

Turner Broadcasting System Denmark ApS

Jens Kofods Gade 1, 2.

1268 Copenhagen

CVR No. 26404509

Annual Report 2015

14. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 9 June 2016

Nina Henningsen
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of Turner Broadcasting System Denmark ApS for the financial year 1 January 2015 - 31 December 2015.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2015 and of the results of the Company's operations for the financial year 1 January 2015 - 31 December 2015.

In our opinion, 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 2016

Executive Board

Bo Falk Østergaard
Chief Executive officer

Supervisory Board

Bo Falk Østergaard
Chief Executive officer

Eleanor Caroline Browne

Ian McDonough

Independent Auditor's Report

To the shareholders of Turner Broadcasting System Denmark ApS

Report on the Financial Statements

We have audited the Financial Statements of Turner Broadcasting System Denmark ApS for the financial year 1 January 2015 - 31 December 2015 comprising Accounting Policies, Income Statement, Balance Sheet and Notes. The Annual Report is presented in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act, and for such internal controls as Management determines is necessary to enable preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with international standards on auditing and additional requirements under Danish auditor regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain a high degree of assurance as to whether the Financial Statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of Financial Statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2015 and of the results of the Company's operations for the financial year 1 January 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Copenhagen, 31 May 2016

Ernst & Young

Godkendt Revisionspartnerselskab

CVR-nr. 30700228

Alex Petersen

State Authorised Public Accountant

Turner Broadcasting System Denmark ApS

Company details

Company	Turner Broadcasting System Denmark ApS Jens Kofods Gade 1, 2. 1268 Copenhagen
CVR No.	26404509
Date of formation	1 January 2002
Registered office	Copenhagen
Financial year	1 January 2015 - 31 December 2015
Supervisory Board	Bo Falk Østergaard, Chief Executive officer Eleanor Caroline Browne Ian McDonough
Executive Board	Bo Falk Østergaard, Chief Executive officer
Shareholders according to the Danish Companies Act	Turner Broadcasting System Europe Limited, UK
Administration company	Turner Broadcasting System Denmark ApS, Jens Kofods Gade 1,2, 1268 Copenhagen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 Postboks 250 2000 Frederiksberg CVR-no.: 30700228
Bank	Handelsbanken

Management's Review

The Company's principal activities

The main activity of the company is to market, assist in and develop the distribution of television channels and other types of new media (irrespective of whether these media are related to other television channels) in the Nordic Region. The company also engages in selling airtime on Nordic television channels.

Development in activities and financial matters

The Company's Income Statement of the financial year 1. januar 2015 - 31. december 2015 shows a result of DKK 1.498.762 and the Balance Sheet at 31. december 2015 a balance sheet total of DKK 17.227.483 and an equity of DKK 11.852.964.

The profit for the year is considered satisfactory.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the Company substantially.

Accounting Policies

Reporting Class

The Annual Report of Turner Broadcasting System Denmark ApS for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

The accounting value of intangible and tangible assets are examined on a yearly basis to determine if there are any indications of impairment, other than what has been declared by regular depreciations. If this is the case, an impairment will be done to the lowest recoverable value.

Accounting Policies

Income Statement

Revenue

Income from delivery of services is recognised as revenue as the service is delivered.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

Amortisation and impairment of tangible assets

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0%
Leasehold improvements	5 years	0%

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Accounting Policies

Balance Sheet

Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2015 kr.	2014 kr.
Revenue		29.722.965	32.576.879
Other external expenses		<u>-12.301.531</u>	<u>-16.017.603</u>
Gross profit/loss		17.421.434	16.559.276
Employee benefits expense	1	-15.123.573	-13.756.846
Depreciation, amortisation expense and impairment losses of property, plant and equipment recognised in profit or loss		<u>-301.581</u>	<u>-201.883</u>
Profit from ordinary operating activities		1.996.280	2.600.547
Finance expences		<u>2.133</u>	<u>-69.467</u>
Profit from ordinary activities before tax		1.998.413	2.531.080
Tax expense on ordinary activities	2	<u>-499.651</u>	<u>-645.636</u>
Profit		1.498.762	1.885.444
Proposed distribution of profit			
Retained earnings		<u>1.498.762</u>	<u>1.885.444</u>
		1.498.762	1.885.444

Turner Broadcasting System Denmark ApS

Balance Sheet as of 31. December

	Note	2015 kr.	2014 kr.
Assets			
Fixtures, fittings, tools and equipment		858.920	224.981
Leasehold improvements		0	133.574
Property, plant and equipment		858.920	358.555
Deposits, investments		528.200	200.529
Investments		528.200	200.529
Fixed assets		1.387.120	559.084
Short-term receivables from group enterprises		8.406.031	12.783.817
Other short-term receivables		1.730.979	1.230.599
Deferred income		34.925	45.235
Receivables		10.171.935	14.059.651
Cash and cash equivalents		5.668.428	3.195.918
Current assets		15.840.363	17.255.569
Assets		17.227.483	17.814.653

Balance Sheet as of 31. December

	Note	2015 kr.	2014 kr.
Liabilities and equity			
Contributed capital	3	125.000	125.000
Retained earnings	4	11.727.964	10.229.202
Equity		11.852.964	10.354.202
Provisions for deferred tax		17.465	15.433
Provisions		17.465	15.433
Trade payables		500.280	2.368.301
Tax payables		515.551	690.443
Other payables		4.341.223	4.386.274
Short-term liabilities other than provisions		5.357.054	7.445.018
Liabilities other than provisions within the business		5.357.054	7.445.018
Liabilities and equity		17.227.483	17.814.653
Related parties	5		
Contingent liabilities	6		

Notes

1. Employee benefits expense

	2015	2014
Wages and salaries	13.975.312	12.699.631
Post-employment benefit expense	1.105.901	1.031.263
Social security contributions	42.360	25.952
	<u>15.123.573</u>	<u>13.756.846</u>

2. Tax expense

	2015	2014
Tax for the year	497.636	660.079
Regulation deferred tax	3.223	-12.616
Regulation previous years tax	-18	-1.827
Regulation tax percent	-1.190	0
	<u>499.651</u>	<u>645.636</u>

3. Contributed capital

	2015	2014
Balance at the beginning of the year	125.000	125.000
Balance at the end of the year	<u>125.000</u>	<u>125.000</u>

The share capital is comprised of 125 shares of DKK 1.000,00 per share.

The share capital has remained unchanged for the last 5 years.

4. Retained earnings

	2015	2014
Balance at the beginning of the year	10.229.202	8.343.758
Additions during the year	1.498.762	1.885.444
Balance at the end of the year	<u>11.727.964</u>	<u>10.229.202</u>

5. Related parties

The smallest group, in which these financial statements of the company are consolidated, are those of Turner Broadcasting Systems Europe Limited. The registered office of Turner Broadcasting Systems Europe Limited, is Turner House, 16 Great Marlborough Street, London W1F 7HS, UK.

The largest group, in which these financial statements of the company are consolidated, are those of Turner Broadcasting System Inc.. The registered office of Turner Broadcasting System Inc., One CNN Center, Atlanta, Georgia 30303, USA.

Notes

6. Contingent liabilities

The Company is liable for a rent obligation for DKK 3.941 (thousands) until 31 March 2019.

The Company is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.