Grant Thornton

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SDI Media A/S

Dortheavej 4, 2400 København NV

Company reg. no. 65 12 52 18

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 13 June 2018.

Lars Birk
Chairman of the meeting

Contents

Notes to users of the English version of this document:

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

Management's report

The board of directors and the managing director have today presented the annual report of SDI Media A/S for the financial year 1 January to 31 December 2017.

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 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

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, 13 June 2018

Managing Director

Lars Birk

Board of directors

Alberto Abisso
Chairman

Markus Böcker

Mads Eggert Bjørlie

Independent auditor's report

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 2017, 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 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 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

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

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, 13 June 2018

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

Kim Kjellberg
State Authorised Public Accountant

Company data

The company	SDI Media A/S Dortheavej 4 2400 København NV	
	Phone	59656040
	Web site	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 Bjørlie	
Managing Director	Lars Birk	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	

Financial highlights

EUR in thousands.	2017	2016	2015	2014	2013
Profit and loss account:					
Net turnover	53.379	46.340	36.107	31.874	33.598
Gross profit	7.890	8.978	8.849	8.453	10.045
Results from operating activities	-89	-1.911	-656	605	1.801
Net financials	436	-352	-1.713	-1.670	-381
Results for the year	139	-2.522	-2.673	-1.388	814
Balance sheet:					
Balance sheet sum	25.441	22.912	29.372	24.081	19.773
Investments in tangible fixed assets represent	1.473	355	858	749	1.139
Equity	-5.514	-5.695	-3.222	-457	739
Employees:					
Average number of full time employees	288	296	274	248	0
Key figures in %:					
Gross margin	14,8	19,4	24,5	26,5	29,9
Profit margin	-0,2	-4,1	-1,8	1,9	5,4
Solvency ratio	-21,7	-24,9	-11,0	-1,9	3,7
Return on equity	-	-	-	-984,4	235,6

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:

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

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

Equity share $$\frac{\text{Equity, closing balance x 100}}{\text{Assets in total, closing balance}}$$

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

Management's review

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 53.379.000 against EUR 46.340.000 last year. The results from ordinary activities after tax are EUR 139.000 against EUR -2.522.000 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 2018.

Management's review

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

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 (medium sized 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.

Accounting policies used

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.

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

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

Accounting policies used

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.

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 aquired 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.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 25 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

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.

Accounting policies used

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.

Fixed tangible assets are written down to the lower of recovable 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.

Accounting policies used

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.

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 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.

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.

Note		2017	2016
2	Net turnover	53.379.487	46.339.580
3	Production costs	-45.489.683	-37.361.474
	Gross results	**7.889.804**	**8.978.106**
4	Administration costs	-8.154.741	-10.855.798
	Other operating income	179.825	51.783
	Other operating costs	-4.105	-85.077
	Operating profit	**-89.217**	**-1.910.986**
5	Other financial income	924.043	260.847
6	Other financial costs	-487.779	-612.509
	Financing, net	436.264	-351.662
	Results before tax	**347.047**	**-2.262.648**
	Tax on ordinary results	-208.135	-259.448
7	**Results for the year**	**138.912**	**-2.522.096**

Balance sheet 31 December

All amounts in EUR.

Note	Assets	2017	2016
	Fixed assets		
8	Acquired licenses	164.054	205.669
9	Goodwill	112.142	0
	Intangible fixed assets in total	276.196	205.669
10	Other plants, operating assets, and fixtures and furniture	1.336.623	580.272
11	Tangible assets under construction and prepayments for tangible assets	234.683	179.493
12	Leasehold improvement	402.322	501.659
	Tangible fixed assets in total	1.973.628	1.261.424
13	Deposits	109.075	104.860
	Financial fixed assets in total	109.075	104.860
	Fixed assets in total	**2.358.899**	**1.571.953**
	Current assets		
	Trade debtors	6.967.673	7.285.104
14	Work in progress for the account of others	4.979.609	4.728.843
	Amounts owed by group enterprises	8.928.585	8.546.719
15	Deferred tax assets	74.390	0
	Other debtors	363.828	274.500
16	Accrued income and deferred expenses	250.046	241.550
	Debtors in total	21.564.131	21.076.716
	Cash	1.517.837	263.281
	Current assets in total	**23.081.968**	**21.339.997**
	Assets in total	**25.440.867**	**22.911.950**

Balance sheet 31 December

All amounts in EUR.

