

SAM Productions ApS

Lille Strandstræde 20 C, 2., 1254 Copenhagen

Company reg. no. 35 83 93 48

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 3 June 2020.

Meta Louise Foldager Sørensen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of SAM Productions ApS for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

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

We recommend that the annual report be approved by the general meeting.

Copenhagen, 3 June 2020

Executive board

Meta Louise Foldager Sørensen

Søren Sveistrup

Adam Price

Board of directors

Meta Louise Foldager Sørensen
Chairman

Francoise Guyonnet

Søren Sveistrup

Adam Price

Independent auditor's report

To the shareholders of SAM Productions ApS

Opinion

We have audited the annual accounts of SAM Productions ApS for the financial year 1 January to 31 December 2019, 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.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 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 below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities 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. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 3 June 2020

BUUS JENSEN

State Authorised Public Accountants
Company reg. no. 16 11 90 40

Arne Sørensen

State Authorised Public Accountant
mne27757

Company information

The company

SAM Productions ApS
Lille Strandstræde 20 C, 2.
1254 Copenhagen

Company reg. no. 35 83 93 48
Established: 25 April 2014
Domicile: Copenhagen
Financial year: 1 January - 31 December

Board of directors

Meta Louise Foldager Sørensen, Chairman
Francoise Guyonnet
Søren Sveistrup
Adam Price

Executive board

Meta Louise Foldager Sørensen
Søren Sveistrup
Adam Price

Auditors

BUUS JENSEN, Statsautoriserede revisorer

Subsidiaries

SAM le Francais S.A., France
Friheden II ApS, Copenhagen
Erobreren ApS, Copenhagen

Management commentary

The principal activities of the company

The entity's aim is to develop and produce TV-Programs, series and movies, and buy and sell rights within the same line of business.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 2.943.100 against DKK 2.079.209 last year. The management considers the results satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	43.410.662	42.816.332
1 Staff costs	-37.607.214	-39.510.808
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-1.101.687	-610.870
Operating profit	4.701.761	2.694.654
Other financial income	67.612	35.994
Impairment of financial assets	-633.995	0
2 Other financial costs	-170.168	-57.439
Pre-tax net profit or loss	3.965.210	2.673.209
3 Tax on ordinary results	-1.022.110	-594.000
Net profit or loss for the year	2.943.100	2.079.209
Proposed appropriation of net profit:		
Transferred to retained earnings	2.943.100	2.079.209
Total allocations and transfers	2.943.100	2.079.209

Statement of financial position 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Non-current assets		
4 Completed development productions	778.751	560.715
5 Acquired intangible fixed assets	0	0
6 Productions under development	<u>21.820.697</u>	<u>48.475.819</u>
Total intangible assets	<u>22.599.448</u>	<u>49.036.534</u>
7 Other plants, operating assets, and fixtures and furniture	<u>2.147.521</u>	<u>268.158</u>
Total property, plant, and equipment	<u>2.147.521</u>	<u>268.158</u>
8 Equity investments in group enterprises	80.000	37.576
9 Deposits	<u>905.883</u>	<u>855.743</u>
Total investments	<u>985.883</u>	<u>893.319</u>
Total non-current assets	<u>25.732.852</u>	<u>50.198.011</u>
Current assets		
Trade debtors	1.191.850	1.369.870
10 Work in progress for the account of others	4.055.835	0
Amounts owed by group enterprises	1.070.514	269.183
Deferred tax assets	122.000	1.100.000
Other debtors	4.506.839	5.743.993
Accrued income and deferred expenses	<u>204.859</u>	<u>283.820</u>
Total receivables	<u>11.151.897</u>	<u>8.766.866</u>
Available funds	<u>14.354.443</u>	<u>23.569.248</u>
Total current assets	<u>25.506.340</u>	<u>32.336.114</u>
Total assets	<u>51.239.192</u>	<u>82.534.125</u>

