JS World Media A/S

Aros Allé 1, 8000 Aarhus C

CVR no. 21 42 72 84

Annual report 2017

Approved at the Company's annual general meeting on 24 May 2018

Chairman:

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Peter V. Ekstrøm

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of JS World Media A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2017 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 24 May 2018
Executive Board:

Jens B. Stausholm
CEO

Board of Directors:

Carl Erik Skovgaard Sørensen Chairman	Jens B. Stausholm	Peter V. Ekstrøm

Independent auditors' report

To the shareholders of JS World Media A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of JS World Media A/S for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the group and the parent company and a consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are in-adequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen State Authorised Public Accountant MNE-no.: mne10121	Morten Klarskov Larsen State Authorised Public Accountant MNE-no.: mne32736

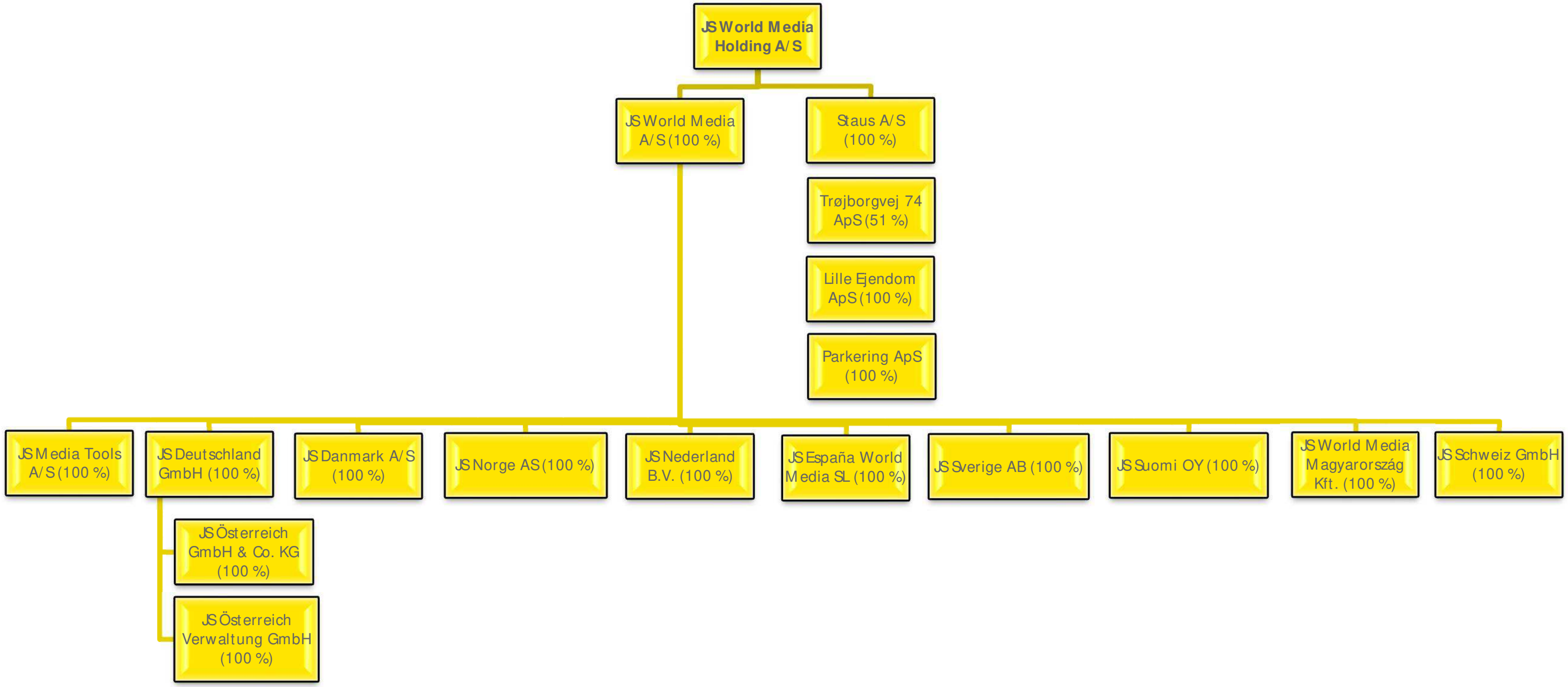
Management's review

Company details

Name	JS World Media A/S
Address, zip code, city	Aros Allé 1, 8000 Aarhus C
CVR no.	21 42 72 84
Established	20 November 1998
Registered office	Aarhus
Financial year	1 January – 31 December
Board of Directors	Carl Erik Skovgaard Sørensen, Chairman Peter V. Ekstrøm Jens B. Stausholm
Executive Board	Jens B. Stausholm
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, 8000 Aarhus C

Management's review

Group chart



Management's review

Financial highlights for the Group

DKKm	2017	2016	2015	2014	2013
Key figures					
Revenue	266,815	305,985	318,848	284,969	286,898
Gross profit	188,386	208,566	224,185	184,728	185,093
Ordinary operating profit	21,065	17,496	37,684	15,964	26,548
Profit from financial income and expense	1,148	899	704	1,396	1,061
Profit for the year	**16,167**	**12,159**	**29,059**	**11,650**	**18,661**
Total assets	171,294	163,115	168.386	154,293	158,468
Portion relating to investment in items of property, plant and equipment	3,267	4,614	6,426	3,619	7,171
Equity	**116,723**	**100,863**	**97,890**	**88,312**	**97,062**
Cash flows from operating activities	16,075	-7,153	38,575	28,890	34,519
Net cash flows from investing activities	-940	-4,148	-5,538	-1,583	-6,528
Cash flows from financing activities	0	-9,059	-20,000	-20,000	-35,000
Total cash flows	**15,135**	**-20,360**	**13,037**	**7,307**	**-7,009**
Financial ratios					
Operating margin	7.9	5.7	11.8	5.6	9.3
Return on invested capital	15.0	26.6	28.0	13.3	26.5
