(154,843)	(1,027,211)	(1,182,054)
Net book value at 31 March 2016	5,907	566,951	572,858
Cost			
At 1 April 2014	160,750	1,170,167	1,330,917
Additions	–	28,912	28,912
Disposals	–	–	–
At 31 March 2015	160,750	1,199,079	1,359,829
Depreciation			
At 1 April 2014	(105,917)	(793,298)	(899,215)
Charge for period	(31,633)	(97,283)	(128,916)
Disposals	–	–	–
At 31 March 2015	(137,550)	(890,581)	(1,028,131)
Net book value at 31 March 2015	23,200	308,498	331,698
Cost			
At 1 April 2013	148,732	1,035,244	1,183,976
Additions	12,018	134,923	146,941
Disposals	–	–	–
At 31 March 2014	160,750	1,170,167	1,330,917
Depreciation			
At 1 April 2013	(74,284)	(691,416)	(765,700)
Charge for period	(31,633)	(101,882)	(133,515)
Disposals	–	–	–
At 31 March 2014	(105,917)	(793,298)	(899,215)
Net book value at 31 March 2014	54,833	376,869	431,702

Depreciation expense is charged to administrative expenses.

14. Group Undertakings

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

Name of subsidiary	*Country of incorporation/ principal operation*	*Proportion of ownership interest and voting power held by the FFI Group*		
		Year ended 31 March 2014	*Year ended 31 March 2015*	*Year ended 31 March 2016*
Held directly:				
Film Finances Canada Ltd.	Canada	70%	100%	100%
Film Finances Scandinavia AB	Sweden	60%	60%	60%
Film Finances Limited (formerly Film Finances Services Limited)	England and Wales	100%	100%	100%
Film Finances GmbH-Munich (dormant)	Germany	100%	100%	100%
Realta Production Group, Inc (i)	California, United States	100%	100%	100%
DaDa Productions, Inc. (dormant) (ii)	California, United States	100%	100%	100%
Film Finances GmbH-Germany	Germany	100%	100%	100%
KSD Holdings LLC	California, United States	70%	70%	70%
Nordic Capital Media AB	Sweden	60%	60%	60%
Film Finances Singapore Pte Ltd	Singapore	100%	100%	100%
Film Finances Hungary, Kft	Hungary	100%	100%	100%
PBL Finance, LLC	California, United States	100%	100%	100%
FF Network, Inc.	California, United States	100%	100%	100%
Great Outlook SDN BHD	Malaysia	100%	100%	100%
FF Asia, LLC	California, United States	100%	100%	100%
Film Finances China Cultural Services Ltd.	China	100%	100%	100%
Film Finances SA PTY LTD	South Africa	100%	100%	100%
Film Finances S.R.O.	Czech Republic	100%	100%	100%
DSK Productions Inc. (iii)	California, United States	100%	100%	100%
FF Sales, Inc. (ii)	California, United States	100%	100%	100%
Film Finances New Mexico, LLC	New Mexico, United States	100%	100%	100%
Film Finance Louisiana, LLC	Louisiana, United States	100%	100%	100%
FF of Carolina, LLC	South Carolina, United States	100%	100%	100%
Film Finances Pennsylvania, LLC	Pennsylvania, United States	100%	100%	100%
Film Finances Alabama, LLC	Alabama, United States	100%	100%	100%
Film Finances Scandinavia APS (ii)	Denmark	100%	100%	100%
DSK Ventures Limited	England and Wales	Nil	Nil	Nil
Cashet Card, LLC (ii)	California, United States	50%	50%	50%
Cashet Card Holdings, LLC (formerly Film Travel Holdings, LLC) (i)	California, United States	50%	50%	50%

(i) Realta Production Group, Inc. was separated from the FFI Group on 11 November 2016 pursuant to the terms of the CaSHET Split-Off Agreement summarised in paragraph 17.7 of Part V (*Additional Information*). Realta Production Group Inc. owned 50 per cent. of Cashet Card, LLC which in turn held 100 per cent. of Cashet Card Holdings, LLC.

(ii) Each of these entities were dissolved after 31 March 2016 but before the date of this document. For a list of subsidiary undertakings as at the date of this document, refer to paragraph 5 of Part V (*Additional Information*).

(iii) During the three years ended 31 March 2016 DSK Ventures Limited is 70 per cent. owned by a director of the FFI Group. The service agreement between KSD and DSK gives Film Finances control of DSK Ventures as set out in IFRS 10 and therefore the results of this entity have been consolidated into the results of the FFI Group.

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

Name of subsidiary	*Place of incorporation and principal place of business*	*Proportion of ownership interest and voting rights held by non-controlling interests At 31 March*			*Profit (loss) allocated to non-controlling interest The year ended 31 March*			*Accumulated non-controlling interests At 31 March*		
		2014	*2015*	*2016*	*2014*	*2015*	*2016*	*2014*	*2015*	*2016*
KSD Holdings LLC	USA	30%	30%	30%	62,189	444,249	(14,024)	(22,654)	421,595	59,369
Cashet Card, LLC [(i)]	USA	50%	50%	50%	(285,538)	(152,389)	(88,326)	(86,594)	(188,983)	(255,379)
Individually immaterial subsidiaries with non-controlling interests								179,307	103,245	163,068
Total								70,059	335,857	(32,942)

(i) Realta Production Group, Inc., a fully owned subsidiary, owns 50 per cent. of Cashet Card, LLC. During the three years ended 31 March 2016 the FFI Group maintained the bank accounts for Cashet Card, LLC, managed the financial reporting, and made the strategic decisions, as such, the FFI Group controlled the entity. Realta Production Group, Inc. was separated from the FFI Group on 11 November 2016.

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

KSD Holdings LLC

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Current assets	1,595,174	2,596,569	2,112,228
Non-current assets	–	–	–
Current liabilities	(1,645,688)	(1,166,253)	(683,019)
Non-current liabilities	–	–	–
Equity attributable to owners of Film Finances	73,168	(1,851,911)	(1,488,578)
Non-controlling interests	(22,654)	421,595	59,369

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Revenue	191,979	1,808,977	(42,031)
Expenses	213,252	–	40,394
Profit/(loss) for the year	405,231	1,808,977	(1,637)
Profit/(loss) attributable to owners of Film Finances	283,662	1,266,284	(1,146)
Profit/(loss) attributable to the non-controlling interest	121,569	542,693	(491)
Profit/(loss) for the year	405,231	1,808,977	(1,637)
Other Comprehensive income attributable to owners of Film Finances	(138,556)	(229,703)	371
Other Comprehensive income attributable to the non-controlling interests	(59,381)	(98,444)	159
Other Comprehensive income for the year	(197,937)	(328,147)	530
Dividends paid to non-controlling interests	–	–	348,202
Net cash inflow (outflow) from operating activities	1,470,963	1,760,116	(234,803)
Net cash inflow (outflow) from investing activities	–	–	–
Net cash inflow (outflow) from financing activities	–	–	(348,202)
Net cash inflow (outflow)	1,470,963	1,760,116	(583,005)

Cashet Card, LLC

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Current assets	29,399	3,044	238,525
Non-current assets	–		
Current liabilities	(202,586)	(381,009)	(749,282)
Non-current liabilities	–		
Equity attributable to owners of Film Finances	86,594	188,983	255,379
Non-controlling interests	86,594	188,983	255,379

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Revenue	488,801	1,364,293	2,269,258
Expenses	(1,059,876)	(1,669,071)	(2,445,910)
Profit/(loss) for the year	(571,075)	(304,778)	(176,652)
Profit/(loss) attributable to owners of Film Finances	(285,538)	(152,389)	(88,326)
Profit/(loss) attributable to the non-controlling interest	(285,538)	(152,389)	(88,326)
Profit/(loss) for the year	(571,075)	(304,778)	(176,652)
Other Comprehensive income attributable to owners of Film Finances	–	–	–
Other Comprehensive income attributable to the non-controlling interests	–	–	–
Other Comprehensive income for the year	–	–	–
Dividends paid to non-controlling interests	–	–	–
Net cash inflow (outflow) from operating activities	166,831	116,106	212,891
Net cash inflow (outflow) from investing activities	–	–	–
Net cash inflow (outflow) from financing activities	–	50,000	21,930
Net cash inflow (outflow)	166,831	166,106	234,821

15. Joint Ventures

Details of the FFI Group's material joint ventures at the end of the reporting period is as follows:

Name of joint venture	*Principal activity*	*Place of incorporation and principal place of business*	*Proportion of ownership interest and voting rights held by the FFI Group*		
			31 March 2014	*31 March 2015*	*31 March 2016*
EP Financial Solutions, LLC	Provides tax credit financing	USA	0%	40%	40%

The above joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the FFI Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements.

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Summary of Financial Information of the joint venture			
Total assets	–	4,858,857	19,109,911
Total liabilities	–	(174,778)	(501,195)
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	–	187,500	187,500
Financial liabilities (excluding trade and other payables and provisions	–	–	–
Revenue	–	105,682	936,307
Profit/(loss)	–	(5,285)	336,163
The above profit/(loss) for the year included the following:			
Interest expense	–	(24)	(36)

16. Trade and other receivables

Trade and other receivables consist of the following:

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Trade and other receivables			
Advances receivable	3,286,749	1,332,233	1,588,930
Rebate receivable	913,572	3,372,952	585,236
Insurance receivable	1,076,527	903,893	411,274
Due from related parties	155,621	288,837	335,878
Total trade and other receivables	5,432,469	5,897,915	2,921,318
Loans receivable			
Loans receivable (i)	758,721	–	4,420,559
Total	6,191,190	5,897,915	7,341,877

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

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

	31 March 2014 USD	31 March 2015 USD	31 March 2016 USD
Not past due	6,121,190	5,827,915	7,331,877
Past due 1-30 days	–	–	–
Past due 31-90 days	–	–	–
Past due over 91 days	70,000	70,000	10,000
Total	6,191,190	5,897,915	7,341,877

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

17. Other current assets

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

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Prepaid expenses	3,547,303	2,931,744	2,501,832
Tax and other	495,101	5,297	324,859
Total	4,042,404	2,937,041	2,826,691

18. Restricted cash

Restricted cash consist of the following:

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Held in fiduciary capacity for production [(i)]	90,287,445	41,258,371	39,785,808
Insurance premiums held in escrow [(ii)]	4,374,554	5,150,320	4,073,750
Collateral for credit facility	950,000	950,000	–
Restricted cash	95,611,999	47,358,691	43,859,558

(i) The FFI Group acts in a fiduciary capacity on behalf of certain financiers of films. The FFI Group receives cash, which is restricted in use for the production of films. The FFI 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 FFI Group reserves for approximately 9 per cent. 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 FFI Group and, in certain situations, the incremental premium amount is immediately due.

19. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Cash in hand	2,603	2,443	2,443
Cash at bank	11,706,672	15,763,912	14,926,341
Cash and cash equivalents	11,709,275	15,766,355	14,928,784

20. Borrowings

The FFI Group has two bank finance facilities. The first is a $2,250,000 revolving credit facility ("RCF") secured by a $1,000,000 cash deposit. The revolving credit facility bears interest at 4 per cent. and was committed to September 2015. At March 31, 2016, 2015, and 2014, there was a $0, $300,000 and $300,000 outstanding borrowings under this facility, respectively. The RCF was paid in full in September 2015.

The second is a one-year term loan secured by a tax credit receivable. The loan bears interest at 2 per cent. plus one month LIBOR and matures on September 30, 2016. The average interest rate on the loan was 2.44 per cent. The outstanding balance of the loan as of March 31, 2016 is $4,405,372.

21. Trade and other payables

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

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Trade payables	546,749	126,510	490,191
Accruals	2,752,773	4,951,072	4,964,253
Deferred revenue	7,161,440	5,986,199	4,974,299
Due to affiliates	863,610	125,983	125,000
No-claim bonus payable	4,237,929	2,598,317	4,030,511
Insurance payable	7,090,377	6,986,523	5,153,273
Total	22,652,878	20,774,604	19,737,527

22. Provision for losses

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
At 1 April	2,538,999	247,036	1,493,686
Losses charged to income	993,767	310,952	1,401,185
Claims paid	(3,609,376)	(861,828)	(3,553,833)
Recoveries on claims paid	323,646	1,797,526	1,116,594
At 31 March	247,036	1,493,686	457,632

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

23. Operating lease commitments

The FFI Group had commitments under non-cancellable operating leases as follows:

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Leases which expire:			
within 1 year	1,001,334	1,407,456	942,142
in more than 1 year but not more than 5 years	1,305,411	3,706,575	3,901,861
more than 5 years	913,025	2,220,814	1,210,496
	3,219,770	7,334,845	6,054,499

The FFI Group has a noncancelable seven-year building lease for its current premises in Los Angeles, which expire in September 2022. The FFI Group's noncancelable building lease in London expires in April 2023. The FFI Group leases office facilities for its other foreign subsidiaries under noncancelable operating leases expiring through fiscal 2017.

24. Capital commitments

The FFI Group has no material capital commitments as at 31 March 2016, 2015, and 2014.

25. Contingent liabilities

The FFI Group issues Completion Bonds. The FFI Group mitigates the risk in relation to these agreements by making payments to certain third parties in the event a project is not delivered within a time frame and budget range set forth under the terms of the specific agreement. The FFI Group utilises one or more insurance companies to cover its liability with respect to each such budget overruns. While no liability is recorded with respect to the Completion Bond obligation to the third parties, as there is no history of claims against the Completion Bonds, the FFI Group does record the costs associated with the insurance purchased to cover its risk and the budget overruns related to each such Completion Bond.

26. Share capital

	Authorised number of shares	*Allotted, issued and fully paid number of shares*	*Share capital USD*	*Share premium USD*
At 1 April 2013	900,000	10,000	–	109,500
Movements in the year	–	–	–	–
At 31 March 2014	900,000	10,000	–	109,500
Movements in the year	–	–	–	–
At 31 March 2015	900,000	10,000	–	109,500
Movements in the year	–	–	–	–
At 31 March 2016	900,000	10,000	–	109,500

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

During 2015 two shareholders sold 750 shares each, selling 1,000 to an additional shareholder and 500 to another additional shareholder. There were no changes in 2016. Subsequent to year end 4,816 shares were sold to existing shareholders.

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

27. Related party transactions

The ultimate controlling party of the FFI Group is Film Finances, Inc., a company incorporated in Los Angeles, California. The FFI Group has related party relationships with its subsidiaries and its Directors. Transactions between Film Finances and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

The FFI Group had a liability of approximately $125,000, $126,000 and $864,000 due to minority owners as of March 31, 2016, 2015 and 2014.

Advance to officers and employees totalled approximately $336,000, $289,000 and $156,000 as March 31, 2016, 2015, and 2014, respectively. A portion of these balances is noninterest bearing and is due on demand. These amounts total $110,638, $206,688 and $120,541 for the years ended March 31, 2016, 2015, and 2014, respectively. The remaining balances charge interest at 3 per cent. and have maturity dates ranging from 2017 through 2019.

A stockholder of the FFI Group participates in the syndicate that insures the FFI Group's completion contracts. Gross premiums paid to the stockholder totals $452,000, $1,067,000 and $1,613,000 for the years ended March 31, 2016, 2015, and 2014, respectively.

The FFI Group has a consulting agreement with a director of the FFI Group. The agreement requires the director to provide guidance and services to the FFI Group on an exclusive basis through 1 May 2013. The director receives a consulting fee in the amount of $24,000 per month as well as an expense allowance of $3,000 per month. In addition, there is a potential bonus equal to 10 percent of the FFI Group's earning before interest and taxes in excess of $2,500,000. Total bonus expense under this agreement totalled $781,931, $1,173,291, and $145,420 for the years ended 31 March 2016, 2015 and 2014, respectively.

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Compensation of the three key management personnel			
Short-term employee benefits	2,599,285	4,798,198	3,957,770
	2,599,285	4,798,198	3,957,770

No provisions have been made for doubtful debts in respect of the amounts owed by related parties and no amounts were written off in any period.

28. Financial Instruments

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

The following table provides an analysis of the FFI Group's non-derivative financial assets and liabilities at 31 March 2014, 2015, and 2016.

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Financial assets:			
Classified as loans and receivables:			
Cash and cash equivalents	11,709,275	15,766,355	14,928,784
Trade and other receivables	6,191,190	5,897,915	7,341,877
Classified as held for sale carried at cost:			
Assets classified as held for sale	396,446	283,113	283,113
Total financial assets	18,296,911	21,947,383	22,553,774
Financial liabilities:			
Classified as financial liabilities at amortised cost:			
Trade and other payables	22,652,878	20,774,604	19,737,527
Borrowings	300,000	300,000	4,405,372
Total financial liabilities	22,952,878	21,074,604	24,142,899

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

Risk Management objectives and policies

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

Insurance Contracts

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

Interest rate risk

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

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

Foreign exchange risk

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

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

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

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

		Liabilities			*Assets*	
	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*	*31 March 2014 USD*	*31 March 2015 USD*	*31 March 2016 USD*
Currency of United Kingdom	305,766	281,372	269,903	2,580,145	2,572,555	2,849,721
Currency of Malaysia	37,392,373	882,451	11,116	37,368,188	1,095,851	160,749
Currency of Canada	1,365,140	333,684	1,875,103	1,388,378	352,115	1,895,953
Currency of China	–	–	774,549	–	86,196	934,737
Others	153,423	128,231	175,375	574,153	235,845	396,307

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

The following table details the FFI Group's sensitivity to a 10 per cent. increase and decrease in the USD to the relevant foreign currencies. 10 per cent. is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 10 per cent. change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations

within the FFI Group where the denomination of the loan is in a currency other than the functional currency of the lender of the borrower. A positive number below indicates an increase in profit or equity where the USD strengthens 10 per cent. against the relevant currency. For a 10 per cent. weakening of the USD against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	31 March 2014		*31 March 2015*		*31 March 2016*	
	Profit or loss	*Equity*	*Profit or loss*	*Equity*	*Profit or loss*	*Equity*
Currency of United Kingdom	26,080	226,659	28,064	228,701	64,987	699,946
Currency of Malaysia	(2,380)	(2,407)	22,962	21,043	(4,840)	14,513
Currency of Canada	(4,450)	2,312	(475)	1,839	279	2,081
Currency of China	–	–	(7,346)	8,266	(76,036)	15,960

Liquidity Risk

The FFI Group aims to mitigate its liquidity risk by managing its cash resources and continuously monitoring forecast and actual cash flows. The FFI Group had an agreed RCF of $2,250,000, which matured on 30 September 2015. In addition to the RCF, the FFI Group has a term loan as of 31 March 2016 of $4,405,371, which is committed to 30 September 2016.

The table below summarises the maturity profile of the FFI Group's non-derivative financial liabilities at 31 March 2014, 2015, and 2016 based on contractual undiscounted payments, including estimated interest payments where applicable.

2016	*Within 1 year USD*	*1-2 years USD*	*2-3 years USD*	*Total USD*
Obligation under loan facilities	4,405,372	–	–	4,405,372
Trade payables	14,903,283	–	–	14,903,283
Payable to production	39,785,808	–	–	39,785,808
Total	59,094,463	–	–	59,094,463

2015	*Within 1 year USD*	*1-2 years USD*	*2-3 years USD*	*Total USD*
Obligation under loan facilities	300,000	–	–	300,000
Trade payables	17,146,704	–	–	17,146,704
Payable to production	41,258,371	–	–	41,258,371
Total	58,705,075	–	–	58,705,075

2014	*Within 1 year USD*	*1-2 years USD*	*2-3 years USD*	*Total USD*
Obligation under loan facilities	–	300,000	–	300,000
Trade payables	17,171,160	–	–	17,171,160
Payable to production	90,287,445	–	–	90,287,445
Total	107,458,605	300,000	–	107,758,605

Credit risk

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

Fair values of financial assets and financial liabilities

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

Capital management

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

29. Business Combination

In May 2013 the FFI Group executed an Asset Purchase Agreement and a Profit Participation Agreement to acquire trade and other assets of a group. The total consideration transferred included:

	Total USD
Cash	1,000,000
Contingent consideration arrangement (i)	300,000
Total	1,300,000

(i) Under the contingent consideration arrangement, the FFI Group is required to pay the sellers an additional percentage of fees earned from the customer base acquired. The Agreement requires 10 percent of the first $5,000,000 in incremental fees and 16 percent of incremental bond fees in excess of $5,000,000 for the next three years, with the total not to exceed $8,500,000 for the three years combined. The $300,000 represents the estimated fair value of this obligation at the acquisition date. As of 31 March 2014, there were no adjustments to fair value of the contingent consideration. As of 31 March 2015 and 2016 an additional expense was recognised in relation to the profit participation of $103,037 and $182,511, respectively.

Assets acquired and liabilities recognised include the following:

	Total USD
Non-current assets	
Customer relationships	1,000,000
Non-current liabilities	
Deferred tax liabilities	(400,000)
	600,000

The assets acquired included customer relationships and certain key personnel.

Goodwill arising on acquisition:

	Total USD
Consideration transferred	1,300,000
Less: Fair value of identifiable net assets acquired	(600,000)
Goodwill	700,000

Goodwill arose in the acquisition because the cost of the combination included amounts in relation to the benefit of expected synergies, revenue growth, and the assembled workforce. These benefits are not

recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deducted for tax purposes.

There were no transaction costs incurred in relation to this acquisition.

Included in the revenue for the year ended 31 March 2016, 2015 and 2014 is approximately $2,010,000, $2,932,000, and $735,000, respectively, attributable to the additional business generated by the acquisition. The total gross profit earned related to this revenue was approximately $1,105,500, $1,613,000 and $404,250 for the years ended 31 March 2016, 2015 and 2014, respectively. Had the business combination been effected at 1 April 2013, the revenue of the FFI Group from continuing operations would have been $43.2 million, and the profit for the year from continuing operations would have been $7 million. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined FFI Group on an annualised basis and to provide a reference point for comparison in future periods.

30. Post balance sheet events

Business combination

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

The FFI Group transferred consideration of $4 million in cash to acquire all assets and liabilities of the Rainbow Group.

The assets acquired and liabilities recognised at the date of acquisition are as follows:

	Total *USD*
Current assets	
Cash and cash equivalents	983,497
Accounts receivable	907,698
Non-current assets	
Plant and equipment	2,788,412
Deposits	368,938
Current liabilities	
Accounts payable	(262,843)
Notes payable	(804,089)
Income taxes payable	(448,095)
	3,533,518

The initial accounting for the acquisition of the Rainbow Group has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of the Rainbow Group's assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and the have therefore only been provisionally determined based on the directors" best estimate of the likely tax values.

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.

	Total USD
Consideration transferred	4,000,000
Less: fair value of identifiable net assets acquired	(3,533,518)
Goodwill arising on acquisition	466,482

Goodwill arose in the acquisition of the Rainbow Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amount in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Rainbow Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Disposal of subsidiary

On 11 November 2016, the FFI Group disposed of Realta Production Group, Inc., which owned 50 per cent. of Cashet Card, LLC, which carried out tax credit financing in the entertainment industry. The transaction was carried out with one of the former directors of the FFI Group. The consideration was a transfer of the former director's shares, 542 shares of common stock, in Film Finances in exchange for 1,500 shares, representing 100 per cent. of the then-issued and outstanding shares of common stock, of Realta Production Group, Inc.

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

Analysis of asset and liabilities over which control was lost:

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

Loss on disposal of subsidiary:

	Total USD
Consideration received	–
Net assets disposed of	105,373
Non-controlling interests	(39,410)
Loss on disposal	(65,963)

Group reorganisation

As detailed in paragraph 4 of Part V (*Additional Information*) of this document, on 22 June 2017, the shareholders of Film Finances entered into an agreement whereby the entire issued common stock in Film Finances was exchanged to the Company in consideration for the allotment and issue of new Ordinary Shares in the Company.

SECTION C: INDEPENDENT REASONABLE ASSURANCE REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF THE RAINBOW GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2016

The following is the full text of a report on Rainbow Production Services, LLC and its subsidiary undertakings from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of FFI Holdings PLC

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The Directors
FFI Holdings PLC
15 Conduit Street
London
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United Kingdom

22 June 2017

Dear Sirs,

Rainbow Production Services, LLC ("Rainbow") and its subsidiary undertakings (the "Rainbow Group")

We report on the consolidated historical financial information of the Rainbow Group, as set out in Section D of Part III of the Admission Document dated 22 June 2017 (the "**Admission Document**") of FFI Holdings PLC (the "**Company**"). This consolidated historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the consolidated historical financial information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by paragraph (a) of Schedule Two to the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of the Company are responsible for preparing the consolidated historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the consolidated historical financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the consolidated historical financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the consolidated historical financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated historical financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Opinion

In our opinion, the consolidated historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Rainbow Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as if it had been applied by paragraph (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

SECTION D: CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE RAINBOW GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2016

Rainbow Production Services, LLC and Subsidiaries

Consolidated statements of comprehensive income

for the three years ended 31 December 2016

	Notes	*2014* *USD*	*2015* *USD*	*2016* *USD*
Continuing operations				
Revenue	3	7,949,449	7,579,372	9,883,594
Costs related to revenue	4	(5,125,923)	(5,228,579)	(5,367,163)
Gross profit		2,823,526	2,350,793	4,516,431
Operating Expenses	5	(2,825,335)	(2,567,041)	(3,045,745)
Operating profit/(loss)		(1,809)	(216,248)	1,470,686
Finance Income	6	7,629	7,175	9,633
Finance costs	6	(135,356)	(102,593)	(75,485)
Profit/(loss) before taxation		(129,536)	(311,666)	1,404,834
Taxation	7	(33,552)	28,144	(88,615)
Profit/(loss) for the year		(163,088)	(283,522)	1,316,219
Total profit/(loss) attributable to:				
Owners of Rainbow		(98,483)	(283,522)	1,316,219
Non-controlling interest		(64,605)	–	–
		(163,088)	(283,522)	1,316,219
Other comprehensive income, net of taxation				
Exchange difference on translating foreign operations		13,845	31,280	55,879
Total comprehensive income for the year		(149,243)	(252,242)	1,372,098
Total comprehensive income attributable to:				
Owners of Rainbow		(84,638)	(252,242)	1,372,098
Non-controlling interest		(64,605)	–	–
		(149,243)	(252,242)	1,372,098

Consolidated statements of financial position

as at 31 December 2014, 2015, and 2016

	Notes	*2014* *USD*	*2015* *USD*	*2016* *USD*
Assets				
Non-current				
Property, plant and equipment	8	3,019,705	2,278,266	2,436,504
Other assets	9	84,684	107,859	286,585
Non-current assets		3,104,389	2,386,125	2,723,089
Current				
Trade and other receivables	11	963,703	489,680	861,470
Cash and cash equivalents	12	625,323	840,799	796,936
Current assets		1,589,026	1,330,479	1,658,406
Total assets		4,693,415	3,716,604	4,381,495
Equity and liabilities				
Equity				
Member's equity		1,334,455	899,911	2,042,777
Total equity attributable to owners of Rainbow		1,334,455	899,911	2,042,777
Non-controlling interests		23,108	–	–
Total Equity		1,357,563	899,911	2,042,777
Liabilities				
Non-current				
Borrowings	13	959,556	946,603	638,416
Other liabilities	14	794,155	917,201	714,912
Deferred income tax		65,663	33,360	45,547
Non-current liabilities		1,819,374	1,897,164	1,398,875
Current				
Trade and other payables	15	619,312	393,067	681,777
Income tax payable		7,748	–	62,776
Borrowings	13	889,418	526,462	195,290
Current liabilities		1,516,478	919,529	939,843
Total liabilities		3,335,852	2,816,693	2,338,718
Total equity and liabilities		4,693,415	3,716,604	4,381,495

Consolidated statements of changes in equity

for the three years ended 31 December 2016

	Foreign exchange attributable to owners of Rainbow USD	*Member's equity attributable to owners of Rainbow USD*	*Non-controlling interest USD*	*Total equity USD*
Balance at 31 December 2013	(333,903)	3,646,491	118,930	3,431,518
Profit/(loss) for the year	–	(98,483)	(64,605)	(163,088)
Comprehensive income/(loss) for the year	13,845	–	–	13,845
Total comprehensive income for the year	13,845	(98,483)	(64,605)	(149,243)
Translation adjustments	(37,021)	–	–	(37,021)
Distributions to Members	–	(1,856,474)	(31,217)	(1,887,691)
Balance at 31 December 2014	(357,079)	1,691,534	23,108	1,357,563
Profit/(loss) for the year	–	(283,522)	–	(283,522)
Comprehensive income/(loss) for the year	31,280	–	–	31,280
Total comprehensive income for the year	31,280	(283,522)	–	(252,242)
Translation adjustments	(90,410)	–	–	(90,410)
Acquisition of non-controlling interest	–	(91,892)	(23,108)	(115,000)
Balance at 31 December 2015	(416,209)	1,316,120	–	899,911
Profit/(loss) for the year	–	1,316,219	–	1,316,219
Comprehensive income/(loss) for the year	55,879	–	–	55,879
Total comprehensive income for the year	55,879	1,316,219	–	1,372,098
Translation adjustments	(183,921)	–	–	(183,921)
Distributions to Members	–	(45,311)	–	(45,311)
Balance at 31 December 2016	(544,251)	2,587,028	–	2,042,777

Consolidated statements of cash flows

for the three years ended 31 December 2016

	2014 *USD*	*2015* *USD*	*2016* *USD*
Cash flows from operating activities			
Profit before tax	(129,536)	(311,666)	1,404,834
Adjustments for:			
Depreciation	1,359,102	1,354,277	1,098,710
Bad debt expense	40,000	–	–
Unrealised currency translation	(37,021)	(90,410)	(183,921)
	1,232,545	952,201	2,319,623
Movements in working capital:			
(Increase)/decrease in accounts receivable	(215,963)	474,023	(371,790)
(Increase)/decrease in security deposits	(13,992)	(23,175)	(178,726)
Increase/(decrease) in trade and other payables	534,878	(245,333)	373,041
Increase/(decrease) in deferred rent	486,677	275,189	(164,717)
Cash generated from operations	2,024,145	1,432,905	1,977,431
Interest paid	(630,256)	(107,693)	(75,485)
Income taxes paid	(108,549)	(5,989)	(4,191)
Net cash generated by operating activities	1,285,340	1,319,223	1,897,755
Cash flows from investing activities			
Payments for property, plant and equipment	(627,238)	(612,838)	(1,256,948)
Net cash used in investing activities	(627,238)	(612,838)	(1,256,948)
Cash flows from financing activities			
Proceeds from line of credit	425,000	–	–
Repayment of line of credit	–	(100,000)	(325,000)
Proceeds from borrowings	1,020,000	232,500	–
Repayment of borrowings	(574,114)	(508,409)	(314,359)
Distributions to non-controlling interest	(31,217)	–	–
Purchase of non-controlling interest	–	(115,000)	–
Distributions to Members	(1,856,474)	–	(45,311)
Net cash used in financing activities	(1,016,805)	(490,909)	(684,670)
Net increase/(decrease) in cash and cash equivalents	(358,703)	215,476	(43,863)
Cash and cash equivalents at the beginning of the year	984,026	625,323	840,799
Cash and cash equivalents at the end of the year	625,323	840,799	796,936

Notes to the historical financial information

1. General information

Rainbow Production Services, LLC ("Rainbow") is a limited liability company incorporated in the State of Delaware on 7 August 2000 and is domiciled in the USA. The address of its registered office and principal place of business is 2901 West Alameda, Burbank, CA 91505. The ultimate controlling party was Kevin Hyman, until the assets and liabilities of Rainbow were acquired by Film Finances on 2 March 2017 pursuant to the Rainbow Acquisition Agreement dated 28 February 2017. The principal activities of Rainbow and its subsidiaries (the "Rainbow Group") is to provide film editing and production equipment on a rental basis.