Equity and liabilities

Note		2017	2016
	Equity		
17	Contributed capital	134.834	134.834
	Results brought forward	-5.648.356	-5.829.793
	Equity in total	**-5.513.522**	**-5.694.959**
	Liabilities		
	Prepayments received from customers	1.663.319	1.179.991
	Trade creditors	682.403	620.652
	Debt to group enterprises	20.937.750	20.779.706
	Corporate tax	110.215	51.604
18	Other debts	7.560.702	5.974.956
	Short-term liabilities in total	30.954.389	28.606.909
	Liabilities in total	**30.954.389**	**28.606.909**
	Equity and liabilities in total	**25.440.867**	**22.911.950**

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

Statement of changes in equity

All amounts in EUR.

	Contributed capital	Results brought forward	In total
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
Equity 1 January 2017	134.834	-5.829.793	-5.694.959
Profit or loss for the year brought forward	0	138.912	138.912
Exchange rate adjustments	0	42.525	42.525
	134.834	**-5.648.356**	**-5.513.522**

Notes

All amounts in EUR.

	2017	2016

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 2018. The financial support statement is irredeemable in twelve months from the date of approval of the financial statements of 31 December 2017.

	2017	2016
2. Net turnover		
Denmark	29.973.160	26.156.260
Branch office in Poland	9.325.562	7.697.167
Branch office in Belgium	4.452.028	3.507.702
Branch office in Norway	1.947.021	2.792.374
Branch office in Netherlands	2.446.489	2.618.228
Branch office in Sweden	2.214.004	2.352.573
Branch office in Finland	3.021.223	1.215.276
	53.379.487	**46.339.580**

3. Production costs

Production costs includes staff cost of EUR 7.146.918 and depreciations, amortisation and impairment losses of EUR 830.683.

4. Administration costs

Administration costs includes staff cost of EUR 2.210.414.

5. Other financial income

Financial income, group enterprises	110.061	161.952
Other financial income	813.982	98.895
	924.043	**260.847**

Notes

All amounts in EUR.

		2017	2016
6.	**Other financial costs**		
	Financial costs, group enterprises	477.281	600.557
	Other financial costs	10.498	11.952
		487.779	**612.509**

		2017	2016
7.	**Proposed distribution of the results**		
	Allocated to results brought forward	138.912	0
	Allocated from results brought forward	0	-2.522.096
	Distribution in total	**138.912**	**-2.522.096**

		2017	2016
8.	**Acquired licenses**		
	Cost 1 January 2017	1.130.699	1.056.109
	Additions during the year	76.694	74.059
	Disposals during the year	-39	0
	Cost 31 December 2017	**1.207.354**	**1.130.168**
	Amortisation and writedown 1 January 2017	-924.437	-715.974
	Exchange rate adjustment	9.988	266
	Amortisation for the year	-128.890	-208.791
	Reversal of depreciation, amortisation and writedown, assets disposed of	39	0
	Amortisation and writedown 31 December 2017	**-1.043.300**	**-924.499**
	Book value 31 December 2017	**164.054**	**205.669**

Notes

All amounts in EUR.

