**KPMG 2014 P/S**
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# 24-7 Entertainment ApS

## CVR-No. 29 83 46 28
## Annual report for 2013/14

The annual report was presented and adopted at the annual general meeting of the Company on 4 December 2014

Chairman

# Contents

## Management's statement on the annual report

The Executive Board has today considered and adopted the annual report of 24-7 Entertainment ApS for the financial year 1 October 2013 – 30 September 2014.

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

In our opinion, the financial statements give a true and fair view of the Company assets, liabilities and financial position at 30 September 2014 and of the Company operations for the year 1 October 2013 – 30 September 2014.

In our opinion, Management's review includes a true and fair account of the matters addressed in the review.

We recommend that the annual report be adopted at the annual general meeting

Copenhagen, 4 December 2014

**Executive Board**

| | |
|---|---|
| Erik Röser Dibbern<br>CEO | Frank Andreas Johannes Taubert |

# Independent Auditors' Report

## To the Shareholder of 24-7 Entertainment ApS

We have audited the financial statements of 24-7 Entertainment ApS for the financial year 1 October 2013 – 30 September 2014, which comprise summary of significant accounting policies, income statement, balance sheet and notes for the Company. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### Management's Responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

### Opinion

In our opinion, the financial statements gives a true and fair view of the Company's financial position at 30 September 2014 and of the results of the Company's operations for the financial year 1 October 2013 – 30 September 2014 in accordance with the Danish Financial Statements Act.

# Independent Auditors' Report

## Statement on Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 4 December 2014

**KPMG 2014 P/S**
Godkendt Revisionspartnerselskab

Johnny Kofoed-Jensen
State Authorised
Public Accountant

# Company information

| | | |
|---|---|---|
| **The Company** | 24-7 Entertainment ApS<br>Gothersgade 12 3<br>DK-1123 Copenhagen K | |
| | Telephone: | +45 36 95 89 59 |
| | Fax: | +45 47 38 44 48 |
| | E-mail: | finance@247e.com |
| | Website: | www.247entertainment.com |
| | CVR-No.: | 29 83 46 28 |
| | Financial Period: | 1 October – 30 September |
| | Established: | 18 December 2006 |
| | Registered office: | Copenhagen |
| **Executive Board** | Erik Röser Dibbern, CEO<br>Frank Andreas Johannes Taubert | |
| **Auditors** | KPMG 2014 P/S<br>Godkendt Revisionspartnerselskab<br>Amerika Plads 38<br>2100 Copenhagen Ø | |

# Management's Review

## Core activity

As in previous years, the Company's principal activity has been to develop technical business-to-business solutions for online and mobile distribution of digital media.

## Development in the year

The profit for the year amounts to DKK 1,195 thousand which according to Management is satisfactory. Management expects a profit for the future years.

## Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

# Accounting Policies

The annual report of 24-7 Entertainment ApS for 2013/14 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class B.

The accounting policies applied remain unchanged from previous years.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliable measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliable measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally costs incurred to generate the year's earnings are recognised, including depreciations, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

## Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange difference arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

# Accounting Policies

## Income Statement

### Revenue

Income from the sale of services is recognised in the income statement provided that transfer of risk to the buyer have taken place before the end of the year, the income may be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All forms of discounts granted are deducted from revenue.

### Other External costs

Other external costs comprise cost for distribution, sale, advertising, administration, costs of premises, bad debts, etc.

### Financial income and expenses

Financial items comprise interest income and interest expense, capital gains and losses and losses on receivables, debts and transactions in foreign currency as well as surcharges and refunds under the on-account scheme, etc.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance Sheet

### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment write-down.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

| | |
|---|---|
| Tools and equipment | 3-5 years |

# Accounting Policies

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

## Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

## Dividend

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

## Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and in equity.

## Debt

Liabilities are measured at net realisable value.

