

Final Cut For Real ApS

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

Annual report for 2017

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 19.04.18

Signe Byrge Sørensen
Dirigent

Company information etc.	3
Statement of the Board of Directors and Executive Board on the annual report	4
Independent auditor's report	5 - 7
Management's review	8 - 10
Income statement	11
Balance sheet	12 - 13
Statement of changes in equity	14
Notes	15 - 21

The company

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

Executive Board

Janus Billeskov Jansen
Signe Byrge Sørensen

Board Of Directors

Thomas Stenderup
Janus Billeskov Jansen
Joshua Lincoln Oppenheimer
Signe Byrge Sørensen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.01.17 - 31.12.17 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 31.12.17 and of the results of the the company's activities for the financial year 01.01.17 - 31.12.17.

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, March 5, 2018

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 01.01.17 - 31.12.17, 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 31.12.17 and of the results of the company's operations for the financial year 01.01.17 - 31.12.17 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.

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.

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.

Soeborg, Copenhagen, March 5, 2018

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Kim Nielsen
State Authorized Public Accountant
MNE-no. mne29417

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 01.01.17 - 31.12.17 shows a profit/loss of DKK 87,678 against DKK 311,484 for the period 01.01.16 - 31.12.16. The balance sheet shows equity of DKK 793,804.

The management considers the net profit for the year to be satisfactory.

Final Cut for Real still consists of the four producers: Signe Byrge Sørensen, Anne Köhncke, Monical Hellström and Heidi Elise Christensen plus post producer Maria Kristensen, financial controller Korthe Barfod Lund and part time technical staff Walteri Vahanen and Lars Michael Reiff. In addition to this in part of 2017 we have had Mauricio Gonzáles-Aranda as production assistant plus 1-2 interns per term.

Festivals and releases

The year 2017 started well with LES SAUTEURS by Estephan Wagner, Mauritz Siebert and Abou Bakar Sidibé winning the Cinema Eyes spotlight award and being nominated for a Robert award. In 2017 we also had films at a large number of A-festivals fx: THE NILE HILTON INCIDENT, by Tari Saleh, our first minor fiction film, which won the main dramatic award at Sundance, five Swedish national awards and became a cinema hit in France, where it is currently nominated for a French César award. STRONG ISLAND by Yance Ford, a minor co-production doc, which won the Storytelling award at Sundance, was in Berlin, won the Gotham Award, 3 cinema eye awards and is currently nominated for the Oscars. Our first fiction short A DROWNING MAN by Mahdi Fleifel was selected for the short film competition in Cannes and later Toronto, Dubai and 40 other festivals - it has won 2 qualification festivals for the 2019 Oscars and was nominated for a BAFTA. And not least, THE DISTANT BARKING OF DOGS by Simon Lereng Wilmont which won the First Appearance competition at IDFA. In addition to this THE LOOK OF SILENCE was nominated for two Emmy Awards at the 2017 News and Documentary Emmy Awards: Best Documentary & Best Investigative Documentary. Our second minor co-production feature GOOD FAVOUR by Rebecca Daly was selected for Toronto. LAND OF THE FREE by Camilla Magid won the CPH:DOX Nordic competition, screened in Karlovy Vary, Telluride and IDFA and was nominated for the national Danish award, Robert. Our student documentary DREAMING MURAKAMI by Nitesh Anjaan was also selected for IDFA. Another co-production, THAT SUMMER by Göran Olsson, was in Telluride.

In Denmark we released THE NILE HILTON INCIDENT in cinemas in collaboration with Scanbox. In Denmark we also released DEATH OF A CHILD by Frida and Lasse Barkfors. One of the families featured in the film came to Denmark and they very generously met the Danish and Swedish audiences and press and shared their difficult experiences. In Los

Angeles we had a closed US premiere for the main characters of LAND OF THE FREE and that was also a beautiful experience. And in Ukraine Simon and Monica screened DISTANT BARKING OF DOGS to the main characters prior to IDFA.

Other impact

After five years' effort, the US government has begun declassifying and releasing documents detailing its complicity in the Indonesian genocide. They acknowledge they are doing this in response to public interest raised by our films THE ACT OF KILLING and THE LOOK OF SILENCE, both by Joshua Oppenheimer. Despite the hundreds of times we urged declassification, we never really believed this would happen, so we were immensely thrilled by this development.

Projects in development and production

We continue to have more international projects than Danish ones. In 2017 Monica Hellström continued to work on the development of FLEE, directed by Jonas Poher Rasmussen. She is also completing Sun Hee Engelstoft's new documentary, which is set in South Korea. Anne Köhncke has been working with the Canadian director Christy Garland on WHAT WALLA WANTS, a film from Palestine, our first co-production with the Canadian Film Board, and a number of new films with directors like Carl Olsson, Frida and Lasse Barkfors, and Anders Jepsen. Heidi Elise Christensen is producing Vibeke Bryld's film about faith, superstition and mythology in Thy and, with Signe Byrge Sørensen, she is working with Estephan Wagner and Marianne Hougen-Moraga on a film in Chile, and with Jon Bang Carlsen on his next American project. Signe is also developing a feature by Joshua Oppenheimer, and a documentary by the same director. She is also working with Rami Farah on A COMEDIAN IN A SYRIAN TRAGEDY and on ON SCREEN OF RECORD. With Camilla Nielsson, she is working on a film in Rwanda. As for co-productions, we are working on James Longley's ANGELS ARE MADE OF LIGHT.