		31/12 2017	31/12 2016
9.	**Goodwill**		
	Additions during the year	122.626	0
	Cost 31 December 2017	**122.626**	**0**
	Amortisation for the year	-10.484	0
	Amortisation and writedown 31 December 2017	**-10.484**	**0**
	Book value 31 December 2017	**112.142**	**0**
10.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2017	4.294.405	4.086.648
	Additions during the year	1.384.863	244.259
	Disposals during the year	-21.522	-21.469
	Cost 31 December 2017	**5.657.746**	**4.309.438**
	Amortisation and writedown 1 January 2017	-3.731.526	-3.290.321
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	23.952	651
	Depreciation for the year	-635.071	-460.956
	Reversal of depreciation, amortisation and writedown, assets disposed of	21.522	21.460
	Amortisation and writedown 31 December 2017	**-4.321.123**	**-3.729.166**
	Book value 31 December 2017	**1.336.623**	**580.272**
11.	**Tangible assets under construction and prepayments for tangible assets**		
	Cost 1 January 2017	179.493	180.733
	Translation by use of the exchange rate valid on balance sheet date 31 December 2017	5.101	-1.240
	Additions during the year	50.089	0
	Cost 31 December 2017	**234.683**	**179.493**
	Book value 31 December 2017	**234.683**	**179.493**

Notes

All amounts in EUR.

		31/12 2017	31/12 2016
12.	**Leasehold improvement**		
	Cost 1 January 2017	2.624.588	2.511.640
	Additions during the year	38.364	110.720
	Cost 31 December 2017	**2.662.952**	**2.622.360**
	Depreciation and writedown 1 January 2017	-2.120.701	-1.977.772
	Translation by use of the exchange rate valid on balance sheet date	6.354	239
	Depreciation for the year	-146.283	-143.168
	Depreciation and writedown 31 December 2017	**-2.260.630**	**-2.120.701**
	Book value 31 December 2017	**402.322**	**501.659**
13.	**Deposits**		
	Cost 1 January 2017	104.860	128.689
	Additions during the year	4.215	0
	Disposals during the year	0	-23.829
	Cost 31 December 2017	**109.075**	**104.860**
	Book value 31 December 2017	**109.075**	**104.860**
14.	**Work in progress for the account of others**		
	Sales value of the production of the period	4.979.609	4.728.843
	Work in progress for the account of others, net	**4.979.609**	**4.728.843**

Notes

All amounts in EUR.

		31/12 2017	31/12 2016
15.	**Deferred tax assets**		
	Deferred tax of the results for the year	74.390	0
		74.390	**0**
	The following items are subject to deferred tax:		
	Current assets	80.588	0
	Current liabilities	-6.198	0
		74.390	**0**
16.	**Accrued income and deferred expenses**		
	Accrued income and deferred expenses	250.046	241.550
		250.046	**241.550**
17.	**Contributed capital**		
	Contributed capital 1 January 2017	134.834	134.834
		134.834	**134.834**

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.

		31/12 2017	31/12 2016
18.	**Other debts**		
	Payable VAT	368.120	436.509
	Withheld tax and labour market contributions	171.924	156.185
	Social security contributions	165.727	92.111
	Salaries, wages and bonus	291.805	362.496
	Pension contributions	28.795	34.293
	Holiday pay	795.250	722.241
	Insurance	171.267	113.542
	Other accrued expenses	466.536	374.436
	Accrued production expenses	5.101.278	3.683.143
		7.560.702	**5.974.956**

Notes

All amounts in EUR.

		31/12 2017	31/12 2016
19.	**Staff matters**		
	Salaries and wages	7.916.512	7.068.161
	Pension costs	489.511	347.444
	Other costs for social security	881.307	701.036
		9.287.330	**8.116.641**
	Average number of employees	288	296

The total remunerations for the managing director and the board of directors for 2017 amounts to EUR 219.517.

		31/12 2017	31/12 2016
20.	**Fee, auditor**		
	Total auditor's fee Grant Thornton, State Authorised Public Accountants	58.293	54.822
	Statutory audit	43.720	41.117
	Other services	14.573	13.705
		58.293	**54.822**

21. Mortgage and securities

Banks providing service to SDI Media A/S issued on the request of the company guarantees in amount of EUR'000 344. 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 recievables and property, plant and equipment etc.

22. Contingencies

Contingent liabilities

The company has unrecognised rental and lease commitments. The commitments under rental agreements and leases until expiry amounts to EUR'000 2.776 (2016: EUR'000 2.288).

Notes

All amounts in EUR.

23. Related parties

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.