


# Discovery Communications Nordic ApS

H.C. Andersens Boulevard, 1 DK-1553 Copenhagen V

## Annual Report 2016

CVR number: 21 85 86 09

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the Company  
on 31 May 2017

  
Lene Rytter  
Chairperson

## Contents

	<b>Page</b>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report on the Financial Statements	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	8
Balance Sheet 31 December	9-10
Statement of Changes in Equity	11
Notes to the Financial Statements	12-20

## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Discovery Communications Nordic ApS (Company) for the financial year January 1 - December 31, 2016.

The Annual Report of Discovery Communications Nordic ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as applied for fiscal year 2015.

In our opinion the Financial Statements give a true and fair view of the financial position of the Company on December 31, 2016 and of the results of the Company's operations in 2016. The Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen  
31 May 2017

### Executive Board



Christian Kemp  
Managing Director

### Board of Directors 31 May 2017



Roanne Weekes  
Chairperson



Christian Sonnefeld Jørgensen



Jozef Maarten Dijkstra

## Independent Auditors Report on the Financial Statements

To the Shareholders of Discovery Communications Nordic ApS

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Discovery Communications Nordic ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### Basis for 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 Financial Statements section of our report. We are independent of the Company 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Independent Auditors Report on the Financial Statements (continued)

### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## Independent Auditors Report on the Financial Statements (continued)

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Copenhagen, 31 May 2017

**PricewaterhouseCoopers**  
Statsautoriseret Revisionsselskab  
CVR Number 33 77 12 31

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Allan Kamp Jensen  
State Authorised Public Accountant

## Company Information

<b>The Company</b>	Discovery Communications Nordic ApS H.C Andersens Boulevard 1 DK 1553 Copenhagen V  Telephone + 45 70 10 10 10  CVR Number: 21 85 86 09 Financial Period: January 1, – December 31, 2016 Municipality of registration office: Copenhagen
<b>Board of Directors</b>	Roanne Weekes (Chairperson) Jozef Maarten Dijkstra Christian Sonnefeld Jørgensen
<b>Executive Board</b>	Christian Kemp, Managing Director
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK 2900 Hellerup
<b>Bankers</b>	Bank Mendez Ganz SEB

## Financial Highlights

Financial highlights over a five-year period:

	2016	2015	2014	2013	2012
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit</b>					
Revenue	111,029	309,510	610,691	247,410	227,169
Operating profit	27	46,390	79,411	25,919	34,382
Profit before financial income and expenses	27	46,390	79,411	25,919	34,382
Net profit / loss for the year	139,250	(1,152,546)	(59,366)	(263,817)	23,634
<b>Balance sheet</b>					
Balance sheet total	5,343,614	5,262,136	8,535,800	9,306,324	92,623
Equity	4,268,123	4,190,598	5,343,144	5,768,688	34,355
Number of employees	-	-	-	45	81
<b>Ratios</b>					
Gross margin	0.0%	15.0%	25.0%	29.6%	38.4%
Profit margin	0.0%	15.0%	25.6%	10.5%	15.1%
Return on assets	0.0%	0.9%	0.9%	0.3%	37.1%
Solvency ratio	79.9%	79.6%	62.6%	62.0%	37.1%
Return on equity	n/a	n/a	n/a	n/a	85.8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis. For definitions, see under accounting policies.



## **Managements Review**

### **Main activities**

The main activity of the Company and the Group is the sale of television commercials, marketing and PR as well as other products relating to television stations broadcasting via satellite. Moreover, the Company carries out a number of activities on behalf of these stations.

### **Developments in the year**

The income statement of the Company for 2016 shows a profit of TDKK 139,250, and at 31 December 2016 the balance sheet of the Company shows equity of TDKK 4,268,123.

### **Targets and expectations for the year ahead**

The Company expects that revenue and profit in the next year is in the same level as 2016.

### **Important changes of the company structure**

February 8, 2016 Discovery Communication Nordic ApS acquired 100 % of the share capital in Eurosport Finland Oy from Eurosport Television AB.

