
Studios A/S

Jenagade 22, DK-2300 København S

Annual Report for 1 January - 31 December 2015

CVR No 30 90 88 13

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
23/5 2016

Peter Seehausen
Chairman



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report on the Financial Statements	2
Company Information	
Company Information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11
Accounting Policies	14

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Studios A/S for the financial year 1 January - 31 December 2015.

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 2015 of the Company and of the results of the Company operations for 2015.

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, 23 May 2016

Executive Board

Peter Seehausen
Executive Officer

Board of Directors

Bertil Rosenlund
Chairman

Ingrid Victoria Louise Kjellberg

Peter Seehausen

Independent Auditor's Report on the Financial Statements

To the Shareholders of Studios A/S

Report on the Financial Statements

We have audited the Financial Statements of Studios A/S for the financial year 1 January - 31 December 2015, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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.

We believe that 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 qualification.

Opinion

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

Independent Auditor's Report on the Financial Statements

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.

Hellerup, 23 May 2016

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen
statsautoriseret revisor

James Liang
statsautoriseret revisor

Company Information

The Company

Studios A/S
Jenagade 22
DK-2300 København S

Telephone: + 45 32646464
E-mail: info@studios.dk
Website: www.studios.dk

CVR No: 30 90 88 13
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Bertil Rosenlund, Chairman
Ingrid Victoria Louise Kjellberg
Peter Seehausen

Executive Board

Peter Seehausen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Nordea Bank Danmark A/S

Management's Review

Main activity

The company mainly leases out facilities and equipment for film, advertising and television production as well as technical production and installation.

Development in the year

The income statement of the Company for 2015 shows a profit of DKK 653,116 against a loss of DKK 457,821 last year, and at 31 December 2015 the balance sheet of the Company shows equity of DKK 30,214,922.

The financial year in 2014 has been changed to be aligned with the financial year of the parent company and consists of 6 months from 1 July - 31 December 2014. The current financial year covers 12 months and is not comparable with the figures from 2014.

Knowledge resources

Throughout its entire production and development process, the company is dependent on continuously being able to attract the best human resources in every area. Management is aware of this and is working on these challenges, partly in order to be able to develop existing competences, but also in order to be able to develop new business areas and products as well as strengthen the employees' competences. These matters are essential in connection with the sharpening of the competition observed over the past years.

Special risks

As a result of the ongoing adjustment and restructuring of its customer base, the company is exposed to a higher competitive risk compared to many other industries. However, it is management's assessment that, through the structure and build-up of the organization, the company is very aware of these circumstances. Thus, any influences which may come from the surroundings have been or will be anticipated and included in the ongoing management of the business.

Impact on the external environmental

The company does not run a business that is directly straining on the environment. In connection with filming, etc. in foreign locations, the company is aware of possible problems, and these circumstances are included in the company's objectives for product quality and production condition. The company purchases environmentally friendly power to minimize the strain on the environment in connection with production activities.

Subsequent events

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

Management's Review

Outlook

Results for 2016 are expected to be increased in comparison with results for 2015.

Income Statement 1 January - 31 December

	Note	2015 (12 Months) DKK	2014 (6 Months) DKK
Gross profit/loss		26.332.082	12.290.089
Staff expenses	1	-18.816.168	-8.719.823
Depreciation property, plant and equipment		<u>-6.407.663</u>	<u>-4.168.207</u>
Profit/loss before financial income and expenses		1.108.251	-597.941
Financial income	2	62.757	8.350
Financial expenses	3	<u>-288.840</u>	<u>-37.262</u>
Profit/loss before tax		882.168	-626.853
Tax on profit/loss for the year	4	<u>-229.052</u>	<u>169.032</u>
Net profit/loss for the year		<u>653.116</u>	<u>-457.821</u>