Further education and new technology

In terms of further education Signe started on the European fiction co-production course ACE in 2017 and Maria completed TRAVERSE, an intensive 14-day VR development and production workshop. The purpose of the workshop was to combine 5 directors from different artistic fields with 5 producers and 5 technical directors + several talents from all areas of technology and art.

For the workshop Maria Kristensen teamed up with acclaimed fiction film director Ali Abbasi, and they produced a short VR experience called GIVE UP YOUR IDEALS FOR THE FUTURE. The 5 VR experiences that came out of the workshop were exhibited at CLICK Festival in Helsingør and at the art centre Copenhagen Contemporary, as part of a large VR exhibition called CC Lab. The installation received good reviews and was very popular with the audience.

We are currently involved in two VR projects in development:

In 2017 Final Cut for Real received support from the Danish Film Institute for the preliminary development of a short VR experience that will work as a companion piece for the hybrid documentary THYLAND, by Vibeke Bryld. Alongside the animated documentary film FLEE we are also co-producing a FLEE VR format, which is an immersive, 3D animation experience that allows for interaction in real-time, and that is inspired and derived from the 2D animations, drawings and aesthetics from FLEE the Film. The main producer of this VR-project is Sun Creatures. In terms of sound, we are also exploring new fields. ANGELS ARE MADE OF LIGHT is shot with ambisonic sound and the post production sound design is being done in Dolby Atmos.

Subsequent events

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

Income statement

Note	2017 DKK	2016 DKK
Revenue	14,257,933	13,596,461
Costs of raw materials and consumables	-13,183,478	-12,156,860
Other external expenses	-115,810	-179,046
Gross profit	958,645	1,260,555
1 Staff costs	-745,512	-719,251
Profit/loss before depreciation, amortisation, write-downs and impairment losses	213,133	541,304
Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-92,440	-140,319
Profit/loss before net financials	120,693	400,985
Financial income	0	3,707
Financial expenses	-6,104	-3,182
Profit/loss before tax	114,589	401,510
Tax on profit or loss for the year	-26,911	-90,026
Profit/loss for the year	87,678	311,484
Proposed appropriation account		
Retained earnings	87,678	311,484
Total	87,678	311,484

ASSETS		31.12.17	31.12.16
Note		DKK	DKK
	Other fixtures and fittings, tools and equipment	155,079	197,373
2	Total property, plant and equipment	155,079	197,373
	Total non-current assets	155,079	197,373
	Work in progress	12,664,327	13,986,858
	Total inventories	12,664,327	13,986,858
	Trade receivables	1,790,362	820,897
	Other receivables	222,215	258,505
	Total receivables	2,012,577	1,079,402
	Cash	7,492,824	7,971,623
	Total current assets	22,169,728	23,037,883
	Total assets	22,324,807	23,235,256

EQUITY AND LIABILITIES		31.12.17	31.12.16
		DKK	DKK
Note			
	Share capital	125,000	125,000
	Retained earnings	668,804	581,126
	Total equity	793,804	706,126
	Provisions for deferred tax	30,550	38,795
	Total provisions	30,550	38,795
	Prepayments received from customers	17,102,936	16,808,629
	Trade payables	4,236,395	5,442,312
	Income taxes	25,156	74,628
	Other payables	135,966	164,766
	Total short-term payables	21,500,453	22,490,335
	Total payables	21,500,453	22,490,335
	Total equity and liabilities	22,324,807	23,235,256

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings
Statement of changes in equity for 01.01.17 - 31.12.17		
Balance pr. 01.01.17	125,000	581,126
Net profit/loss for the year	0	87,678
Balance as at 31.12.17	125,000	668,804

	2017 DKK	2016 DKK
1. Staff costs		
Wages and salaries	4,849,854	5,864,719
Pensions	322,542	360,539
Other social security costs	149,871	55,513
Transferred to projects	-4,576,755	-5,561,520
Total	745,512	719,251
Average number of employees during the year	11	13

2. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost pr. 01.01.17	886,013
Additions during the year	50,146
Cost as at 31.12.17	936,159
Depreciation and impairment losses pr. 01.01.17	-688,640
Depreciation during the year	-92,440
Depreciation and impairment losses as at 31.12.17	-781,080
Carrying amount as at 31.12.17	155,079

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 a higher reporting class.

The accounting policies have been applied consistently with previous years.

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 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.

3. Accounting policies - continued -

GOVERNMENT GRANTS

Government grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for government grants are expensed. Government grants are recognised under revenue.

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.

Income from the sale of services is recognised as delivery takes place. Revenue is measured at the selling value of the agreed consideration 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.

Staff costs

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

3. Accounting policies - continued -

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated 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 is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation 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 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 of assets after the expiry of their useful lives.

3. Accounting policies - continued -

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

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.

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 tax-

3. Accounting policies - continued -

able 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.