Rainbow Digital Services, LLC (RDS), a fully owned subsidiary, was formed as a limited liability company on 11 May 2001 in the State of California. RDS has locations in Burbank and Glendale, California and in New York, New York. The operating agreement specifies that Rainbow shall terminate as of 31 December 2053, unless terminated sooner.

2. Significant Accounting Policies and Basis of Preparation

(a) *Basis of preparation*

The consolidated historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted for the use in the European Union.

The consolidated historical financial information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The Rainbow Group's principle accounting policies have been applied consistently throughout the year.

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

IFRS 9	'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018)
IFRS 15	'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018)
IFRS 16	'Leases' (effective for annual periods beginning on or after 1 January 2019)
IAS 12	'Income taxes' Amendment; Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017)

The Members anticipate that the adoption of these Standards and Interpretations as appropriate in future periods will have no material impact on the consolidated historical financial information of the Rainbow Group.

The Rainbow Group has elected to present a single statement of comprehensive income and presents its expenses by function. The Rainbow Group reports cash flows from operating activities using the indirect method.

(b) *Going concern*

The Rainbow Group has generated a gross profit in each of the consolidated historical financial periods presented. The Rainbow Group has decreased the total operating expenses as a percentage of total revenue in each of the historical financial periods presented. After reviewing the Rainbow Group's performance and forecasted future cash flows, the directors of Rainbow ("Directors") consider the Rainbow Group has adequate resources to continue in operational existence for the foreseeable future. The Rainbow Group therefore continues to adopt the going concern basis in preparing the Rainbow Group's financial statements.

(c) *Basis of consolidation*

The accompanying consolidated historical financial information includes the accounts of Rainbow and all of its subsidiary undertakings. Subsidiaries are all entities over which the Rainbow Group has control. The Rainbow Group controls an entity when the Rainbow Group is exposed to, or has the right to, variable

returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Rainbow Group and are de-consolidated form the date that control ceases.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid ant the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

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

(d) ***Foreign currencies***

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

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

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

(e) ***Fair value of financial instruments***

The carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximate fair value due to their short-term maturities. The carrying value of the long-term debt approximates fair value due to the interest rate on the Rainbow Group's debt approximating current rates for debt offered with similar terms and characteristics.

(f) ***Revenue recognition***

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

(g) ***Taxes on income***

Rainbow has elected to be a limited liability company under the laws of Delaware. Each member's liability is limited to the extent of the investment in the company. In lieu of corporate income taxes, the members are taxed on Rainbow's results of operations. Accordingly, no provision for income taxes in included in the accompanying financial statements for federal income taxes. The State of California imposes an $800 annual privilege tax on Rainbow and the State of New York imposes a $175 limited liability company filing fee.

Rainbow became a disregarded entity for federal and New York income tax purposes when Rainbow redeemed the interest of the other member on 31 August 2014. As such, Rainbow no longer files the income tax returns. The single member reports Rainbow's results of operations. However, the State of New York still imposes a limited liability company filing fee, as does the State of California.

RDS elected to be a limited liability company under the laws of California. Each member's liability is limited to the extent of the investment in Rainbow. In lieu of corporate income taxes, the members are taxed on

Rainbow's results of operations. Accordingly, no provision for income taxes is included in the accompanying financial statements for US Federal income taxes. The State of California imposes an $800 annual privilege tax on RDS and the State of New York imposes a $175 limited liability company filing fee.

RDS became a disregarded entity for federal income tax purposes when Rainbow purchased the non-controlling 7.5 per cent. interest in September 2015. As such, RDS filed a final federal income tax return for 2015. Beginning in 2016, the single member will report RDS's results of operations. However, the State of New York still imposes the limited liability company filing fee, as does the State of California.

Rainbow's and RDS's federal and New York income tax returns are subject to a three year statute of limitations and the California return is subject to a four year statute of limitations.

Pivotal Post Ltd and Pivotal Post Corporation. are subject to income taxes in the United Kingdom and Canada, respectively. Deferred taxes are recognised for differences between the bases of assets and liabilities for financial statement and income tax purposes for the foreign corporate subsidiaries only. Pivotal Post Ltd utilises accelerated depreciation methods for tax purposes. The deferred tax liability represents the future tax consequence of utilising accelerated depreciation methods, which will be taxable when book depreciation is greater than tax depreciation.

(h) ***Borrowing costs***

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs. Arrangement and facility fees together with bank charges are charges to profit and loss within administrative expenses.

(i) ***Advertising costs***

Advertising costs are expensed in the period in which they are incurred.

(j) ***Employee benefits***

The Rainbow Group sponsors a 401(k) plan for all eligible employees. All US resident employees are eligible to participate in the plan after reaching the age of 21 and completing 1,250 hours per year or more of service with the Rainbow Group. Employees may defer compensation up to the limits prescribed by the US Internal Revenue Code. The plan provides for an employer matching contribution of 25 percent for each dollar the employee contributes, up to 6 percent of the employee's salary, up to a maximum of $2,250 per year.

Employees of Rainbow are entitled to paid vacation and paid sick days, depending on length of service. Compensated absences have not been accrued since they cannot be reasonably estimated. Rainbow Group's policy is to recognise these costs when actually incurred.

(k) ***Freight and shipping***

It is the Rainbow Group's policy to classify freight and shipping costs as part of the cost of revenue.

(l) ***Property, plant and equipment***

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

Editing equipment	5 years
Furniture and fixtures	5 years
Automotive equipment	5 years
Leasehold improvement	15 years

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

(m) ***Leases***

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

The Rainbow Group as a lessor

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

(n) ***Trade receivables***

Trade receivables, which generally have payment terms of 30 days, are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts. Exceptions to the Rainbow Group's standard payment terms occur in some markets. Accounts that remains outstanding longer than the contractual payment terms are considered past due. The Rainbow Group determines its allowance for doubtful accounts by considering a number of factors, including the length of time trade accounts receivable are past due, the Rainbow Group's previous loss history, the customer's current ability to pay its obligation to the Rainbow Group, and the condition of the general economy and the industry as a whole.

(o) ***Cash and cash equivalents***

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

(p) ***Liabilities***

The Rainbow Group's liabilities include borrowings, trade payables, and deferred rent. Liabilities are measured at amortised cost using the effective interest method except for liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

Notes payable are measured at fair value, being net proceeds after deduction of directly attributable issue costs, which subsequent measurement at amortised cost. Notes payable are classified as current liabilities unless the Rainbow Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) ***Key sources of estimation uncertainty***

Useful lives of assets

The expected lives of long term assets are estimated based on operational experience. Should any circumstances arise that would shorten the overall life, the carrying value of the asset may require adjustment. There have been no instances of impairment to date.

Deferred tax

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

3. Revenue

The Rainbow Group has operations in three countries, however the nature of the products and services, the type of customer, and the methods used to distribute products and services are the same. As such, the operating segments have been aggregated into a single operating segment for reporting purposes.

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

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
United States of America	6,774,891	6,391,593	8,425,817
Canada	315,971	570,646	446,826
United Kingdom	858,587	617,133	1,010,951
	7,949,449	7,579,372	9,883,594

Included in total revenue are revenues of approximately $879,600 for the year ended 31 December 2014 and approximately $1,375,500 for the year ended 31 December 2016, which arose from sales to the Rainbow Group's largest customer. No other single customer contributed 10 percent or more of the Rainbow Group's revenue for 2016, 2015 and 2014.

4. Cost of sales

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

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Staff costs	2,770,885	2,552,229	2,608,748
Depreciation	1,359,102	1,354,277	1,098,710
Other	995,936	1,322,073	1,659,705
	5,125,923	5,228,579	5,367,163

5. Expenses

The operating profit is stated after charging:

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Staff costs	263,816	318,620	386,520
Operating lease rentals	1,118,914	1,337,796	1,484,444
Other administrative costs	1,442,605	910,625	1,174,781
	2,825,335	2,567,041	3,045,745

	31 December 2014 USD	31 December 2015 USD	31 December 2016 USD
Employment costs for the Rainbow Group			
Wages, salaries and commissions	2,600,381	2,512,868	2,609,789
Social security costs	216,775	155,674	168,400
Benefits	181,302	176,885	191,856
Pensions-defined contribution plan	36,243	25,422	25,223
	3,034,701	2,870,849	2,995,268
Included in the wages, salaries and commissions are the following amounts paid to the Members:			
Compensation to members	390,000	360,000	360,000
	390,000	360,000	360,000

Wage and salary costs in 2016, 2015 and 2014 were inclusive of bonus payments totalling $146,142, $106,731 and $54,975, respectively.

6. Finance income and finance costs

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

	31 December 2014 USD	31 December 2015 USD	31 December 2016 USD
Finance income			
Interest income from cash & cash equivalents	837	–	288
Security deposit	6,792	7,175	9,345
Total finance income	7,629	7,175	9,633
Finance costs			
Bank interest	44,944	102,593	75,485
Preferred interest [(i)]	90,412	–	–
Total finance costs	135,356	102,593	75,485

(i) On 31 August 2014 the Rainbow Group redeemed one, of the two, Member's entire interest for $2,520,000. $1,500,000, including $590,412 of preferred interest, was paid upon execution of the redemption agreement. $500,000 of the interest has been accrued in prior periods. See notes 10 and 13.

7. Taxation

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

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Foreign tax	18,172	959	68,418
State tax	800	800	800
Deferred tax	14,580	(29,903)	19,397
	33,552	(28,144)	88,615

A tie out to taxable income for the period is noted below:

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Profit before taxation	(129,536)	(311,666)	1,404,834
Foreign earnings	(207,746)	128,255	(403,762)
Taxable income	(337,282)	(183,411)	1,001,072

The provision for deferred income taxes results from timing differences in the recognition of depreciation for financial statement purposes and tax purposes.

8. Property, plant and equipment

	Editing Equipment	*Furniture and Fixtures*	*Automotive Equipment*	*Leasehold Improvements*	*Total*
Cost					
At 1 January 2016	7,627,289	5,782	47,774	82,418	7,763,263
Additions	1,113,109	–	–	–	1,113,109
At 31 December 2016	8,740,398	5,782	47,774	82,418	8,876,372
Depreciation					
At 1 January 2016	(5,434,344)	(964)	(47,774)	(1,915)	(5,484,997)
Charge for period	(1,081,070)	(1,156)	–	(16,484)	(1,098,710)
Foreign currency adjustment	143,839	–	–	–	143,839
At 31 December 2016	(6,371,575)	(2,120)	(47,774)	(18,399)	(6,439,868)
Net book value at 31 December 2016	2,368,823	3,662	–	64,019	2,436,504
Cost					
At 1 January 2015	7,063,440	5,782	47,774	38,298	7,155,294
Additions	563,849	–	–	44,120	607,969
At 31 December 2015	7,627,289	5,782	47,774	82,418	7,763,263
Depreciation					
At 1 January 2015	(4,084,936)	(964)	(47,774)	(1,915)	(4,135,589)
Charge for period	(1,354,277)	–	–	–	(1,354,277)
Foreign currency adjustment	4,869	–	–	–	4,869
At 31 December 2015	(5,434,344)	(964)	(47,774)	(1,915)	(5,484,997)
Net book value at 31 December 2015	2,192,945	4,818	–	80,503	2,278,266
Cost					
At 1 January 2014	6,996,955	–	47,774	–	7,044,729
Additions	525,246	5,782	–	38,298	569,326
Disposals	(458,761)				(458,761)
At 31 December 2014	7,063,440	5,782	47,774	38,298	7,155,294
Depreciation					
At 1 January 2014	(3,245,386)	–	(47,774)	–	(3,293,160)
Charge for period	(1,356,223)	(964)	–	(1,915)	(1,359,102)
Disposals	458,761	–	–	–	458,761
Foreign currency adjustment	57,912	–	–	–	57,912
At 31 December 2014	(4,084,936)	(964)	(47,774)	(1,915)	(4,135,589)
Net book value at 31 December 2014	2,978,504	4,818	–	36,383	3,019,705

Depreciation expense is charged to cost of sales.

9. Other assets

Other assets consist of the following:

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Prepaid rental deposits	84,684	107,859	286,585
Total	84,684	107,859	286,585

Other assets consist of prepaid rental deposits, which were paid at the commencement date of each of the leases the Rainbow Group holds (see note 16). The estimated fair values of the above rental deposits are discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts. The rental deposits above were discounted using an assumed 6 per cent. interest rate. The fair value is adjusted each period with the difference flowing through interest income.

10. Group undertakings

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

		Proportion of ownership interest and voting power held by the Rainbow Group		
Name of subsidiary	*Country of incorporation/ principal operation*	*At 31 December 2014*	*At 31 December 2015*	*At 31 December 2016*
Held directly:				
Rainbow Digital Services LLC ("RDS")	California, United States	92.5%	100%	100%
Pivotal Post, Ltd	England and Wales	100%	100%	100%
Pivotal Post Corporation	Ontario, Canada	100%	100%	100%
Postproduction Pivotal (Quebec), Inc	Quebec, Canada	100%	100%	100%

On 31 August 2014 the Rainbow Group redeemed one, of the two, Member's entire interest for $2,520,000. $1,500,000, including $590,412 of preferred interest, was paid upon execution of the redemption agreement. The Rainbow Group issued a promissory note for the remaining amount due of $1,020,000 (See Note 13).

In September 2015, the Rainbow Group purchased the remaining 7.5 per cent. interest in RDS for $115,000. The difference between the fair value of the consideration paid and the share acquired has been recorded as a loss through equity.

11. Trade and other receivables

Trade and other receivables consist of the following:

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Trade receivables	1,003,703	529,680	901,470
Less: allowance for doubtful receivables	(40,000)	(40,000)	(40,000)
Closing balance	963,703	489,680	861,470

The aging of trade receivable balance is as follows:

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Not past due	368,982	254,673	702,148
Past due 1-30 days	394,048	157,873	132,678
Past due 31-120 days	153,659	102,408	63,827
Past due 121-365	87,014	14,726	2,817
Allowance for doubtful receivables	(40,000)	(40,000)	(40,000)
Total	963,703	489,680	861,470

The Member(s) consider that the carrying amounts of trade and other receivables approximate to their fair value and are not impaired.

12. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Cash in hand	6,318	4,802	4,974
Cash at bank	619,005	835,997	791,962
Cash and cash equivalents	625,323	840,799	796,936

13. Borrowings

Rainbow has several bank finance facilities. The first is a $500,000 line of credit that the Rainbow Group was able to continuously renew, over the periods presented, which matures on 15 December 2016. During 2016 the advanced balance was paid in full and management determined not to renew the line of credit. Interest is payable monthly at the US Prime rate plus 0.5 per cent.

The second is a 50-month fixed rate instalment note of $1,500,000 entered into in October 2011, which matured on 3 January 2016. Principal and interest payments in the amount of $34,592 are due monthly with the interest rate at 5 per cent.

The third is a five-year fixed rate instalment note of $1,020,000 entered into in November 2014 (See Note 10 above), which matures December 2019. Principal and interest payments in the amount of $10,000 are due monthly until January 2016 when they increase to $15,000, and increase again in January 2017 to $20,000. The interest rate is 6 per cent.

The fourth is a three-year equipment loan entered into in March 2015 in the amount of $150,000. Principal and interest payments of $4,462 are due monthly with the interest rate at 4.5 per cent. The fifth is a three-year equipment loan entered into in August 2015 in the amount of $82,500. Principal and interest payments of $2,548 are due monthly with the interest rate at 7.017 per cent.

	31 December 2014 USD	31 December 2015 USD	31 December 2016 USD
Non-Current			
Bank Borrowings	959,556	946,603	638,416
	959,556	946,603	638,416
Current			
Line of credit	425,000	325,000	–
Bank Borrowings	464,418	201,462	195,290
	889,418	526,462	195,290
Total Borrowings	1,848,974	1,473,065	833,706
Weighted average interest rate payable in the period	5.8%	6.2%	6.5%

14. Other liabilities

Other liabilities consist of the following:

	31 December 2014 USD	31 December 2015 USD	31 December 2016 USD
Deferred rent	794,155	917,201	714,912
Deferred rent	794,155	917,201	714,912

15. Trade and other payables

Trade and other payables principally comprise of amounts outstanding for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are non-interest bearing and are initially measured at fair value and thereafter at amortised cost using the effective interest method. The average credit period taken for trade purchases in each of the periods covered by the historical financial information was 30 days.

Accruals consist primarily of rent and employee expenses. The current portion of deferred rent is recorded based on the portion that will be recognised in the following 12 months.

	31 December 2014 USD	31 December 2015 USD	31 December 2016 USD
Trade payables	552,336	126,630	343,045
Accruals	66,976	114,294	118,987
Deferred rent	–	152,143	189,715
Due to Member	–	–	30,030
Trade and other payables	619,312	393,067	681,777

The Member(s) consider that the carrying amount of trade and other payables approximates to their fair value.

16. Operating lease arrangements

The Rainbow Group as a lessee

The Rainbow Group had commitments under non-cancellable operating leases as follows:

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Leases which expire:			
within 1 year	419,717	867,942	1,411,916
in more than 1 year but not more than 5 years	3,633,374	3,523,844	4,457,231
more than 5 years	841,329	82,918	–
	4,894,420	4,474,704	5,869,147

The Rainbow Group is currently party to three commercial property leases. The first is for a term of 108 months from June 2013 to March 2022. The rental is $44,525 per month plus 3 per cent. annual increases. The second is for a term of 108 months from April 2011 to March 2020. The rental is $21,183 per month plus 3 per cent. annual increases. The third is for a term of 53 months from March 2017 to August 2021 with an option to renew for 53 months. The rental is $42,823 per month plus 3 per cent. annual increases.

17. Related party transactions

The ultimate parent of the Rainbow Group is Rainbow Production Services, LLC. The Rainbow Group's ultimate controlling party was Mr Kevin Hyman, until Film Finances, Inc. acquired the assets and liabilities of the Rainbow Group on 28 February 2017. From that date, the ultimate controlling party is Film Finances, Inc.

There were no other transactions carried out or balances outstanding with related parties except for distributions and the following:

	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*
Compensation to Members			
Short-term employee benefits	390,000	360,000	360,000
	390,000	360,000	360,000

There was an outstanding balance to the Member of $30,030 as of 31 December 2016 (See note 15).

18. Financial Instruments

The Rainbow Group's principal financial instruments comprise cash and loans. The main purpose of these financial instruments is to manage the Rainbow Group's funding and liquidity requirements. The Rainbow Group has other financial instruments, such as trade receivables and trade payables, which arise directly from its operations. The principal financial risks to which the Rainbow Group is exposed are those relating to foreign currency, credit, interest rate and liquidity.

	31 March 2014 USD	*31 March 2015 USD*	*31 March 2016 USD*
Financial assets:			
Classified as loans and receivables:			
Cash and cash equivalents	625,323	840,799	796,936
Accounts and other receivables	963,703	489,680	861,470
Total financial assets	1,589,026	1,330,479	1,658,406
Financial liabilities:			
Classified as financial liabilities at amortised cost:			
Accounts and other payables	619,312	393,067	681,777
Borrowings	1,848,974	1,473,065	833,706
Total financial liabilities	2,468,286	1,866,132	1,515,483

Interest rate risk

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

Foreign exchange risk

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

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

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

	Liabilities			*Assets*		
	31 December 2014 USD	*31 December 2015 USD*	*31 December 2016 USD*	*31 December 2014 USD*	*31 December 2015 USD*	*31 December 2016 USD*
Currency of United Kingdom	140,312	67,183	126,918	783,304	571,157	823,321
Currency of Canada	24,992	17,197	34,786	157,777	136,293	151,548

The following table details the Rainbow Group's sensitivity to a 10 per cent. increase and decrease in the USD to the relevant foreign currencies. 10 per cent. is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the

reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 per cent. change in foreign currency rates. A positive number below indicates an increase in profit or equity where the USD strengthens 10 per cent. against the relevant currency. For a 10 per cent. weakening of the USD against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	31 December 2014		*31 December 2015*		*31 December 2016*	
	Profit or loss	*Equity*	*Profit or loss*	*Equity*	*Profit or loss*	*Equity*
Currency of United Kingdom	17,969	64,198	(13,879)	50,316	27,628	69,450
Currency of Canada	1,136	13,250	(1,039)	11,888	834	11,652

Liquidity Risk

The Rainbow Group aims to mitigate its liquidity risk by managing its cash resources and continuously monitoring forecast and actual cash flows. The Rainbow Group's funding objective is to maintain continuity of funding and flexibility through the use of internally generated funds and bank loan facilities.

The table below summarises the maturity profile of the Rainbow Group's non-derivative financial liabilities at 31 December 2016, 2015, and 2014 based on contractual undiscounted payments, including estimated interest payments where applicable.

2016	*Within 1 year USD*	*1-2 years USD*	*2-3 years USD*	*Total USD*
Obligation under line of credit	–	–	–	–
Obligation under loan facilities	195,290	207,335	431,081	833,706
Trade and other payables	681,777	–	–	681,777
Total	877,067	207,335	431,081	1,515,483

2015	*Within 1 year USD*	*1-2 years USD*	*2-3 years USD*	*Total USD*
Obligation under line of credit	325,000	–	–	325,000
Obligation under loan facilities	201,462	275,044	671,559	1,148,065
Trade and other payables	393,067	–	–	393,067
Total	919,529	275,044	671,559	1,866,132

2014	*Within 1 year USD*	*1-2 years USD*	*2-3 years USD*	*Total USD*
Obligation under line of credit	425,000	–	–	425,000
Obligation under loan facilities	464,418	125,850	833,706	1,423,974
Trade and other payables	619,312	–	–	619,312
Total	1,508,730	125,850	833,706	2,468,286

Credit risk

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

The Rainbow Group's accounts receivable balance is subject to credit risk. Accordingly, customer ability to pay current accounts receivable balance is dependent upon the general economic condition of the industry.

Fair values of financial assets and financial liabilities

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

19. Post balance sheet events

Subsequent to year-end, the assets and liabilities of the Rainbow Group were acquired by Film Finances, Inc.

The assets sold and liabilities assumed at the date of acquisition were as follows:

	Total USD
Current assets	
Cash and cash equivalents	983,497
Accounts receivable	907,698
Non-current assets	
Plant and equipment	2,788,412
Deposits	368,938
Current liabilities	
Accounts payable	(262,843)
Notes payable	(804,089)
Income taxes payable	(448,095)
	3,533,518

The initial accounting for the acquisition of Rainbow has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of Rainbow's assets are required to be reset based on market values of the assets.

The outstanding loan balance to the previous Member that was taken out in November 2014 in the amount of $1,020,000 which matures in December 2019 was paid in full by Kevin Hyman, and the balance outstanding is now payable to him.

SECTION E: LIMITED ASSURANCE REPORT ON THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE FFI GROUP FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

The following is the full text of a report on Film Finances, Inc. and its subsidiary undertakings from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of FFI Holdings PLC

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The Directors
FFI Holdings PLC
15 Conduit Street
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22 June 2017

Dear Sirs,

Film Finances, Inc. ("Film Finances") and its subsidiary undertakings (the "FFI Group")

Introduction

We have been engaged by FFI Holdings PLC (the "**Company**") to review the unaudited consolidated interim financial information relating to the FFI Group for the nine month period ended 31 December 2016 as set out in Section F of Part III of the Admission Document dated 22 June 2017 (the "**Admission Document**") of the Company (the "**Unaudited Consolidated Interim Financial Information**"). We have read the other information contained in the Admission Document and considered whether it contains any apparent misstatements or material inconsistencies with the Unaudited Consolidated Interim Financial Information.

This report is made solely to the Company in accordance with the requirements of International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council in the United Kingdom ("**ISRE 2410**"), as if it applied to the Company's auditor and for no other purpose. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the opinions we have formed or consenting to its inclusion in the Admission Document.

Responsibilities

The Unaudited Consolidated Interim Financial Information is the responsibility of, and has been approved by, the directors of the Company (the "**Directors**"). The Directors are responsible for preparing the Unaudited

Consolidated Interim Financial Information in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union and by applying the accounting policies and presentation consistent with those that will be adopted in the Company's next annual financial statements and the requirements of paragraph 20.6 of Annex I of Appendix 3.1.1 of the Prospectus Rules as is applied by paragraph (a) of Schedule Two to the AIM Rules for Companies.

Our responsibility is to express to the Company a conclusion on the Unaudited Consolidated Interim Financial Information, for the purposes of the Admission Document, based on our review.

Scope of review

We conducted our review in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom and ISRE 2410 as if it applied to the Company's auditor. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Unaudited Consolidated Interim Financial Information.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that, for the purposes of the Admission Document, the Unaudited Consolidated Interim Financial Information has not been prepared, in all material respects, with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Declaration

For the purposes of paragraph (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as if it had been applied by paragraph (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

SECTION F: UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE FFI GROUP FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

Film Finances, Inc. and Subsidiaries

Unaudited consolidated statements of comprehensive income

for the nine months ended 31 December

	Notes	*2015 USD Unaudited*	*2016 USD Unaudited*
Continuing operations			
Revenue	3	31,420,142	27,094,262
Costs related to revenue	4	(8,936,625)	(4,801,583)
Gross profit		22,483,517	22,292,679
Administrative and other expenses	5	(16,012,091)	(13,406,336)
Other income		(106,768)	(200,779)
Operating Profit		6,364,658	8,685,564
Financing income	6	5,763	19,356
Finance Costs	6	(3,191)	(193,878)
		6,367,230	8,511,042
Net profit from joint venture	11	9,634	–
Profit before taxation		6,376,864	8,511,042
Taxation	7	(2,786,706)	(3,851,009)
Profit for the period from continuing operations		3,590,158	4,660,033
Discontinued operations			
Profit for the period from discontinued operations	29	–	34,128
Profit for the period		3,590,158	4,694,161
Total profit for the period attributable to:			
Owners of Film Finances		3,680,164	4,547,279
Non-controlling interest		(90,006)	146,882
		3,590,158	4,694,161
Other comprehensive income, net of income tax			
Exchange difference on translating foreign operations attributable to Owners of Film Finances		(7,815)	(274,484)
Total other comprehensive income attributable to Owners of Film Finances		(7,815)	(274,484)
Exchange difference on translating foreign operations attributable to non-controlling interests		–	–
Total comprehensive income for the period		3,582,343	4,419,677
Total comprehensive income attributable to:			
Owners of Film Finances		3,672,349	4,272,795
Non-controlling interest		(90,006)	146,882
		3,582,343	4,419,677

Unaudited consolidated statements of financial position

as at 31 March 2016 and 31 December 2016

	Notes	*31 March 2016 USD Audited*	*31 December 2016 USD Unaudited*
Assets			
Non-current			
Goodwill	9	8,540,934	8,540,934
Intangible assets	10	816,666	766,666
Investment in a joint venture	11	216,044	216,044
Assets classified as held for sale	11	283,113	583,113
Other	12	579,371	602,730
Property, plant and equipment	13	572,858	501,600
Deferred tax assets	7	1,723,823	1,984,067
Non-current assets		12,732,809	13,195,154
Current			
Trade and other receivables	16	7,341,877	9,351,120
Other current assets	17	2,826,691	4,093,124
Restricted cash	18	43,859,558	39,269,279
Cash and cash equivalents	19	14,928,784	19,048,723
Current assets		68,956,910	71,762,246
Total assets		81,689,719	84,957,400
Equity and liabilities			
Equity			
Share Capital	26	–	–
Share premium	26	109,500	109,500
Retained Earnings		12,358,988	16,631,783
Total equity attributable to owners of Film Finances		12,468,488	16,741,283
Non-controlling interests		(25,859)	121,023
Total Equity		12,442,629	16,862,306
Liabilities			
Non-current			
Deferred tax liabilities		4,720,696	5,761,888
Non-current liabilities		4,720,696	5,761,888
Current			
Trade and other payables	21	19,737,527	22,755,068
Income tax payable		140,055	1,235,773
Payables to production	18	39,785,808	36,055,982
Provision for losses	22	457,632	425,000
Borrowings	20	4,405,372	1,861,383
Current liabilities		64,526,394	62,333,206
Total liabilities		69,247,090	68,095,094
Total equity and liabilities		81,689,719	84,957,400

Unaudited consolidated statements of cash flows

for the 9 months ended 31 December

	2015 *USD* *Unaudited*	*2016* *USD* *Unaudited*
Cash flows from operating activities		
Profit before tax	6,376,864	8,511,042
Adjustments for:		
Depreciation	103,024	100,669
Amortisation of intangible assets	50,000	50,000
Net profit from discontinued operations	–	34,128
Net foreign exchange (gain)/loss	(7,815)	(274,484)
	6,522,073	8,421,355
Movements in working capital:		
Decrease in restricted cash	2,435,825	860,453
Decrease in accounts receivable	679,427	2,949,211
Increase in other assets	(404,332)	(1,282,184)
(Decrease)/increase in trade and other payables	(2,376,389)	(82,146)
Decrease in provision for losses	(141,988)	(32,632)
Increase (decrease) in deferred revenue	473,524	3,066,750
Cash generated from operations	666,067	5,479,452
Interest paid	(41,709)	(193,878)
Income taxes paid	(2,735,086)	(1,755,136)
Net cash generated from operating activities	4,411,345	11,951,793
Cash flows from investing activities		
Payments for property, plant and equipment	(265,719)	(29,411)
Purchase of assets held for sale	–	(300,000)
Amounts advanced to employees	(170,000)	(4,862,113)
Repayments by employees	114,014	28,659
Amounts advanced to non-controlling interests	(125,983)	(125,000)
Repayments by non-controlling interests	125,000	–
Net cash used in investing activities	(322,688)	(5,287,865)
Cash flows from financing activities		
Proceeds from capital contributions from non-controlling interests	21,930	–
Distribution of capital to non-controlling interests	(348,202)	–
Proceeds from borrowings	4,210,211	–
Repayment of borrowings	–	(2,543,989)
Dividends paid to owners of Film Finances	(2,420,000)	–
Net cash (used in)/generated by financing activities	1,463,939	(2,543,989)
Net increase in cash and cash equivalents	5,552,596	4,119,939
Cash and cash equivalents at the beginning of the period	15,766,355	14,928,784
Cash and cash equivalents at the end of the period	21,318,951	19,048,723

Unaudited consolidated statements of changes in equity

for the nine months ended 31 December 2016

	Share capital and share premium attributable to owners of Film Finances USD Unaudited	*Foreign exchange attributable to owners of Film Finances USD Unaudited*	*Retained earnings attributable to owners of Film Finances USD Unaudited*	*Non-controlling interest USD Unaudited*	*Total equity USD Unaudited*
Balance at 31 March 2015	109,500	(42,572)	12,765,200	343,507	13,175,635
Profit/(loss) for the period	–	–	3,680,164	(90,006)	3,590,158
Comprehensive income for the period	–	(7,815)	–	–	(7,815)
Total comprehensive income for the period	–	(7,815)	3,680,164	(90,006)	3,582,343
Contribution of capital from non-controlling interests	–	–	–	21,930	21,930
Dividends	–	–	(2,420,000)	–	(2,420,000)
Distribution of capital to non-controlling interests	–	–	–	(348,202)	(348,202)
Balance at 31 December 2015	109,500	(50,387)	14,025,364	(72,771)	14,011,706
Profit/(loss) for the period	–	–	(1,649,079)	46,518	(1,602,561)
Comprehensive income for the period	–	33,090	–	394	33,484
Total comprehensive income for the period	–	33,090	(1,649,079)	46,912	(1,569,077)
Balance at 31 March 2016	109,500	(17,297)	12,376,285	(25,859)	12,442,629
Profit for the period	–	–	4,547,279	146,882	4,694,161
Comprehensive income/(loss) for the period	–	(274,484)	–	–	(274,484)
Total comprehensive income for the period	–	(274,484)	4,547,279	146,882	4,419,677
Balance at 31 December 2016	109,500	(291,781)	16,923,564	121,023	16,862,306

Notes to the unaudited consolidated interim financial information

1. General Information

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

2. Significant Accounting Policies and Basis of Preparation

(a) ***Basis of preparation***

The unaudited consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) as adopted for use in the European Union.