Statement of financial position 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities		
Equity		
11 Contributed capital	66.668	66.668
12 Retained earnings	17.103.090	14.159.991
Total equity	17.169.758	14.226.659
 Liabilities other than provisions		
Leasing liabilities	723.640	0
Other payables	45.594	0
13 Total long term liabilities other than provisions	769.234	0
13 Current portion of long term payables	372.336	0
Bank debts	116.458	23.197
10 Prepayments received from customers concerning work in progress for the account of others	6.291.174	3.431.275
10 Work in progress for the account of others	0	81.406
Trade payables	8.946.342	9.426.880
Payables to shareholders and management	3.717.200	3.717.200
Corporate tax	44.110	0
Other payables	640.431	1.212.281
Accruals and deferred income	13.172.149	50.415.227
Total short term liabilities other than provisions	33.300.200	68.307.466
Total liabilities other than provisions	34.069.434	68.307.466
 Total equity and liabilities	 51.239.192	 82.534.125
 14 Charges and security		
15 Contingencies		

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	35.696.912	37.779.135
Pension costs	1.470.140	1.443.608
Other costs for social security	440.162	288.065
	<u>37.607.214</u>	<u>39.510.808</u>
Average number of employees	<u>48</u>	<u>50</u>
2. Other financial costs		
Other financial costs	170.168	57.439
	<u>170.168</u>	<u>57.439</u>
3. Tax on ordinary results		
Tax of the results for the year, parent company	44.110	0
Adjustment for the year of deferred tax	978.000	594.000
	<u>1.022.110</u>	<u>594.000</u>
4. Completed development productions		
Cost 1 January 2019	1.435.247	899.332
Additions during the year	1.028.611	350.000
Transfers	0	185.915
Cost 31 December 2019	<u>2.463.858</u>	<u>1.435.247</u>
Amortisation and writedown 1 January 2019	-874.532	-449.666
Amortisation for the year	-280.357	-424.866
Writedown for the year	-530.218	0
Amortisation and writedown 31 December 2019	<u>-1.685.107</u>	<u>-874.532</u>
Book value 31 December 2019	<u>778.751</u>	<u>560.715</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Acquired intangible fixed assets		
Cost 1 January 2019	175.000	225.000
Disposals during the year	<u>-175.000</u>	<u>-50.000</u>
Cost 31 December 2019	<u>0</u>	<u>175.000</u>
Amortisation and writedown 1 January 2019	-175.000	-50.000
Writedown for the year	0	-125.000
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>175.000</u>	<u>0</u>
Amortisation and writedown 31 December 2019	<u>0</u>	<u>-175.000</u>
6. Productions under development		
Cost 1 January 2019	48.475.819	26.507.780
Additions during the year	30.093.237	82.822.997
Disposals during the year	-6.742.575	-2.048.152
Transfers	<u>-50.005.784</u>	<u>-58.806.806</u>
Cost 31 December 2019	<u>21.820.697</u>	<u>48.475.819</u>
Book value 31 December 2019	<u>21.820.697</u>	<u>48.475.819</u>
7. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	421.310	210.418
Additions during the year	<u>2.170.475</u>	<u>210.892</u>
Cost 31 December 2019	<u>2.591.785</u>	<u>421.310</u>
Depreciation and writedown 1 January 2019	-153.152	-92.148
Depreciation for the year	<u>-291.112</u>	<u>-61.004</u>
Depreciation and writedown 31 December 2019	<u>-444.264</u>	<u>-153.152</u>
Book value 31 December 2019	<u>2.147.521</u>	<u>268.158</u>
Leased assets are included with a book value of	<u>1.092.500</u>	<u>0</u>

Notes

All amounts in DKK.

	31/12 2019	31/12 2018
8. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2019	37.576	37.576
Additions during the year	80.000	0
Cost 31 December 2019	117.576	37.576
Revaluations, opening balance 1 January 2019	0	0
Impairment loss for the year	-37.576	0
Writedown 31 December 2019	-37.576	0
Book value 31 December 2019	80.000	37.576

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year	Book value at SAM Productions ApS
SAM le Francais S.A., France	100 %	567.616	289.365	37.576
Friheden II ApS, Copenhagen	100 %	0	0	40.000
Erobreren ApS, Copenhagen	100 %	0	0	40.000
		567.616	289.365	117.576

SAM le Francais S.A., disclosed financial highlights is from the annual reports for 2018, as a result of the annual report for 2019 is not approved.

Friheden II ApS and Erobreren ApS have not disclosed financial highlights because the companies' first financial year expires on 31. December 2020.

