

**SDI Media A/S**  
Dortheavej 4, 2400 København NV

**Company reg. no. 65 12 52 18**

**Annual report**

**1 January - 31 December 2016**

The annual report have been submitted and approved by the general meeting on the 31 May 2017.



**Alan Pai**  
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 EUR 146.940 means the amount of EUR 146,940, and that 23,5 % means 23.5 %.

## Management's report

The board of directors and the managing director have today presented the annual report of SDI Medin A/S for the financial year 1 January to 31 December 2016.

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 as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

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

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

Copenhagen, 31 May 2017

Managing Director



Lars Birk

Board of directors



Alberto Abisso  
Chairman



Markus Böcker



Mads Eggert Bjørle

## **Independent auditor's report**

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### **To the shareholder of SDI Media A/S**

#### **Opinion**

We have audited the annual accounts of SDI Media A/S for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity 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 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 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.

#### **Emphasis of matter**

Without it affecting our opinion we draw attention to the information in note 1 which shows that the company's continued operation is dependent on liquidity from the ultimate parent, SDI Media Group Inc., and the parent has issued a financial support statement of adding liquidity to the extent that the management deems it necessary.

#### **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.

## **Independent auditor's report**

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### **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:

- ∞ 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.

## **Independent auditor's report**

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### **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.

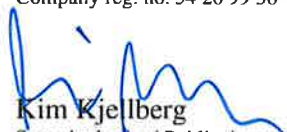
Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

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, 31 May 2017

### **Grant Thornton**

State Authorised Public Accountants  
Company reg. no. 34 20 99 36



Kim Kjellberg  
State Authorised Public Accountant

## **Company data**

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### **The company**

SDI Media A/S  
Dortheavej 4  
2400 København NV

Phone 59656040

Web site [www.sdimedia.com](http://www.sdimedia.com)

Company reg. no. 65 12 52 18

Established: 1 March 1981

Domicile: Copenhagen

Financial year: 1 January - 31 December

### **Board of directors**

Alberto Abisso, Chairman  
Markus Böcker  
Mads Eggert Bjørлие

### **Managing Director**

Lars Birk

### **Auditors**

Grant Thornton, Statsautoriseret Revisionspartnerselskab  
Stockholmsgade 45  
2100 København Ø

## Financial highlights

EUR in thousands.	2016	2015	2014	2013	2012
<b>Profit and loss account:</b>					
Net turnover	46.340	36.107	31.874	33.598	31.274
Gross profit	8.978	8.849	8.453	10.045	9.069
Results from operating activities	-1.911	-656	605	1.801	1.588
Net financials	-352	-1.713	-1.670	-381	256
Results for the year	-2.522	-2.673	-1.388	814	2.009
<b>Balance sheet:</b>					
Balance sheet sum	22.912	29.372	24.081	19.773	12.787
Investments in tangible fixed assets represent	355	858	749	1.139	466
Equity	-5.695	-3.222	-457	739	-48
<b>Key figures in %:</b>					
Gross margin	19,4	24,5	26,5	29,9	29,0
Profit margin	-4,1	-1,8	1,9	5,4	5,1
Solvency ratio	-24,9	-11,0	-1,9	3,7	-0,4
Return on equity	-	-	-984,4	235,6	-265,9

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

$$\text{Gross margin} = \frac{\text{Gross results} \times 100}{\text{Net turnover}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$$

$$\text{Solvens ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Results for the year} \times 100}{\text{Average equity}}$$



## **Management's review**

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### **The principal activities of the company**

The company's primary activities are sound studio activities, primarily the dubbing, recoding and mixing of films and TV episodes in Denmark and 6 other countries (Sweden, Norway, Finland, Poland, the Netherlands and Belgium) where the company has branch offices.

### **Uncertainties as to recognition or measurement**

The company recognizes work in progress for the projects for which costs were incurred however no revenues are recognized based on work delivery. Work in progress is strictly reviewed in terms of accuracy and recoverability.

Company does not construct fixed assets internally.

### **Development in activities and financial matters**

The net turnover for the year is EUR 46.340.000 against EUR 36.107.000 last year. The results from ordinary activities after tax are EUR -2.522.000 against EUR -2.673.000 last year. The management consider the results satisfactory.