The interim unaudited financial information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The FFI Group's principal accounting policies have been applied consistently throughout the period.

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

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018)

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018)

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019)

IFRS 4 'Insurance Contracts' – Amendment; Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 January 2018)

IAS 7 'Statement of Cash Flows; – Amendment; Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017)

IAS 12 'Income Taxes' – Amendment; Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017)

(b) ***Going Concern***

The FFI Group has generated a profit before taxation on continuing activities as well as a profit after taxation for each of the interim financial periods presented. After reviewing the FFI Group's performance and forecasted future cash flows, the directors of the Company ("Directors") consider the FFI Group has adequate resources to continue in operational existence for the foreseeable future. The FFI Group therefore continues to adopt the going concern basis in preparing the FFI Group's unaudited consolidated interim financial information.

(c) ***Basis of consolidation***

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

The FFI Group uses acquisition method of accounting to account for business combinations. The consideration transferred in a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred to former owners of the acquiree at the date of acquisition. At the

acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the FFI Group's share of the identifiable net assets acquired is recorded as goodwill.

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

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

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

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

(d) ***Foreign currencies***

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

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

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

The cumulative translation differences for all foreign operations are deemed to be immaterial at the date of transition to IFRS. The gain or loss on a subsequent disposal of any foreign operation shall exclude translation difference that arose before the date of transition to IFRSs and shall include later translation differences.

(e) ***Investment in joint venture***

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

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

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

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

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

(f) ***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable from services, provided by the FFI Group in the ordinary course of the FFI Group's activities. Services include fees from completion bond contracts. These bond contracts provide a completion guaranty to financiers for the completion and delivery of a film or other production. The FFI Group must monitor each production through each stage of completion and the FFI Group has the ability to take over production if budgets and schedules are not properly adhered to. As such, revenue is recognised rateably over the separate production stages of each project.

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

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

(g) ***Goodwill***

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

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

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

(h) ***Intangible assets***

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Identified intangible assets acquired as part of a business combination are customer relationships. These intangible assets have a finite useful economic life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the expected life of the asset, which was 15 years. The remaining amortisation period of the intangible assets was 11.25 years and 12 years, as of 31 December 2016 and 31 March 2016, respectively. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

(i) ***Property, plant and equipment***

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

Furniture and fixtures	5-7 years
Leasehold Improvements	5 years

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

(j) ***Current and deferred taxation***

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

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The FFI Group recognises deferred tax liabilities and assets for expected future income tax consequences of events that have been recognised in the FFI Group's interim unaudited financial information, which will either be taxable or deductible when the assets and liabilities are recovered or settled and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The carrying value of the amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

(k) ***Borrowing Costs***

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

(l) ***Employee benefits***

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

(m) ***Financial instruments***

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

Financial assets and financial liabilities are initially measures at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial asset and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(n) ***Financial assets***

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

Effective interest method

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts and other receivables, bank balances and cash are measured at amortised cost using the effective interest method, less any impairment.

Available for sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets

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

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

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

(o) ***Financial liabilities***

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

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

(p) ***Accounts and other receivables***

Accounts receivable

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

Advances

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

Insurance receivable

The FFI Group records an insurance receivable related to losses incurred on completion contract in excess of $500,000, the FFI Group's deductible amount.

Rebate receivable

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

(q) ***Prepaid expenses***

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

(r) ***Cash and cash equivalents***

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

(s) ***Restricted cash***

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

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

(t) ***Accounts and other payables***

Accounts payable and accruals

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

No claim bonuses payable

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

Insurance payable

Completion contracts written by the FFI Group are insured through a syndicate led by an insurance company. Film projects are insured on a title-by-title basis, for which the FFI Group is assessed premiums based upon a sliding scale subject to certain deductibles and stop-loss provisions. Insurance premiums are due 45 days following the end of a month in which a completion contract is executed. The FFI Group's facultative insurance policy has been historically renewed on an annual basis, with the exception of a previous renewal that was a one-time extension through June 30, 2014 (15-month term). Neither the FFI Group nor the insurance companies are under obligation to renew the policies at their annual policy renewal date. If such policies were not renewed and a new insurance company was not secured, the impact would likely be significant to the operation of the FFI Group.

The FFI Group has used the same insurance provider for many years and has not had an issue renewing the policy. The FFI Group has renewed the policy through 30 June 2017 and is currently negotiating the renewal of the current policy.

(u) ***Provision for losses***

In accordance with any completion contract it entered into, the FFI Group may incur costs to complete and deliver a particular film in the event a separate party to the completion agreement fails to do so. All completion contracts are insured with a maximum deductible of $500,000 for each claim incurred on insured completion contracts. The FFI Group may receive recoveries of losses from the exploitation of the film subject to the completion bond contract. Such recoveries are recognised as a reduction of costs related to revenue when received.

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

(v) ***Areas of significant management judgment***

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

Recognition of revenues

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

Recognition of deferred tax assets

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

Classification of EP Financial Solutions as a joint venture

EP Financial Solutions is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, EP Financial Solutions is classified as a joint venture of the FFI Group. See note 15 for details.

Insurance Rebates

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

Provision for losses

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

(w) ***Key sources of estimation uncertainty***

Revenue recognition

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

Impairment of goodwill and intangible assets

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

Useful lives of assets

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

Provision for losses

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

Rebate receivable

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

Deferred tax

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

Carrying amount of assets and liabilities

The FFI Group believes the overall carrying amounts of those assets and liabilities where there is estimation or uncertainty are properly stated. In particular, the provision for losses. See note 22 for more information on provision for losses.

3. Segmental Information

For management purposes, the FFI Group is organised into three operation segments; Completion contracts, Credit card fees, and Tax credit financing. These segments are the basis on which the FFI 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 principle activities of the operating segments are as follows:

Completion Contracts

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

Credit Card Fees

The FFI Group facilitates the issuance of credit card sponsored by MasterCard, through its subsidiary, Cashet Card. Cashet Card is able to offer bulk purchasing discounts and earns fees on the transactions. Cashet Card was owned by Realta Production Group, Inc. which was disposed of on 11 November 2016. See note 29.

Tax Credit Financing

The FFI Group provides tax credit financing in the entertainment industry.

for the nine months ended 31 December 2016	*Completion Contracts USD*	*Credit Card Fees USD*	*Tax Credit Financing USD*	*FFI Group USD*
Revenue				
Fee Income	26,772,447	–	–	26,772,447
Other		–	321,815	321,815
Total revenue	26,772,447	–	321,815	27,094,262
Gross profit	22,019,935		272,744	22,292,679
Operating Profit/(loss)	8,459,481	–	226,083	8,685,564
Finance Costs	48	–	(193,926)	(193,878)
Finance Income	19,356	–	–	19,356
Profit before taxation	8,478,885	–	32,157	8,511,042

for the nine months ended 31 December 2015	*Completion Contracts USD*	*Credit Card Fees USD*	*Tax Credit Financing USD*	*FFI Group USD*
Revenue				
Fee Income	29,152,358	–	–	29,152,358
Other	–	2,126,572	141,212	2,267,784
Total revenue	29,152,358	2,126,572	141,212	31,420,142
Gross profit	21,478,312	873,237	131,968	22,483,517
Operating Profit/(loss)	6,128,322	118,778	117,558	6,364,658
Finance Costs	35,327	–	(38,518)	(3,191)
Finance Income	5,763	–	–	5,763
Profit before taxation	6,169,412	118,778	79,040	6,367,230

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

	For the nine months ended 31 December 2015 USD	*For the nine months ended 31 December 2016 USD*
Asia	22,344	6,298
Australia	1,221,071	1,091,908
Europe	3,512,844	3,576,548
Middle East & Africa	902,925	210,806
North America	25,760,958	22,208,702
	31,420,142	27,094,262

Included in total revenue are revenues of $2,796,756, and $4,957,780 for the periods ending 31 December 2016 and 2015, respectively, which arose from sales to the FFI Group's largest customers. No other single customers contributed 10 per cent. or more of the FFI Group's revenue for 2016 and 2015.

The FFI Group has dividend income from its investment in a joint venture. The total dividend income earned for the years ending 31 December 2016 and 31 March 2016 totalled nil and $176,095. See Note 11 for more information on the investment in the joint venture.

4. Cost of sales

The cost of sales is made up the following charges:

	For the nine months ended 31 December 2015 USD	*For the nine months ended 31 December 2016 USD*
Insurance cost	12,825,283	11,153,959
Insurance rebate	(6,892,998)	(7,075,181)
Net claims/(recoveries)	1,314,136	(101,026)
Monitoring	60,008	2,111
Legal	364,957	758,199
Other	1,265,239	63,521
	8,936,625	4,801,583

5. Expenses

The profit before taxation is stated after charging:

	For the nine months ended 31 December 2015 USD	*For the nine months ended 31 December 2016 USD*
Staff costs	9,318,572	7,933,929
Operating lease rentals	1,224,041	1,087,726
Depreciation of property, plant and equipment	103,024	100,669
Amortisation of intangible assets	50,000	50,000
Audit fees	318,438	230,434
Exchange rate transactional differences	161,825	(11,575)
Bad debt expense (recoveries)	60,000	–
Other administrative costs	4,776,191	4,015,153
	16,012,091	13,406,336

	For the nine months ended 31 December 2015 USD	*For the nine months ended 31 December 2016 USD*
Employment costs for the FFI Group		
(including Executive Directors)		
Wages, salaries and commissions	8,137,596	6,803,548
Social security costs	542,947	482,326
Benefits	512,827	497,955
Pensions-defined contribution plan	125,202	150,100
	9,318,572	7,933,929
Included in the wages, salaries and commissions are the following amounts paid to the directors:		
Director's emoluments	1,488,492	770,888
Pension-defined contribution plan	5,963	5,963
	1,494,455	776,851

There were no bonuses for the periods ending 31 December 2016 and 2015.

6. Finance Costs and Finance Income

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

	For the nine months ended 31 December 2015 USD	*For the nine months ended 31 December 2016 USD*
Finance Costs		
Bank Interest	3,191	193,878
Total interest expense	3,191	193,878
Finance Income		
Interest income from cash & cash equivalents	5,763	19,356
Total Finance Income	5,763	19,356

7. Taxation

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

The income tax provision consists of the following:

	For the nine months ended 31 December 2015 USD	*For the nine months ended 31 December 2016 USD*
Current	5,333,881	2,905,639
Deferred	(2,547,175)	945,370
	2,786,706	3,851,009

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

	For the nine months ended 31 December 2015 USD	*For the nine months ended 31 December 2016 USD*
Profit before tax from continuing operations	6,367,230	8,511,042
Tax on book income at Federal statutory rate (effective rate of 34%)	2,164,858	2,893,754
State income tax (5.19%), net of federal benefit	179,113	410,269
Non-deductible expenses	234,067	122,653
Effect of different tax rates of subsidiaries in foreign jurisdiction	72,815	57,271
Other return to provision adjustments	(18,020)	(16,660)
Adjustment to deferred income tax	153,873	383,722
	2,786,706	3,851,009

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

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Deferred tax assets		
Net operating loss	166,448	78,870
Accrued bonus	1,098,852	1,096,766
State taxes and other	458,523	808,431
Total assets	1,723,823	1,984,067
Deferred tax liabilities		
Deferred revenue	3,212,424	3,633,484
Capitalised expenses	881,828	1,378,807
Customer relationships	326,666	307,724
Depreciation	70,413	70,358
Rebate receivable	229,365	371,515
Total liabilities	4,720,696	5,761,888
Net deferred tax assets and liabilities		
Deferred tax assets	1,723,823	1,984,067
Deferred tax liabilities	(4,720,696)	(5,761,888)
Net deferred tax liability	(2,996,873)	(3,777,821)

The FFI Group files state income tax returns in various states, which may have different statutes of limitations. Generally, state income tax returns for the years ended 31 March 2011 through present are subject to examination. The FFI Group also files tax returns in foreign jurisdictions, including the United Kingdom and Canada. The periods open to general examination for the United Kingdom are the years ended 31 March 2014 through present. The federal tax return years that may be subject to examination are 31 March 2013 through the present.

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

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

At 31 December 2016, the FFI Group has federal net operating loss (NOL) carryforwards of approximately $5,000, which are set to begin to expire in 2028. The state NOL carryforward is $1,000 at 31 December 2016.

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

8. Dividends

The dividends paid in the period were:

	Date paid	For the nine months ended 31 December 2015 USD	For the nine months ended 31 December 2016 USD
Final dividend 2016 – 242 per share	2 June 2015	2,420,000	–
Total dividends		2,420,000	–

9. Goodwill

	As at 31 March 2016 USD	As at 31 December 2016 USD
Cost	8,540,934	8,540,934
Balance at end of period	8,540,934	8,540,934

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

Goodwill acquired through business combinations is allocated to CGU's for impairment testing. The entire goodwill balance has been allocated for impairment testing to FFI as the cash-generating unit. The recoverable amount of this CGU is determined based on a value in use calculation. This calculation uses pre-tax cash flow projections derived from 2017 budgets, as approved by the Directors, with an underlying growth rate of 2 per cent. per annum in years 2 to 5. After year 5 a terminal value has been applied using an underlying long-term growth rate of 1 per cent. No additional specific growth has been assumed beyond year 1. The pre-tax cash flows are discounted to present value using the FFI Group's pre-tax weighted average cost of capital ("WACC"), which was 16 per cent. This rate was calculated using the Capital Asset Pricing Model with an estimated cost of debt and equity, with appropriate small company risk factors.

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

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

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

10. Intangible Assets

	Customer Relationships
Cost	
At 1 April 2016	1,000,000
Additions	–
At 31 December 2016	1,000,000
Amortisation	
At 1 April 2016	(183,334)
Charge for period	(50,000)
At 31 December 2016	(233,334)
Net carrying amount at 31 December 2016	766,666
Cost	
At 1 January 2016	1,000,000
Additions	–
At 31 March 2016	1,000,000
Amortisation	
At 1 January 2016	(166,667)
Charge for period	(16,667)
At 31 March 2016	(183,334)
Net carrying amount at 31 March 2016	816,666
Cost	
At 1 April 2015	1,000,000
Additions	–
At 31 December 2015	1,000,000
Amortisation	
At 1 April 2015	(116,667)
Charge for period	(50,000)
At 31 December 2015	(166,667)
Net carrying amount at 31 December 2015	833,333
Cost	
At 1 April 2014	1,000,000
Additions	–
At 31 March 2015	1,000,000
Amortisation	
At 1 April 2014	(50,000)
Charge for period	(66,667)
At 31 March 2015	(116,667)
Net carrying amount at 31 March 2015	883,333

Amortisation costs are charged through administrative expenses.

11. Financial Assets

	As at 31 March 2016 USD	As at 31 December 2016 USD
Joint ventures at equity method accounting		
Opening cost of joint venture at equity method accounting	187,386	140,905
Capital contributions	129,614	–
Dividends	(176,095)	–
Closing cost of joint venture at equity method accounting	140,905	140,905
Cumulative share in earnings (losses) of joint venture	75,139	75,139
Closing value of joint venture at equity method accounting	216,044	216,044

Film Finances owns a 40 per cent. interest in EP Financial Solutions. EP Financial Solutions provides tax credit financing. The purpose for the investment in EP Financial Solutions was to participate in the domestic tax credit financing.

	As at 31 March 2016 USD	As at 31 December 2016 USD
Assets classified as held for sale		
Opening cost of assets classified as held for sale	283,113	283,113
Additions	–	300,000
Disposals	–	–
Total assets classified as held for sale	283,113	583,113

12. Other long-term assets

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

	As at 31 March 2016 USD	As at 31 December 2016 USD
Prepaid Expenses	562,371	585,730
Deposits	17,000	17,000
Total	579,371	602,730

13. Property, plant, and equipment

	Leasehold Improvements	*Furniture and Fixtures*	*Total*
Cost			
At 1 April 2016	160,750	1,594,162	1,754,912
Additions	–	29,411	29,411
At 31 December 2016	160,750	1,623,573	1,784,323
Depreciation			
At 1 April 2016	(154,843)	(1,027,211)	(1,182,054)
Charge for period	(5,907)	(94,762)	(100,669)
At 31 December 2016	(160,750)	(1,121,973)	(1,282,723)
Net book value at 31 December 2016	–	501,600	501,600
Cost			
At 1 January 2016	160,750	1,464,798	1,625,548
Additions	–	129,364	129,364
At 31 March 2016	160,750	1,594,162	1,754,912
Depreciation			
At 1 January 2016	(149,125)	(982,030)	(1,131,155)
Charge for period	(5,718)	(45,181)	(50,899)
At 31 March 2016	(154,843)	(1,027,211)	(1,182,054)
Net book value at 31 March 2016	5,907	566,951	572,858
Cost			
At 1 April 2015	160,750	1,199,079	1,359,829
Additions	–	265,719	265,719
At 31 December 2015	160,750	1,464,798	1,625,548
Depreciation			
At 1 April 2015	(137,550)	(890,581)	(1,028,131)
Charge for period	(11,575)	(91,449)	(103,024)
At 31 December 2015	(149,125)	(982,030)	(1,131,155)
Net book value at 31 December 2015	11,625	482,768	494,393
Cost			
At 1 April 2014	160,750	1,170,167	1,330,917
Additions	–	28,912	28,912
At 31 March 2015	160,750	1,199,079	1,359,829
Depreciation			
At 1 April 2014	(105,917)	(793,298)	(899,215)
Charge for period	(31,633)	(97,283)	(128,916)
At 31 March 2015	(137,550)	(890,581)	(1,028,131)
Net book value at 31 March 2015	23,200	308,498	331,698

Depreciation expense is charged to administrative expenses.

14. Group undertakings

Name of subsidiary	*Country of incorporation/ principal operation*	*As at 31 March 2016*	*As at 31 December 2016*
Held directly:			
Film Finances Canada Ltd.	Canada	100%	100%
Film Finances Scandinavia AB (i)	Sweden	60%	100%
Film Finances Limited (formerly Film Finances Services Limited)	England and Wales	100%	100%
Film Finances GmbH-Munich (dormant)	Germany	100%	100%
Realta Production Group, Inc. (ii)	California, United States	100%	Nil
DaDa Productions, Inc. (dormant)	California, United States	100%	100%
Film Finances GmbH-Germany	Germany	100%	100%
KSD Holdings LLC	California, United States	70%	70%
Nordic Capital Media AB	Sweden	60%	60%
Film Finances Singapore Pte Ltd	Singapore	100%	100%
Film Finances Hungary Kft	Hungary	100%	100%
PBL Finance, LLC	California, United States	100%	100%
FF Network, Inc	California, United States	100%	100%
Great Outlook SDN BHD	Malaysia	100%	100%
FF Asia, LLC	California, United States	100%	100%
Film Finances China Cultural Services Ltd.	China	100%	100%
Film Finances SA PTY LTD	South Africa	100%	100%
Film Finances S.R.O.	Czech Republic	100%	100%
DSK Productions Inc.	California, United States	100%	100%
FF Sales, Inc.	California, United States	100%	100%
Rainbow Productions Services, LLC	California, United States	nil	100%
Film Finances New Mexico, LLC	New Mexico, United States	100%	100%
Film Finance Louisiana, LLC	Louisiana, United States	100%	100%
FF of Carolina, LLC	Carolina, United States	100%	100%
Film Finances Pennsylvania, LLC	Pennsylvania, United States	100%	100%
Film Finances Alabama, LLC	Alabama, United States	100%	100%
Film Finances Scandinavia APS	Denmark	100%	100%
DSK Ventures Limited (iii)	England and Wales	Nil	Nil
Cashet Card, LLC (iv)	California, United States	50%	Nil
Cashet Card Holdings, LLC (formerly Film Travel Holdings, LLC) (iv)	California, United States	50%	Nil

(i) The remaining 40 per cent. interest of Film Finances Scandinavia AB was purchased during the period.

(ii) Realta Production Group, Inc. was sold during the period. See note 29.

(iii) During the nine months ended 31 December 2016 DSK Ventures Limited was 70 per cent. owned by a director of the FFI Group. The service agreement between KSD and DSK gives Film Finances control of DSK Ventures as set out in IFRS 10 and therefore the results of this entity have been consolidated into the results of the FFI Group.

(iv) Cashet Card, LLC is 50 per cent. owned by Realta Production Group, Inc., a fully owned subsidiary. Cashet Card Holdings, LLC is 100 per cent. owned by Cashet Card, LLC. Realta Production Group, Inc. was sold during the period; therefore the FFI Group no longer has control over Cashet Card Holdings LLC and Cashet Card, LLC as of 31 December 2016. See note 29.

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

Name of subsidiary	*Place of incorporation and principal place of business*	*Proportion of ownership interest and voting rights held by non-controlling interests*		*Profit (loss) allocated to non-controlling interest*		*Accumulated non-controlling interests*	
		For the nine months ended 31 December 2015 USD	*For the nine months ended 31 December 2016 USD*	*For the nine months ended 31 December 2015 USD*	*For the nine months ended 31 December 2016 USD*	*For the nine months ended 31 December 2015 USD*	*For the nine months ended 31 December 2016 USD*
KSD Holdings LLC	USA	30%	30%	(14,024)	(12,050)	59,369	47,319
Cashet Card, LLC [(i)]	USA	50%	0%	(88,326)	–	(255,379)	–
Individually immaterial subsidiaries with non-controlling interests						123,239	73,704
Total						(72,771)	121,023

(i) Realta Production Group, Inc., a fully owned subsidiary, owns 50 per cent. of Cashet Card, LLC. The FFI Group maintained the bank accounts for Cashet Card, LLC, managed the financial reporting, and made the strategic decisions, as such, the FFI Group had control over the entity. Realta Production Group, Inc. was separated from the FFI Group on 11 November 2016.

15. Joint ventures

Details of the FFI Group's material joint ventures at the end of the reporting period are as follows:

Name of joint venture	*Principal activity*	*Place of incorporation and principal place of business*	*Proportion of ownership interest and voting rights held by the FFI Group*	
			As at 31 March 2016	*As at 31 December 2016*
EP Financial Solutions, LLC	Provides tax credit financing	USA	40%	40%

The above joint venture is accounted for using the equity method in this consolidated unaudited interim financial information.

16. Trade and other receivables

Trade and other receivables consist of the following:

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Advances receivable	1,588,930	643,268
Rebate receivable	585,236	948,627
Insurance receivable	411,274	728,510
Due from related parties	335,878	5,169,332
Total trade and other receivables	2,921,318	7,489,737
Loans receivable		
Loans receivable [(i)]	4,420,559	1,861,383
Total	7,341,877	9,351,120

(i) The collateral of the loan balance above is a tax credit receivable. This balance is also recorded in borrowings. See note 20.

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Not past due	7,331,877	9,142,049
Past due 1 to 30 days	–	–
Past due 31 to 90 days	–	–
Past due 91 days	10,000	209,071
Total	7,341,877	9,351,120

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

17. Other current assets

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

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Prepaid expenses	2,501,832	3,760,658
Tax and other	324,859	332,466
Total	2,826,691	4,093,124

18. Restricted cash

Restricted cash consist of the following:

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Held in fiduciary capacity for production [(i)]	39,785,808	36,055,982
Insurance premiums held in escrow [(ii)]	4,073,750	3,213,297
Restricted cash	43,859,558	39,269,279

(i) The FFI Group acts in a fiduciary capacity on behalf of certain financiers of films. The FFI Group receives cash, which is restricted in use for the production of films. The FFI 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 FFI 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 FFI Group and, in certain situations, the incremental premium amount is immediately due.

19. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Cash in hand	2,443	2,443
Cash at bank	14,926,341	19,046,280
Cash and cash equivalents	14,928,784	19,048,723

20. Borrowings

The FFI Group has two bank finance facilities. The first is a $2,250,000 revolving credit facility (“RFC”) secured by a $1,000,000 cash deposit. The revolving credit facility bears interest at 4 per cent. and was committed to September 2015. The RCF was paid in full in September 2015.

The second is a one-year term loan secured by a tax credit receivable. The loan bears interest at 2 per cent. plus one month LIBOR and matures on September 30, 2016. The average interest rate on the loan was 2.23 per cent. The outstanding balance of the loan as of 31 December 2016 was $1,861,383 and as of 31 March 2016 was $4,405,372.

21. Trade and other payables

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

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Trade payables	490,191	504,300
Accruals	4,964,253	1,581,788
Deferred revenue	4,974,299	8,041,049
Due to affiliates	125,000	–
No-claim bonus payable	4,030,511	4,618,542
Insurance payable	5,153,273	8,009,389
Total	19,737,527	22,755,068

22. Provision for losses

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
At beginning of period	1,493,686	457,632
Losses charged to income	1,401,185	(101,026)
Claims paid	(3,553,833)	(412,057)
Recoveries on claims paid	1,116,594	480,451
At end of period	457,632	425,000

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

23. Operating lease commitments

The FFI Group had commitments under non-cancellable operating leases as follows:

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Leases which expire:		
within 1 year	942,142	967,598
in more than 1 year but not more than 5 years	3,901,861	3,910,228
more than 5 years	1,210,496	470,066
	6,054,499	5,347,892

The FFI Group has a noncancelable seven-year building lease for its current premises in Los Angeles, which expire in September 2022. The FFI Group's noncancelable building lease in London expires in April 2023. The FFI Group leases office facilities for its other foreign subsidiaries under noncancelable operating leases expiring through fiscal 2017.

24. Capital commitments

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

25. Contingent liabilities

The FFI Group issues Completion Bonds. The FFI Group mitigates the risk in relation to these agreements by making payments to certain third parties in the event a project is not delivered within a time frame and budget range set forth under the terms of the specific agreement. The FFI Group utilises one or more insurance companies to cover its liability with respect to each such budget overruns. While no liability is recorded with respect to the Completion Bond obligation to the third parties, as there is no history of claims against the Completion Bonds, the FFI Group does record the costs associated with the insurance purchased to cover its risk and the budget overruns related to each such Completion Bond.

26. Share Capital

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

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

On 11 November 2016 3,816 shares were sold from one shareholder to another.

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

27. Related party transactions

The ultimate controlling party of the FFI Group is Film Finances, Inc., a company incorporated in Los Angeles, California. The FFI Group has related party relationships with its subsidiaries and its Directors. Transactions between Film Finances and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

The FFI Group had a liability of approximately nil and $125,000 due to minority owners as of 31 December 2016 and 31 March 2016.

Advance to officers and employees totalled approximately $5,169,322 and $336,000 as of 31 December 2016 and 31 March 2016, respectively. A portion of these balances is noninterest bearing and is due on demand. These amounts total $98,378 and $110,638, for the periods ended 31 December 2016 and 31 March 2016, respectively. The remaining balances charge interest at 2 per cent. and have maturity dates

ranging from 2017 through 2025. This balance is expected to be repaid within the 12 months following period end.

A stockholder of the FFI Group participates in the syndicate that insures the FFI Group's completion contracts. Gross premiums paid to the stockholder totals $600,375 and $452,000, for the periods ended 31 December 2016 and 31 March 2016, respectively.

The FFI Group has a consulting agreement with a director of the FFI Group. The agreement requires the director to provide guidance and services to the FFI Group on an exclusive basis through 1 May 2013. The director receives a consulting fee in the amount of $24,000 per month as well as an expense allowance of $3,000 per month. In addition, there is a potential bonus equal to 10 percent of the FFI Group's earning before interest and taxes in excess of $2,500,000. Total bonus expense under this agreement totalled $180.000 and $781,931 for the periods ended 31 December 2016 and 31 March 2016, respectively.

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Compensation of the three key management personnel		
Short-term employee benefits	3,957,770	770,888
	3,957,770	770,888

No provisions have been made for doubtful debts in respect of the amounts owed by related parties and no amounts were written off in any period.