December 31, 2016 Discovery Communications Nordic ApS distributed it's investments in its Norwegian and Finnish subsidiaries to its shareholder.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January – 31 December

	Note	2016 TDKK	2015 TDKK
<b>Revenue</b>	1	111,029	309,510
Other external expenses		(111,002)	(263,311)
<b>Gross profit</b>		<b>27</b>	<b>46,199</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-	191
<b>Profit before financial income and expenses</b>		<b>27</b>	<b>46,390</b>
Income from investments in subsidiaries	2	126,533	(966,885)
Financial income	3	14,017	9,698
Financial expenses	4	(29,222)	(242,058)
<b>Profit (loss) before tax</b>		<b>111,355</b>	<b>(1,152,854)</b>
Tax on profit (loss) for the year	5	27,895	308
<b>Net profit (loss) for the year</b>		<b>139,250</b>	<b>(1,152,546)</b>

## Balance Sheet

	Note	2016 TDKK	2015 TDKK
<b>Assets</b>			
Investments in subsidiaries	6	<u>2,785,208</u>	<u>2,708,824</u>
<b>Financial assets</b>		<u>2,785,208</u>	<u>2,708,824</u>
<b>Fixed assets</b>		<u>2,785,208</u>	<u>2,708,824</u>
Trade receivables		-	70
Receivables from group enterprises		1,163,530	1,361,032
Corporation tax		14,093	-
Other receivables		<u>99</u>	<u>131,620</u>
<b>Receivables</b>		<u>1,177,722</u>	<u>1,492,722</u>
<b>Cash at bank and in hand</b>		<u>1,380,685</u>	<u>1,060,590</u>
<b>Current assets</b>		<u>2,558,406</u>	<u>2,553,312</u>
<b>Assets</b>		<u><u>5,343,614</u></u>	<u><u>5,262,136</u></u>

## Balance Sheet (continued)

	Note	2016 TDKK	2015 TDKK
<b>Liabilities and equity</b>			
Share capital	7	50	5,999,150
Special reserve		4,300,634	-
Retained earnings	8	(32,561)	(1,808,551)
<b>Equity</b>		<b>4,268,123</b>	<b>4,190,599</b>
Provision for deferred tax		-	24,884
<b>Provisions</b>		<b>-</b>	<b>24,884</b>
Payables to group enterprises		422,081	422,081
<b>Long-term debt</b>	9	<b>422,081</b>	<b>422,081</b>
Payables to group enterprises	9	590,214	556,553
Other payables		63,197	61,404
<b>Short-term debt</b>		<b>653,410</b>	<b>624,572</b>
<b>Debt</b>		<b>1,075,491</b>	<b>1,046,653</b>
<b>Liabilities and equity</b>		<b>5,343,614</b>	<b>5,262,136</b>
Contingent assets, liabilities and other financial obligations	10		
Related parties and ownership	11		
Accounting policies	12		

## Statement of Changes in Equity

	Share capital TDKK	Special reserve TDKK	Retained earnings TDKK	Total TDKK
<b>Equity</b>				
Equity at 1 January	5,999,150	-	(1,808,551)	4,190,599
Net profit for the year	-	-	139,250	139,250
Capital reduction to cover losses	(1,636,740)	-	1,636,740	-
Distribution	(61,726)	-	-	(61,726)
Capital reduction to special reserve	(4,300,634)	4,300,634	-	-
<b>Equity at 31 December</b>	<b>50</b>	<b>4,300,634</b>	<b>(32,561)</b>	<b>4,268,123</b>

## Notes to the Financial Statements

	2016 TDKK	2015 TDKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Denmark, Nordic	111,029	309,510
	<u>111,029</u>	<u>309,510</u>
<b>2 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	84,727	(333,450)
Amortisation of goodwill	(327,502)	(327,502)
Gain (loss) from sale of investment in subsidiaries	369,308	(305,932)
	<u>126,533</u>	<u>(966,884)</u>
<b>3 Financial income</b>		
Other financial income	-	-
Exchange adjustments	14,017	9,698
	<u>14,017</u>	<u>9,698</u>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	28,985	143,117
Other financial expenses	373	3,454
Exchange rate adjustments	(136)	95,486
	<u>29,222</u>	<u>242,058</u>