### **Special risks**

#### **Price risks**

The company is facing price risk for the services it offers to their clients. This risk is coming from both clients and competitors side. This risk is considered to be at a moderate level as company is already providing localization and other services at competitive range and high quality.

#### **Exchange rate risks:**

The company has moderate exposure to the currency risk. The company apart from Denmark is operating via six branches which result with transactions in DKK, EUR, NOK, SEK and PLN. The majority of transactions are denominated in EUR. The company does not hedge transactions in foreign currency and is accepting this risk.

#### **Interest risks:**

The company has no exposure to the interest rate risk. Company uses group financing and any loans are based on fixed foreign exchange rates.

#### **Environmental issues**

The company is not liable to prepare green accounts and has no significant environmental approvals.

#### **Know how resources**

The company in creating and accumulating know how via systems and processes. In addition company is continuously increasing the pool of talents and translators cooperating with SDI Media.

#### **The expected outlook**

The company management positively looks on the both planned revenue increase and profitability. It is expected that company will generate positive net results in 2017.

## **Management's review**

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### **Events subsequent to the financial year**

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

### **Branches abroad**

The company is operating via SDI Media A/S – Danish headquarters and six branches. Branches are located in Norway, Sweden, Netherlands, Belgium, Finland and Poland. The company plans further revenue increase which also positively impact on company profitability.

### **Statement of corporate social responsibility**

SDI Media is the world's leading media localization provider and having worldwide footprint allows to create also a connection of people and communities. This connection results in trust and collaboration, performance and accountability, and careful, attentive service to our customers. It starts with attracting and retaining a skilled, motivated and safety-conscious workforce and extends to a global community engagement strategy that includes various charitable donations and events, active participation in sport events (marathons).

### **Target figures and policies for the under-represented sex**

SDI Media sees diversity as a strength that has the capacity to contribute positively to company's growth, robustness as well to meet established strategies and plans. Diversity of age, gender, experience and competencies are prioritized highly.

Our ambition is to be an attractive workplace for both women and men by providing women and men with equal opportunities to pursue careers and to attain and hold positions of leadership. It is therefore important that its executives have the proper competencies, irrespective of gender.

## **Accounting policies used**

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The annual report for SDI Media A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual report is presented in euro (EUR).

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of SDI Media Group Inc..

### **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.

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 used**

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### **The profit and loss account**

#### **Net turnover**

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

Contract work in progress concerning construction contracts is recognised concurrently 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.

#### **Production costs**

The production costs comprise costs, including salaries, wages and depreciation, which are incurred in order to achieve the net turnover of the year. Trade enterprises recognise cost of sales, and manufacturing enterprises recognise production costs corresponding to the turnover of the year. These costs include direct and indirect costs for raw materials and consumables, salaries and wages, rent and leasing, and depreciation on the production plant.

Additionally, writedown in connection with expected losses on contracts are recognised.

#### **Administration costs**

Administration costs comprise costs which have been incurred during the year for management and administration, including costs for the administrative staff, the executive board, offices, stationery and office supplies, and depreciation.

#### **Cost of sales**

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

#### **Other operating income/costs**

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

#### **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.

## **Accounting policies used**

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### **Tax of the results for the year**

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

### **The balance sheet**

#### **Intangible fixed assets**

##### **Intellectual property rights etc**

Intellectual property rights etc. comprise acquired software and licenses.

Intellectual property rights etc. recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown. Licenses are amortised over the term of the agreement, but over no more than 20 years. Software are amortised over 5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

#### **Tangible fixed assets**

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

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use. For self-manufactured assts, cost comprises direct and indirect costs of materials, components, subsupplies and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of tangible fixed assets used in the development process are recognised in cost based on time spent on each asset.

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:

Other plants, operating assets, fixtures and furniture	3-5 years
Leasehold improvements	10 years

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.

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

## **Accounting policies used**

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Fixed tangible assets are written down to the lower of recoverable amount and carrying amount.

### **Leasing contracts**

All leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

### **Leasehold improvements**

Leasehold improvements are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 10 years.

### **Debtors**

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

### **Work in progress for the account of others**

Contract work in progress for the account of others is measured at the market value of the work performed. The market value is measured on basis of the scope of completion on the balance sheet date and the total expected income from the individual work in progress.