28. Financial Instruments

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

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

	As at 31 March 2016 USD	*As at 31 December 2016 USD*
Financial assets:		
Classified as loans and receivables:		
Cash and cash equivalents	14,928,784	19,048,723
Accounts receivable	7,341,877	9,351,120
Classified as assets held for sale:		
Assets held for sale	283,113	583,113
Total financial assets	22,553,774	28,982,956
Financial liabilities:		
Classified as financial liabilities at amortised cost:		
Accounts and other payables	19,737,527	21,681,029
Borrowings	4,405,372	1,861,383
Total financial liabilities	24,142,899	23,542,412

All non-derivative financial assets are categorised as loans and receivables and all non-derivative financial liabilities are categorised as other financial liabilities at amortised cost.

Risk Management objectives and policies

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

Insurance Contracts

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

Interest rate risk

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

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

Foreign exchange risk

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

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

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

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

		Liabilities		*Assets*
	As at 31 March 2016 USD	*As at 31 December 2016 USD*	*As at 31 March 2016 USD*	*As at 31 December 2016 USD*
Currency of United Kingdom	269,903	295,446	2,849,721	2,741,728
Currency of Malaysia	11,116	1,609	160,749	161,894
Currency of Canada	1,875,103	4,428,693	1,895,953	4,437,937
Currency of China	774,549	498,505	934,737	610,202
Others	175,375	129,732	396,307	355,618

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

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

		As at 31 March 2016		*As at 31 December 2016*
	Profit or loss	*Equity*	*Profit or loss*	*Equity*
Currency of United Kingdom	64,987	699,946	20,880	243,958
Currency of Malaysia	(4,840)	14,513	4,062	15,833
Currency of Canada	279	2,081	(1,198)	922
Currency of China	(76,036)	15,960	(58,073)	11,134

Liquidity Risk

The FFI Group aims to mitigate its liquidity risk by managing its cash resources and continuously monitoring forecast and actual cash flows. The FFI Group had an agreed RCF of $2,250,000, which matured on 30 September 2015. In addition to the RCF, the FFI Group had a term loan as of 31 March 2016 of $4,405,371, which was paid in full on 19 May 2016. Film Finances took on a new term loan in December 2016 for $1,861,383.

As at 31 December 2016	*Within 1 year USD*	*1-2 years USD*	*2-3 years USD*	*Total USD*
Obligation under loan facilities	1,861,383	–	–	1,861,383
Trade payables	21,681,029	–	–	21,681,029
Payable to production	36,055,982	–	–	36,055,982
Total	59,598,394	–	–	59,598,394

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

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

Credit risk

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

Fair values of financial assets and financial liabilities

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

Capital management

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

29. Disposal of subsidiary

On 11 November 2016, the FFI Group disposed of Realta Production Group, Inc., which owned 50 per cent. of Cashet Card, LLC, which carried out tax credit financing in the entertainment industry. The transaction was carried out with one of the former directors of the FFI Group. The consideration was a transfer of the former director's shares, 542 shares of common stock, in Film Finances for 1,500 shares, representing 100 per cent. of the then-issued and outstanding shares of common stock, of Realta Production Group, Inc.

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

Analysis of asset and liabilities over which control was lost:

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

	Total USD
Consideration received	–
Net assets disposed of	105,373
Non-controlling interests	(39,410)
Loss on disposal	(65,963)

30. Post balance sheet events

Business combination

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

The FFI Group transferred consideration of $4 million in cash to acquire all assets and liabilities of the Rainbow Group.

The assets acquired and liabilities recognised at the date of acquisition are as follows:

	Total *USD*
Current assets	
Cash and cash equivalents	983,497
Accounts receivable	907,698
Non-current assets	
Plant and equipment	2,788,412
Deposits	368,938
Current liabilities	
Accounts payable	(262,843)
Notes payable	(804,089)
Income taxes payable	(448,095)
	3,533,518

The initial accounting for the acquisition of the Rainbow Group has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of the Rainbow Group's assets are required to be reset based on market values of the assets. At the date of finalisation of this consolidated unaudited interim financial information, the necessary market valuations and other calculations had not been finalised and the have therefore only been provisionally determined based on the directors" best estimate of the likely tax values.

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.

	Total
Consideration transferred	4,000,000
Less: fair value of identifiable net assets acquired	(3,533,518)
Goodwill arising on acquisition	466,482

Goodwill arose in the acquisition of the Rainbow Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amount in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Rainbow Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Group reorganisation

As detailed in paragraph 4 of Part V (*Additional Information*) of this document, on 22 June 2017, the shareholders of Film Finances entered into an agreement whereby the entire issued common stock in Film Finances was exchanged to the Company in consideration for the allotment and issue of new Ordinary Shares in the Company.

PART IV

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EEA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF FSMA ("QUALIFIED INVESTORS"), BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE INCLUDING ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE; (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

1. Details of the Placing

The Company will allot and issue 20,997,375 New Ordinary Shares pursuant to the Placing, raising proceeds of £31.5 million before commissions and other estimated fees and expenses of approximately £5 million. The Selling Shareholders will sell 18,372,703 Sale Shares pursuant to the Placing.

Liberum has conditionally placed the New Ordinary Shares and Sale Shares at the Placing Price with certain institutional and qualified professional investors in circumstances which do not give rise to a public offer in respect of which the Company would be obliged to publish a prospectus. The Placing Shares will, in aggregate, represent 25.1 per cent. of the issued share capital of the Company on Admission.

Further details, terms and conditions of the Placing are set out in paragraphs 2 to 10 (inclusive) of this Part IV (*Terms and Conditions of the Placing*).

2. Introduction

Each person that is invited to and which confirms its agreement (whether orally or in writing) to Liberum to acquire Placing Shares under the Placing (the "**Placee**") will be irrevocably bound by these terms and conditions and will be deemed to have accepted them.

Liberum may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it may, in its absolute discretion, see fit and/or may require such Placee to execute a separate placing letter.

Acceptance of any offer incorporating these terms and conditions (whether orally or in writing or evidenced by way of a contract note) will constitute a binding irrevocable commitment by a Placee, subject to these terms and conditions, to subscribe and pay for the relevant number of Placing Shares at the Placing Price ("**Placing Participation**"). Such commitment is not capable of termination or rescission by the Placee in any circumstances except fraud. All such obligations are entered into by the Placee with Liberum in its capacity as agent for the Company and the Selling Shareholders and are therefore directly enforceable by the Company and the Selling Shareholders. Dealing may not begin before any notification is made.

In the event that Liberum has procured acceptances from Placees in connection with the Placing prior to the date of the despatch of the Admission Document to a Placee, Liberum will, prior to Admission, request confirmation from any such Placee that its Placing Participation as agreed in any earlier commitment remains

firm and binding upon these terms and conditions and referable to the contents of the Admission Document of which these terms and conditions form part. Upon such confirmation being given (whether orally, in writing or by conduct (including, without limitation, by receipt of the relevant placing proceeds by Liberum)) any agreement made in respect of the Placing Shares shall be varied, amended and/or ratified in accordance with these terms and conditions and based upon this Admission Document and no reliance may be placed by a Placee on any earlier version or draft of this document, including any pathfinder or P-Proof.

3. Agreement to acquire Placing Shares

Application will be made to the London Stock Exchange for the admission of the Placing Shares to be issued pursuant to the Placing to trading on AIM. Except as otherwise set forth herein, it is anticipated that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 30 June 2017 for normal account settlement and that Admission will become effective on that date. The Placing Shares will not be admitted to trading on any stock exchange other than AIM. Each Placee will be deemed to have read these terms and conditions in their entirety. Liberum is acting for the Company and the Selling Shareholders and no one else in connection with the Placing and will not regard any other person (whether or not a recipient of these terms and conditions) as a client in relation to the Placing and, to the fullest extent permitted by law and applicable FCA rules, neither Liberum nor any of its affiliates will have any liability to Placees or to any person other than the Company and the Selling Shareholders in respect of the Placing.

The Company reserves the right, in its sole and absolute discretion, to scale back applications in such amounts as it considers appropriate. Each of Liberum and the Company also reserves the right to decline, in whole or in part, any application for Placing Shares pursuant to the Placing. Accordingly, applicants for Placing Shares may, in certain circumstances, not be allotted and/or sold the number of Placing Shares for which they have applied. The balance of subscription monies in the event of scaling back (or unsuccessful applications) will be posted to applicants by cheque (or, in the case of payment by electronic transfer, transferred to the bank from which payment was made), without interest, at the applicant's own risk.

The Placing Shares will rank equally in all respects with the Existing Ordinary Shares of the Company on Admission, including the right to receive dividends or other distributions, if any.

4. Conditions

Your Placing Participation is in all respects conditional upon:

(a) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and

(b) Admission having become effective,

in each case by 30 June 2017 or such later time and/or date as the Company and Liberum agree, but in any event being no later than 15 July 2017.

Pursuant to the Placing Agreement, Liberum has agreed, on behalf of and as agent for the Company and the Selling Shareholders, to use its reasonable endeavours to procure subscribers or purchasers for the Placing Shares at the Placing Price, subject to these terms and conditions.

If: (a) any of the conditions in the Placing Agreement are not satisfied (or, where relevant, waived); (b) the Placing Agreement is terminated; or (c) the Placing Agreement does not otherwise become unconditional in all respects, the Placing will not proceed and all funds delivered by you to Liberum will be returned to you at your risk without interest, your rights and obligations hereunder shall cease and determine at such time and no claim shall be made by you in respect thereof.

None of the Company, the Directors, any Selling Shareholder or Liberum owes any fiduciary duty to any Placee in respect of the representations, warranties, undertakings or indemnities in the Placing Agreement.

5. Settlement

The Company has applied for the Ordinary Shares to be held in CREST and settlement of the Placing Shares will take place in CREST.

Placing Shares will be delivered direct into your CREST account, provided payment has been made in terms satisfactory to Liberum and the details provided by you have provided sufficient information to allow the CREST system to match to the CREST account specified. Placing Shares comprised in your Placing Participation are expected to be delivered to the CREST account which you specify by telephone to your usual sales contact at Liberum.

If you do not provide any CREST details or if you provide insufficient CREST details to match within the CREST system to your details, Liberum may, at their discretion, deliver your Placing Participation in certificated form provided payment has been made in terms satisfactory to Liberum and all conditions in relation to the Placing have been satisfied or waived.

Subject to the conditions set out above, payment in respect of your Placing Participation is due as set out below. You should provide your settlement details in order to enable instructions to be successfully matched in CREST. The relevant settlement details are as follows:

CREST participant ID of Liberum:	LBQAQ
Expected Trade date:	22 June 2017
Settlement date:	30 June 2017
ISIN code for the Placing Shares:	GB00BF04DT64
Deadline for you to input instructions into CREST:	10.00 a.m. (UK time) on 29 June 2017

In the event that the Placing Agreement does not become unconditional in all respects or is terminated, the Placing will not proceed. Once the Placing Shares are allotted and issued, such Placing Shares will be admitted to CREST with effect from Admission. It is expected that dealings on AIM in the Placing Shares will commence at 8.00 a.m. on 30 June 2017.

6. Payment for Placing Shares

In the event of any failure by any Placee to pay for its Placing Participation as so directed and/or by the time required by Liberum, the relevant Placee shall be deemed hereby to have appointed Liberum or any nominee of Liberum as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed by Liberum and to indemnify Liberum and its affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Placing Shares shall not release the relevant Placee from the obligation to make such payment for Placing Shares to the extent that Liberum or its nominee has failed to sell such Placing Shares at a consideration which after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the Placing Price per Placing Share.

7. Selling and Transfer Restrictions

General

7.1 The distribution of this document and the offer of the Placing Shares in certain jurisdictions may be restricted by law. This document does not constitute an offer or invitation to acquire, underwrite or dispose of, or any solicitation of any offer or invitation to acquire, underwrite or dispose of, any Ordinary Shares or other securities of the Company to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation in such jurisdiction, and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, and must be persons who are able to lawfully receive this document in their jurisdiction (all such persons being "**Relevant Persons**"), including those set out in paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

7.2 No action has been or will be taken in any jurisdiction that would permit a public offering of the Placing Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction which action for that purpose is required. Accordingly, the Placing Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Placing Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

7.3 In particular, neither this document, nor these terms and conditions, constitutes an offer or invitation (or a solicitation of any offer or invitation) to acquire, underwrite or dispose of, or otherwise deal in, any Ordinary Shares or other securities of the Company in the United States, Canada, Australia, the Republic of South Africa, Japan or New Zealand, or in any other Excluded Jurisdiction. The offer and sale of Ordinary Shares has not been, and will not be, registered under the applicable securities laws of Canada, Australia, Japan, New Zealand or the Republic of South Africa. Subject to certain exemptions, the Ordinary Shares may not be offered to, or sold within, Canada, Australia, Japan, New Zealand or the Republic of South Africa or to any national, resident or citizen of Canada, Australia, Japan, New Zealand or the Republic of South Africa.

7.4 Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares.

EEA

7.5 In relation to each Relevant Member State, no Placing Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant Member State, except that offers of Placing Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

(a) to any legal entity which is a "qualified investor" as defined under the Prospectus Directive;

(b) to fewer than 150, or if the Relevant Member State has not implemented the relevant provision of the 2010 PD Amending Directive, 100, natural or legal persons (other than "qualified investors" as defined under the Prospectus Directive); or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Placing Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Placing Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the law in that relevant member state implementing Article 2(1)(e) of the Prospectus Directive.

7.6 The expression an "offer of any shares to the public" in relation to any Placing Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Placing Shares to be offered, so as to enable a Placee to decide to acquire any Placing Shares, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

7.7 In the case of any Placing Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing Shares acquired by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to "qualified investors" as so defined or in circumstances in which the prior consent of Liberum has been obtained to each such proposed offer or resale. The Company and Liberum and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a "qualified investor" and who has notified Liberum of such fact in writing may, with the prior consent of Liberum, be permitted to acquire Placing Shares in the Placing.

8. Representations and Warranties

By agreeing to acquire Placing Shares, each Placee who confirms their agreement to acquire Placing Shares will (for itself and any person(s) procured by it to acquire Placing Shares and any nominee(s) for any such

person(s)) be deemed to irrevocably agree, undertake, represent, warrant and acknowledge to each of the Company, the Registrar and Liberum that:

8.1 the exercise by Liberum of any rights or discretion under the Placing Agreement shall be within the absolute discretion of Liberum and Liberum need not have any reference to a Placee and shall have no liability to a Placee whatsoever in connection with any decision to exercise or not to exercise any such right. Each Placee agrees that it has no rights against Liberum, the Company and any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;

8.2 in agreeing to acquire Placing Shares under the Placing, it is relying solely on this document and any supplementary admission document issued by the Company and not on any other information given, or representation or statement made at any time (including, without limitation, the roadshow presentation prepared by the Company or research by any party containing information about the Company), by any person concerning the Company, the Placing Shares, the Placing or Admission. It agrees that none of the Company, Liberum nor any of their affiliates, nor any of their respective directors, officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information, representation or statements;

8.3 it acknowledges that the content of this document is exclusively the responsibility of the Company and the Board and none of Liberum nor any person acting on its behalf nor any of its affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any information, representation or statement made or purported to be made by them or on its or their behalf in connection with the Company, the Placing Shares, the Placing or Admission;

8.4 it will indemnify on an after-tax basis and hold harmless the Company and Liberum and their respective affiliates and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in these terms and conditions;

8.5 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to acquire Placing Shares under the Placing, it undertakes, represents and warrants that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company or Liberum or any of their respective affiliates or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;

8.6 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;

8.7 it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;

8.8 it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information, undertakings, representations and warranties contained in this document, that it is acquiring Placing Shares solely on the basis of this document and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Placing Shares;

8.9 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Placing Shares on the terms, and subject to the conditions, set out in this Part IV (*Terms and Conditions of the Placing*) and the Articles as in force at the date of Admission, and that such agreement is legally binding and irrevocable, and is not capable of termination or rescission in any circumstances save for fraud, whether concluded by telephone or otherwise. Such Placee agrees that these terms and conditions represent the whole and only agreement between the Placee, Liberum and the Company in relation to the Placee's participation in the Placing and supersede any previous agreement between

any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Placee agrees that none of the Company, Liberum nor any of their respective officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;

8.10 that, save in the event of fraud on the part of Liberum, none of Liberum, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Liberum's role as nominated adviser, sole bookrunner and broker, or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law, the Placee and, if relevant, its clients, will, to the fullest extent permitted by law, immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

8.11 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Liberum or the Company;

8.12 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;

8.13 it has such knowledge, sophistication and experience in financial and business matters that it is capable of evaluating the merits and risks of its subscription for the Placing Shares and it is able to bear the economic risk and financial risk (including sustaining a complete loss) of the acquisition of such Placing Shares;

8.14 it has investigated independently and made its own assessment and satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Placing Shares, including any federal, state and local tax consequences, affecting it in connection with its purchase and any subsequent disposal of the Placing Shares;

8.15 it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;

8.16 it has the power under its constitutional documents and has obtained all necessary consents and authorities (including, without limitation, all relevant members' resolutions) to acquire and pay for the Placing Shares comprised in the manner proposed and to enter into and perform its obligations pursuant to these terms and conditions, and there are no governmental or regulatory consents or other third party approvals, authorisations or orders required in order for it to acquire and pay for the Placing Shares in the manner proposed and to enter into and perform its obligations pursuant to these terms and condition that have not been or will not prior to Admission have been obtained;

8.17 the agreement to acquire the Placing Shares and payment therefor will comply with and will not violate any agreements to which it is a party or by which it or any of its properties or assets is bound and which is material to its participation and its obligations in respect thereof and will constitute its valid and legally binding agreement and it has the funds available to make payment for the full amount in respect of the Placing Shares as and when due;

8.18 it accepts and acknowledges that (i) the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, transferred or delivered directly in or into the United States except pursuant to an effective registration statement under the Securities Act, an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and, in connection with any such transfer, the Company will have the right to obtain, as a condition to transfer, a legal opinion of counsel, in form and by counsel reasonably satisfactory to the Company, that no such Securities Act registration is or will be required along with appropriate certifications by the transferee as to appropriate matters. No representation has been made as to the availability of any exemption under the Securities Act for the reoffer, resale, transfer or delivery of the Placing Shares; (ii) the Company has not filed a prospectus or similar document with any applicable securities regulatory authority of any province or territory of Canada, no document in relation to the

Placing has been or will be lodged with, or registered by, the Australian Securities and Investments Commission and no registration statement has been, or will be filed with the Japanese Ministry of Finance in relation to the Placing Shares; and (iii) the Placing Shares have not been, and will not be, registered under the securities laws of any Excluded Jurisdiction and, subject to certain exceptions, the Placing Shares may not be offered or sold directly or indirectly within Canada, Australia, Japan or any other Excluded Jurisdiction or to or for the account or benefit of any national, citizen or resident of such countries or of the Excluded Jurisdictions;

8.19 it will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in Australia, Canada, Japan or Republic of South Africa or to any national, resident or citizen of Australia, Canada, Japan or Republic of South Africa other than as may be permitted under the applicable law in the relevant jurisdiction and it acknowledges that the Placing Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or Republic of South Africa and that the same are not being offered for subscription or sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in Australia, Canada, Japan or Republic of South Africa other than as may be permitted under the applicable law in the relevant jurisdiction;

8.20 it accepts and acknowledges that there will be no public offer in the United States and the Ordinary Shares are offered by way of a placing of the Ordinary Shares to certain institutional and professional investors in the United Kingdom and elsewhere outside of the United States in reliance on Regulation S;

8.21 it acknowledges and agrees that it will not offer or sell any of the Placing Shares, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

8.22 it has not distributed, forwarded, transferred or otherwise transmitted this Admission Document or any other presentation or offering materials concerning the Placing Shares within the United States, nor will it do any of the foregoing, and it understands that the information in this Admission Document, including financial information, may be materially different from any disclosure that would be provided in a registered offering in the United States;

8.23 if it is located in the United Kingdom, it is (i) a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) in the course of its business and a "Qualified Investor" (as defined above) and it will acquire, manage and dispose of the Placing Shares (as principal or agent) for the purposes of its business and (ii) not intending to offer or sell or otherwise deal with the Placing Shares in any way which would result in an offer to the public in the United Kingdom within the meaning of FSMA or in any other jurisdiction or require registration or prospectus publication or similar actions in any other jurisdiction;

8.24 if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations and in all cases capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook;

8.25 to the extent that it is located outside the United Kingdom but in the EEA it is a "qualified investor" as defined under the Prospectus Directive;

8.26 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to acquire Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and acquired and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

8.27 it acknowledges that it is an "investment professional" (within the meaning of Article 19(5) of the FPO) or a "high net worth company" (within the meaning of Article 49(2) of the FPO) and a "Qualified Investor" (as defined above);

8.28 it confirms that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA;

8.29 it acknowledges that after giving effect to its acquisition of the Placing Shares, it will inform the Company and Liberum if such acquisition will cause it to be required to make a notification to the Company in accordance with Rule 5.1.2R of the Disclosure Guidance and Transparency Rules;

8.30 it acknowledges that neither Liberum nor any of its directors, officers, agents or employees or its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Liberum nor any of its affiliates and that Liberum and any of its affiliates do not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing;

8.31 it acknowledges that where it is acquiring Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to acquire the Placing Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Liberum. It agrees that the provision of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;

8.32 it acknowledges that neither the Placee nor, as the case may be, their clients, expect Liberum to have any duties or responsibilities to the Placee similar or comparable to the duties of "best execution" and "suitability" imposed by The Conduct of Business Source Book contained in The FCA's Handbook of Rules and Guidance, and that Liberum is not acting for the Placee or its clients, and that Liberum will not be responsible to the Placee or its clients for providing the protections afforded to its customers;

8.33 it irrevocably appoints any Director, duly authorised officer or employee and any director of Liberum to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its acquisition of all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;

8.34 it accepts that if the Placing does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the Placing Shares for which valid application are received and accepted are not admitted to listing and trading on AIM for any reason whatsoever, then none of the Company and Liberum or any of their affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, directors, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

8.35 it may lawfully acquire the Placing Shares comprising its Placing Participation and has complied with, and will comply with, all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;

8.36 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

8.37 it agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Liberum and/or the Company may require proof of identity of the Placee and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, Liberum and/or the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Liberum and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis;

8.38 it agrees that it is aware of, has complied with and will comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;

8.39 it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored on the Registrar's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Act 1998 (the "**Data Protection Law**") and other relevant data protection legislation which may be applicable, the Registrar is required to specify the purposes for which it will hold personal data. The Registrar will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to: (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of Placing Shares, including processing personal data in connection with credit and money laundering checks on it; (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Placing Shares; (iii) provide personal data to such third parties as the Registrar may consider necessary in connection with its affairs and generally in connection with its holding of Placing Shares or as the Data Protection Law may require, including to third parties outside the United Kingdom or the EEA; and (iv) without limitation, provide such personal data to the Company, Liberum and their respective associates for processing, notwithstanding that any such party may be outside the United Kingdom or the EEA;

8.40 in providing the Registrar with information, it hereby represents and warrants to the Registrar that it has obtained the consent of any data subjects to the Registrar and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes). For the purposes of this document, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;

8.41 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Liberum, the Company and their directors, officers, agents and employees and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its acquisition for Placing Shares is no longer accurate, it shall promptly notify Liberum and the Company;

8.42 where it or any person acting on behalf of it is dealing with Liberum, any money held in an account with Liberum on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Liberum to segregate such money, as that money will be held by Liberum under a banking relationship and not as trustee;

8.43 any of its clients, whether or not identified to Liberum or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Liberum or any of its affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

8.44 it accepts that the allocation of Placing Shares shall be determined by the Company (in consultation with Liberum) in its absolute discretion and that such persons may scale down any Placing commitments for this purpose on such basis as it may determine; and

8.45 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing.

9. Supply and Disclosure of Information

If Liberum or the Company or any of their agents request any information in connection with a Placee's agreement to acquire Placing Shares under the Placing in order to comply with any relevant legislation, such Placee must promptly disclose it to them.

10. Miscellaneous

10.1 The rights and remedies of Liberum and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

10.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing, or orally, his or her nationality and if a Placee is a discretionary fund manager, that Placee may be asked to

disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

10.3 All documents will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified to Liberum.

10.4 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Placee has agreed to acquire pursuant to the Placing, have been acquired by the Placee.

10.5 The contract to acquire Placing Shares under the Placing and the appointments and authorities mentioned in this document and all disputes arising out of, or in connection with, its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Liberum and the Company, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

10.6 In the case of a joint agreement to acquire Placing Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

10.7 Liberum and the Company each expressly reserve the right to modify the Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined. Each Placee agrees that its obligations pursuant to these terms and conditions are not capable of termination or rescission.

10.8 The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 18.1 of Part V (*Additional Information*) of this document.

10.9 Monies received from applicants pursuant to the Placing will be held by Liberum until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 8.00 a.m. on 30 June 2017, or such later date as the Company and Liberum may agree in writing (not being later than 8.00 a.m. on 15 July 2017), application monies will be returned without interest at the risk of the applicant.

PART V

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors (whose names are set out on page 15 of this document), and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

2. THE COMPANY

2.1 The Company was incorporated and registered in England and Wales on 30 May 2017 with registered number 10793426 as a public company with limited liability under the 2006 Act.

2.2 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares (including the Placing Shares) have been or will be created (as applicable), is the 2006 Act and the subordinate legislation made under it.

2.3 The Company's registered office is at 15 Conduit Street, London W1S 2XJ, United Kingdom and the Group's head office is at 9,000 Sunset Boulevard, Suite 1400, Los Angeles, California, 90069, United States of America. The Company's telephone number is 020 7629 6557.

3. SHARE CAPITAL

3.1 The share capital history of the Company is as follows:

(a) on incorporation, the issued share capital of the Company was £0.01, consisting of 1 Ordinary Share of £0.01, which was issued to 7Side Nominees Limited;

(b) on 30 May 2017, the one Ordinary Share was transferred by 7Side Nominees Limited to Golden Sun;

(c) on 30 May 2017, Golden Sun subscribed for 50,000 Redeemable Shares of £1 each in the capital of the Company. The Redeemable Shares are subject to the following rights:

(i) the holders of the Redeemable Shares are not entitled to participate in the profits of the Company;

(ii) on a return of capital of the Company on a winding-up or otherwise, the holders of the Redeemable Shares shall be entitled to receive, out of the assets of the Company available for distribution to its Shareholders, the sum of, in aggregate, £1.00, but shall not be subject to any further participation in the assets of the Company;

(iii) a holder of Redeemable Shares shall have no right to attend, speak or vote, either in person or by proxy, at any general meeting of the Company or at a meeting of any class of members of the Company in respect of the Redeemable Shares (save where required by law) and shall not be entitled to receive any notice of meeting;

(iv) the Redeemable Shares may not be transferred, save with the prior consent of the board of directors of the Company; and

(v) the Company may redeem the Redeemable Shares for consideration of £1.00 per share at any time.

It is intended that the Redeemable Shares will be redeemed shortly after Admission out of the proceeds of the issue of New Ordinary Shares in the Placing received by the Company.

3.2 The following table shows the issued and fully paid share capital of the Company following completion of the Pre-IPO Reorganisation and immediately prior to Admission:

	Nominal Value (£)	*Issued and Credited as fully paid Number*	*Amount paid up (£)*
Ordinary Shares	136,043,873	136,043,873	1,360,438.73
Redeemable Shares	50,000	50,000	50,000

3.3 Assuming completion of the Placing, the issued and fully paid share capital of the Company immediately following Admission is expected to be shown in the following table:

	Nominal Value (£)	*Issued and Credited as fully paid Number*	*Amount paid up (£)*
Ordinary Shares	157,041,248	157,041,248	1,570,412.48
Redeemable Shares	50,000	50,000	50,000

3.4 Save as disclosed in this document:

(a) no share or loan capital of the Company has been issued or is proposed to be issued;

(b) no person has any preferential subscription rights for any share capital of the Company;

(c) there are no shares of the Company held by or on behalf of itself or by any member of the Group;

(d) no share or loan capital of the Company is currently under option or agreed conditionally or unconditionally to be put under option; and

(e) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

4. PRE-IPO REORGANISATION

4.1 On 22 June 2017, the Company, JDT, Golden Sun, Amlin, Steven Ransohoff, the Ransohoff Trust and the Trattner Trust entered into the Share Exchange Agreement. Pursuant to the Share Exchange Agreement, immediately prior to Admission, each of JDT, Golden Sun, Amlin, Steven Ransohoff, the Ransohoff Trust and the Trattner Trust, being all of the existing shareholders of Film Finances (the current holding company of the Group) will transfer their shares of common stock in Film Finances to the Company in consideration for the allotment and issue of new Ordinary Shares. The new Ordinary Shares to be allotted and issued under the Share Exchange Agreement will be allotted on the basis of 14,384 new Ordinary Shares for each one existing share of common stock of Film Finances.

4.2 The shares of common stock in Film Finances held by ERL were distributed to JDT and Golden Sun on 22 June 2017.

4.3 The existing shareholders' agreement in respect of Film Finances will terminate on Admission.

4.4 Two executive Directors (Timothy Trankina and Antony Mitchell) and one employee (Kevin Hyman) have existing warrants, options or prior understandings for such awards to subscribe for shares in Film Finances. These individuals have agreed that such warrants, options or prior understandings for such awards will be replaced by the Executive Options to be granted to them at Admission as disclosed in paragraph 13 of this Part V (*Additional Information*) below.