# Income Statement 1 October 2013 – 30 September 2014

| | Note | 2013/2014 | 2012/2013 |
|---|---|---|---|
| **Gross profit** | | **23,219,545** | **18,984,852** |
| Staff costs | 1 | -21,168,182 | -17,384,187 |
| **Earnings Before Interest Taxes Depreciation and Amortization** | | **2,051,363** | **1,600,665** |
| Depreciation, amortisation and impairment of property, plant and equipment | | -463,456 | -354,946 |
| **Profit before financial income and expenses** | | **1,587,907** | **1,245,719** |
| Financial income | 2 | 1,143 | 595 |
| Financial expenses | 3 | -12,242 | -14,036 |
| **Profit before tax** | | **1,576,808** | **1,232,278** |
| Tax on profit for the year | 4 | -381,806 | -315,273 |
| **Net profit for the year** | | **1,195,002** | **917,005** |
| Retained earnings | | 1,195,002 | 917,005 |
| | | **1,195,002** | **917,005** |

# Balance per 30 September 2014

| | Note | 2013/14 | 2012/13 |
|---|---|---|---|
| **Assets** | | | |
| Other fixtures and fittings, tools and equipment | | 1,465,088 | 345,781 |
| **Non-current assets** | 5 | **1,465,088** | **345,781** |
| Deposits | | 373,588 | 341,178 |
| **Financial assets** | | **373,588** | **341,178** |
| **Total non-assets** | | **1,838,676** | **686,959** |
| Trade receivables | | 35,265 | 22,765 |
| Receivables from parent company | | 4,135,009 | 2,571,595 |
| Other receivables | | 753,103 | 247,464 |
| Deferred tax asset | | 60,666 | 76,341 |
| | | 4,984,043 | 2,918,165 |
| **Cash at bank and in hand** | | **1,384,239** | **963,316** |
| **Total currents assets** | | **6,368,282** | **3,881,481** |
| **TOTAL ASSETS** | | **8,206,958** | **4,568,440** |

# Balance per 30 September 2014

| | Note | 2013/14 | 2012/13 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| Share capital | | 125,000 | 125,000 |
| Retained earnings | | 3,114,555 | 1,919,553 |
| **Total equity** | 6 | **3,239,555** | **2,044,553** |
| Trade payables | | 1,250,248 | 32,077 |
| Corporation tax | | 654,382 | 554,915 |
| Other payables | | 3,062,773 | 1,936,895 |
| **Current liabilities other than provision** | | **4,967,403** | **2,523,887** |
| **Total current liabilities other than provision** | | **4,967,403** | **2,523,887** |
| **TOTAL EQUITY AND LIABILITIES** | | **8,206,958** | **4,568,440** |
| Contractual obligations, contingencies, etc. | 7 | | |
| Related party disclosures | 8 | | |

# Notes to the annual report

| | | 2013/2014 | 2012/2013 |
|---|---|---|---|
| **1** | **Staff costs** | | |
| | Wages and salaries | 20,282,833 | 16,824,682 |
| | Pensions | 141,477 | 62,640 |
| | Other social security costs | 69,300 | 58,758 |
| | Other staff costs | 674,572 | 438,107 |
| | | **21,168,182** | **17,384,187** |
| **2** | **Financial income** | | |
| | Other financial income | 1,143 | 595 |
| | | **1,143** | **595** |
| **3** | **Financial expenses** | | |
| | Other financial costs | 2,626 | 8,150 |
| | Percentage surcharge, corporation tax | 9,616 | 5,886 |
| | | **12,242** | **14,036** |
| **4** | **Tax on profit for the year** | | |
| | Current tax for the year | 366,131 | 343,250 |
| | Deferred tax for the year | 15,675 | -27,977 |
| | | **381,806** | **315,273** |

# Notes to the annual report

## 5 Non-current assets

| | Other fixtures and fittings, tools and equipment |
|---|---|
| Cost 1 October 2013 | 1,469,262 |
| Additions for the year | 1,582,763 |
| Cost 30 September 2014 | 3,052,025 |
| Depreciation 1 October 2013 | 1,123,481 |
| Depreciation for the year | 463,456 |
| Impairment losses and depreciation 30 September 2014 | 1,586,937 |
| **Carrying amount at 30 September 2014** | **1,465,088** |

## 6 Equity

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| Equity 1 October 2013 | 125,000 | 1,919,553 | 2,044,553 |
| Net profit for the year | 0 | 1,195,002 | 1,195,002 |
| **Equity 30 September 2014** | **125,000** | **3,114,555** | **3,239,555** |

## 7 Contractual obligations, contingencies, etc.

As at 30 September 2014, the Company has no contractual obligations or contingencies.

## 8 Related party disclosures

24-7 Entertainment ApS' related parties comprise the following:

24-7 Entertainment GmbH, who is the principal shareholder.