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.

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.

### **Cash**

Cash comprise cash at bank and in hand.

## **Accounting policies used**

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### **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.

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

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### **Liabilities**

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

**Profit and loss account 1 January - 31 December**

All amounts in EUR.

<u>Note</u>	<u>2016</u>	<u>2015</u>
2 Net turnover	46.339.580	36.107.092
3 Production costs	-37.361.474	-27.258.170
<b>Gross results</b>	<b>8.978.106</b>	<b>8.848.922</b>
4 Administration costs	-10.855.798	-9.624.281
Other operating income	51.783	252.833
Other operating costs	-85.077	-133.753
<b>Operating profit</b>	<b>-1.910.986</b>	<b>-656.279</b>
5 Other financial income	260.847	267.966
6 Other financial costs	-612.509	-1.980.833
Financing, net	-351.662	-1.712.867
<b>Results before tax</b>	<b>-2.262.648</b>	<b>-2.369.146</b>
Tax on ordinary results	-259.448	-304.051
<b>7 Results for the year</b>	<b>-2.522.096</b>	<b>-2.673.197</b>



**Balance sheet 31 December**

All amounts in EUR.

Assets		2016	2015
Note		<u>          </u>	<u>          </u>
<b>Fixed assets</b>			
8	Acquired licenses	205.669	340.135
	Intangible fixed assets in total	<u>205.669</u>	<u>340.135</u>
9	Other plants, operating assets, and fixtures and furniture	580.272	796.327
10	Tangible assets under construction and prepayments for tangible assets	179.493	180.733
11	Leasehold improvement	501.659	533.868
	Tangible fixed assets in total	<u>1.261.424</u>	<u>1.510.928</u>
12	Deposits	104.860	128.689
	Financial fixed assets in total	<u>104.860</u>	<u>128.689</u>
	<b>Fixed assets in total</b>	<b><u>1.571.953</u></b>	<b><u>1.979.752</u></b>
<b>Current assets</b>			
	Trade debtors	7.285.104	5.647.093
13	Work in progress for the account of others	4.728.843	5.630.001
	Amounts owed by group enterprises	8.546.719	14.328.699
	Other debtors	274.500	1.324.699
14	Accrued income and deferred expenses	241.550	227.371
	Debtors in total	<u>21.076.716</u>	<u>27.157.863</u>
	Cash	263.281	234.661
	<b>Current assets in total</b>	<b><u>21.339.997</u></b>	<b><u>27.392.524</u></b>
	<b>Assets in total</b>	<b><u>22.911.950</u></b>	<b><u>29.372.276</u></b>

**Balance sheet 31 December**

All amounts in EUR.

<b>Equity and liabilities</b>			
Note		<u>2016</u>	<u>2015</u>
<b>Equity</b>			
15	Contributed capital	134.834	134.834
	Results brought forward	<u>-5.829.793</u>	<u>-3.356.723</u>
	<b>Equity in total</b>	<b><u>-5.694.959</u></b>	<b><u>-3.221.889</u></b>
<b>Liabilities</b>			
	Prepayments received from customers	1.179.991	1.679.402
	Trade creditors	620.652	1.146.876
	Debt to group enterprises	20.779.706	25.240.327
	Corporate tax	51.604	170.690
16	Other debts	<u>5.974.956</u>	<u>4.356.870</u>
	Short-term liabilities in total	<u>28.606.909</u>	<u>32.594.165</u>
	<b>Liabilities in total</b>	<b><u>28.606.909</u></b>	<b><u>32.594.165</u></b>
	<b>Equity and liabilities in total</b>	<b><u>22.911.950</u></b>	<b><u>29.372.276</u></b>

- 1 Uncertainties concerning the enterprise's ability to continue as a going concern**
- 17 Staff matters**
- 18 Fee, auditor**
- 19 Mortgage and securities**
- 20 Contingencies**
- 21 Related parties**

## Statement of changes in equity

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All amounts in EUR.