Gross margin	70.6	68.2	70.3	64.8	64.5
Current ratio	312.3	251.5	227.9	218.8	234.2
Solvency ratio	68.1	61.8	58.1	57.2	61.3
Return on equity	15.1	24.1	31.2	12.6	17.7
Average number of full-time employees	**431**	**480**	**490**	**403**	**352**

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review for the Group

The Group's principal activities are the sale and production of brochures, magazines and introductory videos.

Financial review

Consolidated income statement for 2017 shows increasing profits compared with 2016. Profit for the year came in at DKK 16,167 thousand as against a profit of DKK 12,159 thousand in 2016. The increase in profits is attributable to closing unprofitable markets and focus on reducing external costs.

Consolidated balance sheet at 31 December 2017 showed equity of DKK 116,723 (2016: DKK 100,863 thousand).

Group management considers the results of operation satisfactory, developing a new corporate identity, making massive investments in new products and investing in the difficult recruitment market. Group management anticipates reporting results of operation in 2018 at the same level as 2017.

Investments

Referring to the Group's strategy, the Company has invested in new products and markets in 2017. Furthermore, the Company invested in a new corporate identity, which was introduced to the market in March 2018. In 2018, the Company will continue to invest in new markets and new products, which will roll out in 2018.

Intellectual capital

In 2017, according to Group strategy, major investments have been made in the recruitment and training of employees to increase their skills. This investment forms part of the group strategy to support the Group's future growth potential. Investments in recruiting and internal and external training of employees will continue in 2018.

Corporate social responsibility, incl. human rights and climate

JS World Media A/S wishes to live up to legislation and rules in the countries and communities in which it operates. However, no policies for voluntary integration of corporate social responsibility, including human rights, environment and climate have been implemented as part of the Company's strategy and activities. Consequently, no separate statement on corporate social responsibility has been issued.

Goals and policies regarding gender quotation on the Management Board

The Group always strives at recruiting the best suitable board members; managers and other employees irrespective of gender, race or religion. The Group's and the Company's recruitment and staff policies support this practice.