9. Deposits

Cost 1 January 2019	855.743	398.445
Additions during the year	50.140	457.298
Cost 31 December 2019	905.883	855.743
Book value 31 December 2019	905.883	855.743

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
10. Work in progress for the account of others		
Sales value of the production of the period	70.605.495	62.138.272
Payments on account received	<u>-72.840.834</u>	<u>-65.650.953</u>
Work in progress for the account of others, net	<u>-2.235.339</u>	<u>-3.512.681</u>

The following is recognised:

Work in progress for the account of others (Current assets)	4.055.835	0
Work in progress for the account of others (Prepayments received)	-6.291.174	-3.431.275
Work in progress for the account of others (Short-term liabilities)	0	-81.406
	<u>-2.235.339</u>	<u>-3.512.681</u>

11. Contributed capital

Contributed capital 1 January 2019	<u>66.668</u>	<u>66.668</u>
	<u>66.668</u>	<u>66.668</u>

The share capital consists of 50.001 A-shares of a nominal value of DKK 1 and 16.667 B-shares of a nominal value of DKK 1. The B-shares have special dividend rights.

12. Retained earnings

Retained earnings 1 January 2019	14.159.990	12.080.782
Profit or loss for the year brought forward	<u>2.943.100</u>	<u>2.079.209</u>
	<u>17.103.090</u>	<u>14.159.991</u>

13. Liabilities other than provision

	<u>Total payables 31 Dec 2019</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2019</u>	<u>Outstanding payables after 5 years</u>
Leasing liabilities	1.095.976	372.336	723.640	0
Other payables	<u>45.594</u>	<u>0</u>	<u>45.594</u>	<u>0</u>
	<u>1.141.570</u>	<u>372.336</u>	<u>769.234</u>	<u>0</u>

Notes

All amounts in DKK.

14. Charges and security

Fixtures, fittings, tools, and equipment representing a carrying amount of T.DKK 1.093 at 31 December 2019, cf. note 13, have been financed by means of finance leases. At 31 December 2019, this lease liability totals T.DKK 1.096.

15. Contingencies

Contingent liabilities

	DKK in thousands
Leasing liabilities	374
Rent liabilities	1.767
Commitment of TV series project investment	4.450
Contingent liabilities in total	6.591

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme totals T.DKK 79.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of T.DKK 0.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for SAM Productions ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Accounting policies

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Income statement

Gross profit

The gross profit comprises the revenue, Production cost, other operating income, and external costs.

Revenue

Income comprising the sale of television productions for large television broadcasters in Denmark and abroad is recognised in the profit and loss account if delivery and risk 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 in the net turnover 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.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Work for own account, recognised under assets

Own account work and assets included personnel costs incurred in connection with proprietary assets that are capitalized under intangible assets during the year.

Accounting policies

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating revenue for the year. Such costs include direct and indirect costs, wages and salaries rent and leases and depreciation on production equipment.

Other operating income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

Other external costs

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

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.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

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 company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

The balance sheet

Completed development productions

Completed productions include completed TV-series rights and comprise costs of the rights.

Completed productions costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown

Acquired intangible fixed assets

Acquired intangible fixed assets include TV-series and other rights.

Series rights include investment in co-productions and TV-series rights. The rights are recognized as intangible assets at the time when the control of activity exceeds.

Series rights are amortized according to a revenue-based method over the period in which it is expected to generate revenue in the relevant market and the media in question will not exceed 5 years. Writedowns are made considering the individual's individual future earnings opportunities.

Gain and loss from the sale of acquired intangible fixed assets as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Acquired intangible fixed assets costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

Productions under development

Ongoing productions comprise costs, salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable ongoing projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the productions. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Ongoing productions costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

Accounting policies

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other plants, operating assets, fixtures and furniture	3-5 years	0-10 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Accounting policies

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

Contract work in progress is measured at the value of materials cost, direct wages and salaries and indirect production costs.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Accounting policies

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium. The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Dividend

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

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.

SAM Productions ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, SAM Productions ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

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

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

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.

Accounting policies

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.

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

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

Accrued expenses and deferred income

Accrued expenses and deferred income include received payments concerning income during the following years are recognised under accrued expenses and deferred income samt prepayments concerning external and public financing of TV-series productions under construction.