	<b>Contributed capital</b>	<b>Results brought forward</b>	<b>In total</b>
Equity 1 January 2015	134.834	-592.156	-457.322
Profit or loss for the year brought forward	0	-2.673.197	-2.673.197
Exchange rate adjustments	0	-91.370	-91.370
Equity 1 January 2016	134.834	-3.356.723	-3.221.889
Profit or loss for the year brought forward	0	-2.522.096	-2.522.096
Exchange rate adjustments	0	49.026	49.026
	<b>134.834</b>	<b>-5.829.793</b>	<b>-5.694.959</b>

## Notes

All amounts in EUR.

### 1. Uncertainties concerning the enterprise's ability to continue as a going concern

The company's ultimate parent, SDI Media Group Inc., has issued a financial support statement for grants of financial resources for continued operations in 2017. The financial support statement is irredeemable in twelve months from the date of approval of the financial statements of 31 December 2016.

	<u>2016</u>	<u>2015</u>
<b>2. Net turnover</b>		
Denmark	26.156.260	17.931.253
Branch office in Poland	7.697.167	6.806.629
Branch office in Belgium	3.507.702	3.153.009
Branch office in Norway	2.792.374	2.173.703
Branch office in Netherlands	2.618.228	2.824.672
Branch office in Sweden	2.352.573	2.012.874
Branch office in Finland	1.215.276	1.204.952
	<u><b>46.339.580</b></u>	<u><b>36.107.092</b></u>
<b>3. Production costs</b>		
Production costs includes staff cost of EUR 3.090.860 and depreciations, amortisation and impairment losses of EUR 738.863.		
<b>4. Administration costs</b>		
Administration costs includes staff cost of EUR 5.025.781.		
<b>5. Other financial income</b>		
Financial income, group enterprises	161.952	267.610
Other financial income	98.895	356
	<u><b>260.847</b></u>	<u><b>267.966</b></u>
<b>6. Other financial costs</b>		
Financial costs, group enterprises	600.557	653.082
Other financial costs	11.952	1.327.751
	<u><b>612.509</b></u>	<u><b>1.980.833</b></u>

**Notes**

All amounts in EUR.

	<u>2016</u>	<u>2015</u>
<b>7. Proposed distribution of the results</b>		
Allocated from results brought forward	-2.522.096	-2.673.197
<b>Distribution in total</b>	<b><u>-2.522.096</u></b>	<b><u>-2.673.197</u></b>
<b>8. Acquired licenses</b>		
Cost 1 January 2016	1.056.109	850.134
Exchange rate adjustment	0	810
Additions during the year	74.059	0
Transfers	0	205.165
<b>Cost 31 December 2016</b>	<b><u>1.130.168</u></b>	<b><u>1.056.109</u></b>
Amortisation and writedown 1 January 2016	-715.974	-537.080
Exchange rate adjustment	266	192
Amortisation for the year	-208.791	-179.086
<b>Amortisation and writedown 31 December 2016</b>	<b><u>-924.499</u></b>	<b><u>-715.974</u></b>
<b>Book value 31 December 2016</b>	<b><u>205.669</u></b>	<b><u>340.135</u></b>

## Notes

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All amounts in EUR.

	<u>31/12 2016</u>	<u>31/12 2015</u>
<b>9. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 January 2016	4.086.648	3.602.130
Exchange rate adjustment	0	5.166
Additions during the year	244.259	0
Disposals during the year	-21.469	-120.677
Transfers	0	600.029
<b>Cost 31 December 2016</b>	<b><u>4.309.438</u></b>	<b><u>4.086.648</u></b>
Amortisation and writedown 1 January 2016	-3.290.321	-2.767.293
Exchange rate adjustment	651	-2.566
Depreciation for the year	-460.956	-504.938
Reversal of depreciation, amortisation and writedown, assets disposed of	21.460	-15.524
<b>Amortisation and writedown 31 December 2016</b>	<b><u>-3.729.166</u></b>	<b><u>-3.290.321</u></b>
<b>Book value 31 December 2016</b>	<b><u>580.272</u></b>	<b><u>796.327</u></b>
<b>10. Tangible assets under construction and prepayments for tangible assets</b>		
Cost 1 January 2016	180.733	153.345
Exchange rate adjustment	-1.240	784
Additions during the year	0	856.073
Transfers	0	-829.469
<b>Cost 31 December 2016</b>	<b><u>179.493</u></b>	<b><u>180.733</u></b>
<b>Book value 31 December 2016</b>	<b><u>179.493</u></b>	<b><u>180.733</u></b>

**Notes**

All amounts in EUR.

