

# Final Cut For Real ApS

Forbindelsesvej 7, 2100 København  
CVR no. 32 77 80 70

## Annual report for 2016

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 06.06.17

Signe Byrge Sørensen  
Dirigent

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**The company**

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Final Cut For Real ApS  
Forbindelsesvej 7  
2100 København  
Tel.: 35 43 60 43  
Fax: 35 43 60 44  
Registered office: København  
CVR no.: 32 77 80 70  
Financial year: 01.01 - 31.12

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**Executive Board**

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Janus Billeskov Jansen  
Signe Byrge Sørensen

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**Board Of Directors**

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Thomas Stenderup  
Janus Billeskov Jansen  
Joshua Lincoln Oppenheimer  
Signe Byrge Sørensen

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

## Statement of the Board of Directors and Executive Board on the annual report

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We have on this day presented the annual report for the financial year 01.01.16 - 31.12.16 for Final Cut For Real ApS.

The annual report is presented in accordance with Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.16 and of the results of the the company's activities for the financial year 01.01.16 - 31.12.16.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, May 31, 2017

### **Executive Board**

Janus Billeskov Jansen

Signe Byrge Sørensen

### **Board Of Directors**

Thomas Stenderup

Janus Billeskov Jansen

Joshua Lincoln Oppenheimer

Signe Byrge Sørensen

**To the capital owners of Final Cut For Real ApS****Opinion**

We have audited the financial statements of Final Cut For Real ApS for the financial year 01.01.16 - 31.12.16, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.16 and of the results of the company's operations for the financial year 01.01.16 - 31.12.16 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing 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.

**Management's responsibility for the financial statements**

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 regarding the 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 Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

Soeborg, Copenhagen, May 31, 2017

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Kim Nielsen  
State Authorized Public Accountant

**Primary activities**

The company's activities comprise production and trade in film and video.

**Development in activities and financial affairs**

The income statement for the period 01.01.16 - 31.12.16 shows a profit/loss of DKK 311,484 against DKK 120,549 for the period 01.01.15 - 31.12.15. The balance sheet shows equity of DKK 706,126.

2016 was a good year for Final Cut for Real. The year started with "The Look of Silence" winning four Cinema Eye Awards and being nominated for an Oscar. Signe also got nominated for a Producer's Guild Award. The film did not win any of these awards, but this time at least we won the Independent Spirit Award, which is awarded on the day before the Oscar show in Santa Monica. Signe also won the Ib award, which is basically a Danish award for brave and insistent producers awarded by the Danish Director's Association.

**Own Premieres and awards:**

"Les Sauteurs" by Moritz Siebert, Estephan Wagner and Abou Bakar Sidibé, premiered in the Forum section at the Berlinale and went on to more than 50 other festivals, winning 13 awards. Pretty good for a film done with support from the Film workshop. Heidi represented the film at the US premiere at AFI in Washington.

**Co-production premieres and awards.**

Our co-production "Shadow World" by Johan Grimontprez premiered at Tribeca in May. It also went around the festival circuit, and Andrew Fernstein, the writer of the book which inspired the film is still holding public screenings around Europe. "Little Wing", directed by Selma Vilhunen had its world premiere in Toronto and went on to win 6 national Jussi awards in Finland. Finally, "Night Will Fall" won an Emmy for Best History Program.

**Other films and people in festivals:**

Joshua Oppenheimer was invited to be a member of the Grand Venice jury. Joshua was also in San Sebastian which had a special focus on The Act of Killing and The Look of Silence. Anne was in Kiev for Docu Days. Monica was in the Children's jury at IDFA. Signe was invited to give a talk on international co-production at the IDA conference in Los Angeles together with Joslyn Barnes. Signe was also invited to do a panel at the Dubai International Film Festival.

**DVDs**

We helped Camilla Nilsson make a DVD for "Democrats". We also made a DVD with "Pervert Park".



**Danish launch of films:**

We had three national premieres in the autumn of 2016: "Blood Sisters", on the 4<sup>th</sup> of October, "Les Sauteurs", on the 5<sup>th</sup> of October and "Shadow World" on the 13<sup>th</sup> of November, each one leading up to the TV-screenings.