The Group has laid down a long-term strategy and goal. Board members are recruited having this in mind and therefore often have long-standing relations to the Group. In future, the Group will strive at maintaining this stability and consistency within the composition of the board.

The Board of Directors comprises three members who are elected at the annual general meeting. At present, all members are men, and consequently, the Group strives at increasing its share of women on the board through elections at coming general meetings. The goal is set to represent a 33/67 allocation in order for the gender distribution of the board to represent one person of the one gender and two persons of the other gender.

The Board of Directors and the Executive Board are always under an obligation to encourage persons of the underrepresented gender to stand for election to the Board of Directors at annual general meetings.

Management's review

At the end of 2017, there is no woman in the Board of Directors. However, the Board of Directors seek to achieve the goal of 33/67 allocation over the next 4 years. The goal has not been achieved yet, because there has not been a new election to the Board.

Other executives in the Group are defined as the Group Executive Board and other managers with staff responsibility. This group generally represents 6-8 persons. The objective of a 33/67 ratio in Management, which is rather low, is attributable to industry matters (male-dominated industry). The Company seeks to recruit suitable candidates of both genders when recruiting management positions.

Today, the Executive Board and management in the JS World Media Holding Group comprise seven persons responsible for management, of which two are women. As there were no replacements during the year, the distribution has not changed since the beginning of 2013. The Group strives at obtaining its goal via future recruitments.

The aim is at least one of each gender among the final three candidates in the recruitment process.

Outlook

Group Management anticipates significantly improved results of operation in 2017.

Risks

The Group is not exposed to any unusual risks.

The Group's currency risks primarily relate to foreign subsidiaries' results at year end which are translated into Danish kroner based on average exchange rates; however, the main part of the Group's foreign enterprises are domiciled in EUR countries. In general, the foreign enterprises are not affected by exchange rate fluctuations, as income and expenses are settled in local currencies.

The Group's credit risks relate to financial assets. Credit risks in relation to financial assets correspond to the values recognised in the balance sheet. The Group is not exposed to any major risks regarding one particular customer or cooperation partner.

Events after the balance sheet date

No events have occurred after the balance sheet date that may have material impact on the Group's financial position.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

		Consolidated		Parent company	
Note	**DKK'000**	**2017**	**2016**	**2017**	**2016**
2	**Revenue**	266,815	305,985	17,215	16,743
	Production costs	-33,839	-42,092	0	0
	Other operating income	807	1,050	84	69
	Other external costs	-45,397	-56,377	-5,701	-5,476
	Gross profit	188,386	208,566	11,598	11,336
4	Staff costs	-161,906	-185,571	-10,312	-9,450
5	Depreciation and amortisation regarding property, plant and equipment and intangible assets	-5,311	-5,395	-470	-623
	Other operating costs	-104	-104	-24	0
	Operating profit/loss	21,065	17,496	792	1,263
	Share of results in subsidiaries	0	0	14,808	11,639
6	Financial income	1,354	1,281	1,487	1,024
7	Financial expenses	-206	-381	-541	-438
	Profit before tax	22,213	18,396	16,546	13,488
8	Tax on profit for the year	-6,046	-6,237	-379	-1,329
	Profit for the year	16,167	12,159	16,167	12,159

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2017	Consolidated 2016	Parent company 2017	Parent company 2016
	ASSETS				
	Non-current assets				
9	**Intangible assets**				
	Goodwill	802	1,608	0	0
	Software	0	0	0	0
		802	1,608	0	0
10	**Property, plant and equipment**				
	Fixtures and fittings, other plant and equipment	6,364	10,014	1,056	1,142
		6,364	10,014	1,056	1,142
	Investments				
11	Investments in subsidiaries	0	0	44,510	44,011
12	Receivables from owners and management	49	83	49	83
	Other receivables	400	538	0	0
		449	621	44,559	44,094
	Total non-current assets	7,615	12,243	45,615	45,236
	Current assets				
	Receivables				
	Trade receivables	27,500	44,521	0	0
13	Construction contracts	3,894	3,062	0	0
	Receivables from group enterprises	77,601	61,022	84,732	68,960
	Receivables from affiliated enterprises	100	0	100	0
16	Corporation tax receivable	917	377	0	0
15	Deferred tax asset	225	767	331	352
	Other receivables	3,581	5,162	2,139	1,485
12	Receivables from owners and management	69	36	69	36
	Prepayments	3,867	4,380	642	604
		117,754	119,327	88,013	71,437
	Cash	45,925	31,545	6,183	3,660
	Total current assets	163,679	150,872	94,196	75,097
	TOTAL ASSETS	171,294	163,115	139,811	120,333

