

Lantic Entertainment System ApS

Nordlandsvej 90, 8240 Risskov

Company reg. no. 32 14 18 62

Annual report

2015

The annual report has been submitted and approved by the general meeting on the 8 June 2016.

Dirk August Alewijnse

Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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Management's report

The managing director has today presented the annual report of Lantic Entertainment System ApS for the financial year 1 January to 31 December 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act.

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

At the board meeting it will be decided that the annual accounts for 2016 onwards are not subject to audit. The managing director considers the requirements of omission of audit as met.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Risskov, 8 June 2016

Managing Director

Dirk August Alewijnse

The independent auditor's reports

To the shareholders of Lantic Entertainment System ApS

Report on the annual accounts

We have audited the annual accounts of Lantic Entertainment System ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts 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 about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts 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 the management, as well as the overall presentation of the annual accounts.

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

The independent auditor's reports

Qualified opinion

Basis for qualified opinion

We did not participate in the physical counting of the inventories as per 31 December 2015 as, at that time, performing an audit of the company was not part of the plan. We have not in other ways been able to obtain evidence of the presence of the physical inventories as per 31 December 2015, which have been recognised in the balance sheet at DKK 255,783.

The company's inventories are recognised in the balance sheet at an amount of DKK 255,783. In the financial year the company's management has decided to close down operations in the course of 2016. In this connection, the company has written down the inventories by DKK 884,000 at year-end 2015. As a consequence of the missing audit evidence, we have not had the opportunity to verify whether the impaired value is an expression of the net realisable value of inventories and, therefore, we express our qualified opinion concerning the inventories of DKK 255,783.

Qualified opinion

Except for the possible effect of the matter described in the paragraph "Basis for qualified opinion", it is our opinion that the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Reports on other legal and regulatory requirements

Emphasis of matter paragraph on other matters

Without qualifying our opinion, we refer to note 1, which states that the company has decided to terminate activities in the course of 2016.

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Aarhus, 8 June 2016

Redmark

State Authorised Public Accountants
CVR-nr. 29 44 27 89

Kai Ambrosius

State Authorised Public Accountant

Company data

The company

Lantic Entertainment System ApS
Nordlandsvej 90
8240 Risskov

Company reg. no.: 32 14 18 62

Financial year: 1 January - 31 December

Managing Director

Dirk August Alewijnse

Auditors

Redmark, Statsautoriseret Revisionspartnerselskab
Sommervej 31C
8210 Aarhus V

Management's review

The principal activities of the company

The principal activities of the company is developing, designing, production and service of audio and video systems.

Unusual matters

The company has in 2015 started to close down its activities.

Uncertainties as to recognition or measurement

Following the decision to dissolve the company, the management has chosen to measure the company assets and liabilities according to the realisation principle based on best estimate. The company management is of the opinion that the only uncertain item is the measurement of the company's inventories.

Development in activities and financial matters

In the financial year, the company's management has decided to shut down operations and dissolve the enterprise in the course of 2016. Therefore, the annual report was not prepared under the assumption that the company is a going concern. In this connection, writedown of inventories by DKK 883,000 has been performed, so that the inventories have been recognised at realisable value and the other assets and liabilities have been measured at expected realisation prices.

The company's operation will continue in 2016 until all receivables and all debts have been settled.

Events subsequent to the financial year

The company's management has decided to shut down operations and dissolve the enterprise in the course of 2016.

Accounting policies used

The annual report for Lantic Entertainment System ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The annual report is presented according to the realisation principle. This does not affect the accounting policies used compared to last year, except for the fact that the inventories have been recognised at realisable value.

The annual accounts are presented in Danish kroner (DKK).

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts is recognised concurrently with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Costs concerning investment property

Costs concerning investment property comprise operation costs, repair and maintenance costs, taxes, charges and other costs. Costs concerning the heating account are recognised in the balance sheet as a balance among the lessees.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Accounting policies used

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Equity - dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

Corporate tax and deferred tax

Current tax receivable and tax 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 previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Accounting policies used

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Liabilities relating to investment properties are measured at amortised cost.