Distribution of profit

Proposed distribution of profit

Retained earnings	<u>653.116</u>	<u>-457.821</u>
	<u>653.116</u>	<u>-457.821</u>

Balance Sheet 31 December

Assets

	Note	2015 DKK	2014 DKK
Other fixtures and fittings, tools and equipment		9.751.986	12.799.733
Property, plant and equipment	5	9.751.986	12.799.733
Fixed assets		9.751.986	12.799.733
Inventories		0	76.388
Trade receivables		9.318.414	8.530.562
Work in progress for third parties		1.547.768	362.697
Receivables from group enterprises		15.202.631	11.980.134
Other receivables		330.656	361.566
Deferred tax asset		2.674.031	2.369.935
Prepayments		76.440	61.096
Receivables		29.149.940	23.665.990
Cash at bank and in hand		24.745	24.915
Currents assets		29.174.685	23.767.293
Assets		38.926.671	36.567.026

Balance Sheet 31 December

Liabilities and equity

	Note	2015 DKK	2014 DKK
Share capital		600.000	600.000
Retained earnings		29.614.922	28.961.806
Equity	6	30.214.922	29.561.806
Prepayments received from customers		379.370	747.398
Trade payables		1.059.206	844.702
Payables to group enterprises		62.084	0
Corporation tax		2.249.725	1.759.723
Other payables		4.961.364	3.653.397
Short-term debt		8.711.749	7.005.220
Debt		8.711.749	7.005.220
Liabilities and equity		38.926.671	36.567.026
Contingent assets, liabilities and other financial obligations	7		
Related parties and ownership	8		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	600.000	28.961.806	29.561.806
Net profit/loss for the year	0	653.116	653.116
Equity at 31 December	600.000	29.614.922	30.214.922

Notes to the Financial Statements

	2015 (12 Months) DKK	2014 (6 Months) DKK
1 Staff expenses		
Wages and salaries	18.143.229	8.386.023
Other social security expenses	107.108	52.230
Other staff expenses	565.831	281.570
	<u>18.816.168</u>	<u>8.719.823</u>
Average number of employees	<u>33</u>	<u>32</u>
	2015 (12 Months) DKK	2014 (6 Months) DKK
2 Financial income		
Other financial income	0	312
Exchange adjustments	62.757	8.038
	<u>62.757</u>	<u>8.350</u>
3 Financial expenses		
Other financial expenses	84.554	25.629
Exchange adjustments, expenses	204.286	11.633
	<u>288.840</u>	<u>37.262</u>
4 Tax on profit/loss for the year		
Current tax for the year	533.148	345.949
Deferred tax for the year	-304.096	-514.981
	<u>229.052</u>	<u>-169.032</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	63.506.791
Adjustment from 2014	3.875.234
Additions for the year	3.860.309
Disposals for the year	-4.711.466
Cost at 31 December	<u>66.530.868</u>
Impairment losses and depreciation at 1 January	50.707.058
Adjustment from 2014	3.875.234
Depreciation for the year	6.407.663
Depreciation of sold assets for the year	-4.211.073
Impairment losses and depreciation at 31 December	<u>56.778.882</u>
Carrying amount at 31 December	<u>9.751.986</u>
Depreciated over	<u>2-8 years</u>

6 Equity

The share capital consists of 600,000 shares of a nominal value of DKK 1. 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 Company is jointly taxed with Endemol Denmark A/S, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes for the income year 2014 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

The Company's lease at Jenagade 22 is interminable until 1 December 2017. Throughout the period of interminability, the lease liability amounts to tDKK 12,119.

As security for deposits in connection with the rental agreement, a bank guarantee of tDKK 1,358 has been provided.

The Company participates in the Endemol Shine group's cash pool arrangement and is jointly and severally liable together with the other group entities. The Company's receivable within the cashpool at the balance sheet date amounts to DKK 13,2 mio. (2014: 10,7 mio), which is carried under intra-group balances.

8 Related parties and ownership

Basis

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:

Endemol Denmark A/S

Accounting Policies

Basis of Preparation

The Annual Report of Studios A/S for 2015 has been prepared 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.

The financial year in 2014 has been changed to be aligned with the financial year of the parent company and consists of 6 months from 1 July - 31 December 2014. The current financial year covers 12 months and is not comparable with the figures from 2014.

Financial Statements for 2015 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, 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.

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.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Accounting Policies

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses comprise the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff expenses

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Accounting Policies

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 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 wholly owned Danish group entities. 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 2-8 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

Accounting Policies

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

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

Work in progress for third parties

Work in progress for third parties regarding service 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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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.

Accounting Policies

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.