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2017	Consolidated 2016	Parent company 2017	Parent company 2016
	EQUITY AND LIABILITIES				
	Equity				
14	Share capital	558	558	558	558
	Retained earnings	116,165	100,306	116,165	100,306
	Total equity	116,723	100,864	116,723	100,864
	Provisions				
15	Deferred tax	2,166	2,274	0	0
	Total provisions	2,166	2,274	0	0
	Current liabilities other than provisions				
	Bank loans	60	0	0	0
13	Construction contracts	18,086	19,678	0	0
	Trade payables	3,908	7,079	566	590
	Payables to group entities	0	0	18,400	15,009
16	Corporation tax	2,787	3,651	357	409
	Other payables	26,953	29,357	3,765	3,461
	Deferred income	611	212	0	0
		52,405	59,977	23,088	19,469
	Total liabilities other than provisions	54,571	62,251	23,088	19,469
	TOTAL EQUITY AND LIABILITIES	171,294	163,115	139,811	120,333

1 **Accounting policies**
17 **Treasury shares**
18 **Contractual obligations and contingencies, etc.**
19 **Mortgages and collateral**
20 **Related party disclosures**
21 **Appropriation of profit/loss**
22 **Changes in working capital**

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

		Group			
Note	**DKK'000**	**Share capital**	**Retained earnings**	**Dividend proposed for the year**	**Total**
	Equity at 1 January 2016	558	88,273	9,059	97,890
	Dividend distribution	0	0	-9,059	-9,059
20	Transfer, see "Appropriation of profit/loss"	0	12,159	0	12,159
	Foreign exchange adjustments, foreign subsidiary	0	-126	0	-126
	Equity at 1 January 2017	558	100,306	0	100,864
	Dividend distribution	0	0	0	0
20	Transfer, see "Appropriation of profit/loss"	0	16,167	0	16,167
	Foreign exchange adjustments, foreign subsidiary	0	-308	0	-308
	Equity at 31 December 2017	558	116,165	0	116,723

		Parent company			
Note	**DKK'000**	**Share capital**	**Retained earnings**	**Dividend proposed for the year**	**Total**
	Equity at 1 January 2016	558	88,273	9,059	97,890
	Dividend distribution	0	0	-9,059	-9,059
20	Transfer, see "Appropriation of profit/loss"	0	12,159	0	12,159
	Foreign exchange adjustments, foreign subsidiary	0	-126	0	-126
	Equity at 1 January 2017	558	100,306	0	100,864
	Dividend distribution	0	0	0	0
20	Transfer, see "Appropriation of profit/loss"	0	16,167	0	16,167
	Foreign exchange adjustments, foreign subsidiary	0	-308	0	-308
	Equity at 31 December 2017	558	116,165	0	116,723

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	Consolidated 2017	Consolidated 2016
	Revenue	266,815	305,985
	Costs	-240,439	-283,163
	Cash generated from operations (operating activities) before changes in working capital	26,376	22,822
21	Changes in working capital	-5,024	-22,332
	Cash generated from operations (operating activities)	21,352	490
	Net interest received and paid	1,305	911
	Cash generated from operations (ordinary activities)	22,657	1,401
	Corporation tax paid	6,582	-8,554
	Cash flows from operating activities	29,239	-7,153
	Acquisition of property, plant and equipment	-3,267	-4,614
	Disposal of property, plant and equipment	2,327	466
	Cash flows from investing activities	-940	-4,148
	Shareholders:	0	0
	Dividends paid	0	-9,059
	Cash flows from financing activities	0	-9,059
	Net cash flows from operating, investing and financing activities	15,135	-20,360
	Cash and cash equivalents at 1 January	31,545	51,912
	Foreign exchange adjustments	-815	-7
	Cash and cash equivalents at 31 December	45,865	31,545

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of JS World Media A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, JS World Media A/S, and subsidiaries in which JS World Media A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions or disposals.