	<u>31/12 2016</u>	<u>31/12 2015</u>
<b>11. Leasehold improvement</b>		
Cost 1 January 2016	2.511.640	2.488.047
Exchange rate adjustment	0	-2.908
Additions during the year	110.720	2.226
Transfers	0	24.275
<b>Cost 31 December 2016</b>	<b><u>2.622.360</u></b>	<b><u>2.511.640</u></b>
Depreciation and writedown 1 January 2016	-1.977.772	-1.837.540
Exchange rate adjustment	239	4.951
Depreciation for the year	-143.168	-145.183
<b>Depreciation and writedown 31 December 2016</b>	<b><u>-2.120.701</u></b>	<b><u>-1.977.772</u></b>
<b>Book value 31 December 2016</b>	<b><u>501.659</u></b>	<b><u>533.868</u></b>
<b>12. Deposits</b>		
Cost 1 January 2016	128.689	128.689
Disposals during the year	-23.829	0
<b>Cost 31 December 2016</b>	<b><u>104.860</u></b>	<b><u>128.689</u></b>
<b>Book value 31 December 2016</b>	<b><u>104.860</u></b>	<b><u>128.689</u></b>
<b>13. Work in progress for the account of others</b>		
Sales value of the production of the period	4.728.843	5.630.001
<b>Work in progress for the account of others, net</b>	<b><u>4.728.843</u></b>	<b><u>5.630.001</u></b>
<b>14. Accrued income and deferred expenses</b>		
Accrued income and deferred expenses	241.550	227.371
	<b><u>241.550</u></b>	<b><u>227.371</u></b>

**Notes**

All amounts in EUR.

	<u>31/12 2016</u>	<u>31/12 2015</u>
<b>15. Contributed capital</b>		
Contributed capital 1 January 2016	134.834	134.834
	<b><u>134.834</u></b>	<b><u>134.834</u></b>
<p>The share capital consists of 134.834 shares, each with a nominal value of EUR 1. There has not been any changes in the share capital the last 5 years.</p>		
<b>16. Other debts</b>		
Payable VAT	436.509	428.382
Withheld tax and labour market contributions	156.185	208.271
Social security contributions	92.111	109.654
Salaries, wages and bonus	362.496	156.358
Pension contributions	34.293	17.431
Holiday pay	722.241	685.317
Insurance	113.542	117.783
Other accrued expenses	374.436	434.615
Accrued production expenses	<u>3.683.143</u>	<u>2.199.059</u>
	<b><u>5.974.956</u></b>	<b><u>4.356.870</u></b>
<b>17. Staff matters</b>		
Salaries and wages	7.068.161	5.878.717
Pension costs	347.444	315.341
Other costs for social security	<u>701.036</u>	<u>609.339</u>
	<b><u>8.116.641</u></b>	<b><u>6.803.397</u></b>
Average number of employees	<u>296</u>	<u>274</u>

The total remunerations for the managing director and the board of directors for 2016 amounts to EUR 180.321.



**Notes**

All amounts in EUR.

	<u>2016</u>	<u>2015</u>
<b>18. Fee, auditor</b>		
Total auditor's fee	<u>54.822</u>	<u>42.346</u>
Statutory audit	41.117	31.760
Other services	<u>13.705</u>	<u>10.586</u>
	<u><b>54.822</b></u>	<u><b>42.346</b></u>

**19. Mortgage and securities**

Banks providing service to SDI Media A/S issued on the request of the company guarantees in amount of EUR'000 337. SDI Media A/S is liable for settlement of those guarantees.

The company has issued company mortgage of EUR'000 1.342 to the company's bank. The mortgage covers receivables and property, plant and equipment etc.

**20. Contingencies****Contingent liabilities**

The company has unrecognised rental and lease commitments. The commitments under rental agreements and leases until expiry amounts to EUR'000 3.288 (2015: EUR'000 1.969).

**21. Related parties****Transactions**

During the year there has been trade with group companies. The trades has been conducted on market terms.

**Consolidated annual accounts**

The company is included in the consolidated annual accounts of SDI Media Group Inc., 6060 Center Drive, Suite 100, CA 90045 Los Angeles.