## Notes to the Financial Statements (continued)

	2016 TDKK	2015 TDKK
<b>5 Tax on profit (loss) for the year</b>		
Current tax for the year	-	662
Deferred tax for the year	(3,073)	80
Adjustment for tax concerning previous years	(24,822)	(1,050)
	<u>(27,895)</u>	<u>(308)</u>
	2016 TDKK	2015 TDKK
<b>6 Investments in subsidiaries</b>		
Cost at 1 January	3,728,561	9,259,900
Exchange adjustment		-
Additions for the year	1,936	372,616
Disposals for the year	(64,581)	(5,903,955)
<b>Cost at 31 December</b>	<u><b>3,665,916</b></u>	<u><b>3,728,561</b></u>
Value adjustments at 1 January	(1,019,737)	(719,011)
Disposals for the year	381,804	2,137,582
Exchange adjustment	-	-
Net profit (loss) for the year	84,727	(333,450)
Dividend to the parent company	-	(1,777,356)
Amortisation of goodwill	(327,502)	(327,502)
<b>Value adjustments at 31 December</b>	<u><b>(880,708)</b></u>	<u><b>(1,019,737)</b></u>
<b>Carrying amount at 31 December</b>	<u><b>2,785,208</b></u>	<u><b>2,708,824</b></u>

## Notes to the Financial Statements (continued)

	2016 TDKK	2015 TDKK
<b>6 Investments in subsidiaries (continued)</b>		
Remaining positive difference included in the above carrying amount at 31 December	2,052,946	2,380,448

Investments in subsidiaries are specified as follows:

100% ownership of Discovery Networks Denmark ApS, with registered office in Copenhagen, Denmark. Share capital TDKK 2,000.

## 7 Equity

The share capital has developed as follows:

		Number	Nominal value DKK
Shares nominal value TDKK 1		50	50,000
			<u>50,000</u>
	<b>2016 TDKK</b>	<b>2015 TDKK</b>	<b>2014 TDKK</b>
	<b>2013 TDKK</b>	<b>2012 TDKK</b>	
Share capital at 1 January	5,999,150	5,999,150	5,999,150
Capital increase		-	-
Capital decrease	(5,999,100)	-	-
<b>Share capital at 31 December</b>	<b>50</b>	<b>5,999,150</b>	<b>5,999,150</b>
		<b>5,999,150</b>	<b>1,000</b>



## Notes to the Financial Statements (continued)

<b>8 Distribution of profit</b>	<b>2016</b>	<b>2015</b>
	<b>TDKK</b>	<b>TDKK</b>
Retained earnings	139,250	(1,152,546)

### 9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. The debt falls due as specified below:

	<b>2016</b>	<b>2015</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>Payable to group enterprises</b>		
Between 1 and 5 years	422,081	422,081
Long-term part	422,081	422,081
Other short-term debt to group enterprises	590,214	556,553
	<b>1,012,295</b>	<b>978,634</b>

### 10 Contingent assets, liabilities and other financial obligations

#### Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income from the income year 2013.

### 11 Related parties and ownership

#### Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Discovery Communications Europe Limited, a UK company.

The Company does not prepare consolidated financial statements pursuant to section 112 (1) of the Danish Financial Statements Act. The Company's ultimate parent, which prepares consolidated financial statements into which the Company is consolidated as a subsidiary, is Discovery Communications Inc, 1 Discovery PI, Silver Spring, MD 20910, USA. Discovery Communications Inc.

The Group Annual Report of Discovery Communications Inc. may be obtained at the following address: Discovery Communications Inc, 1 Discovery PI, Silver Spring, MD 90210, USA

## Notes to the Financial Statements (continued)

### 12 Accounting policies

#### **Basis of preparation**

The Annual Report of Discovery Communications Nordic ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial statements for 2016 are presented in TDKK.

#### **Consolidated financial statements**

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Discovery Communications Inc., the Company has not prepared consolidated financial statements.

#### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Discovery Communications Inc., the Company has not prepared a cash flow statement.

#### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

## Notes to the Financial Statements (continued)

### 12 Accounting policies (continued)

#### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

#### Income Statement

##### Revenue

Revenue from the sale of TV commercials and transmission is recognised in the income statement when the delivery and transfer of risk has been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

##### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

##### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

##### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

##### Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments as well as surcharges and allowances under the tax on account scheme.

## Notes to the Financial Statements (continued)

### 12 Accounting policies (continued)

#### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed enterprises have adopted the on-account taxation scheme.

#### **Balance Sheet**

##### **Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

Positive and negative differences at the time of the acquisition are depreciated on a straight-line basis over 10 years.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## Notes to the Financial Statements (continued)

### 12 Accounting policies (continued)

#### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

#### **Equity**

#### **Dividend**

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

#### **Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

## Notes to the Financial Statements (continued)

### 12 Accounting policies (continued)

#### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

#### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

#### Financial highlights

Explanation of financial ratios:

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$