Gains or losses on the disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the purchase method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Revenue

Revenue is recognised in the income statement provided that delivery and transfer of risk in the form of magazine production to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT, and taxes charged on behalf of third parties.

Construction contracts are recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Hosting fee is recognised in the income statement for the part relating to the current financial year. The remaining share is accrued over the term of the licence.

Other external costs

External costs comprise costs of production, distribution, selling, advertising, administration, premises, bad debts, operating leases, etc.

Other operating income

Other operating income comprises items secondary to the principal activities of the enterprises.

Profit/loss from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme etc.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax on profit/loss for the year

The enterprise is comprised by the Danish rules on compulsory joint taxation of the JS World Media Holding A/S Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidation of the consolidated financial statements and up to the date on which they exit the consolidation.

The current Danish corporation tax is allocated by the settlement of joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current corporation tax for the year, joint taxation contributions for the year and changes in deferred tax – due to changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of ten years.

Concept rights

Concept rights are amortised over their estimated useful lives. Concept rights are amortised on a straight-line basis over a maximum amortisation period of ten years.

Software

Software is measured at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over the expected useful life. The amortisation period is five years.

Property, plant and equipment

Fixtures and fittings, other plant and equipment as well as aircraft are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is calculated as cost less any residual value after the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, other plant and equipment	3-5 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be adopted before the approval of the annual report of JS World Media A/S are not recognised in the reserve for net revaluation.

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Construction contracts

Construction contracts are measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual construction contracts are recognised in the balance sheet under either receivables or payables. Net assets are determined as the sum of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of construction contracts where progress billings exceed the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill, which is not deductible for tax purposes, and on other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Deferred net assets, if any, are measured at net realisable value.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less, which are freely negotiable into cash, and which are subject to an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Results for analytical purposes	Profit from ordinary activities after tax
Return on equity	$\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

	DKK'000	Consolidated 2017	Consolidated 2016	Parent company 2017	Parent company 2016
2	**Revenue**				
	Scandinavia	123,230	130,816	9,405	9,156
	Central Europe	123,175	151,884	6,370	6,424
	Southern Europe	20,410	23,285	1,440	1,163
		266,815	305,985	17,215	16,743
3	**Fees paid to auditors appointed at the annual general meeting**				
	Total fee to paid to auditors	1.427	1.120	439	338
	Fee for statutory audit	555	491	100	97
	Fees for tax advisory services	387	377	142	70
	Other assistance	485	252	197	171
		1,427	1,120	439	338
4	**Staff costs**				
	Wages and salaries	137,278	156,734	9,806	8,910
	Pensions	5,084	5,605	564	541
	Other social security costs	19,544	23,232	-58	-1
		161,906	185,571	10,312	9,450
	Average number of full-time employees	431	480	17	13

Staff costs include remuneration to the Parent Company's Executive Board and Board of Directors, totalling DKK 3,567 thousand (2016: DKK 3,642 thousand).