**Work in progress – own films:**

During most of 2016 "Transformation" (final title: Land of the Free) directed by Camilla Magid and produced by Heidi and Signe was being edited and finished. Heidi also continued developing "Thyland" with Vibeke Bryld. Heidi and Signe tried to get development support for Jon Bang Carlsen for a project in South Africa, but without success. Anne worked on developing "What Walla Wants", directed by Christy Garland and finished "Death of a Child" by Frida and Lasse Barkfors. She also developed the projects "My Father Acres" and "A Place Above the Sky" with Carl Olsson. Monica continued working on "No Regrets", a New Danish Screen film about adoption in Korea by Sun-Hee Engelstof and she continued developing "The Distant Barking of Dogs" by long term collaborator Simon Lereng Wilmont. They pitched this project at Nordic Forum and at IDFA 2016. Monica also continued the development of "Flee" by Jonas Poher Rasmussen, and it changed into an animation fiction project to be co-produced by Sun Creatures. Signe continued developing "On Screen Off Record" and "A Comedian in a Syrian Tragedy" with Rami Farah and Lyana Saleh. Signe also worked with Joshua Oppenheimer on his "American Dream" and on his fiction project "The End". Signe stopped developing Eva Weber's project "Ghost Wives" in the autumn of 2016, but she continued the development of Mahdi Fleifel's debut feature "Men in the Sun". "On Screen", "American Dream", "Ghost Wives" and "Men in the Sun" plus "Transformation" were part of our EU development slate. It was supposed to end in September 2016, but we got an extension to March 2017 because of the Oscar situation.

**Work in progress – co-productions**

Monica, Maria and Signe worked on our first fiction co-production "The Nile Hilton Incident", directed by Tarik Saleh, being in charge of VFX and SFX, plus archive clearings and editing.

They also went through production with our Irish/Belgian/Danish co-production "Good Favour", directed by Rebecca Daly - our first co-production with Danish actors. Signe finished the co-production "Strong Island", directed by Yance Ford and edited by Janus Billeskov Jansen, and co-produced by Joslyn Barnes, Louverture Films. We also co-produced Angels, by James Longley, and this film was in editing throughout 2016 in Denmark. We finally got support from the DFI for one new doc. co-production: "The Peter Beard Project", directed by Goran Olsson and co-produced with long term collaborators Story AB in Stockholm and Louverture Films in New York.

**Learning**

Post producer Maria Kristensen, director Vibeke Bryld and cinematographer Lis Dyre went on a VR course in Finland. Anne started learning French, and we took part in various DFI organised events like Dok Dag and Branchetræf as usual. Signe also took part in a working group at the DFI re. how to improve VOD distribution of Danish documentaries.

**Subsequent events**

No important events have occurred after the end of the financial year.

## Income statement

Note	2016 DKK	2015 DKK
<b>Revenue</b>	<b>13.596.461</b>	<b>10.532.033</b>
Costs of raw materials and consumables	-12.156.860	-9.300.991
Other external expenses	-179.046	-95.908
<b>Gross profit</b>	<b>1.260.555</b>	<b>1.135.134</b>
1 Staff costs	-719.251	-826.325
<b>Profit/loss before depreciation, amortisation, write-downs and impairment losses</b>	<b>541.304</b>	<b>308.809</b>
Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-140.319	-156.836
Other operating expenses	0	-69
<b>Profit/loss before net financials</b>	<b>400.985</b>	<b>151.904</b>
Financial income	3.707	3.354
Financial expenses	-3.182	-31
<b>Profit/loss before tax</b>	<b>401.510</b>	<b>155.227</b>
Tax on profit or loss for the year	-90.026	-34.678
<b>Profit/loss for the year</b>	<b>311.484</b>	<b>120.549</b>
<b>Proposed appropriation account</b>		
Retained earnings	311.484	120.549
<b>Total</b>	<b>311.484</b>	<b>120.549</b>

