
Turner Broadcasting Systems Denmark ApS

Jens Kofods Gade 1, 2., DK-1268 København K

Annual Report for 1 January - 31 December 2017

CVR No 26 40 45 09

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
3/5 2018

Chairman

Kim Henningsen

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Turner Broadcasting Systems Denmark ApS for the financial year 1 January - 31 December 2017.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, 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.

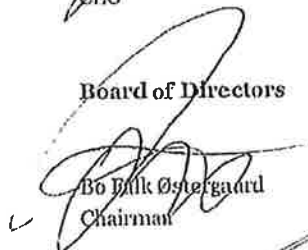
Copenhagen, 31 May 2018

Executive Board

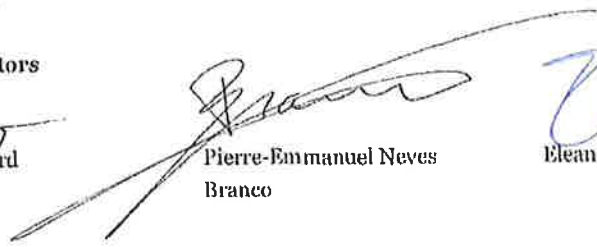


Bjarke Østergaard
CEO

Board of Directors



Bjarke Østergaard
Chairman



Pierre-Emmanuel Neves
Branco



Eleanor Caroline Browne

Independent Auditor's Report

To the Shareholder of Turner Broadcasting Systems Denmark ApS

Opinion

We have audited the Financial Statements of Turner Broadcasting Systems Denmark ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

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

Independence

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 rules and requirements.

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 eco-

Independent Auditor's Report

conomic 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 judgement and maintain professional scepticism 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.
- 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.

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

Independent Auditor's Report

misstated.

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

Copenhagen, 31 May 2018

Ernst & Young

Godkendt Revisionspartnerselskab

CVR No 30 70 02 28



Alex Petersen

State Authorised Public Accountant

mue28604

Company Information

The Company

Turner Broadcasting Systems Denmark ApS
Jens Kofods Gade 1, 2.
DK-1268 København K

CVR No: 26 40 45 09

Financial period: 1 January - 31 December

Incorporated: 1 January 2002

Municipality of reg. office: København

Board of Directors

Bo Falk Østergaard, Chairman
Pierre-Emmanuel Neves Branco
Eleanor Caroline Browne

Executive Board

Bo Falk Østergaard

Auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4, Postboks 250
DK-2000 Frederiksberg

Bankers

Handelsbanken

Management's Review

Key activities

The main activity of the company is to distribute Cartoon Network, Boomerang, CNN, TCM and TNT both digitally and linear. As part of the distribution business, is the sale of advertising on participating channels.

Development in the year

The income statement of the Company for 2017 shows a profit of DKK 3,230,448, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 18,125,170.

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	2017 DKK	2016 DKK
Revenue		47.271.400	37.680.692
Other external expenses		<u>-22.474.413</u>	<u>-17.478.114</u>
Gross profit/loss		24.796.987	20.102.478
Staff expenses	1	-20.326.881	-15.783.043
Depreciation, amortisation and impairment of property, plant and equipment		<u>-242.371</u>	<u>-325.991</u>
Profit/loss before financial income and expenses		4.227.735	3.993.444
Financial income		73.870	88.878
Financial expenses		<u>-50.186</u>	<u>-61.824</u>
Profit/loss before tax		4.251.419	4.020.498
Tax on profit/loss for the year	2	<u>-1.020.971</u>	<u>-978.740</u>
Net profit/loss for the year		<u>3.230.448</u>	<u>3.041.758</u>

Distribution of profit

Proposed distribution of profit

Retained earnings	<u>3.230.448</u>	<u>3.041.758</u>
	<u>3.230.448</u>	<u>3.041.758</u>

Balance Sheet 31 December

Assets

Note	2017 DKK	2016 DKK
Other fixtures and fittings, tools and equipment	352.673	545.043
Property, plant and equipment	352.673	545.043
Deposits	560.991	544.772
Fixed asset investments	560.991	544.772
Fixed assets	913.664	1.089.815
Receivables from group enterprises	21.688.415	10.129.779
Other receivables	1.321.251	1.753.670
Deferred tax asset	28.629	10.713
Prepayments	0	75.857
Receivables	23.038.295	11.970.019
Cash at bank and in hand	4.626.097	8.193.815
Current assets	27.663.392	20.163.834
Assets	28.577.066	21.253.649

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		125.000	125.000
Retained earnings		18.000.170	14.769.722
Equity	3	18.125.170	14.894.722
Trade payables		1.350.591	1.084.536
Payables to group enterprises		1.457.456	0
Corporation tax		1.038.887	1.041.153
Other payables		6.604.952	4.233.238
Short-term debt		10.451.886	6.358.927
Debt		10.451.886	6.358.927
Liabilities and equity		28.577.056	21.253.649
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	125.000	14.769.722	14.894.722
Net profit/loss for the year	0	3.230.448	3.230.448
Equity at 31 December	<u>125.000</u>	<u>18.000.170</u>	<u>18.125.170</u>

Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	18.668.707	14.528.518
Pensions	1.354.568	1.199.616
Other social security expenses	303.606	54.909
	<u>20.326.881</u>	<u>16.783.043</u>
Average number of employees	<u>27</u>	<u>24</u>
2 Tax on profit/loss for the year		
Current tax for the year	1.038.887	1.006.918
Deferred tax for the year	-17.916	-28.178
	<u>1.020.971</u>	<u>978.740</u>

3 Equity

The share capital consists of 1,000 shares of a nominal value of DKK 125. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

4 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rent obligation until 31 March 2019	1.635.000	2.788.000
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Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The Company is the management company of the joint taxation Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on royalty and interest payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

5 Related parties

Basis

Controlling interest

Turner Broadcasting Systems Europe Limited, United Kingdom Parent Company

Consolidated Financial Statements

The Company is included in the consolidated annual report of the Parent Company.

<u>Name</u>	<u>Place of registered office</u>
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Turner Broadcasting Systems Europe Limited	London, United Kingdom
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The Group Annual Report of Turner Broadcasting Systems Europe Limited may be obtained at the following address:

Turner House
16 Great Marlborough Street,
London W1F 7HS
United Kingdom

Notes to the Financial Statements

6 Accounting Policies

The Annual Report of Turner Broadcasting Systems Denmark ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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.

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.

Notes to the Financial Statements

6 Accounting Policies (continued)

Staff expenses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

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 profit/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3-5 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

6 Accounting Policies (continued)

Impairment of fixed assets

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

Prepayments

Prepayments comprise prepaid expenses concerning prepaid cost regarding subsequent financial years.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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