	DKK'000	Consolidated 2017	Consolidated 2016	Parent company 2017	Parent company 2016
5	**Depreciation and amortisation**				
	Goodwill	807	829	0	0
	Software	0	8	0	0
	Fixtures and fitting, other plant and equipment	4,504	4,558	470	623
		5,311	5,395	470	623
6	**Financial income**				
	Interest income from group entities	1,228	950	1,340	1,019
	Other interest income, foreign exchange gains, etc.	126	331	147	5
		1,354	1,281	1,487	1,024

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2017	Consolidated 2016	Parent company 2017	Parent company 2016
7 Financial expenses				
Interest expense to group entities	0	111	243	350
Other interest expense, foreign exchange losses, etc.	206	270	298	88
	206	381	541	438
8 Tax on profit for the year				
Current tax for the year	5,822	5,147	358	409
Adjustment of deferred tax	362	116	21	-7
Adjustment in respect of previous years	-138	974	0	927
	6,046	6,237	379	1,329

9 **Intangible assets**

	Consolidated		
DKK'000	**Goodwill**	**Software**	**Total**
Cost at 1 January 2017	8,105	333	8,438
Disposals	0	0	0
Cost at 31 December 2017	8,105	333	8,438
Amortisation and impairment losses at 1 January 2017	6.496	333	6,829
Amortisation	807	0	807
Amortisation and impairment losses at 31 December 2017	7.303	333	7,636
Carrying amount at 31 December **2017**	802	0	801
Amortised over	10 years	5 years	

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

10 Property, plant and equipment

DKK'000	Consolidated Fixtures and fittings, other plant, etc.	Parent company Fixtures and fittings, other plant, etc.
Cost at 1 January 2017	30,437	5,049
Foreign exchange adjustments at 1 January	-284	0
Additions	3,267	2,553
Disposals	-7,512	-3,005
Cost at 31 December 2017	25,908	4,597
Depreciation at 1 January 2017	20,423	3,908
Foreign exchange adjustments at 1 January	-198	0
Depreciation	4,504	470
Disposals	-5,185	-837
Depreciation at 31 December 2017	19,544	3,541
Carrying amount at 31 December 2017	6,364	1,056
Depreciated over	3-5 years	3-5 years

DKK'000	Parent company 2017	 2016
11 Investments in subsidiaries		
Cost at 1 January	53,619	53,619
Cost at 31 December	53,619	53,619
Value adjustments at 1 January	-9,608	-241
Foreign exchange adjustments	-220	-64
Distributed dividends	-13,986	-20,942
Profit for the year	15,512	12,468
Amortisation of goodwill	-807	-829
Value adjustments at 31 December	-9,109	-9,608
Carrying amount at 31 December	44,510	44,011

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

11 Investments in subsidiaries (continued)

The carrying amount at 31 December 2017 comprised goodwill of DKK 801 thousand (2016: DKK 1,608 thousand).

Name	Registered office	Voting rights and ownership
JS Media Tools A/S	Denmark	100%
JS Danmark A/S	Denmark	100%
JS Norge AS	Norway	100%
JS Sverige AB	Sweden	100%
JS Suomi OY	Finland	100%
JS Deutschland GmbH	Germany	100%
JS Österreich GmbH & Co. KG	Germany	100%
JS Österreich Verwaltungs-GmbH	Germany	100%
JS Nederland B.V.	Holland	100%
JS España World Media SL	Spain	100%
JS Schweiz GmbH	Switzerland	100%
JS World Media Magyarország Kft.	Hungary	100%

All subsidiaries are considered separate entities.

12 Receivables from owners and management

DKK'000	Receivables	Interest rate	Collateral	Loans repaid in the year
Board of Directors	118	2.00 %	0	0

DKK'000	Consolidated 2017	Consolidated 2016	Parent company 2017	Parent company 2016
13 Construction contracts				
Selling price of work performed	60,880	50,285	0	0
Progress billings	-75,072	-66,901	0	0
	-14,192	-16,616	0	0
recognised as follows:				
Construction contracts (assets)	3,894	3,062	0	0
Construction contracts (liabilities)	-18,086	-19,678	0	0
	-14,192	-16,616	0	0

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

14 Share capital

The share capital comprises 558,334 shares at a nominal value of DKK 1. The share capital is not divided into classes.

The share capital has not changed for the past five years.