<b>ASSETS</b>		31.12.16	31.12.15
		DKK	DKK
Note			
	Other fixtures and fittings, tools and equipment	197.373	315.426
2	<b>Total property, plant and equipment</b>	<b>197.373</b>	<b>315.426</b>
	<b>Total non-current assets</b>	<b>197.373</b>	<b>315.426</b>
	Work in progress	13.986.858	11.625.209
	<b>Total inventories</b>	<b>13.986.858</b>	<b>11.625.209</b>
	Trade receivables	820.897	1.027.488
	Other receivables	258.505	195.587
	Prepayments	0	29.465
	<b>Total receivables</b>	<b>1.079.402</b>	<b>1.252.540</b>
	<b>Cash</b>	<b>7.971.623</b>	<b>6.984.709</b>
	<b>Total current assets</b>	<b>23.037.883</b>	<b>19.862.458</b>
	<b>Total assets</b>	<b>23.235.256</b>	<b>20.177.884</b>

<b>EQUITY AND LIABILITIES</b>		31.12.16	31.12.15
		DKK	DKK
Note			
	Share capital	125.000	125.000
	Retained earnings	581.126	269.642
	<b>Total equity</b>	<b>706.126</b>	<b>394.642</b>
	Provisions for deferred tax	38.795	27.397
	<b>Total provisions</b>	<b>38.795</b>	<b>27.397</b>
	Prepayments received from customers	16.808.629	16.322.019
	Trade payables	5.442.312	3.277.340
	Income taxes	74.628	27.067
	Other payables	164.766	129.419
	<b>Total short-term payables</b>	<b>22.490.335</b>	<b>19.755.845</b>
	<b>Total payables</b>	<b>22.490.335</b>	<b>19.755.845</b>
	<b>Total equity and liabilities</b>	<b>23.235.256</b>	<b>20.177.884</b>

**Statement of changes in equity**

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 01.01.16 - 31.12.16		
Balance pr. 01.01.16	125.000	269.642
Net profit/loss for the year	0	311.484
Balance as at 31.12.16	125.000	581.126

	2016 DKK	2015 DKK
<b>1. Staff costs</b>		
Wages and salaries	5.698.149	3.866.190
Pensions	360.539	67.499
Other social security/staff costs	222.083	211.749
Transferred to projects	-5.561.520	-3.319.113
<b>Total</b>	<b>719.251</b>	<b>826.325</b>
Average number of employees during the year	13	8

**2. Property, plant and equipment**

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost pr. 01.01.16	863.747
Additions during the year	22.266
Cost as at 31.12.16	886.013
Depreciation and impairment losses pr. 01.01.16	-548.321
Depreciation during the year	-140.319
Depreciation and impairment losses as at 31.12.16	-688.640
Carrying amount as at 31.12.16	197.373

### 3. Accounting policies

#### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for reporting class C medium-sized.

#### Change in accounting policies

The company has implemented amendments to the Danish Financial Statements Act, see act no. 738 amending the Danish Financial Statements Act of 1 June 2015 (*lov nr. 738 om ændring af årsregnskabsloven m.v. af 1. juni 2015*). This includes new and amended disclosure and presentation requirements and amendments to provisions on recognition, measurement and classification. Amendments to provisions on recognition and measurement as well as classification are as follows:

##### *Reassessment of residual values of property, plant and equipment*

Previously, residual values of property, plant and equipment with limited useful lives were determined at the date of acquisition of the asset. In future, an annual revaluation of the residual values of property, plant and equipment must be carried out. In accordance with section 4 of the provisional executive order, the residual values of property, plant and equipment will initially be reassessed in by way of a change in accounting policies. The change in accounting policy has no impact on the net profit, equity or balance.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

#### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters



### 3. Accounting policies - continued -

arising on or before the balance sheet date.

#### **CURRENCY**

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

#### **INCOME STATEMENT**

##### **Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

##### **Costs of raw materials and consumables**

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

##### **Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

### 3. Accounting policies - continued -

#### Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

#### Depreciation, amortisation and impairment losses

The amortisation and depreciation of property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated/amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value DKK
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation/amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation/amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

#### Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

#### Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

#### Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

### 3. Accounting policies - continued -

#### BALANCE SHEET

##### Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

##### Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group

### 3. Accounting policies - continued -

of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

#### **Inventories**

The cost of work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans to finance production is not included in the cost.

The net realisable value of inventories/Work in progress is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

#### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

#### **Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

#### **Cash**

Cash includes deposits in bank accounts as well as operating cash.

#### **Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

### 3. Accounting policies - continued -

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

#### **Payables**

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

#### **Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.