4.5 On 19 June 2017, by resolutions of the Company:

(a) the Directors were generally and unconditionally authorised for the purposes of section 551 of the 2006 Act, to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount of

£2,000,000, such authority to expire on 31 December 2017. This authorisation will be used to allot New Ordinary Shares pursuant to the Share Exchange Agreement as described above;

(b) the Directors were generally and unconditionally authorised for the purposes of section 551 of the 2006 Act, to exercise all powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount of £500,000, such authority to expire on 31 December 2017. This authorisation will be used to allot the New Ordinary Shares to be issued in the Placing;

(c) conditional on and following Admission, the Directors were generally and unconditionally authorised for the purposes of section 551 of the 2006 Act to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:

    (i) up to a maximum aggregate value of one third of the aggregate value of the issued Ordinary Share capital of the Company immediately following Admission (such amount to be reduced by the nominal amount allotted or granted under sub-paragraph (b)(ii) below in excess of one third of the aggregate value of the issued Ordinary Share capital of the Company immediately following Admission); and

    (ii) comprising equity securities (as defined in section 560 of the 2006 Act) up to an aggregate nominal amount of two thirds of the aggregate value of the issued Ordinary Share capital of the Company immediately following Admission (such amount to be reduced by any allotments or grants made under sub-paragraph (b)(i) above) in connection with or pursuant to an offer by way of a rights issue in favour of Shareholders in proportion (as nearly as practicable) to the respective number of Ordinary Shares held by them on the record date for such allotment, but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in, any territory or other matter whatsoever,

    such authorities expiring at the conclusion of the next annual general meeting of the Company (or, if earlier, on 19 September 2018), save that the Company may, at any time prior to the expiry of such authority make an offer or enter into an agreement which would or might require the allotment of shares or the grant of rights to subscribe for or to convert any securities into shares in pursuance of such an offer or agreement as if such authority had not expired;

(d) the Directors were empowered to:

    (i) allot equity securities (as defined in section 560(1) of the 2006 Act) of the Company for cash pursuant to the authorities conferred in paragraphs (b) and (c) above; and

    (ii) sell ordinary shares (as defined in section 560(1) of the 2006 Act) held by the Company as treasury shares for cash,

    as if section 561(1) of the 2006 Act did not apply to such allotment or sale, provided that this power shall be limited to:

        (A) the proposed allotment of equity securities up to an aggregate nominal value of £500,000 in connection with the Placing, for a period expiring on 31 December 2017;

        (B) the allotment of equity securities for cash and the sale of treasury shares in connection with or pursuant to an offer of or invitation to apply for equity securities (but in the case of the authorisation granted under paragraph (b)(ii) above by way of a rights issue only) in favour of Shareholders in proportion (as nearly as practicable) to the respective number of Ordinary Shares held by them on the record date for such allotment or sale (and holders of any other class of equity securities as required by the rights attached to those securities or as the Directors otherwise consider necessary) but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

        (C) in the case of the authorisation granted under sub-paragraph (c)(ii) above (or in the case of any sales of treasury shares) and otherwise than pursuant to

paragraph (d)(A), the allotment of equity securities for cash and the sale of treasury shares up to an aggregate nominal amount of 10 per cent. of the issued Ordinary Share capital of the Company immediately following Admission,

such power expiring at the conclusion of the next annual general meeting of the Company (or, if earlier, on 19 September 2018), save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors may allot equity securities, or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired;

(e) conditional on Admission, the Articles be approved and adopted in substitution for and to the exclusion of all other articles of association of the Company;

(f) conditional on Admission, the Company be authorised to make political donations and incur political expenditure in an amount not to exceed £100,000 during the period up to the next annual general meeting of the Company; and

(g) conditional on Admission, the Company be authorised to make market purchases of Ordinary Shares, up to a maximum of 10 per cent. of the issued Ordinary Share capital of the Company immediately following Admission.

5. SUBSIDIARY UNDERTAKINGS

Following the Pre-IPO Reorganisation, the Company will be the ultimate holding company of the Group and the Group will comprise the Company and the following subsidiary undertakings:

Name	*Registered Number*	*Status*	*Place of incorporation*	*Proportion of ownership interest and voting power*
Film Finances, Inc.	C1150655	Active	California, United States	100
Film Finances Limited	02618464	Active	England and Wales	100
Film Finances SA (Pty) Ltd	2013/150163/07	Active	South Africa	100
FFI of Carolina, LLC	N/A	Active	South Carolina, United States	100
Film Finances Pennsylvania, LLC	3804059	Active	Pennsylvania, United States	100
Film Finances Alabama, LLC	072 – 916	Active	Alabama, United States	100
Film Finances S.R.O.	28371470	Active	Czech Republic	100
Film Finances, Inc.	N/A	Active	Bahamas	100
Film Finances Singapore Pte. Ltd	201119218C	Active	Singapore	100
Film Finances GmbH	HRB 74461	Active	Germany	100
Film Finances Hungary Kft.	13-09-164435	Active	Hungary	100
Film Finances New Mexico, LLC	2812980	Active	New Mexico, United States	100
Film Finances Louisiana, L.L.C.	36184380K	Active	Louisiana, United States	100
PBL Finance, LLC	201234210164	Active	California, United States	100
Great Outlook SDN BHD	1062501-W	Active	Malaysia	100
FF Asia, LLC	20142751007	Active	California, United States	100
Film Finances China Cultural Services Ltd.	310141400016947	Active	China	100
Qingdao Fengnan Completion Movie and TV Co., Ltd.	91370211MA3D896E53	Active	China	100
FF Network, Inc.	C3522145	Active	California, United States	100
Film Finances Canada Ltd	CD-3496953/ON-1317247/QC-1147960729	Active	Ontario, Canada	100
Rainbow Production Services, LLC	3270190	Active	Delaware, United States	100
Rainbow Digital Services, LLC*	200113110040	Active	California, United States	100
Pivotal Post Ltd	05984612	Active	England and Wales	100

Name	Registered Number	Status	Place of incorporation	Proportion of ownership interest and voting power
Pivotal Post Corporation	ON-2322876	Active	Ontario, Canada	100
Postproduction Pivotal (Quebec), Inc.	QC-1169067304	Active	Quebec, Canada	100
KSD Holdings LLC	201131410006	Active	California, United States	70
KSD-WWD, LLC	201226810101	Active	California, United States	70
Film Finances Scandinavia AB	556815-9346	Active	Sweden	60
Nordic Capital Media AB	556857-6044	Active	Sweden	60

* Doing business as Pivotal Post

In addition, following the Pre-IPO Reorganisation, the Company has holdings in the following companies:

Name	Registered Number	Status	Place of incorporation	Proportion of ownership interest and voting power
Chinese Theatre Holdings, LLC	201113410276	Active	California, United States	2.5
EP Financial Solutions, LLC	5377301	Active	Delaware, United States	40

6. ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles, which were adopted on 19 June 2017, subject to and with effect from Admission, are available for inspection at the address specified in paragraph 25 of this Part V (*Additional Information*). The Articles contain provisions (among others) to the following effect:

6.1 Objects

Section 31 of the 2006 Act provides that unless a company's articles specifically restrict the objects of the company, its objects are unrestricted. The Articles contain no restrictions on the objects of the Company.

6.2 Capital Structure

The share capital of the Company is represented by an unlimited number of Ordinary Shares having the rights described in the Articles.

6.3 Limited liability

The liability of the Shareholders is limited to any unpaid amount on the shares in the Company held by them.

6.4 Voting rights

(a) ***Votes on a show of hands***

Subject to any rights and restrictions attached to any shares, on a show of hands, every Shareholder present in person shall have one vote and every proxy present who has been duly appointed by one or more Shareholders shall have one vote. A proxy has one vote for and one vote against the resolution if: (i) the proxy has been duly appointed by more than one Shareholder entitled to vote on the resolution; and (ii) the proxy has been instructed by, or exercises a discretion given by, one or more of those Shareholders to vote for the resolution and has been instructed by, or exercises a discretion given by, one or more other of those Shareholders to vote against it. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to.

(b) ***Votes on a poll***

Subject to any rights and restrictions attached to any shares, on a poll, votes may be given in person or by proxy. A Shareholder who is entitled to more than one vote need not use all his votes or cast all the votes in the same way.

6.5 **Capitalisation of profits**

Subject to the Articles, the Directors may capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve and redenomination reserve) or to the credit of the profit and loss or retained earnings account (in each case, whether or not such amounts are available for distribution), and appropriate the sum resolved to be capitalised either:

(a) to the holders of Ordinary Shares on the Register at such time and on such date as may be specified in, or determined as provided in, the resolution of the general meeting granting authority for such capitalisation who would have been entitled thereto if distributed by way of dividend and in the same proportions (including, for this purpose, any shares in the Company held as treasury shares, as if the restriction on payment of dividends in the 2006 Act did not apply); and the Directors shall apply such sum on their behalf either in or towards paying up any amounts, if any, for the time being unpaid on any shares held by such holders of Ordinary Shares respectively or in paying up in full at par new shares or debentures of the Company to be allotted credited as fully paid up to such holders of Ordinary Shares in the proportions aforesaid, or partly in the one way and partly in the other; or

(b) to such holders of Ordinary Shares who may, in relation to any dividend or dividends, validly accept an offer or offers on such terms and conditions as the Directors may determine (and subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with legal or practical problems in respect of overseas shareholders or in respect of shares represented by depository receipts) to receive new Ordinary Shares, credited as fully paid up, in lieu of the whole or any part of any such dividend or dividends (any such offer being called a "Scrip Dividend Offer"); and the Directors shall apply such sum on their behalf in paying up in full at par new shares (in accordance with the terms, conditions and exclusions or other arrangements of the Scrip Dividend Offer) to be allotted credited as fully paid up to such holders respectively.

The authority of the Company in general meeting shall be required for any capitalisation referred to above or before the Directors implement any Scrip Dividend Offer.

A share premium account, a capital redemption reserve and a redenomination reserve and any other amounts which are not available for distribution may only be applied in the paying up of new shares to be allotted to holders of Ordinary Shares of the Company credited as fully paid.

6.6 **Dividends**

Subject to the provisions of the 2006 Act, the Company may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to the provisions of the 2006 Act, the Directors may from time to time pay such interim dividends or dividends payable on fixed dates as they see fit.

Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share. Dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share in issued on terms providing that it shall rank for dividend as if paid up in full or part from a particular date, whether past of future, that share shall rank for dividend accordingly.

6.7 **Unclaimed dividends**

All dividends unclaimed after a period of 12 years or more after becoming due for payment shall be forfeited and shall revert to the Company.

6.8 **Distribution of assets on a winding-up**

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution of the Company and any other sanction required by the 2006 Act, divide among the Shareholders in specie or kind the whole or any part of the assets of the Company (whether or not the assets shall consist of property of one kind or not), and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the contributories as the liquidator with the like sanction shall think fit, but so that no Shareholder shall be compelled to accept any shares or other securities or other assets in respect of which there is a liability.

6.9 **Rights attaching to shares**

Subject to the provisions of the 2006 Act and without prejudice to any rights attaching to any existing shares or class of shares, shares may be issued with such rights or such restrictions as the Company may, by ordinary resolution, determine or, in the absence of such determination, as the Directors may determine.

6.10 **Redemption of shares**

Subject to the provisions of the 2006 Act, the Company can issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the Shareholder.

6.11 **Variation of rights attaching to shares**

Subject to the provisions of the 2006 Act, all or any of the rights attached to any class of shares may from time to time (whether or not the Company is being wound up) be abrogated or varied either with the consent in writing of the holders of not less than three- quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

6.12 **Alteration of share capital**

The Company may, by ordinary resolution, consolidate and divide all or any of its share capital into shares of a larger nominal amount and sub-divide its shares or any of them into shares of smaller nominal amount.

The Company may, subject to the 2006 Act, by special resolution, reduce or cancel its share capital, any capital redemption reserve, any share premium account and any redenomination reserve in any way. Subject to, and in accordance with the provisions of, the 2006 Act, the Company may purchase its own shares (including any redeemable shares) and may hold any shares purchased for consideration as treasury shares provided that the number of shares held as treasury shares shall not at any time exceed any limit set out in the 2006 Act.

6.13 **Transfer of shares**

Any Shareholder may transfer all or any of his uncertificated shares in accordance with, and subject to, the CREST Regulations and the facilities and requirements of the relevant system, as well as any arrangements made by the Directors.

Any Shareholder may transfer all or any of his certificated shares by instrument in writing in any usual or common form or any other form which the Directors may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, in the case of a share that is not fully paid, the transferee. In relation to the transfer of any share (whether certified or uncertified), the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it. All instruments of transfer, when registered, may be retained by the Company. Subject to the provisions of the Articles, the Directors may, in their absolute discretion, decline to register any transfer of any share (whether certificated or uncertificated) which is not a fully

paid share provided that where such a share is a member of a class of share admitted to AIM, such discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis. The Directors may likewise decline to register a transfer of any shares (whether certificated or uncertificated), whether fully paid or not, if in favour of more than four persons jointly.

The Directors may also decline to register any transfer of a certificated share unless:

(a) the instrument of transfer is left at the registered office of the Company or such other place as the Directors may from time to time determine accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate(s) for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the person executing the instrument of transfer to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so);

(b) the instrument of transfer is in respect of only one class of share;

(c) it is for a share upon which the Company has no lien; and

(d) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Directors to be exempt from stamp duty (if this is required).

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system.

6.14 **Calls**

Subject to the terms of allotment, the Directors may from time to time make such calls upon the Shareholders as they think fit in respect of any monies unpaid on their shares including any premium and each member shall (subject to the Company serving on him at least 14 days' notice specifying where and when payment is to be made) pay to the Company the specified amount called on his shares. If a sum payable in respect of any calls or instalment is not paid on or before the day appointed for payment thereof, the person from whom it is due shall pay interest on the sum at such rate, not exceeding the Bank of England base rate by more than five percentage points, as the Directors may determine from the day appointed for the payment thereof until the actual payment thereof, and all expenses that may have been incurred by the Company by reason of such non-payment; but the Directors may, if they shall think fit, waive the payment of such interest and expenses or part thereof.

6.15 **Forfeiture**

If a member fails to pay any call or instalment in full on or before the day appointed for payment thereof, the Directors may, at any time thereafter, serve a notice on him requiring him to pay so much of the call of instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the Company due to the default. The notice shall name a further day (not earlier than the expiration of 14 days from the date of service of the notice) on or before which, and the place where, payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call or instalment is payable will be liable to be forfeited.

A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine and at any time before a sale or disposition the forfeited share may be cancelled on such terms as the Directors think fit.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding such forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares, together with all interest thereon, at such rate, not exceeding the Bank of England base rate by more than five percentage points, as the Directors may determine from the time of forfeiture or surrender until the time of payment, but his liability shall cease if and when the Company receives payment in full of the unpaid amount.

A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that the particular share of the Company has been duly forfeited or surrendered on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the forfeited share.

6.16 **Restrictions on shares**

Where any Shareholder, or any other person appearing to the Directors to be interested in any shares held by such Shareholder, has been duly served with a notice under section 793 of the 2006 Act and is in default for a period of 14 days from the date of service of said notice in supplying to the Company the information thereby required, then the Company may (at the absolute discretion of the Directors) at any time thereafter by notice (a "**restriction notice**") to such Shareholder direct that, in respect of the shares in relation to which the default occurred and any other shares held at the date of the restriction notice by the Shareholder, or such of them as the Directors may determine (the "**restricted shares**'', which expression shall include any further shares which are issued in respect of any restricted shares), the Shareholder shall not, nor shall any transferee to which any such shares are transferred (otherwise than as permitted by the Articles), be entitled to be present or vote at any general meeting of the Company or separate general meeting of the holders of any class of shares of the Company, or be reckoned in a quorum.

If the Directors are satisfied that the default in respect of which the restriction notice was issued no longer continues, any restriction notice shall cease to have effect on or within seven days of that decision.

The Company may (at the absolute discretion of the Directors) at any time given notice to the Shareholder cancelling, or suspending for a stated period the operation of, a restriction notice in whole or in part.

Where the restricted shares represent at least 0.25 per cent. (in nominal value) of the issued shares of the same class (excluding any shares of that class held as treasury shares), the restriction notice may also direct that:

(a) any dividend or other monies payable in respect of the restricted shares shall be withheld, bear no interest and shall be payable only when the restriction notice ceases to have effect;

(b) where an offer of the right to elect to receive shares of the Company instead of cash in respect of any dividend has been made, any election made thereunder in respect of such restricted shares shall not be effective; and/or

(c) no transfer of any of the shares held by such Shareholder shall be recognised or registered by the Directors unless the transfer is a permitted transfer or:

(i) the Shareholder is not in default as regards supplying the information required; and

(ii) the transfer is of part only of the Shareholder's holding and, when presented for registration, is accompanied by a certificate by the Shareholder in a form satisfactory to the Directors to the effect that after due and careful enquiry the Shareholder is satisfied that none of the shares the subject of the transfer are restricted shares.

6.17 **Conditions governing the manner in which annual general meetings and general meetings are called**

The Company shall hold a general meeting as its annual general meeting in accordance with the requirements of the 2006 Act and at such time and place as the Directors shall appoint, provided that there must not be a gap of more than fifteen months between one annual general meeting and the next and not more than six months shall elapse between the end of the financial year of the Company and its next annual general meeting.

An annual general meeting shall be convened by not less than twenty-one clear days' notice in writing. Subject to the 2006 Act, all other general meetings shall be convened by not less than fourteen clear days' notice in writing. However, a meeting can be properly convened on a shorter notice period if it is so agreed by: (a) in the case of an annual general meeting, by all the Shareholders entitled to attend

and vote at the meeting; and (b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving the right (excluding any shares in the Company held as treasury shares).

Notice of every general meeting shall be given to all Shareholders other than any who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company.

Before a general meeting carries out business, there must be a quorum present. Unless the Articles state otherwise in relation to a particular situation, a quorum for all purposes is two Shareholders present in person or by proxy and entitled to vote.

6.18 **Notices to Shareholders**

Any notice or document (including a share certificate) may be given, sent, supplied, delivered or provided, in accordance with the 2006 Act and subject to the Articles, to any Shareholder by the Company by sending it through the post addressed to the Shareholder at his registered address or by leaving it at that address addressed to the Shareholder or, where appropriate, by sending it in electronic form to an address for the time being notified by the Shareholder concerned to the Company for that purpose, or by publication on a website in accordance with the 2006 Act or by any other means authorised in writing by the Shareholder concerned. In the case of joint holders of a share, service or delivery of any notice or document on or to the joint holder first named in the register is respect of the share shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

6.19 **Directors**

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (disregarding alternate directors) shall not be less than two.

Commencing with the Company's first annual general meeting, and at each annual general meeting of the Company thereafter, one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office. If there are fewer than three Directors who are subject to retirement by rotation, one Director shall retire from office.

If the Company, at the annual general meeting at which a director retires, does not fill the vacancy created by his retirement, the retiring director shall, if willing to act, be deemed to have been re-appointed unless, amongst other things, at the meeting it is expressly resolved not to fill the vacancy or unless an ordinary resolution for the reappointment of the director is put to the meeting and lost or if the retiring director has given notice in writing to the Company that he is unwilling to be re-elected.

The Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director. Without prejudice to this power, the Directors may appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Directors, provided that any Director so appointed shall hold office only until the next annual general meeting, and shall be reappointed or, if not reappointed, vacate office at the conclusion of such meeting.

Only the following people can be elected as Directors at a general meeting:

(a) a Director who is retiring at the annual general meeting; or

(b) a person who has been proposed for election or re-election by way of notice to the Company no less than seven nor more than 42 days before the date appointed for the meeting, signed by a Shareholder qualified to vote at the meeting (not being the person to be proposed) and also signed by the person to be proposed indicating his willingness to be appointed or reappointed.

The Company may by ordinary resolution, of which special notice has been given in accordance with the 2006 Act, remove any Director before the expiration of his period of office and may (subject to the Articles) by ordinary resolution appoint another person who is willing to act in his place.

The Non-Executive Directors shall be paid out of the funds of the Company by way of fees for their services as directors, such sums (if any) as the Directors may from time to time determine, not exceeding in the aggregate an annual sum (excluding amounts payable under any other provisions of the Articles) of £500,000 or such larger amount as the Company may by ordinary resolution determine, and such remuneration shall be divided between the Non-Executive Directors as they shall agree or, failing agreement, equally. Such remuneration shall be deemed to accrue from day to day.

Any Director who is appointed to any executive office or who performs services which in the opinion of the Directors or any committee authorised by the Directors go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine.

The Directors may exercise all the powers of the Company to give or award pensions, annuities, gratuities or other retirement, superannuation, death or disability allowances or benefits (whether similar to the foregoing or not) to (or to any person in respect of) any persons who are or have at any time been Directors of the Company or of any body corporate which is or was a subsidiary undertaking or a parent undertaking of the Company or another subsidiary undertaking of a parent undertaking of the Company or otherwise associated with the Company or any such body corporate, or a predecessor in business of the Company of any such body corporate, and to the spouses, civil partners, former spouses, former civil partners, children and other relatives and dependants of any such persons and may establish, maintain, support, subscribe to and contribute to all kinds of schemes, trusts and funds (whether contributory or non-contributory) for the benefit of such persons as are hereinafter referred to or any of them or any class of them, and so that any Director or former Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or any other benefit (whether under any such trust, funds or scheme or otherwise).

Save as otherwise provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors in respect of any contract, transaction or arrangement whatsoever with the Company in which he has an interest which is to his knowledge a material interest otherwise than by virtue of interests in shares or debentures or other security of or otherwise is or through the Company.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

(a) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) the giving of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offer of securities of or by the Company or any of its subsidiary undertakings in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;

(d) any contract, arrangement or transaction concerning any other company) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever, provided that he does not to his knowledge hold an interest in 1 per cent. or more of any class of the equity share capital of such body corporate or of the voting rights available to members of the relevant body corporate;

(e) any contract, arrangement or transaction for the benefit of the employees of the Company or of any of its subsidiary undertakings which does not accord to him as such any privilege or advantage not accorded to the employees to whom the scheme relates;

(f) any contract, arrangement or transaction for the purchase or maintenance of insurance against any liability for, or for the benefit of, any Director or Directors or for, or for the benefit of, persons who include Directors;

(g) the giving of a Director's indemnity; and

(h) the provision of funds to any Director, or the doing of anything to enable a Director to avoid incurring expenditure of the nature described in section 205(1) or 206 of the 2006 Act.

If any question arises at any meeting of the Directors as to whether the interest of a Director gives rise to a conflict, or could reasonably be regarded as likely to give rise to a conflict, with the interests of the Company or as to the entitlement of any Director to vote or be counted in the quorum and the question is not resolved by him voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be decided by the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interests of the Directors concerned have not been fairly disclosed.

The Directors may, subject to the provisions of the Articles, authorise any matter which would otherwise involve a Director breaching his duty under the 2006 Act to avoid conflicts of interest.

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest.

6.20 **Indemnity of directors**

Subject to the provisions of, and so far as is permitted by and consistent with the 2006 Act, every Director and former Director of the Company or any Group Company (as defined in the Articles) may be indemnified out of the assets of the Company against any liability which he may sustain or incur in or about the actual or purported execution and/or discharge of his duties and/or the actual or purported exercise of his powers or discretions and/or otherwise in relation thereto or in connection therewith. The Directors may exercise the powers of the Company to purchase and maintain insurance for the benefit of every Director and former Director of the Company and any Group Company (as defined in the Articles) against any such liability.

6.21 **Borrowing powers**

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, or any part thereof, and, subject to the provisions of the 2006 Act, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

7. EMPLOYEES

As at 31 March 2017, the Group employed 92 people. The tables below set out the Group's employees by function and location as at 31 March 2014, 2015 and 2016.

Function		*As at 31 March*	
	2014	*2015*	*2016*
Production underwriting	17	19	19
Production monitoring	15	16	15
Legal	15	15	15
Business management	12	15	15
Total	59	65	64

Location		*As at 31 March*	
	2014	*2015*	*2016*
United States	34	35	35
United Kingdom	14	14	13
Canada	6	6	6
Germany	2	2	2
Scandinavia	2	2	3
South Africa	1	2	1
China	–	4	4
Total	59	65	64

8. PREMISES

The following properties are leased by the Group:

Address	*Nature of Premises*	*Tenure*
3rd Floor, 14/15 Conduit Street, London, W1S 2XJ, United Kingdom	Office	Lease
Bonner Wall 45, 50677 Köln, Germany	Office	Underlease
8 West 38th Street, portion of the 11th Floor, New York, NY, United States	Office	Lease
9000 Sunset Boulevard, Suites 1400,1408, 1410, 1412, and 950 West Hollywood, CA, United States	Office	Lease
2901 West Alameda Avenue, 7th Floor space, Burbank, CA, United States	Office	Licence
2901 West Alameda Avenue, Suite 400, Burbank, CA, United States	Office	Lease
110 Leroy Street, 7th Floor, New York, NY, United States	Office	Lease
7080 Hollywood Blvd., Suite 600, Los Angeles, CA, United States	Office	Lease
Suite 310, 2 Berkeley Street, Toronto, Ontario, Canada	Office	Lease
Office 208, 2nd Floor, The Business Centre, No.1 Bridgeway Road, Bridgeways Precinct, Century City, Cape Town, South Africa	Office	Licence
Floragatan 4A, Stockholm, Sweden	Office	Lease
Room 4001, Tower 2, Ganghui Centre, No. 3 Hongqiao Road, Shanghai, China	Office	Lease

9. DIRECTORSHIPS AND PARTNERSHIPS

9.1 Directorships

In addition to their directorships of the Company, the Directors are, or have been, members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at any time in the five years prior to the date of this document:

Name	*Current Directorships and partnerships*	*Former Directorships and partnerships*
James Terlizzi *(Non-Executive Chairman)*	DRB Financial Solutions, LLC Hawker Financial Company, LLC Bet-Ter Holdings, LLC Swift Capital Holdings, LLC JDT Holdings, LLC Walker Preston Capital, LLC Hawker Group Holdings, LLC Spectre Holdings LLC Alentus Holdings, LLC J&L Terlizzi Enterprises, LLC Nautica Adventures, LLC Gaurco, LLC Thunderbolt Holdings, LLC Swift POS Rental Solutions, LLC Aeronautical Adventures, LLC 1140 Rattlesnake Road, LLC Swift Home Buyer, LLC 1001 Palm Trail, LLC Southeast Claims Trading, LLC Swift Capital Opportunities, LLC 4545 NW Boca Raton Blvd., LLC Belmont Lane LLC Driftwood Landing Association, Inc. True Funding LLC Regatta Centreboard Holdings, LLC	78 Centre Street, LLC Inner City Developments, LLC Swift Capital Alliance, LLC Mercium Capital, LLC MCA Capital, LLC Vanda Limbata Capital, LLC 14 Fulton Street Corporation Sweepstakes Patent Company, LLC 411USA, LLC LAAC-1, LLC Corsair Holdings, LLC 58 East Main Street, LLC Medical Receivables Finance Company, LLC 254 Pluckemin LLC Lima 9 Financial, LLC Leap Ventures, LLC PGHI, Inc.
Steven Ransohoff *(Chief Executive Officer)*	Chumley Pictures Inc. Panda Productions LLC Blind Decker Productions, Inc. Germ Free Productions, Inc. Sawtooth Holdings Limited Silver Creek Pictures, Inc. Bigwood Films, Inc. Film Finances, Inc. Film Finances Limited Film Finances China Cultural Services Ltd Realta Production Group, Inc. PBL Finance, LLC Annagh, Inc. Des Holdings LLC FF Network, Inc. Oh Really Princess? Productions KEO Technology, LLC	Chinese Theatre, Holdings LLC Silver Creek Pictures, Inc. Film Finances Connecticut, LLC FF Sales, Inc. DSK Productions, Inc. WRSK Investments LLC

Name	*Current Directorships and partnerships*	*Former Directorships and partnerships*
Timothy Trankina *(Chief Financial Officer)*	Gateway Capital Holdings, LLC Eagles Brooke Property Owners Association, Inc. Equity Estates Fund I, LLC Hawker Group Holdings, LLC PGHI Corporation Splash Holdings, LLC Title Masters Holding, LLC TitleMasters of Georgia, LLC Alentus Holdings LLC Atlanta Equity Fund LLC Curo Ventures LLC Echo Ventures LLC GS Capital Partners VI LP GS Mezzanine Partners V LP High Street Ventures LLC Hopewell Holdings LLC Inner City Developments LLC InsightPool LLC Lender Direct Network LLC ODH Holdings LLC PSFC Corporation RKD Equities LP Sussex Capital LLC Tactical Trading	Trankina Brothers, Inc. Wealthlink Securities Corporation Life Settlement Corporation DLP Funding Ltd DLP Funding II, Ltd DLP Funding III Ltd Discounted Life Holdings, LLC DLP Funding, LLC DLP Funding II, LLC DLP Funding III, LLC JGWPT Holdings, LLC Splash Financial, LLC TitleMasters of Texas LLC TitleMasters of AZ, LLC TitleMasters of IL LLC Argo Ventures LLC Astro Home Store LLC Green Eagle Holdings LLC Green Eagle Sports LLC Rev Brand Holdings LLC Rev Brand Marketing LLC TitleMasters of Alabama LLC TitleMasters of VA LLC TitleMasters of Tennessee LLC Job Support Services LLC
Antony Mitchell *(Chief Operations Officer)*	Asia Energy Management Warburg Investments Corporation Emergent Capital, Inc. Appaloosa Finance LLC Appaloosa Financial Corp. Appaloosa Financial Holdings Corp CF Wellness Holdings LLC Maverick Enterprises Group Inc. Maverick Farms Inc. TIN-REZ Corp. Inc TIN-REZ Holdings, Inc. TIN-REZ Settlement Corp.	ERL FFI, Holdings Inc. Peach Holdings Limited Polaris Infrastructre, Inc. Polaris Geothermal Ram Power Limited DRB Capital, LLC Maverick Promotions Group Inc. Pele Entertainment Inc. WPC Florida Holdings, Inc. Ynot Investment Group, Inc.

Name	Current Directorships and partnerships	Former Directorships and partnerships
Simon Ingram (*Non-Executive Director*)	AuVerdi Capital DMCC Atlas RMC (BVI) Corporation Universal RMC (BVI) Inc. Rex Resources (BVI) Ltd IBEX Capital (BVI) Ltd.	Reservoir Minerals Inc. Rakita (BVI) Ltd. Global Reservoir Minerals (BVI) Inc. Equatorial Resources (BVI) Inc. Perseus (BVI) Corporation Reservoir Consulting (BVI) Inc. RMC Cameroon (BVI) Corporation Tilva (BVI) Inc. Freeport International Holdings (BVI) Ltd Timok JVSA (BVI) Ltd Suva Reka (BVI) Ltd Kameni Potok Copperatief UA Cukaru Peki B.V. Moldover Limited
Stephen Argent (*Non-Executive Director)*	Soupologie Limited Ktiew Ems Trust	Soupologie (partnership) The Modern Larder Limited School-friend.com Ltd Croftmell Limited Whoosh Childcare CIC

Save as set out above, none of the Directors or the Company Secretary have any business interests, or performs any activities, outside the Group which are significant with respect to the Group.