DKK'000	Consolidated 2017	Consolidated 2016	Parent company 2017	Parent company 2016
15 Deferred tax				
Deferred tax at 1 January	-1,507	-1,699	352	345
Adjustment of deferred tax	-362	-116	-21	7
Adjustment in respect of previous years	-62	299	0	0
Foreign exchange adjustments	-10	9	0	0
Deferred tax at 31 December	-1,941	-1,507	331	352
Deferred tax relates to:				
Deferred tax asset (assets)	225	767	331	352
Deferred tax (provisions)	-2,166	-2,274	0	0
	-1,941	-1,507	331	352
16 Corporation tax				
Corporation tax at 1 January	-3,274	-5,326	-409	-476
Current tax for the year	-5,822	-5,147	-357	-409
Corporation tax paid during the year	6,720	7,580	409	476
Foreign exchange adjustments	50	-83	0	0
Adjustment in respect of previous years	456	-298	0	0
Corporation tax at 31 December	-1,870	-3,274	-357	-409
recognised as follows:				
Corporation tax receivable	917	377	0	0
Corporation tax	-2,787	-3,651	-357	-409
	-1,870	-3,274	-357	-409

17 Treasury shares

Treasury shares comprise 25,000 shares at a nominal value of DKK 25 thousand, corresponding to 4.48% of the share capital (2016: 4.48%).

Treasury shares relate to mergers and acquisitions of minority interests.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

18 Contractual obligations and contingencies, etc.

Consolidated

The Danish Group companies are jointly taxed with the other group companies. The Group has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' net liabilities to SKAT are disclosed in the financial statements of the administrative company, JS World Media Holding A/S, CVR no. 33 77 09 52. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

Lease obligations relate to rent, licence fees and lease of vehicles totalling DKK 15,041 thousand (2016: DKK 23,341 thousand).

Parent Company

The Company is jointly taxed with the other group companies. The Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' net liabilities to SKAT are disclosed in the financial statements of the administrative company, JS World Media Holding A/S, CVR no. 33 77 09 52. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

Lease obligations relate to rent, licence fees and lease of vehicles totalling DKK 2,634 thousand (2016: DKK 3,976 thousand).

19 Mortgages and collateral

Parent company

The Company has provided guarantee for JS Danmark A/S, JS Media Tools A/S and JS World Media Holding A/S' balance with the companies' bankers.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

20 Related party disclosures

JS World Media A/S' related parties comprise the following:

Control

JS World Media Holding A/S, who is the principal shareholder.

Other related parties with whom the Company has had transactions

Subsidiaries see note 11, the parent company, JS World Media Holding A/S and the affiliated company Staus A/S.

The Company has granted a loan to a member of the Board of Directors. Loan principal amounts to DKK 125 thousand of which DKK 6 thousand was repaid in 2016, and DKK 3 thousand was repaid in 2017. Repayment in 2018 amounts to DKK 69 thousand. The interest rate is 2 %p.a.

		Parent	
	DKK'000	2017	2016
21	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Transferred to reserves under equity	16,344	12,159
		16,344	12,159
22	**Changes in working capital**		
	Changes in receivables and construction contracts	18,422	-3,079
	Changes in balances with group enterprises	-16,579	-17,044
	Changes in trade and other payables	-6,767	-2,209
		-4,924	-22,332

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Jens Bjørnstad Stausholm
Adm. direktør
På vegne af: JS World Media A/S
Serienummer: PID:9208-2002-2-662402872288
IP: 80.167.236.117
2018-05-28 08:35:03Z
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IP: 80.167.236.117
2018-05-28 08:35:03Z
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Carl Erik Skovgaard
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Morten Klarskov Larsen
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På vegne af: JS World Media A/S
Serienummer: CVR:30700228-RID:1274257778488
IP: 145.62.64.98
2018-05-29 07:32:32Z
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Jes Lauritzen
Statsautoriseret revisor
På vegne af: JS World Media A/S
Serienummer: CVR:30700228-RID:1269340745888
IP: 145.62.64.98
2018-05-30 08:42:00Z
NEM ID

Peter Volquards Ekstrøm
Dirigent
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Serienummer: PID:9208-2002-2-399398787388
IP: 80.167.236.117
2018-05-30 09:01:02Z
NEM ID