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Gross profit	4.798.048	5.943.119
2 Staff costs	-5.325.882	-5.393.102
Operating profit	-527.834	550.017
Other financial income	33.052	19.760
Other financial costs	-29.157	-19.660
Results before tax	-523.939	550.117
Tax on ordinary results	-2.064.595	-121.479
Results for the year	-2.588.534	428.638
 Proposed distribution of the results:		
Extraordinary dividend adopted during the financial year	1.547.524	0
Dividend for the financial year	0	428.638
Allocated from results brought forward	-4.136.058	0
Distribution in total	-2.588.534	428.638

Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2015</u>	<u>2014</u>
Fixed assets		
4 Deposits	78.738	78.738
Financial fixed assets in total	<u>78.738</u>	<u>78.738</u>
Fixed assets in total	<u>78.738</u>	<u>78.738</u>
Current assets		
Raw materials and consumables	255.783	1.252.729
Inventories in total	<u>255.783</u>	<u>1.252.729</u>
Trade debtors	394.386	1.802.134
Amounts owed by group enterprises	1.861.800	0
Deferred tax assets	0	2.064.595
Receivable corporate tax	8.000	0
Other debtors	108.650	83.959
Debtors in total	<u>2.372.836</u>	<u>3.950.688</u>
Cash funds	54.739	2.522.870
Current assets in total	<u>2.683.358</u>	<u>7.726.287</u>
Assets in total	<u>2.762.096</u>	<u>7.805.025</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2015</u>	<u>2014</u>
Equity			
5	Contributed capital	175.000	175.000
7	Results brought forward	1.747.002	5.883.060
8	Proposed dividend for the financial year	0	428.638
	Equity in total	<u>1.922.002</u>	<u>6.486.698</u>
Liabilities			
	Bank debts	4.223	27.116
	Trade creditors	55.590	113.706
	Debt to group enterprises	0	571.682
	Other debts	780.281	605.823
	Short-term liabilities in total	<u>840.094</u>	<u>1.318.327</u>
	Liabilities in total	<u>840.094</u>	<u>1.318.327</u>
	Equity and liabilities in total	<u>2.762.096</u>	<u>7.805.025</u>
9	Mortgage and securities		
10	Contingencies		

Notes

All amounts in DKK.

	<u>2015</u>	<u>2014</u>
1. Uncertainties concerning the enterprise's ability to continue as a going concern		
In the financial year, the company's management has decided to shut down operations and dissolve the enterprise in the course of 2016. Therefore, the annual report was not prepared under the assumption that the company is a going concern. In this connection, writedown of inventories by DKK 883,000 has been performed, so that the inventories have been recognised at realisable value and the other assets and liabilities have been measured at expected realisation prices.		
The company's operation will continue in 2016 until all receivables and all debts have been settled.		
2. Staff costs		
Salaries and wages	4.359.730	4.307.166
Pension costs	806.783	818.048
Other costs for social security	66.373	106.882
Other staff costs	92.996	161.006
	<u>5.325.882</u>	<u>5.393.102</u>
3. Materielle anlægsaktiver		Andre anlæg, driftsmateriel og inventar
Kostpris 1. januar 2015		<u>688.797</u>
Kostpris 31. december 2015		<u>688.797</u>
Af- og nedskrivninger 1. januar 2015		<u>688.797</u>
Af- og nedskrivninger 31. december 2015		<u>688.797</u>

Notes

All amounts in DKK.

	<u>31/12 2015</u>	<u>31/12 2014</u>
4. Deposits		
Cost 1 January 2015	<u>78.738</u>	<u>78.738</u>
Cost 31 December 2015	<u>78.738</u>	<u>78.738</u>
Book value 31 December 2015	<u>78.738</u>	<u>78.738</u>
5. Contributed capital		
Contributed capital 1 January 2015	<u>175.000</u>	<u>175.000</u>
	<u>175.000</u>	<u>175.000</u>
6. Share premium account		
Share premium account 1 January 2015	0	16.802.455
Share premium account for the year	<u>0</u>	<u>-16.802.455</u>
	<u>0</u>	<u>0</u>
7. Results brought forward		
Results brought forward 1 January 2015	5.883.060	-10.919.395
Profit or loss for the year brought forward	-4.136.058	0
Extraordinary dividend adopted during the financial year	1.547.524	0
Distributed extraordinary dividend adopted during the financial year.	-1.547.524	0
Transfer from share premium account	<u>0</u>	<u>16.802.455</u>
	<u>1.747.002</u>	<u>5.883.060</u>
8. Proposed dividend for the financial year		
Dividend 1 January 2015	428.638	3.000.000
Distributed dividend	-428.638	-3.000.000
Dividend for the financial year	<u>0</u>	<u>428.638</u>
	<u>0</u>	<u>428.638</u>

Notes

All amounts in DKK.

9. Mortgage and securities

None.

10. Contingencies

Contingent liabilities

The company's lease agreement is 6 months in 2016. As at the 31 December 2015 this corresponds to a liability of DKK 250.000.