9.2 **Conflicts of interest**

Save as set out below, there are no actual or potential conflicts of interests between the duties of the Directors to the Company and the private interests and/or other duties that they may also have:

(a) Steven Ransohoff is a significant shareholder with an interest in approximately 30.2 per cent. of Ordinary Shares in the Company at Admission (assuming completion of the Placing and including Ordinary Shares held by the Ransohoff Trust). Steven Ransohoff is also a director of and shareholder in Panda Productions. Panda Productions is engaged in the production of the IMAX documentary film, Panda 3D. Film Finances has provided funds to Panda Productions LLC on terms which, given the common ownership and control, may not represent arms' length market practice. Future decisions about Panda 3D, could also result in Steven Ransohoff being in a position where, due to his leadership role in both companies, he is obliged to make decisions on behalf of producer (Panda Productions) and financier (Film Finances). Further details are set out in paragraph 22 of Part V (*Additional Information*).

(b) Antony Mitchell is currently the manager of ERL, through which entity Golden Sun and JDT (an entity owned and controlled by James Terlizzi) invested in Film Finances. David Haring is an investor in Golden Sun. Golden Sun is a significant shareholder with an interest in approximately 30.6 per cent. of Shares at Admission (assuming completion of the Placing). Antony Mitchell and Mr Haring had previously held investments in Imperial via a jointly controlled vehicle prior to Mr Haring selling his interest in 2012. Antony Mitchell has a lengthy history of having worked in or for entities in which Mr Haring has invested.

(c) An entity controlled by Mr Haring was also the majority investor in Peach Holdings, LLC, in respect of which James Terlizzi was the Chief Executive Officer, Timothy Trankina was President and Antony Mitchell was Chief Operating Officer at the time of Peach Holdings, LLC's initial public offering on AIM in 2006 and acquisition later that year.

(d) Stephen Argent is Mr Haring's brother-in-law.

9.3 **General**

No Director:

(a) has any unspent convictions in relation to any indictable offences;

(a) has been bankrupt, or entered into an individual voluntary arrangement;

(b) was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditor's voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;

(c) has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

(d) has had his assets be the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or

(e) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body), nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

Antony Mitchell serves as chief executive officer of Emergent (formerly called Imperial). On 30 April 2012, Imperial entered into a non-prosecution agreement with the USAO, pursuant to which the USAO agreed to not criminally prosecute Imperial, or any of its present or former subsidiaries or affiliates, for any crimes (except criminal tax violations) related to Imperial's involvement in making and agreeing to make, or aiding and abetting the making of, misrepresentations on life insurance applications in connection with its premium finance business between 2006 and 2011. Imperial accepted responsibility for such conduct and paid a penalty of US$8,000,000. Imperial also agreed to fully cooperate with investigations arising out of this conduct for a three year period, which concluded on 31 December 2015, at which time the USAO confirmed that it had concluded its investigations and that Emergent had fully complied with its obligations. The SEC also conducted an investigation into Imperial's quarterly and annual SEC filings in respect of this conduct, which it closed on 27 December 2016 without taking any enforcement action. In December 2012, Imperial settled class actions involving the same matter, as well as derivative actions against certain officers, directors and managers, including Antony Mitchell.

10. INTERESTS OF DIRECTORS AND SENIOR MANAGERS

Save as disclosed in the table below, no Director, nor any member of their immediate families, will have immediately prior to or immediately following Admission any interests in the issued share capital of the Company, the existence of which is known to or could, with reasonable diligence, be ascertained by that Director.

	Following the Pre-IPO Reorganisation and immediately prior to Admission		*Immediately following Admission*	
Director	*No. of Ordinary Shares*	*Percentage of issued ordinary share capital*	*No. of Ordinary Shares*	*Percentage of issued ordinary share capital*
James Terlizzi*	10,083,184	7.4%	10,083,184	6.4%
Steven Ransohoff**	54,889,344	40.4%	47,476,547	30.2%
Timothy Trankina	–	n/a	–	n/a
Antony Mitchell	–	n/a	–	n/a
Stephen Argent	–	n/a	–	n/a
Simon Ingram	–	n/a	–	n/a

* These Ordinary Shares are held by JDT, an entity owned and controlled by James Terlizzi.
** Includes 27,444,672 Ordinary Shares held by the Ransohoff Trust.

In addition, Timothy Trankina and Antony Mitchell have each been granted Executive Options to acquire Ordinary Shares pursuant to the award agreements summarised in paragraph 13.17 below.

11. INTERESTS OF SIGNIFICANT SHAREHOLDERS

11.1 Other than any interest that may arise under the Placing Agreement and, in addition to the interests of the Directors set out in paragraph 10 above, as at the date of this document, insofar as is known to the Company, the following persons will immediately prior to Admission or immediately following Admission be interested in 3 per cent. or more of the issued share capital of the Company:

	Following the Pre-IPO Reorganisation and immediately prior to Admission		*Immediately following Admission*	
Name	*No. of Ordinary Shares*	*Percentage of issued ordinary share capital*	*No. of Ordinary Shares*	*Percentage of issued ordinary share capital*
Golden Sun	57,147,633	42.0%	48,068,122	30.6%
Ransohoff Trust*	27,444,672	20.2%	27,444,672	17.5%
Steven Ransohoff	27,444,672	20.2%	20,031,875	12.8%
Amlin	12,485,312	9.2%	10,799,173	6.9%
JDT	10,083,184	7.4%	10,083,184	6.4%
Old Mutual Global Investors (UK) LTD	–	n/a	8,349,000	5.3%
GLG Partners, L.P.	–	n/a	5,795,276	3.7%
Hargreave Hale, LTD	–	n/a	5,007,720	3.2%

* A trust established for the benefit of Steven Ransohoff and his family.

11.2 All Shareholders have the same voting rights in respect of the share capital of the Company.

11.3 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

12. DIRECTORS' LETTERS OF APPOINTMENT AND SERVICE CONTRACTS

12.1 Executive Directors

The Executive Director service agreements provide for the following annual salaries:

Director	*Responsibility*	*Annual Salary*
Steven Ransohoff	Chief Executive Officer	US$500,000
Timothy Trankina	Chief Financial Officer	US$250,000
Antony Mitchell	Chief Operating Officer	US$250,000

A summary of the key terms of each Executive Director service agreement is provided below:

(a) **Chief Executive Officer**

Steven Ransohoff has agreed to enter into an employment agreement with the Company and Film Finances, to take effect from the date of Admission in connection with his role as President and Chief Executive Officer of Film Finances and its subsidiaries. His annual basic salary will be US$500,000.

Upon taking effect, the agreement will be for an initial term of 24 months from the date of Admission and thereafter will continue until terminated by either Steven Ransohoff or the Company giving twelve months' prior written notice. The Company may terminate the agreement immediately, with or without cause, by giving Steven Ransohoff notice in writing and making a payment in respect of accrued but unpaid salary, expenses, vacation, benefits and bonus. If the Company terminates Steven Ransohoff's employment without cause or if he resigns with good reason, he will also be entitled to a payment equal in value to the salary and benefits that he would have received to the end of the initial two year term (if employment is terminated during the first 24 months from the date of Admission) and for a further 12 months, in lieu of his contractual notice period. If Steven Ransohoff's employment terminates due to his death or disability, he or his estate will be entitled to a payment equal to 12 months' salary in addition to his accrued but unpaid salary, expenses, vacation, benefits and bonus.

Steven Ransohoff is eligible to receive an annual discretionary bonus. The target amount of his bonus will be commensurate with other senior executives in the Company, as determined by the Remuneration Committee and is subject to the achievement of performance objectives to be determined by the Remuneration Committee. The actual amount of the bonus awarded in respect of a particular year will be determined by the Remuneration Committee, which may award a bonus in excess of the target amount. If Steven Ransohoff terminates his employment by the Company for any reason in connection with a change of control of the Company, or, if the Company (or its successor) terminates Steven Ransohoff without cause following a change of control of the Company, he will be entitled to a payment equal to the salary and benefits that he would have received to the end of his initial two year term (if employment is terminated during the first 24 months from the date of Admission) and for a further 24 months. Steven Ransohoff is entitled to participate in the Company's employee benefit plans as in effect from time to time on the same basis as those benefits are generally made available to other senior executives of the Company. He will be entitled to 4 weeks' holiday during the first three years of his employment following the date of Admission, rising to 6 weeks' holiday per annum thereafter. He is entitled to the reimbursement of reasonable business expenses incurred in the performance of his duties.

(b) **Chief Financial Officer and Chief Operating Officer**

Timothy Trankina and Antony Mitchell have agreed to enter into service agreements with the Company to take effect from the date of Admission in connection with their roles as Chief Financial Officer and Chief Operating Officer of the Company respectively.

The Chief Financial Officer and Chief Operating Officer service agreements will be on substantially the same terms. The service agreements will include an initial term through to 30 April 2018, with automatic one-year renewal periods unless either party gives the other notice of non-renewal at least 90 days prior to the beginning of any such renewal period. Each Executive Director will be entitled to his annual base salary set out above, with such increases (if any) as may be determined from time to time by the board of directors of Film Finances.

In addition, the Chief Financial Officer and Chief Operating Officer will be entitled to participate in such bonus and equity incentive plans and programs as are generally provided to the other senior executives of Film Finances, and will be entitled to participate in Film Finances' employee benefit plans as in effect from time to time on the same basis as other salaried employees of Film Finances. These Executive Directors will also be entitled to be reimbursed for reasonable business expenses incurred in the performance of their duties.

The service agreements of the Chief Financial Officer and Chief Operating Officer will be terminable by Film Finances at any time and by the Executive Directors on 30 days' advance notice, with or without "cause" or "good reason" (each as defined in the service agreements). Upon any termination of the Executive Director's employment, the Executive Director will be entitled to compensation and benefits accrued through termination including (except in connection with a termination by Film Finances for cause) a *pro rata* annual performance bonus based on actual performance.

Additionally, it is expected that if the Chief Financial Officer or Chief Operating Officer is terminated by Film Finances without "cause" or terminates his employment for "good reason" or for any reason within 60 days following a change of control, then subject to the Executive Director's execution and non-revocation of a general release of claims within 45 days following such termination of employment, the Executive Director will be entitled to an amount equal to the sum of (i) the Executive Director's annual base salary at the time of such termination of employment and (ii) the Executive Director's annual benefits package (excluding bonus).

12.2 **Non-Executive Directors**

(a) James Terlizzi was appointed as Non-Executive Chairman of the Board on 7 June 2017. Simon Ingram and Stephen Argent were appointed as a Non-Executive Directors of the Company on 7 June 2017. Each Non-Executive Director entered into a letter of appointment on 22 June 2017.

(b) The key terms of the appointments are set out below:

(i) each Non-Executive Director agrees to provide services as a non-executive director for an annual fee paid quarterly. Each Non-Executive Director is responsible for all income tax liabilities and employees' social security or similar contributions. The Company will also reimburse all reasonable travel, hotel and other out-of-pocket expenses properly and necessarily incurred in the performance of their duties. The table below sets out a summary of the annual fees payable to each Non-Executive Director:

Non-Executive Director	*Annual Fee*
James Terlizzi	£95,000
Simon Ingram	£55,000
Stephen Argent	£55,000

(ii) the appointments of all Non-Executive Directors are subject to the Articles;

(iii) each Non-Executive Director is required, *inter alia*, to attend annual general meetings and scheduled board meetings of which there will ordinarily be ten per year;

(iv) each Non-Executive Director is subject to confidentiality undertakings and a non-compete restriction post-termination;

(v) the Company may terminate the appointment without payment of any compensation immediately upon written notice if a Non-Executive Director's office is vacated in accordance with the provisions of the Articles, and

(vi) the Non-Executive Director may terminate the appointment without payment of any compensation immediately upon written notice if a conflict of interest arises between his position as a Director and his interests in any other company in which he may be interested.

12.3 **Consultancy Agreements**

(a) Prior to being employed under the service agreement summarised in paragraph 12.1, Timothy Trankina was serving as the Chief Financial Officer of Film Finances pursuant to a consultancy agreement dated 8 February 2017, as supplemented by a letter agreement dated 8 February 2017. This consultancy agreement and letter agreement were superseded by the entry by Timothy Trankina into his service agreement summarised above, however, he remains entitled to any payments under such agreements accrued prior to Admission, including the success fee discussed below.

(b) Pursuant to the consultancy agreement, Timothy Trankina agreed to serve as Chief Financial Officer of Film Finances, to provide such services as are typically rendered on a day to day basis by such an officer and to assist Film Finances generally in connection with the initial public offering of Film Finances or a related holding company. In consideration of such services, Tim received a monthly consulting fee of US$50,000 and a success fee of US$131,250 at the time of Admission.

(c) Film Finances is a party to a consultancy agreement with John Dellaverson, the Vice Chairman of Film Finances. John Dellaverson is entitled to receive certain fees for his services under this consultancy agreement as well as a percentage of fees collected by Film Finances from one of its existing clients.

(d) Film Finances is also a party to a consultancy agreement with Pirue Consultancy Ltd ("**Pirue**"), a Bahamas corporation engaged in the business of management and financial consulting with experience in purchasing, selling and financing financial and entertainment related assets and companies. Pursuant to this consultancy agreement, Film Finances has agreed to pay Pirue US$1,750,000 upon Admission for its aid and assistance in the Placing and Admission and to reimburse it for its actual expenses incurred in delivering such services.

12.4 **General**

(a) Save as disclosed in paragraphs 12.1 and 12.2 above, there are no existing or proposed service contracts or consultancy agreements between any of the Directors and the Company of any of its subsidiaries which cannot be terminated by the employing company within 12 months without payment of compensation (other than statutory compensation).

(b) Each of the Directors has the benefit of directors' and officers' liability insurance provided by the Company indemnifying the Director against liabilities incurred in his office as director.

13. SHARE PLANS

13.1 **Overview**

The Company intends to operate a new discretionary equity incentive plan, the FFI Holdings PLC 2017 Equity Incentive Plan (the "**Share Plan**"), under which awards can be granted in the form of options to acquire Ordinary Shares ("**options**"), conditional rights to receive Ordinary Shares ("**share units**"), rights to receive a payment equal to the appreciation of an Ordinary Share ("**share appreciation rights**") and/or rights to receive payment, in cash or Ordinary Shares, equal to the cash dividends or other cash distributions paid with respect to an Ordinary Share ("**dividend equivalent unit**").

13.2 **Administration**

The Remuneration Committee has the authority to administer the Share Plan generally, including the grant of awards. The Remuneration Committee may delegate its authority to persons and/or bodies, such as another committee of the Board or an officer of the Company.

13.3 **Participation**

Any executive director or other employee of the Company or its affiliates may participate in the Share Plan at the discretion of the Remuneration Committee.

13.4 **Timing of grants and awards**

After Admission, the grant of awards and the issuance of Ordinary Shares in connection with an award may only be made at times permitted by the AIM Rules as amended from time to time and any code adopted by the Company or any law, regulation, rule or order that governs dealing in shares by which the Company is bound that may be issued from time to time.

13.5 **Dilution limits**

The maximum number of Ordinary Shares that may be issued to satisfy awards granted under the Share Plan may not exceed 5 per cent. of the Company's issued ordinary share capital from time to time in the ten year period commencing on the date the Share Plan is established.

Under certain circumstances, Ordinary Shares shall be recredited to the Share Plan's reserve and may be used again for new awards. These circumstances include where an award lapses, expires, terminates or is cancelled without the issuance of Ordinary Shares or if the award is settled in cash.

13.6 **Performance conditions and vesting**

Awards will normally vest 25 per cent. on the date of grant and on each of the first three anniversaries of such date thereafter. Vesting of awards may be subject to the achievement of appropriate performance targets or other conditions (if any) as determined by the Remuneration Committee at the date of grant and will be subject to the participant continuing to be an employee or director of the Group at the time of vesting.

13.7 **Cessation of employment**

If a participant ceases employment for any reason other than for cause, the participant shall forfeit all options and share appreciation rights not yet vested on the date of termination. All options and share appreciation rights that are vested shall be exercisable until the earlier of 90 days following the date of termination and the expiration of the option or share appreciation right. All other awards shall terminate to the extent not already earned, vested or paid.

If a participant's employment is terminated for cause, all awards and grants of every type, whether or not then vested, shall terminate.

13.8 **Change of control and other corporate events**

In the event of a change of control of the Company or similar occurrence, the Remuneration Committee may take one or more specified actions.

Those actions include cancelling any award in exchange for cash or other property of equal value, providing that any award shall vest and be exercisable, providing that any award shall be assumed by the successor or survivor corporation (or parent or subsidiary thereof), making adjustments as regards any award, replacing any award with other rights or property or providing that any award shall terminate.

13.9 **Dividend equivalent**

An award may include the right to receive a payment, in cash or Ordinary Shares, equal to the cash dividends or other cash distributions paid with respect to an Ordinary Share.

13.10 **Malus and clawback**

Any award granted pursuant to the Share Plan, whether in the form of options, share units, share appreciation rights or dividend equivalent units, and any Ordinary Shares issued or cash paid pursuant to an award, shall be subject to any recoupment or clawback policy that is adopted by, or any recoupment or similar requirement otherwise made applicable by law, regulation or listing standards to, the Company from time to time.

13.11 **Taxation**

Under the terms of the Share Plan, a participant agrees to pay to the relevant company in the Group any amount of income tax and/or any amount in respect of similar withholding obligations that the relevant company is required to withhold and/or account to any fiscal authority. To the extent permitted by law, such liabilities may be deducted from other payments to the participant and the relevant company in the Group may withhold and sell Ordinary Shares to which the participant may otherwise be entitled under the Share Plan in order to meet such liabilities. To the extent permitted by law, amounts due in respect of withholding obligations may include employer contributions.

13.12 **Variation of share capital**

In the event of any variation in the share capital of the Company, the Remuneration Committee may adjust any or all of the number and type of Ordinary Shares subject to the Share Plan, the number and type of Ordinary Shares subject to outstanding awards and/or the grant, purchase or exercise price with respect to any award. In making such adjustments, the Remuneration Committee shall act in a manner that it deems equitable to prevent dilution or enlargement of the benefits or potential benefits intended to be available under the Share Plan.

13.13 **Code sections 280G and 409A**

In the event that the vesting or payment of any award under the Share Plan is accelerated because of a change in ownership (as defined in section 280G(b)(2) of the Code) and such vesting or payment, either alone or together with any other payments made to a participant, constitutes parachute payments under section 280G of the Code, then, subject to certain exceptions, a portion of such payments may be non-deductible by the Company and the participant might be subject to a 20 per cent. excise tax on such portion. To avoid those results, the Share Plan provides that the payments to participants will be reduced to the extent necessary to avoid the loss of deduction and 20 per cent. excise tax. In addition, if an award under the Share Plan is considered non-qualified deferred compensation and such award is neither exempt from nor compliant with the requirements of section 409A of the Code, then the participant will be subject to an additional 20 per cent. income tax on the value of the award when it is no longer subject to a substantial risk of forfeiture, as well as interest on the income taxes that were owed from the date of vesting to the date such taxes are paid.

13.14 **Amendment of the plan**

The Remuneration Committee may from time to time amend the rules of the Share Plan in its sole discretion, save for where the approval of the Board or shareholders is required as a result of any applicable law, prior action of the Board, or as otherwise required by the Share Plan.

13.15 **Term of the plan**

Unless the Board decides otherwise in accordance with the terms of the Share Plan to terminate the Share Plan earlier, no awards may be granted under the Share Plan after the tenth anniversary of the establishment of the plan.

13.16 **Pension benefits**

Awards under the Share Plan are not pensionable.

13.17 **Award of Executive Options**

On the date of Admission, the Company intends to grant options to acquire Ordinary Shares to certain Directors and one employee of the Company under individual award agreements to be entered into with each such recipient. The table below shows the number of Executive Options to be granted to each recipient.

Name	*Number of Options*
Kevin Hyman	557,780
Timothy Trankina	1,020,329
Antony Mitchell	1,020,329

In general, these Executive Options are designed to replace existing warrants, options, or prior understandings between the individuals above and Film Finances. In addition, the Company intends to grant Timothy Trankina an additional Executive Option for 765,247 Options which for the avoidance of doubt are included in the figure above for Timothy Trankina.

The exercise price of the Executive Options will be US$0.40 per share (for the replacement option) and US$0.40 (for the new option) for Timothy Trankina and US$0.40 per share for Kevin Hyman and Antony Mitchell. All of the Executive Options for Kevin Hyman and Timothy Trankina will vest and become exercisable on the date of Admission and in the case of Antony Mitchell, one-third (1/3) of his Executive Options will vest and become exercisable on the date of Admission, and one-third (1/3) 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 Company. Other than as described below for Timothy Trankina, the Executive Options shall expire no later than, and must be exercised by, 15 June 2018, or for Antony Mitchell, the 15 June following the year in which such portion of his Executive Options vest, unless, in each case, the recipient's employment, consultancy or advisory position is terminated, in which case such Executive Options must be exercised within 90 days after the date of termination, or the date on which such Executive Options otherwise expire.

The Executive Options granted to Timothy Trankina that replace his existing options (as described above) shall expire no later than the fifth (5th) anniversary of the date of grant, unless his employment, consultancy or advisory position is terminated, in which case such Executive Options must be exercised within 90 days after the date of termination, or the date on which such Executive Options otherwise expire.

Under the terms of the award agreement, the recipient agrees to pay to the relevant company in the Group any amount of income tax and/or any amount in respect of similar withholding obligations that the relevant company is required to withhold and/or account to any fiscal authority. To the extent permitted by law, such liabilities may be deducted from other payments to the recipient and the relevant company in the Group may withhold and sell Ordinary Shares to which the recipient may otherwise be entitled under the award agreement in order to meet such liabilities. To the extent permitted by law, amounts due in respect of withholding obligations may include employer contributions.

The Executive Options and any Ordinary Shares acquired pursuant to the award agreement shall be subject to any recoupment or clawback policy that is adopted by the Company from time to time, or any recoupment or similar requirement under applicable by law, regulation or listing standards.

In the event that the vesting or payment of the Executive Options are accelerated because of a change in ownership (as defined in section 280G(b)(2) of the Code) and such vesting or payment, either alone or together with any other payments made to the recipient, constitutes parachute payments under section 280G of the Code, then, subject to certain exceptions, a portion of such payments may be non-deductible by the Company and the recipient might be subject to a 20 per cent. excise tax on such portion. To avoid those results, the Executive Options provide that the payments will be reduced to the extent necessary to avoid the loss of deduction and 20 per cent. excise tax.

If the Executive Options are considered non-qualified deferred compensation and they are neither exempt from nor compliant with the requirements of section 409A of the Code, then the recipient will be subject to an additional 20 per cent. income tax on the value of the Executive Options when they are no longer subject to a substantial risk of forfeiture, as well as interest on the income taxes that were owed from the date of vesting to the date such taxes are paid.

14. SELLING SHAREHOLDERS

The name and business address of each Selling Shareholder and the number of Ordinary Shares to be sold by each Selling Shareholder pursuant to the Placing is set out below:

Name	*Business address*	*Relationship to the Company (if any)*	*No. of Ordinary Shares to be sold*
Steven Ransohoff	688 MacCulloch Dr. Los Angeles, CA 90049, USA	Chief Executive Officer	7,412,797
Golden Sun	Winterbotham Place, Malborough & Queens Streets, P.O. Box N-3026, Nassau, The Bahamas	–	9,079,511
Amlin	The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AG	–	1,686,139
Trattner Trust	3254 Hutton Dr. Beverly Hills, CA 90210-1042	Trust of FFI employee	194,256

15. UK TAXATION

The following summary is intended as a general guide only for UK tax resident Shareholders as to their tax position under current UK tax legislation and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is subject to change at any time and possibly with retrospective effect.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position applicable to Shareholders resident and domiciled for tax purposes in (and only in) the United Kingdom (except in so far as express reference is made to the treatment of non-UK residents) and who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or certain other classes of Shareholder, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds, charities, trustees or insurance companies or Shareholders whose shares are held under a self-invested personal pension or an individual savings account or whose shares are "employment related securities" as defined in section 421B of the Income Tax (Earnings and Pensions) Act 2003.

Any person who is in any doubt as to their tax position or who is subject to taxation in a jurisdiction other than the United Kingdom should consult their professional advisers immediately as to the taxation consequences of their acquisition, ownership and disposition of Ordinary Shares.

This summary is based on current UK tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

The Company is at the date of this document resident for tax purposes in the United Kingdom and the following is based on that status. The Company is automatically subject to UK corporation tax on its worldwide income and gains unless another territory makes a claim under a relevant double taxation arrangement. The UK corporation tax rate is 19 per cent., but based on current law this rate will fall to 17 per cent. from April 2020.

The Company is also tax-resident in the US by virtue of certain rules governing the Company's ownership. The general implications of such US tax residence for non-US Shareholders are covered in paragraph 16 of this Part V (*Additional Information*). UK resident Shareholders should therefore seek independent advice to establish how the Company's US residence status impacts income and gains from their shareholdings in the Company.

15.1 **Taxation of Dividends**

Company

Under current UK taxation legislation, no UK withholding tax will be deducted at source from dividends paid by the Company.

Individual Shareholders

UK resident Shareholders may, depending on their circumstances, be liable to UK income tax in respect of dividends paid by the Company.

A UK resident individual will be entitled to a tax free dividend allowance of £5,000 per tax year on the amount of any cash dividends received. In the Spring 2017 Budget, it was announced that there is an intention to reduce this allowance to £2,000 per tax year from April 2018. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 7.5 per cent. (for individuals not liable to tax at a rate above the basic rate), 32.5 per cent. (for individuals subject to the higher rate of income tax) and 38.1 per cent. (for individuals subject to the additional rate of income tax).

UK resident individual Shareholders should therefore seek the appropriate advice on how receiving any dividends from the Company may impact their personal tax affairs.

Due to the Company being considered US resident for all US taxation purposes, any UK resident individual shareholders will need to be aware of the US withholding tax obligations that the Company will be subject to in paying a dividend. Under US domestic law, the rate of withholding tax applied on dividends is 30 per cent., although this may be reduced under a claim under the UK/US double taxation arrangement provided a claim for relief is made – further details are set out in paragraph 16 of this Part V (*Additional Information*).

Such UK resident individual shareholders will therefore need to seek the appropriate advice on how to mitigate exposure to US taxation on dividends paid by the Company, using the procedures set out in paragraph 16 of this Part V (*Additional Information*). UK resident individual shareholders may be able to claim double taxation relief for such US taxation against the equivalent UK income tax liability arising on the dividends they receive.

Corporate Shareholders

A UK resident corporate Shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that dividends should fall within one of such exempt classes (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at the corporation tax rates already stated above.

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

Due to the Company being considered US resident for all US taxation purposes, any UK resident corporate shareholders will need to be aware of the US withholding tax obligations that the Company will be subject to in paying a dividend, as already set above.

Such UK resident corporate shareholders will need to seek the appropriate advice on how to mitigate any exposure to US taxation on dividends paid by the Company, as set out in paragraph 16 of this Part V (*Additional Information*). UK resident corporate shareholders will also need to consider the ability to claim relief for such US taxation against any UK corporation tax liability arising on the dividends they receive, if the dividends are not treated as exempt from UK corporation tax. If the dividends are exempt from UK corporation tax, no UK corporation tax relief will be available for any US withholding tax suffered.

Other Shareholders

The annual tax free dividend allowance of £5,000 available to individuals will not be available to UK resident trustees of a discretionary trust. From 6 April 2016, UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1 per cent., which mirrors the dividend additional rate.

Due to the Company being considered US resident for all US taxation purposes, any UK resident trustee shareholders will need to be aware of the US withholding tax obligations that the Company will be subject to in paying a dividend, as already set above.

Such UK resident trustee shareholders will therefore need to seek the appropriate advice on how to mitigate exposure to US taxation on dividends paid by the Company, using the procedures set out in paragraph 16 of this Part V (*Additional Information*). UK resident trustee shareholders may be able to claim double taxation relief for such US taxation against the equivalent UK income tax liability arising on the dividends they receive.

Shareholders who are not resident in the United Kingdom for UK tax purposes will not generally be subject to UK tax on dividends unless they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment, in connection with which the Ordinary Shares are used, held, or acquired.

A non-UK resident Shareholder may be subject to tax on dividend income under local law. A Shareholder who is not solely resident in the UK for tax purposes should consult his own advisers concerning his tax liabilities (in the United Kingdom and any other country) on dividends received from the Company.

15.2 **Taxation of Chargeable Gains**

Any gains on transfers or disposals of Ordinary Shares (including a disposal on a winding-up of the Company) by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on their circumstances, give rise to a liability to UK tax on capital gains.

Due to the Company's US tax residence status, it is not expected that UK resident Shareholders could be subject to US taxes on such chargeable gains, unless certain circumstances arise – further details are set out in paragraph 16 of this Part V (*Additional Information*). UK resident Shareholders should therefore seek the appropriate advice on how a disposal of their shareholding in the Company may impact their tax affairs in relation to any potential exposure to US withholding taxes and claiming any available relief for such taxes, if suffered.

Individual Shareholders

UK resident Shareholders who are individuals (or otherwise not within the charge to UK corporation tax) and who are basic rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 10 per cent. Individuals who are higher or additional rate taxpayers are currently subject to tax on their chargeable gains at a flat rate of 20 per cent.

No indexation allowance will be available to such Shareholders but they may be entitled to an annual exemption from capital gains to the extent this has not been used against other gains, and any other tax reliefs available such as existing capital losses.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains arising on a disposal of Ordinary Shares, depending on the circumstances and subject to any available exemption or relief. Indexation allowance may apply to reduce any chargeable gain arising on disposal of the Ordinary Shares.

Corporation tax is charged on chargeable gains at the rate applicable to that company at the date of disposal. Such tax would be applied at the relevant corporation tax rates already stated above, depending on the timing of the disposal.

15.3 **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to person such as market markers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

No stamp duty or SDRT should be payable on the issue of Ordinary Shares

AIM qualifies as a recognised growth market for the purposes of the UK stamp duty and SDRT legislation. Therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any other market (and being admitted to trading on AIM will not constitute a listing for these purposes) no charge to UK stamp duty or SDRT should arise on their subsequent transfer.

If the Ordinary Shares do not qualify for this exemption their transfer on sale or, in the case of SDRT, agreement to transfer, will be subject to stamp duty or SDRT (ordinarily payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given and, in the case of stamp duty, subject to a de minimis limit) save in respect of shares held in a clearance service or in a depositary receipt arrangement (which for these purposes would not include CREST) in respect of which other provisions may apply.

Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation.

The comments set out above are intended only as a general guide to the current tax position in the United Kingdom at the date of this document. The rates and basis of taxation can change and will be dependent on a Shareholder's personal circumstances.

Neither the Company nor its advisers warrant in any way the tax position outlined above which, in any event, is subject to changes in the relevant legislation and its interpretation and application, possibly with retrospective effect.

