
Friendly Content A/S

Toldbodgade 55, 3, DK-1253 Copenhagen K

Annual Report for 1 January - 31 December 2016

CVR No 28 15 81 73

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
8 /6 2017

Lars Petersen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Friendly Content A/S for the financial year 1 January - 31 December 2016.

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 2016 of the Company and of the results of the Company operations for 2016.

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, 8 June 2017

Executive Board

Torben Snowman
CEO

Board of Directors

Sally Sharon Bird Spensley
Chairman

Christopher Henry St John
Hoare

Carsten Kaag

Torben Snowman

Independent Auditor's Report

To the Shareholder of Friendly Content A/S

Opinion

We have audited the Financial Statements of Friendly Content A/S 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. 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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 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.

Emphasis of Matter

Please refer to the Management Review and the description in accounting policies stating that the Executive Board is planning to close down the Company during 2017. The accounting policies are therefore changed compared to last year, so that the financial statements are prepared in accordance with the net realizable principles.

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.

Independent Auditor's Report

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 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.
- 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.

Independent Auditor's Report

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 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, 8 June 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Kim Takata Mücke
State Authorised Public Accountant

Morten Jarlbo
State Authorised Public Accountant

Company Information

The Company

Friendly Content A/S
Toldbodgade 55, 3
DK-1253 Copenhagen K

CVR No: 28 15 81 73
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Sally Sharon Bird Spensley , Chairman
Christopher Henry St John Hoare
Carsten Kaag
Torben Snowman

Executive Board

Torben Snowman

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-0900 Copenhagen C

Management's Review

Key activities

As in prior years the Company's primary business areas are advertising, consultancy and software development.

Development in the year

The income statement for the Company for 2016 shows a profit of t.DKK 428. The result is considered satisfactory, but in alignment with the parent company it has been decided to close the Company, and costs and obligations related to the closing have been provided at 31 December.

At 31 December, the balance sheet of the Company shows equity of t.DKK 3.245. The Company is part of WPP Group and hence included in the WPP Group financing arrangement which allows access to a Danish cash pooling, administrated by WPP Holding Denmark A/S.

WPP Holding Denmark A/S has agreed to accept to pay all costs related to the closing in case the Company does not have sufficient own funds.

Because of the support from WPP Holding Denmark A/S, it is expected that the closing will take place as a solvent liquidation.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Revenue		6.901.826	11.660.131
Cost of sales		-4.584.222	-8.633.251
Other external expenses		-726.211	-1.027.021
Gross profit/loss		1.591.393	1.999.859
Staff expenses	1	-1.109.107	-1.542.068
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-20.701	-20.688
Profit/loss before financial income and expenses		461.585	437.103
Financial income	2	42.225	58.632
Financial expenses		368	-5.532
Profit/loss before tax		504.178	490.203
Tax on profit/loss for the year	3	-75.806	-150.133
Net profit/loss for the year		428.372	340.070

Distribution of profit

Proposed distribution of profit

Retained earnings		428.372	340.070
		428.372	340.070

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Other fixtures and fittings, tools and equipment		16.469	37.170
Property, plant and equipment	4	16.469	37.170
Deposits		2.937	2.841
Fixed asset investments		2.937	2.841
Fixed assets		19.406	40.011
Trade receivables		140.925	420.373
Contract work in progress	5	17.686	217.518
Receivables from group enterprises		5.745.656	6.625.148
Other receivables		0	2.878
Deferred tax asset		0	15.111
Receivables		5.904.267	7.281.028
Currents assets		5.904.267	7.281.028
Assets		5.923.673	7.321.039

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Share capital		500.000	500.000
Retained earnings		<u>2.745.096</u>	<u>2.316.724</u>
Equity	6	<u>3.245.096</u>	<u>2.816.724</u>
Provision for deferred tax		<u>29.216</u>	<u>0</u>
Provisions		<u>29.216</u>	<u>0</u>
Trade payables		167.850	71.835
Contract work in progress, liabilities	5	33.493	159.701
Payables to group enterprises		2.195.309	3.674.878
Corporation tax		110.918	115.735
Other payables		<u>141.791</u>	<u>482.166</u>
Short-term debt		<u>2.649.361</u>	<u>4.504.315</u>
Debt		<u>2.649.361</u>	<u>4.504.315</u>
Liabilities and equity		<u>5.923.673</u>	<u>7.321.039</u>
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	500.000	2.316.724	2.816.724
Net profit/loss for the year	0	428.372	428.372
Equity at 31 December	500.000	2.745.096	3.245.096

Notes to the Financial Statements

	<u>2016</u>	<u>2015</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	1.036.807	1.412.247
Pensions	24.564	45.125
Other staff expenses	47.736	84.696
	<u>1.109.107</u>	<u>1.542.068</u>
Average number of employees	<u>3</u>	<u>6</u>
2 Financial income		
Interest received from group enterprises	42.225	58.632
	<u>42.225</u>	<u>58.632</u>
3 Tax on profit/loss for the year		
Current tax for the year	110.918	115.735
Deferred tax for the year	44.327	0
Adjustment of deferred tax concerning previous years	-79.439	34.398
	<u>75.806</u>	<u>150.133</u>

Notes to the Financial Statements

4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	254.655
Cost at 31 December	254.655
Impairment losses and depreciation at 1 January	217.485
Depreciation for the year	20.701
Impairment losses and depreciation at 31 December	238.186
Carrying amount at 31 December	16.469

5 Contract work in progress

	2016 DKK	2015 DKK
Selling price of work in progress	213.593	284.267
Invoiced on account	-229.400	-226.450
	-15.807	57.817
Recognised in the balance sheet as follows:		
Contract work in progress (net value), where the sales value exceeds on accounts billings	17.686	217.518
Contract work in progress (net value), where the billings on account exceeds sales value	-33.493	-159.701
	-15.807	57.817

6 Equity

The share capital consists of 5,000 shares of a nominal value of DKK 100. No shares carry any special rights.

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

Notes to the Financial Statements

7 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of WPP Holding Denmark A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

8 Related parties

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

<u>Name</u>	<u>Place of registered office</u>
WPP Plc.	Queens House, Hilgrove Street, st Helier, Jersey, JE1 1ES

The Group Annual Report of WPP plc. may be obtained at: www.wppinvestor.com

Notes, Accounting Policies

Basis of Preparation

The Annual Report of Friendly Content A/S for 2016 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.

Due to the management decision of closing the company, assets and liabilities are recognised at expected realisable values if lower than the booked value, and provision has been made for costs to settle the company in the debt in the Annual Report. Comparative figures for previous years have not been restated.

The Financial Statements for 2016 are presented in DKK.

Recognition and measurement

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

Revenue from the sale of media is recognised in the income statement based on the stage of completion so that revenue corresponds to the sales value of the work performed in the financial year (the percentage-of-completion method).

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

Notes, Accounting Policies

Cost of sales

Cost of sales comprises cost incurred to earn revenue.

Other external expenses

Other external expenses comprise expenses for premises, stationery and office supplies, marketing costs and services provided by group related companies etc. This item also includes write-downs of receivables recognised in current assets.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses including social security contributions, pension contributions etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 the other WPP companies in Denmark. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes, Accounting Policies

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
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Depreciation period and residual value are reassessed annually.

Fixed asset investments

Fixed asset investments consist of deposits.

Cash pool

The company is part of a cash pool scheme with other Danish WPP companies. Consequently, a considerable portion of the Company's bank deposits and debt is included in receivables from and payables to group enterprises, respectively.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Notes, Accounting Policies

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

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 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.