Any person who is in any doubt as to his tax position or who may be subject to tax in any other jurisdiction should consult his professional adviser.

16. US TAXATION

The following is a summary of the material US federal income and estate tax consequences to non-US holders (as defined below) of their ownership and disposition of the Company's Ordinary Shares, but does not purport to be a complete analysis of all the potential US tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in US federal income and estate tax consequences different from those set forth below. The Company has not obtained, and does not intend to obtain, any opinion of counsel or ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

16.1 **Non-US holder definition**

For purposes of this discussion, a Shareholder is a non-US holder if the Shareholder is a holder other than: (a) a partnership or other entity classified as a partnership for US federal income tax purposes, or (b):

- an individual citizen or resident of the United States (for tax purposes);
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof;
- a trust: (i) whose administration is subject to the primary supervision of a US court and which has one or more US persons (within the meaning of Section 7701(a)(3) of the Code) who have the authority to control all substantial decisions of the trust; or (ii) which has made a valid election to be treated as a US person.

If a partnership, an arrangement or an entity classified as a partnership for US federal income tax purposes holds Ordinary Shares, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold Ordinary Shares, and partners in such partnerships, should consult their tax advisors.

16.2 **Taxation of dividends**

As described elsewhere herein, the Company does not anticipate paying any cash dividends or other distributions on its Ordinary Shares in the foreseeable future. However, if the Company does make distributions on the Company's Ordinary Shares, those payments will constitute dividends for US tax purposes to the extent paid from the Company's current or accumulated earnings and profits, as determined under US federal income tax principles. To the extent those distributions exceed both the Company's current and the Company's accumulated earnings and profits, the excess will constitute a return of capital and will first reduce a holder basis in the holder's Ordinary Shares, but not below zero, and then will be treated as gain from the sale of stock as described below.

Subject to the discussion below on effectively connected income, any dividend paid to a Shareholder generally will be subject to US withholding tax either at a rate of 30 per cent. of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. Under the UK/US taxation arrangement, this rate of 30 per cent. can be reduced to a lower amount depending on the status of the recipient. In general, the following reduced rates of withholding tax should be expected to apply in cases where the recipient is entitled to claim relief under the UK/US taxation arrangement and subject to certain conditions applying:

- 5 per cent. in cases where the recipient is a company and it owns at least 10 per cent. of the voting rights in the Company; or
- 15 per cent. in other cases.

In certain cases, a 0 per cent. rate of withholding can be achieved, but involve very specific circumstances to apply in relation to the recipient's own status. Shareholders should therefore seek their own independent advice as to whether they can obtain the benefit of such reduced rates of withholding tax under the UK/US taxation arrangement.

In order to receive a reduced treaty rate, a Shareholder must provide the Company with an IRS Form W-8BEN, IRS Form W-8BEN-E or other appropriate version of IRS Form W-8 (or successor form), which may require a US taxpayer identification number, certifying qualification for the reduced rate. These forms must be updated periodically. A non-US holder of Ordinary Shares eligible for a reduced rate of US withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS. If the non-US holder holds Ordinary Shares through a financial institution or other agent acting on the non-US holder's behalf, the non-US holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to the Company or the Company's paying agent, either directly or through other intermediaries.

Dividends received by a Shareholder that are effectively connected with a Shareholder's conduct of a US trade or business (and, if required by an applicable income tax treaty, that are attributable to a

permanent establishment or a fixed base maintained by a Shareholder in the United States), are exempt from such withholding tax if the Shareholder satisfies certain certification and disclosure requirements. In order to obtain this exemption, a Shareholder must provide the Company with an IRS Form W-8ECI (or successor form) or other applicable IRS Form W-8 (or successor form) properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, generally are taxed at the same graduated US federal income tax rates applicable to US persons, net of certain deductions and credits. In addition, if a Shareholder is a corporate non-US holder, dividends they receive that are effectively connected with the Shareholder's conduct of a US trade or business may also be subject to a branch profits tax at a rate of 30 per cent. or such lower rate as may be specified by an applicable income tax treaty. Each Shareholder should consult their own tax advisor regarding any applicable tax treaties that may provide for different rules.

For additional withholding rules that may apply to dividends paid to foreign financial institutions (as specifically defined by the applicable rules), or to non-financial foreign entities that have substantial direct or indirect US owners, see the discussion below under the heading "—Foreign Accounts."

16.3 **Gain on disposition of Ordinary Shares**

Subject to the discussion below regarding backup withholding and foreign accounts, a Shareholder generally will not be required to pay US federal income tax on any gain realized upon the sale, exchange or other disposition of Ordinary Shares unless:

- the gain is effectively connected with the Shareholder's conduct of a US trade or business (and, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment or a fixed base maintained by the Shareholder in the United States);
- the Shareholder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- the Ordinary Shares constitute a US real property interest by reason of the Company's status as a "United States real property holding corporation", or USRPHC, for US federal income tax purposes at any time within the shorter of the five-year period preceding the Shareholder's disposition of, or the Shareholder's holding period for, the Company's Ordinary Shares.

The Company believes that it is not currently and will not become a USRPHC and the remainder of this discussion so assumes.

If a Shareholder is a non-US holder described in the first bullet above, the Shareholder will be required to pay tax on the net gain derived from the sale under regular graduated US federal income tax rates, and a corporate non-US holder described in the first bullet above also may be subject to the branch profits tax at a 30 per cent. rate, or such lower rate as may be specified by an applicable income tax treaty. If the Shareholder is an individual non-US holder described in the second bullet above, the Shareholder will be required to pay a flat 30 per cent. tax (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, which gain may be offset by US-source capital losses for the year (provided the Shareholder has timely filed US federal income tax returns with respect to such losses). A Shareholder should consult the Shareholder's own tax advisor regarding any applicable income tax or other treaties that may provide for different rules.

For additional withholding rules that may apply to dividends paid to foreign financial institutions (as specifically defined by the applicable rules), or to non-financial foreign entities that have substantial direct or indirect US owners, see the discussion below under the heading "—Foreign Accounts."

16.4 **US federal estate tax**

Ordinary Shares beneficially owned by an individual who is not a citizen or resident of the United States (as defined for US federal estate tax purposes) at the time of their death will generally be includable in the decedent's gross estate for US federal estate tax purposes, unless an applicable estate tax treaty provides otherwise. Such stock, therefore, may be subject to US federal estate tax, unless an applicable estate tax or other treaty provides otherwise. The US has entered into estate tax treaties with the following jurisdictions: Australia, Austria, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, Norway, South Africa, Switzerland and United

Kingdom. The US-UK Estate and Gift Tax Treaty generally exempts common stock owned by individuals who are domiciled in the UK from the US federal estate tax. Investors are urged to consult their own tax advisors regarding the US federal estate tax consequences of the ownership or disposition of Ordinary Shares.

16.5 **Backup withholding and information reporting**

Generally, the Company must report annually to the IRS the amount of dividends paid to Shareholders, the Shareholder's name and address, and the amount of tax withheld, if any. A similar report will be sent to each Shareholder. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in a Shareholder's country of residence.

Payments of dividends on or of proceeds from the disposition of Ordinary Shares made to a Shareholder may be subject to additional information reporting and backup withholding at a current rate of 28 per cent. unless they establish an exemption, for example, by properly certifying their non-US status on an IRS Form W-8BEN, IRS Form W-8BEN-E or another appropriate version of IRS Form W-8 (or successor form). Notwithstanding the foregoing, backup withholding and information reporting may apply if either the Company or the Company's paying agent has actual knowledge, or reason to know, that they are a US person.

Backup withholding is not an additional tax; rather, the US income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

16.6 **Foreign accounts**

The Foreign Account Tax Compliance Act, or FATCA, generally imposes a US federal withholding tax of 30 per cent. on dividends on and the gross proceeds from the sale or other disposition of Ordinary Shares, paid to a "foreign financial institution" (as specifically defined under these rules), unless such institution enters into an agreement with the US government to, among other things, withhold on certain payments and to collect and provide to the US tax authorities substantial information regarding the US account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with US owners) or otherwise establishes an exemption. FATCA also generally imposes a US federal withholding tax of 30 per cent. on dividends on and the gross proceeds from the sale or other disposition of Ordinary Shares paid to a "non-financial foreign entity" (as specifically defined for purposes of these rules) unless such entity provides the withholding agent with a certification identifying certain substantial direct and indirect US owners of the entity, certifies that there are none or otherwise establishes an exemption. The withholding provisions under FATCA generally apply to dividends on Ordinary Shares and, under current transitional rules, are expected to apply with respect to the gross proceeds from a sale or other disposition of Ordinary Shares on or after January 1, 2019. Under certain circumstances, a non-US holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this paragraph. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in Ordinary Shares.

17. MANDATORY BIDS, SQUEEZE OUT, SELL OUT RULES AND NOTIFICATION OF MAJOR INTERESTS RELATING TO THE ORDINARY SHARES

17.1 **Mandatory bid**

The City Code applies to the Company. Except with the consent of the Takeover Panel, when any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of the Company, such person will be required to make a cash offer for the outstanding shares of the Company at not less than the highest price paid by the offeror or any person acting in concert with it for any interest in shares of that class during the 12 months prior to the announcement of that offer.

This requirement would also be triggered when, except with the consent of the Takeover Panel, any person (together with persons acting in concert with him) who is interested in shares which carry not less than 30 per cent. of the voting rights of the Company but does not hold shares carrying more than 50 per cent. of such voting rights, and such person (or person acting in concert with him) acquires any other shares which increases the percentage of shares carrying voting rights in which he is interested.

17.2 **Squeeze out**

Under the 2006 Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making the offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

17.3 **Sell out**

The 2006 Act also gives minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

17.4 **Concert Party Presumptions**

Under the City Code, shareholders of a private company that exchange their shares for shares in a public company to which the City Code applies in connection with an initial public offering will be presumed for the purposes of the City Code to be acting in concert with each other, unless the contrary can be established.

The Company understands that in accordance with such presumption, until such time as they can demonstrate otherwise, all of the existing shareholders of Film Finances (being JDT, Golden Sun, Amlin, Steven Ransohoff, the Ransohoff Trust and the Trattner Trust) (the "**Pre-IPO Concert Party Group**"), together with any other person with whom such persons are acting in concert, will be considered to be acting in concert for the purposes of Rule 9 of the City Code.

In addition, The Winterbotham Trust Company Limited ("**Winterbotham**"), acting as principal and also as agent for Winterbotham Insurance Company Limited, an affiliated entity, has agreed to acquire 5,774,278 Shares in the Placing. Winterbotham is the fund administrator of Golden Sun. The Company would also consider Winterbotham to be acting in concert with Golden Sun and therefore to be part of the Pre-IPO Concert Party Group.

The interests of the Pre-IPO Concert Party Group in the Company immediately following Admission will be as follows:

Shareholder	*No. of Ordinary Shares*	*Percentage of issued Ordinary Shares*
JDT*	10,083,184	6.4%
Golden Sun	48,068,122	30.6%
Amlin	10,799,173	6.9%
Steven Ransohoff	20,031,875	12.8%
Ransohoff Trust	27,444,672	17.5%
Trattner Trust	1,244,144	0.8%
The Winterbotham Trust Company Limited	2,100,000	1.3%
Winterbotham Insurance Company Limited	3,674,278	2.3%
Total	123,445,448	78.6%

*An entity owned and controlled by James Terlizzi, the Non-Executive Chairman of the Company.

In addition, as a result of the history and relationships between them (as described in more detail in paragraph 9.2 of this Part V), for the purposes of Rule 9 of the City Code, the Company considers Antony Mitchell, James Terlizzi, Timothy Trankina and Stephen Argent, being Directors of the Company, to be acting in concert with Golden Sun and JDT and therefore to be part of the Pre-IPO Concert Party Group. Executive Options are to be granted to Timothy Trankina and Antony Mitchell on the date of Admission, or shortly thereafter, to acquire, in aggregate, 2,040,658 Ordinary Shares (as described in paragraph 13.17 of this Part V (*Additional Information*), equivalent to 1.3 per cent of the issued Ordinary Shares immediately following Admission. The maximum holding of the Pre-IPO Concert Party Group following exercise in full of the Executive Options by Timothy Trankina and Antony Mitchell would be 125,486,106 Ordinary Shares, equivalent to 79.9 per cent. of the issued Ordinary Shares immediately following Admission.

Prospective investors should be aware that:

(a) Following Admission, the members of the Pre-IPO Concert Party Group may between them hold more than 50 per cent. of the Company's voting share capital and (if the Pre-IPO Concert Party Group was deemed to exist at any relevant time) may accordingly be able to increase their aggregate shareholding without incurring any obligation under Rule 9.1 of the City Code to make a general offer for the Company.

(b) Individual members of the Pre-IPO Concert Party Group, or any sub-group of the Pre-IPO Concert Party Group, will not, without the consent of the Panel, be able to increase their interests in Ordinary Shares through a Rule 9 threshold (i.e. to or through 30 per cent. of the Company's voting share capital, or any increase where such individual member or any sub¬group of the Pre-IPO Concert Party Group already holds in excess of 30 per cent. but no more than 50 per cent. of the Company's voting share capital following Admission) without incurring an obligation under Rule 9 to make a general offer for the Company. Each of (i) Golden Sun and (ii) Steven Ransohoff and the Ransohoff Trust (in aggregate) will hold in excess of 30 per cent. of the Company's issued Ordinary Shares immediately following Admission.

(c) While the Takeover Panel accepts that the concept of persons acting in concert recognises a group as being the equivalent of a single person, the membership of such groups may change at any time following consultation by the relevant member(s) with the Takeover Panel. This being the case, there will be circumstances when the acquisition of an interest in shares by one member of a group acting in concert from another member of that group will not, with the consent of the Takeover Panel, result in the acquirer of the interest in shares having the obligation to make an offer. Whenever a group acting in concert is interested in shares which together carry 30 per cent. or more of the voting rights in a company and as a result of an acquisition of an interest in shares between members of the group a single member already holding interests in shares carrying 30 per cent. or more of the voting rights comes to be interested in additional shares carrying voting rights but which would not result in such member (or any sub-group of the concert party) holding interests in shares carrying more than 50 per

cent. of the company's voting share capital, the Takeover Panel may give its consent to such an acquisition without a general offer having to be made for the company. Some of the factors which the Takeover Panel will take into account in considering whether to consent to such an acquisition and waive the obligation to make an offer include:

(i) whether the leader of the group or the member with the largest individual interest in shares has changed and whether the balance between the interests in the group has changed significantly;

(ii) the price paid for the interest in shares acquired; and

(iii) the relationship between the persons acting in concert and how long they have been acting in concert.

(d) When a concert party group is interested in shares carrying 30 per cent. or more of the voting rights in a company but does not hold shares carrying more than 50 per cent. of such voting rights, an offer obligation will arise if an interest in any other shares carrying voting rights is acquired from non-members of the group. When the group holds shares carrying over 50 per cent. of the voting rights in a company, no obligations normally arise from acquisitions by any member of the group. However, subject to considerations similar to those set out in the previous paragraph, the Takeover Panel may regard as giving rise to an obligation to make an offer the acquisition by a single member of the group (or any sub-group of the concert party group) of an interest in shares sufficient to increase the shares carrying voting rights in which he is interested to 30 per cent. or more or, if that member (or sub-group) is already interested in 30 per cent. or more, which increases the percentage of shares carrying voting rights in which that member (or sub-group) is interested.

Additional disclosures in respect of the Executive Options

Immediately following Admission, the members of the Pre-IPO Concert Party Group are expected to hold in aggregate 123,445,448 Ordinary Shares, representing 78.6% per cent. of the voting rights in the Company.

Individual members of the Pre-IPO Concert Party Group, or any sub-group of the Pre-IPO Concert Party Group, will not, without the consent of the Panel, be able to increase their interests in Ordinary Shares through a Rule 9 threshold (i.e. to or through 30 per cent. of the Company's voting share capital, or any increase where such individual member or any sub-group of the Pre-IPO Concert Party Group already holds in excess of 30 per cent. but no more than 50 per cent. of the Company's voting share capital following Admission) without incurring an obligation under Rule 9 to make a general offer for the Company. Investors should be aware that the Takeover Panel has confirmed on an ex parte basis that based on the disclosures provided in this Admission Document, no mandatory offer obligation shall be triggered as a result of the exercise of the Executive Options granted to Timothy Trankina and/or Antony Mitchell on this basis.

17.5 Notification of major interests in Ordinary Shares

Chapter 5 of the Disclosure Guidance and Transparency Rules makes provisions regarding notification of certain shareholdings and holdings of financial instruments.

Where a person holds voting rights in the Company as a Shareholder through direct or indirect holdings of financial instruments, then that person has an obligation to make a notification to the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below 3 per cent. or any whole percentage point above 3 per cent.

The requirement to notify also applies where a person is an indirect Shareholder and can acquire, dispose of or exercise voting rights in certain cases.

18. MATERIAL CONTRACTS

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Group within the two years immediately preceding the date of this document (or entered into before this time that are still in existence) which: (i) are, or may be, material to the Group; or (ii) contain obligations or entitlements which are, or may be, material to the Group as at the date of this document.

18.1 Placing Agreement

On 22 June 2017, the Company, Liberum, the Directors and the Selling Shareholders entered into the Placing Agreement pursuant to which Liberum has agreed conditionally upon, *inter alia*, Admission having taken place by not later than 8.00 a.m. on 15 July 2017, to use its reasonable endeavours to procure subscribers for the New Ordinary Shares and purchasers for the Sale Shares at the Placing Price.

In addition, pursuant to the Placing Agreement:

(a) the Company has agreed, subject to certain conditions, to allot and issue, at the Placing Price, the New Ordinary Shares in the Placing;

(b) the Selling Shareholders have agreed, subject to certain conditions, to sell, at the Placing Price, the Sale Shares in the Placing;

(c) the Company has agreed to pay to Liberum a corporate finance fee and a commission and the Selling Shareholders have agreed to pay to Liberum a commission;

(d) the obligations of Liberum to procure subscribers and purchasers for the Placing Shares are subject to certain customary conditions;

(e) Liberum has the right to terminate the Placing Agreement, exercisable in certain customary circumstances prior to Admission;

(f) the Company has agreed to pay the costs, charges, fees and expenses of the Placing and Admission (together with any related VAT);

(g) each of the Company, the Directors and the Selling Shareholders has given certain warranties and undertakings to Liberum. The liabilities of the Directors and the Selling Shareholders are limited as to time and amount;

(h) the Company has given an indemnity to Liberum in a form that is typical for an agreement of this nature; and

(i) the parties to the Placing Agreement have given certain undertakings to each other regarding compliance with laws and regulations affecting the making of the Placing in relevant jurisdictions.

18.2 Lock-up Deeds

On 22 June 2017, each of the Selling Shareholders entered into the Lock-up Deeds with the Company and the Nomad. Each Lock-up Deed contains undertakings that, subject to certain exceptions, during the period from the date of Admission until the date which is six months (or 12 months in the case of Steven Ransohoff and the Ransohoff Trust) following Admission, he or it will not, without the prior consent of Liberum, offer, dispose of or agree to offer or dispose of directly or indirectly, whether for consideration or not, any Ordinary Shares held by him or it at Admission (or any Ordinary Shares acquired after Admission as a result of the exercise of any warrants or options held on the date of Admission in respect of Ordinary Shares), or the legal or beneficial interest in any such Ordinary Shares, or any securities of the Company convertible into or exchangeable for such Ordinary Shares.

Pursuant to the Lock-up Deeds, each of the Selling Shareholders has also agreed, for a period of six months from the date of expiry of the lock-up arrangements described above, to comply with certain requirements to maintain an orderly market in the Ordinary Shares.

18.3 **Relationship Agreements**

Each of (i) Golden Sun and (ii) Steven Ransohoff and the Ransohoff Trust have entered into a Relationship Agreement with the Company, the principal purpose of which is to ensure that the Company will at all times be capable of carrying on its business independently of Golden Sun, Steven Ransohoff and the Ransohoff Trust and their respective associates. The Relationship Agreements contain undertakings that each of Golden Sun, Steven Ransohoff and the Ransohoff Trust and their associates and nominated directors (subject to their statutory and fiduciary duties) shall procure that:

(a) the Group and its business be managed for the benefit of the Shareholders as a whole and independently of Golden Sun, Steven Ransohoff and the Ransohoff Trust and their respective associates;

(b) all transactions, agreements and arrangements between:

(i) any member of the Group; and

(ii) Golden Sun, Steven Ransohoff and the Ransohoff Trust and any of their associates,

shall be at arm's length basis and on normal commercial terms and conducted in accordance with applicable laws. The duties of Mr Ransohoff to complete the work and services on behalf of Panda Productions shall not constitute a breach of the agreement by Steven Ransohoff or the Ransohoff Trust (for the avoidance of doubt, the Company, Steven Ransohoff and the Ransohoff Trust shall comply with Rule 13 of the AIM Rules and all other applicable laws in relation thereto);

(c) the Board shall at all times include at least two independent Directors and if an independent Director ceases to be independent or ceases to be a Director, one or more new independent Directors will be appointed to the Board to ensure the Board shall at all times include at least two independent Directors. It is acknowledged that as at Admission the Board will only have one independent Director and the Company intends to recruit an additional independent Director by the end of 2017;

(d) the Remuneration Committee and Audit Committee shall include at least two independent Directors. It is acknowledged that as at Admission the Remuneration Committee and Audit Committee shall only include one independent Director and that the chair of the Audit Committee is not an independent Director. The Company intends to recruit an additional independent Director by the end of 2017 who would be appointed to the Remuneration Committee and the Audit Committee;

(e) the quorum for any meeting of the Board or a Board committee to consider any of the following matters shall be two independent Directors (unless the Board only has one independent Director at the relevant time, in which case it will become one independent Director) and only independent Directors shall be permitted to vote on such matters, unless the independent Directors otherwise consent:

(i) any variation, amendment or novation of any agreement or arrangement (including the Relationship Agreements) with Golden Sun, Steven Ransohoff, the Ransohoff Trust or any of their associates;

(ii) any decision as to whether to enforce any agreement or arrangement (including the Relationship Agreements) with Golden Sun, Steven Ransohoff, the Ransohoff Trust or any of their associates;

(iii) the adoption, amendment, replacement or abandonment of the corporate governance regime adopted by the Company from time to time or the terms of reference for any Board committee;

(iv) the appointment or removal of an independent Director or any recommendation given by the Board relating to the appointment of such an independent Director; and

(v) the appointment or dismissal of the nominated adviser or the auditors to the Group;

(f) subject to certain laws and the provisions of the Relationship Agreements, the Company shall be managed in accordance with the principles set out in the QCA Corporate Governance Code; and

(g) the provisions of the Relationship Agreements are properly and promptly observed and given full force and effect according to their spirit and intention.

The Relationship Agreements also contains further undertakings that each of Golden Sun, Steven Ransohoff, the Ransohoff Trust and their associates and nominated directors (subject to their statutory and fiduciary duties) shall not:

(a) influence or seek to influence the running of the Company or any member of the Group at an operational level (this does not apply to the Relationship Agreement with Steven Ransohoff and the Ransohoff Trust);

(b) take any action that would have the effect of preventing or that might reasonably be expected to prevent a member of the Group from complying with its obligations under certain applicable laws including, without limitation, Rule 13 of the AIM Rules;

(c) exercise voting rights attached to Ordinary Shares in respect of any resolution relating to a transaction, agreement or arrangement with or relating to them or their respective affiliates;

(d) exercise voting rights attached to Ordinary Shares to procure or seek to procure any amendment to the Articles which would be contrary to the independence of the Company from them or that would otherwise be inconsistent with the provisions of the Relationship Agreements; or

(e) propose or procure the proposal of a resolution of the Shareholders of the Company:

(i) which is intended to, or appears to be intended to, circumvent the proper application of the AIM Rules or the Market Abuse Regulation (EU 596/2014); or

(ii) for the cancellation of the Company's shares from trading on AIM (save where the shares are already or will be admitted to trading on an EU regulated market or an AIM Designated Market (each as defined in the AIM Rules)), unless such resolution is supported by a majority of the independent Directors or otherwise in circumstances where such resolution is being proposed in connection with an offer by:

(A) a *bona fide* third party to acquire the entire issued share capital of the Company; or

(B) Golden Sun or Steven Ransohoff and the Ransohoff Trust (individually, or together with their associates) to acquire the entire issued share capital of the Company (excluding any shares already held by them and their associates).

The Company has also provided an undertaking to Golden Sun, Steven Ransohoff and the Ransohoff Trust and their respective associates under the Relationship Agreement not to conduct any transaction in Ordinary Shares which may reasonably be expected to give rise to any obligation for Golden Sun, Steven Ransohoff, the Ransohoff Trust and/or their respective concert parties (as defined in the Takeover Code)) to make a general offer in accordance with Rule 9 of the Takeover Code, unless the Company has first obtained a waiver of Rule 9 of the Takeover Code in accordance with Appendix 1 to the Takeover Code, or otherwise obtained the necessary waivers or consents from the Takeover Panel, to prevent such obligations from applying.

The Company has also undertaken for so long as Golden Sun or Steven Ransohoff and the Ransohoff Trust (and/or their respective concert parties (as defined in the Takeover Code) hold in total an interest in 30 per cent. or more of the total voting rights attached to Ordinary Shares, to procure that at each annual general meeting of the Company, it will propose to its independent Shareholders a resolution to waive, in accordance with Appendix 1 to the Takeover Code, all obligations of the Golden Sun, Steven Ransohoff and the Ransohoff Trust

(and/or their respective concert parties (as defined in the Takeover Code)) to make a general offer for shares in accordance with Rule 9 of the Takeover Code that may otherwise arise as a result of the Company purchasing or effecting any other transaction in relation to Shares or related securities.

In accordance with the terms of the Relationship Agreements, for so long as Golden Sun and Steven Ransohoff and the Ransohoff Trust (in aggregate) and their respective associates each retain an interest in more than 20 per cent. of the rights to vote at a general meeting of the Company attaching to Ordinary Shares, they shall each be entitled (but not required) to nominate one Director to the Board. Steven Ransohoff has agreed that this right will not apply for so long as he is a Director of the Company. However, in the event that Golden Sun and its respective associates cease to hold their Director nomination right because their voting interest falls below 20 per cent., Steven Ransohoff will be entitled (but not required) to nominate an additional Director to the Board for so long as he and the Ransohoff Trust (in aggregate) and their associates have an interest in more than 30 per cent. of the rights to vote at a general meeting of the Company attaching to Ordinary Shares.

Steven Ransohoff has also agreed in his Relationship Agreement that he shall not, and shall procure that his associates shall not, for a period of two years from Admission (without the Company's agreement):

(a) carry on or be employed, engaged or interested in any business which would compete with any part of the Company's business of providing completion contracts to the entertainment industry for films, television, mini-series and streaming product (for these purposes, the "**Business**");

(b) deal or seek to deal with the custom of any person that is, or was within the previous 12 months, a client or customer of the Group in the same area of business as the Business where this would materially impact the Business;

(c) offer employment to, enter into a contract for the services of, or attempt to solicit or entice away from the Group any officer or employee of the Group that holds an executive or managerial position or the facilitating of making any such offer; or

(d) solicit or endeavour to entice away from the Group any supplier who supplies, or has supplied within the previous 12 months, products or services to the Group (including the provision of insurance) if that solicitation or enticement causes or would cause such supplier to cease supplying, or materially reduce its supply of, those products or services to the Group.

The Relationship Agreements will terminate if the Ordinary Shares cease to be admitted to trading on AIM (not including any period of suspension of trading) or if Golden Sun or Steven Ransohoff and the Ransohoff Trust (in aggregate) and their respective associates cease to retain an aggregate interest of 15 per cent. or more of the rights to vote at a general meeting of the Company attaching to Ordinary Shares.

The Board believes that the terms of the Relationship Agreements will enable the Company to carry on its business independently from Golden Sun, Steven Ransohoff and the Ransohoff Trust and their respective associates, and ensure that all transactions and relationships between the Company and its controlling shareholders are, and will be, at arm's length and on a normal commercial basis.

18.4 **Liberum Engagement Letter**

Pursuant to Liberum's engagement letter in connection with the Placing and Admission, the Company also appointed Liberum as its financial adviser, corporate broker and nominated adviser following Admission in accordance with the AIM Rules for Companies and the AIM Rules for Nominated Advisers. The Company has agreed to pay Liberum an annual retainer in respect of such services along with reimbursing Liberum for any reasonable and properly incurred out-of-pocket costs, charges and expenses, charges levied by regulators or stock exchanges and the fees and expenses of certain due diligence providers and professional advisers engaged by Liberum whose engagement has been approved in writing by the Company.

The appointment of Liberum as financial adviser, nominated adviser and broker shall continue exclusively for a period of 12 months following Admission and shall continue thereafter unless and until terminated by either the Company or Liberum on one months' prior written notice. Both the Company and Liberum have reserved the right to terminate the appointment forthwith in certain circumstances.

Under the engagement letter, the Company has given certain customary indemnities to Liberum in connection with its engagement as the Company's financial adviser, nominated adviser and broker.

18.5 **Rainbow Acquisition Agreement**

On 2 March 2017, Film Finances acquired the issued and outstanding membership interests in Rainbow Production from Kevin Hyman pursuant to the Rainbow Acquisition Agreement.

The total consideration for this acquisition was US$4,000,000 and future yearly earn out payments between 2017 and 2020 (inclusive), subject to Rainbow Production achieving the following EBITDA targets for each relevant financial year:

- 2017 – US$2,500,000;
- 2018 – US$2,600,000;
- 2019 – US$2,700,000; and
- 2020 – US$2,800,000.

The earnout payments amount to the sum of US$400,000 plus 30 per cent. of the excess EBITDA over the target specified above (not to exceed US$2,000,000 per financial year) less the principal amortisation payments under the Hyman Promissory Note (discussed below). Where the EBITDA target for one fiscal year is not met but the difference is achieved in the following year (in addition to the EBITDA target for the following year), an amount of US$400,000 is payable in both years, less the principal amortisation payments under the Hyman Promissory Note. The Hyman Promissory Note was entered into in connection with the Rainbow Acquisition Agreement and Rainbow Production promised to pay Kevin Hyman a principal amount of US$804,497.02 over monthly instalments with the first instalment being made on 25 March 2017 and the final instalment being on 25 January 2020. The unpaid principal amount under the promissory note attracts interest at a rate of 6.0 per cent. per annum.

In addition, Kevin Hyman was told that he would receive an out of the money warrant in the amount of US$1.5 million warrant in connection with this acquisition but this prior understanding has been replaced by the grant of Executive Options to Kevin Hyman, the terms of which are outlined in paragraph 13 of Part V (*Additional Information*).

Both Film Finances and Kevin Hyman obtained representations and warranties from the other, which are subject to indemnification. These representation and warranties survive until 2 March 2020, other than certain environmental matters which survive until 2 March 2022 and certain tax indemnities which survive for the full period of all applicable statutes of limitations plus 60 days.

Furthermore, until 2 March 2022, Kevin Hyman is subject to: (i) non-competition restrictions with respect to the offline digital editing equipment rental business in the US, Europe and Canada (provided that if Kevin Hyman's employment is terminated without cause as determined under his employment agreement, the restricted period will be 2 years instead of 5 years); (ii) non-solicitation obligations with respect to employees of Rainbow Production or its subsidiaries; and (iii) non-solicitation obligations with respect to any clients or customers or potential clients or customers of Rainbow Production or its subsidiaries. The parties also agreed to certain restrictive covenants that survive the closing indefinitely, for example confidentiality obligations on Kevin Hyman from and after the closing.

In the event of a change of control of Film Finances prior to the end of the earnout period, Film Finances must pay Kevin Hyman the maximum contingent earnout amount under the Rainbow Acquisition Agreement for the remainder of the earnout period. This change of control provision may be triggered following Admission if the existing shareholders of Film Finances cease to hold at least 50 per cent. of the Shares.

18.6 **IFG Acquisition Agreement**

On 28 June 2013, Film Finances completed the acquisition of the business and assets of IFG relating to the provision of completion contracts from Fireman's Fund pursuant to the terms of the IFG Acquisition Agreement. In connection with the acquisition, Film Finances agreed to continue purchasing ICW insurance from Fireman's Fund until 30 June 2018.

Fireman's Fund also received certain rights to acquire shares in Film Finances in certain circumstances in connection with this acquisition which will be waived in respect of the Pre-IPO Reorganisation and the Placing. Film Finances and Fireman's Fund gave certain customary representations and warranties to each other that have expired by their terms, but some restrictive covenants survive until the expiration of all applicable statutes of limitations, such as mutual confidentiality obligations.

18.7 **CaSHET Split-Off Agreement**

Film Finances agreed to split-off the business of CaSHET pursuant to the terms of the CaSHET Split-Off Agreement dated 11 November 2016 contemporaneously with the sale by Kurt Woolner of his Film Finances common stock to ERL FFI Holdings, LLC pursuant to a separate share purchase agreement.

Under the CaSHET Split-Off Agreement, Kurt Woolner surrendered 542 Film Finances common stock to Film Finances in exchange for receiving all of the issued and outstanding shares in Realta, a company that owned a 50 per cent. interest in the CaSHET business.

Both Film Finances and Kurt Woolner obtained representations and warranties from the other, which are subject to indemnification and survive indefinitely. The Cashet Split-Off Agreement also contained restrictive covenants prohibiting Film Finances and its affiliates, as well as Realta and its affiliates, from directly or indirectly engaging in any business activity conducted by the other party and its respective affiliates as at the date of the agreement. These restrictive covenants last until 11 November 2018.

18.8 **PICC Business Cooperation Agreement**

FFI China entered into a business cooperation agreement with PICC on 1 June 2017, pursuant to which PICC has agreed to cooperate with FFI China in connection with the provision of completion contracts in China.

Pursuant to an additional policy document, PICC will provide ICW insurance to FFI China for films with budgets up to US$10,000,000 for the period 1 June 2017 to 30 June 2018. FFI China will pay 55 per cent. of its fee income (subject to certain adjustments), from completion contracts issued in China to PICC, subject to an annual cap of US$3,500,000.

18.9 **Zuyan Licence**

FFI Bahamas entered into a non-exclusive license and marketing agreement with Zuyan on 1 June 2017. Under this agreement, Zuyan will market on a non-exclusive basis completion contracts in China (excluding Taiwan, Hong Kong and Macao) for certain films that fall within agreed eligibility criteria, in return for a share of fee income (after any claims have been paid). The Group retains the final and ultimate decision as to whether or not a completion contract is issued and is also responsible for underwriting, monitoring and supervising production and for the management of any claims.

Pursuant to the agreement, Zuyan will pay US$5,000,000 in the first year and US$6,000,000 in the second year to the Group. Zuyan is entitled to extend the term (provided it is not in material breach) but the licence fee will increase by 20 per cent. increase for the third year and a further 20 per cent. increase every two years thereafter. The licence fee is payable to the Group quarterly in arrears.

18.10 **KSD Holdings Operating Agreement**

Film Finances and an unaffiliated third party are parties to the KSD Holdings Operating Agreement, which regulates the management and ownership of KSD Holdings, LLC in which Film Finances has a 70 per cent. interest. The agreement continues until it is terminated by the consent of the members,

the resignation or dissolution of a member of KSD Holdings, LLC or if KSD Holdings, LLC entry into a decree of judicial dissolution.

The members have appointed Kurt Woolner as the manager of KSD Holdings, LLC who has the power to manage the business, property and affairs of KSD Holdings LLC subject to certain matters reserved for the members. The manager may require the members to provide additional funding to KSD Holdings, LLC and may pay distributions to the members, in each case, in their ownership proportions.

The KSD Holdings Operating Agreement restricts the members from selling, transferring, mortgaging, encumbering or disposing of their interest in KSD Holdings, LLC except in limited circumstances, without the prior written consent of the member with the majority interest.

18.11 **Nordic Shareholders' Agreements**

Film Finances and Succefilm AB are parties to the Nordic Shareholders' Agreements which regulate the management and ownership of Film Finances Scandinavia and Nordic Capital, in which Film Finances has a 60 per cent. interest and Succefilm AB has a 40 per cent. interest. The initial term of the Nordic Shareholders' Agreement ended on 31 December 2012 but has continued in accordance with its terms which allow for automatic two-year recurring extensions until either party exercises their right of termination upon six months' notice from the end date of such a two year increment.

The Nordic Shareholders' Agreement allow for distributions agreed by the parties and do not contain additional funding obligations. The Nordic Shareholders' Agreement restricts the members from transferring, assigning, selling, encumbering or disposing of their shares in Film Finances Scandinavia or Nordic Capital unless they first offer such shares for sale to the other party. Each party also has a tag-along right, allowing them to sell the same proportion of shares on the same terms as another party who receives an offer to sell their shares to a third party.

The Nordic Shareholders' Agreements contain standard provisions with respect to the board composition and shareholder matters that require the support of 90 per cent. of shareholders. The Nordic Shareholders' Agreements also contain certain restrictions on protecting the confidentiality of the businesses and penalties for breaching such provisions.

18.12 **EP Operating Agreement**

FF Network, Inc. and Entertainment Partners are parties to the EP Operating Agreement which regulates the operations of EP Financial Solutions, LLC. The term of the EP Operating Agreement ends on 31 December 2018 but may be terminated earlier by either parties upon 90 days written notice.

The members have appointed GEPF, LLC as the manager of EP Financial Solutions, LLC who has the power to manage its business, property and affairs subject to certain matters reserved for the members. Each member is restricted from selling their membership interest except with the consent of the other member.

18.13 **Chinese Theatre Operating Agreement**

Film Finances has an interest in approximately 2.508 per cent. of New Chinese Theatre and is a party to the Chinese Theatre Operating Agreement with various other members of this entity. The term of the Chinese Theatre Operating Agreement continues until it is terminated, which will occur on the sale of substantially all of the company's assets as well as at such other times as the board and all of the members vote to dissolve the entity. Film Finances is not required to contribute additional funding to Chinese Theatre except where it provides its consent.

Members are prohibited from transferring their equity interest in Chinese Theatre under without first offering their shares for sale to Chinese Theatre and then to the other members respectively. Film Finances has pre-emptive rights to acquire further shares in its ownership proportion in certain circumstances.

The board of Chinese Theatre is comprised of 7 managers of which two are appointed by two members and the remaining five are appointed by a majority of the membership interests of the other members. The board of Chinese Theatre has control of the management of this entity except for certain actions that require a vote of 70 per cent. of the membership interests. The Chinese Theatre Operating Agreement contains a drag along right to require all members to transfer their shares on the approval of 70 per cent. of the membership interests if Chinese Theatre is valued at US$40,000,000 plus the amount of any additional contributions that have been made, in such a sale. The Chinese Theatre Operating Agreement also contains a tag-along right which allows minority shareholders to tag their proportion of shares into a sale by a member with an interest of over 51 per cent., if the drag along right is not exercised.

19. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, after taking into account the net proceeds of the issue of New Ordinary Shares in the Placing, that the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

20. SIGNIFICANT CHANGE

Save in respect of the Pre-IPO Reorganisation, the acquisition of Rainbow and other matters as disclosed herein (including, but not limited to, the cash impact of the acquisition of Snowden territorial rights and the cash impact of the investment in the panda documentary) there has been no significant change in the financial or trading position of the FFI Group since 31 December 2016, being the last date to which the unaudited consolidated financial information in Part III (*Historical Financial Information on the Group*) has been prepared.

There has been no significant change in the financial or trading position of the Rainbow Group since 31 December 2016, being the last date to which the consolidated financial information in Part III (*Historical Financial Information on the Group*) has been prepared.

21. LITIGATION

Save as disclosed below, there are no governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this document, a significant effect on the Group and/or on the Group's financial position or profitability nor, so far as the Company is aware, are any such proceedings pending or threatened by or against any member of the Group:

(a) In April 2016, Comerica Bank initiated arbitration proceedings against MGN Films, Inc for failure to pay the minimum guarantee due in respect of the feature film, Fallen. Film Finances was added to the proceedings because MGN reserved its purported right to assert that the film had not been effectively completed and delivered in accordance with its specification. In December 2016, the arbitrator issued its final arbitration award stating, *inter alia*, that delivery had been effected and therefore, Film Finances had no liability to MGN or the bank (and Film Finances was also awarded attorney's fees and costs). Film Finances is currently obtaining confirmation of this decision from the courts.

(b) Also in relation to Fallen, there was another arbitration with the distributor for Latin America, Dreamgold Group. On 15 April 2016, Comerica initiated an arbitration against Dreamgold Group, claiming that Dreamgold Group failed to pay the balance of its minimum guarantee. In its statement of defense, Dreamgold Group alleged that it disputed whether delivery had been effected. Film Finances then intervened, seeking an arbitral declaration that delivery had been effected. Prior to the hearing, the parties settled the dispute through an amendment to the applicable notice of assignment, which provided that Dreamgold Group would pay the balance of the minimum guarantee pursuant to an extended payment plan. Film Finances did not contribute any funds to the settlement.

(c) In 2014, the Group issued a completion contract in relation to the feature film, Max Steel. The film was completed and delivered in 2015 and released in the US in October 2016. The film was not a commercial success and consequently certain distributors have still not made payment of their minimum guarantees. One of the arguments being advanced is that the film was not effectively completed and delivered. The Directors disagree with this. Therefore, the Group may be joined to the

arbitration proceedings and will then need to expend management time and legal fees defending their position that the film was effectively completed and delivered. The Company is in continuing discussions with the principal financier.

22. RELATED PARTY TRANSACTIONS

Save as disclosed in notes 27 (in respect of the FFI Group) and 17 (in respect of the Rainbow Group) to the historical financial information relating to the Company as set out in Part III (*Historical Financial Information on the Group*) and as disclosed below, there are no related party transactions that were entered into by the Group during the three financial years ended 31 March 2016 or during the nine months ended 31 December 2016 in respect of the FFI Group, during the three years ended 31 December 2016 in respect of the Rainbow Group or during the period from 1 January 2017 to the date of the document.

(a) Advances to officers and employees totalled US$3.3 million as at 31 May 2017. A portion of these balances is non-interest bearing and due on demand; this amount totalled US$0.1 million as at 31 May 2017.

(b) Gross premiums paid to the stockholder of Film Finances who participates in the syndicate that insures the Group's completion contracts were US$0.5 million for the five months ended 31 May 2017. Compensation of three key management personnel was US$0.6 million for the five months ended 31 May 2017.

(c) Short-term employee benefits paid to members of Rainbow were US$0.1 million for the period from 1 January 2017 to completion of the acquisition of Rainbow by the Group on 28 February 2017.

(d) Steven Ransohoff executed a promissory note dated 11 November 2016 in favour of Film Finances in the principal amount of US$3.0 million. Film Finances obtained security over Steven Ransohoff's shares in Film Finances, which was released by Film Finances on 20 June 2016.

(e) Rainbow executed a promissory note dated 28 February 2017 in favour of Kevin Hyman in the principal amount of US$0.8 million. The balance of the promissory note was US$0.8 million as at 31 May 2017.

(f) Film Finances entered into a consultancy agreement with Pirue Consultancy Ltd, an entity controlled by David Haring (who is an investor in Golden Sun). The consultancy agreement is summarised in paragraph 12.3(d) of Part V (*Additional Information*).

(g) The Group has funded a total of US$2.046 million to Panda Productions, US$1.75 million in respect of Panda Productions' obligation to provide financing towards production of the Panda 3D documentary film pursuant to the Panda Co-Financing Agreement and approximately US$0.3 million in respect of a shorter term loan in advance of closing a bank facility. Panda Productions and Film Finances also entered into a letter agreement setting out the intention for all of Panda Productions entitlements under the Panda Co-financing Agreement to be assigned to Film Finances on the terms described therein.

23. SUBSCRIPTION AND SALE

The Ordinary Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The Ordinary Shares are being offered and sold outside of the United States in reliance on Regulation S.

24. GENERAL

(a) RSM UK Audit LLP acts as the Group's auditors and is a member firm of the Institute of Chartered Accountants of Scotland.

(b) RSM Corporate Finance LLP has given and has not withdrawn its consent to the inclusion in this document of its Independent Reasonable Assurance Reports in Sections A and C and Limited

Assurance Report in Section E of Part III (*Historical Financial Information on the Group*) in the form and context in which they are included and has authorised the contents of those reports for the purposes of Schedule Two of the AIM Rules for Companies.

(c) The Company confirms that where information in this document has been sourced from a third party, the source of this information has been provided, this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

(d) The total expenses incurred (or to be incurred) by the Company in connection with Admission and the Placing are estimated to amount to £4.4 million (excluding VAT) and are payable by the Company. The estimated net proceeds of the issue of New Ordinary Shares by the Company in the Placing payable to the Company are estimated to amount to £26.5 million.

(e) The following people have been engaged by the Group and have within the 12 months preceding the date of this document received, directly or indirectly, from the Company or any other member of the Group or entered into any contractual arrangements to receive, directly or indirectly, from the Company or any other member of the Group on or after Admission, professional fees in the following amounts:

Name	*Services Performed*	*Total Fees (excluding VAT) (£)*
Numeritas	Assisted management in developing a working capital/budget model	55,000
Malde & Co.	UK tax advisory services	15,000

(f) Save for the success fee payable pursuant to Timothy Trankina's consultancy agreement described in paragraph 12.3(b) above, the professional fees described in paragraph 24(e) above and as otherwise disclosed in this document, no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the 12 months preceding the date of this document received, directly or indirectly, from the Company or any other member of the Group or entered into any contractual arrangements to receive, directly or indirectly, from the Company or any other member of the Group on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

(g) The Placing Price of 150 pence represents a premium of 149 pence above the nominal value of one pence per Ordinary Share.

(h) Save in connection with the application for Admission, none of the Ordinary Shares have been admitted to dealings on any recognised investment exchange and no application for such admission has been made and it is not intended to make any other arrangements for dealings in the Ordinary Shares on any such exchange.

(i) Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.

(j) Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

(k) Save as disclosed in this document, the Directors are unaware of any Director, or a member of a Director's family (as defined in the AIM Rules), who has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares being admitted to AIM.

25. AVAILABILITY OF THIS DOCUMENT

Copies of this document will be available free of charge during normal business hours from the Company's registered office at 15 Conduit Street, London W1S 2XJ, United Kingdom and on the Company's website, www.filmfinances.com, from Admission.

Dated: 22 June 2017

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"**2006 Act**"	means the Companies Act 2006 of England and Wales, as amended;
"**2010 PD Amending Directive**"	means Directive 2010/73/EU;
"**Admission**"	means the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
"**AIM**"	means the market of that name operated by the London Stock Exchange;
"**AIM Rules**"	means the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as appropriate;
"**AIM Rules for Companies**"	means the rules published by the London Stock Exchange entitled "AIM Rules for Companies";
"**AIM Rules for Nominated Advisers**"	means the rules published by the London Stock Exchange entitled "AIM Rules for Nominated Advisers";
"**Amlin**"	means MS Amlin Underwriting Limited (formerly Amlin Underwriting Limited), a company incorporated in England and Wales with company number 2323018 whose registered address is The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AG, United Kingdom;
"**Articles**"	means the articles of association of the Company, a summary of which is set out in paragraph 6 of Part V (*Additional Information*) of this document;
"**Audit Committee**"	means the audit committee of the Board as described in paragraph 15 of Part I (*Information on the Group*) of this document;
"**Board**" or "**Directors**"	means the directors of the Company as at the date of this document, whose names are set out on page 15 of this document;
"**CaSHET Split-off Agreement**"	means the Split-Off Agreement by and among Realta and Kurt Woolner dated 11 November 2016;
"**certificated form**" or "**in certificated form**"	means not in uncertificated form (that is, not in CREST);
"**Chinese Theatre**"	means New Chinese Theatre Holdings, LLC (formerly China Culture Development Partners, LLC), a limited liability company formed under the laws of the State of California, assigned California Secretary of State number 201633510186 and having its principal place of business at 6925 Hollywood Boulevard, Hollywood, CA 90028;
"**Chinese Theatre Operating Agreement**"	means the amended and restated operating agreement of Chinese Theatre between Film Finances and the other members of Chinese Theatre dated 31 May 2013;

"**City Code**"	means the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers in the United Kingdom and, from time to time, any successor or replacement body thereof;
"**Code**"	means the Internal Revenue Code of 1986;
"**Company**"	means FFI Holdings PLC, a company incorporated in England and Wales with company number 10793426 whose registered address is 15 Conduit Street, London W1S 2XJ, United Kingdom;
"**CREST**"	means the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland which facilitates the transfer of title to shares in uncertificated form;
"**CREST Manual**"	means the compendium of documents entitled CREST Manual issued by Euroclear UK & Ireland from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms;
"**CREST Regulations**"	means the Uncertificated Securities Regulations 2001, as amended;
"**Disclosure Guidance and Transparency Rules**"	means the Disclosure Guidance and Transparency Rules published by the FCA;
"**EBITDA**"	means earnings before interest, tax, depreciation and amortisation;
"**EEA**"	means the European Economic Area;
"**Emergent**"	means Emergent Capital, Inc., an entity quoted on the New York Stock Exchange under ticker symbol "EMG";
"**Enlarged Share Capital**"	means the Ordinary Shares in issue immediately following Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares;
"**Entertainment Partners**"	means GEP Administration Services, Inc. a Delaware Corporation, doing business as Entertainment Partners;
"**EP Operating Agreement**"	means the operating agreement of EP Financial Solutions, LLC between FF Network, Inc. and Entertainment Partners dated 8 August 2014;
"**ERL**"	means ERL FFI Holdings, LLC (incorporated and registered in Florida);
"**Euroclear UK & Ireland**"	means Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST;
"**Existing Ordinary Shares**"	means the Ordinary Shares in issue immediately prior to Admission excluding, for the avoidance of doubt, the New Ordinary Shares;
"**Excluded Jurisdiction**"	means any non-EEA jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal sanction if information concerning the Placing is sent or made available to persons in that jurisdiction;
"**Executive Directors**"	means Steven Ransohoff, Timothy Trankina and Antony Mitchell;
"**Executive Options**"	means the options to be granted to Kevin Hyman, Timothy Trankina and Antony Mitchell on the day of Admission as described in

paragraph 13.17 of Part V (*Additional Information*) of this document;

"**FCA**"	means the UK Financial Conduct Authority;
"**FFI**" or "**Group**"	means the Company and its subsidiary undertakings;
"**FFI Bahamas**"	means Film Finances, Inc., a Bahamas corporation;
"**FFI China**"	means Film Finances China Cultural Services Ltd, a limited liability company incorporated in China (Shanghai) Pilot Free Trade Zone with registration number 310141400016947 and having its registered office at Room 1803I, Floor 18, Number 2, Maji Road, Pilot Free Trade Zone, Shanghai, China;
"**FFI Group**"	means Film Finances, Inc. and its subsidiary undertakings, prior to the acquisition of the entire issued share capital of Film Finances, Inc. by the Company pursuant to the Share Exchange Agreement;
"**Film Finances**"	means Film Finances, Inc., a corporation incorporated in California, assigned California Secretary of State number C1150655 and having its address at 9000 Sunset Blvd., Suite 1400, Los Angeles, CA 90069;
"**Film Finances Scandinavia**"	means Film Finances Scandinavia AB, a company incorporated in Sweden with the registration number 556815-9346 and having its address at Klippvägen 3, 181 31 Lidingö, Sweden;
"**Fireman's Fund**"	means Fireman's Fund Insurance Company, a corporation incorporated in California, assigned California Secretary of State number C0011265 and having its address at 1465 N. McDowell Blvd., Suite 100, Petaluma, California 94954 and its registered agent for service of process at CT Corporation System, 818 W 7th St. Ste. 930, Los Angeles, California 90017, now trading as part of Allianz Global Corporate & Specialty;
"**FSMA**"	means the UK Financial Services and Markets Act 2000, as amended;
"**Golden Sun**"	means Golden Sun Emerging Fund Limited, a Bahamas corporation;
"**HMRC**"	means Her Majesty's Revenue & Customs;
"**IFG**"	means International Film Guarantors, LLC, a limited liability company formed under the laws of the State of California, assigned California Secretary of State number 20041970147 and having its address at 2828 Donald Douglas Drive Loop N, Second Floor, Santa Monica, California 90405 and its registered agent for service of process as CT Corporation System;
"**IFG Acquisition Agreement**"	means the Asset Purchase Agreement by and among IFG, Fireman's Fund and Film Finances dated 8 May 2013;
"**IFRS**"	means International Financial Reporting Standards (including International Accounting Standards) as adopted in the European Union;
"**Imperial**"	means Imperial Holdings, Inc., now known as Emergent;
"**IRS**"	means the US Internal Revenue Service;
"**ISIN**"	means International Securities Identification Number;

"**JDT**"	means JDT Holdings, LLC (incorporated and registered in Florida);
"**KSD Holdings Operating Agreement**"	means the operating agreement of KSD Holdings, LLC between Film Finances and Kintop Pictures, Inc. dated 10 November 2011;
"**Liberum**" or "**Nomad**"	means Liberum Capital Limited;
"**Lock-up Deeds**"	means the deeds dated 22 June 2017 entered into by each of the Selling Shareholders with Liberum and the Company as described in paragraph 18.2 of Part V (*Additional Information*) of this document;
"**London Stock Exchange**"	means London Stock Exchange plc;
"**Market Abuse Regulation**"	means Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse, and the delegated regulations made pursuant to it;
"**New Ordinary Shares**"	means the 20,997,375 new Ordinary Shares to be allotted and issued by the Company in connection with the Placing;
"**Non-Executive Directors**"	means James Terlizzi, Simon Ingram and Stephen Argent;
"**Nordic Capital**"	means Nordic Capital Media AB, a company incorporated in Sweden with the registration number 556857-6044 and having its address at Klippvägen 3, 181 31 Lidingö, Sweden;
"**Nordic Shareholders' Agreements**"	means (a) the Shareholders Agreement regarding the ownership of shares in Nordic Capital Media AB dated 10 September 2011; and (b) the Shareholders Agreement regarding the ownership of shares in Film Finances Scandinavia AB dated 10 September 2011;
"**Official List**"	means the Official List of the UK Listing Authority;
"**Ordinary Shares**"	means ordinary shares of one pence each in the share capital of the Company;
"**Panda Co-Financing Agreement**"	means the Co-Financing, Production and Distribution Agreement by and among Imax Film Holding Co., Imax Documentary Films Capital, LLC, Panda Productions, Jin Yi Culture Investment (HK) Corporation Limited and WB Studio Enterprises, Inc., dated 5 December 2016;
"**Panda Productions**"	means Panda Productions LLC, a limited liability company formed under the laws of the State of California, assigned California Secretary of State number 201419810190 and having its address and registered agent for service of process at 1221 Second St Third Floor, Santa Monica CA 90401;
"**Panel**"	means the UK Panel on Takeovers and Mergers;
"**PICC**"	means PICC Property and Casualty Company Limited;
"**Placing**"	means the conditional placing by Liberum of the Placing Shares at the Placing Price in accordance with the Placing Agreement;
"**Placing Agreement**"	means the conditional agreement dated 22 June 2017, between the Company, the Selling Shareholders, the Directors and Liberum relating to the Placing, details of which are set out in paragraph 18.1 of Part V (*Additional Information*) of this document;
"**Placing Price**"	means the price of 150 pence per Placing Share;

“**Placing Shares**”	means the New Ordinary Shares and the Sale Shares;
“**Placee**”	means each person who is invited to and who confirms his agreement to Liberum to subscribe for New Ordinary Shares or purchase Sale Shares (as the case may be) under the Placing;
“**Pre-IPO Reorganisation**”	means the pre-IPO reorganisation to be completed prior to Admission, as described in paragraph 4 of Part V (*Additional Information*) of this document;
“**Prospectus Directive**”	means Directive 2003/71/EU (as amended) and includes any relevant implementing measures in each member state of the EEA;
“**Prospectus Rules**”	means the prospectus rules of the FCA made under Part VI of FSMA;
“**QCA**”	means the Quoted Companies Alliance;
“**QCA Corporate Governance Code**”	means the corporate governance code for small and mid-size quoted companies published by the QCA in May 2013;
“**Rainbow Acquisition Agreement**”	means the membership interest purchase agreement dated 28 February 2017 between Kevin Hyman and Film Finances, Inc, details of which are set out in paragraph 18.5 of Part V (*Additional Information*) of this document;
“**Rainbow**”	means Rainbow Production Services, LLC, a limited liability company formed under the laws of the State of Delaware, assigned Delaware Secretary of State number 3270190 and having its principal place of business at 9,000 Sunset Boulevard, Suite 1400, Los Angeles, California 90069 and its registered agent for service of process at National Corporate Research, LTD. 850 New Burton Road Suite 201, Dover, Delaware 19904;
“**Rainbow Group**”	means Rainbow and its subsidiary undertakings from time to time;
“**Ransohoff Trust”**	means The Crystal Court Trust UDT, a trust established for the benefit of Steven Ransohoff and his family;
“**Realta**”	means Realta Production Group, Inc., a corporation incorporated in California, assigned California Secretary of State number C2376627 and having its address at 2961 Club Drive, Los Angeles CA 90064;
“**Registrar**”	means Capita Registrars Limited;
“**Regulation S**”	means Regulation S under the Securities Act;
“**Relationship Agreements**”	means the relationship agreement entered into on 22 June 2017 between the Company and Golden Sun and the relationship agreement entered into 22 June 2017 between the Company and Steven Ransohoff and the Ransohoff Trust as described at paragraph 18.3 of Part V (*Additional Information*) of this document and “Relationship Agreement” refers to either one as the context requires;
“**Regulatory Information Service**”	means one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from companies admitted to trading on AIM;
“**Relevant Member State**”	means a member state of the EEA which has implemented the Prospectus Directive;

"**Remuneration Committee**"	means the remuneration committee of the Board as described in paragraph 15 of Part I (*Information on the Group*) of this document;
"**Sale Shares**"	means the 18,372,703 Existing Ordinary Shares to be sold by the Selling Shareholders in the Placing;
"**SDRT**"	means stamp duty reserve tax;
"**SEC**"	means the US Securities and Exchange Commission;
"**SEDOL**"	means the Stock Exchange Daily Official List, a list of security identifiers used in the United Kingdom and Ireland for clearing purposes;
"**Selling Shareholders**"	means those Shareholders selling Existing Ordinary Shares in connection with the Placing;
"**Share Dealing Code**"	means the code relating to dealings in relation to the Ordinary Shares adopted by the Company with effect from Admission;
"**Share Exchange Agreement**"	means the share exchange agreement dated 22 June 2017 between the Company, JDT, Golden Sun, Amlin, Steven Ransohoff, the Ransohoff Trust, the Trattner Trust and Film Finances, Inc.;
"**Share Plan**"	means the Film Finances Holdings PLC 2017 Equity Incentive Plan, details of which are set out in paragraph 13 of Part V (*Additional Information*) of this document;
"**Securities Act**"	means the US Securities Act of 1933, as amended;
"**Shareholders**"	means the holders of Ordinary Shares in the Company;
"**Takeover Panel**"	means the Panel on Takeovers and Mergers;
"**Trattner Trust**"	means the Trattner Family Trust;
"**TIDM**"	means the Tradable Instrument Display Mnemonic;
"**UK**" or "**United Kingdom**"	means the United Kingdom of Great Britain and Northern Ireland;
"**UK Corporate Governance Code**"	means the UK Corporate Governance Code published by the Financial Reporting Council (as amended from time to time);
"**UK Listing Authority**"	means the FCA acting in its capacity as the competent authority for the purposes of Part VII of FSMA;
"**uncertificated form**" or "**in uncertificated form**"	means recorded in the register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"**US**" or "**USA**" or "**United States**"	means the United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America;
"**USAO**"	means the US Attorney's Office for the District of New Hampshire;
"**VAT**"	means value-added tax; and
"**Zuyan**"	means Zuyan Corp, a Hong Kong incorporated company.

GLOSSARY

“**DVD**”	means digital versatile disc, a disc used for storing and playing films, music or data;
“**dubbing**”	means a post-production process used in film making and video production in which additional or supplementary recordings are “mixed” with original production sound to create the finished soundtrack;
“**Equity Investors**”	means specialised investors in entertainment productions, in many cases backed by high net worth individuals or public funds with some cultural remit;
“**ICW**”	means increased costs of working;
“**MG**” or “**minimum guarantee**”	means an initial sum that is paid to the producer by a distributor irrespective of how the film performs;
“**NFFC**”	means the National Film Finance Corporation, a film funding agency in the UK which operated from 1949 to 1985;
“**score**”	means the original music written specifically to accompany a film;
“**VFX**”	means visual effects, processes by which imagery is created or manipulated outside the context of a live action shot; and
“**WOFE**”	means wholly-owned foreign enterprise; an investment vehicle for a Chinese-based business whereby foreign investors can incorporate a foreign-owned limited liability company.

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