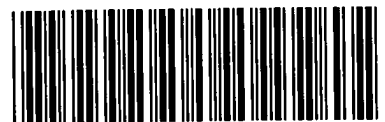


Company Number: 08323649

**ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018**

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ARTS ALLIANCE MEDIA (DIGITAL) LIMITED

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ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
COMPANY INFORMATION

CHAIRMAN

Thomas Hoegh (Resigned 25/10/2017)
Pan Zhou (Appointed 25/10/2017)

REGISTERED NUMBER

08323649

DIRECTORS

Martine Vice - Holter (Resigned 25/10/2017)
John Aalbers (Resigned 28/02/2018)
Thomas Christian Hoegh (Resigned 25/10/2017)
Rui Ning (Appointed 25/10/2017)
Zhou Pan (Appointed 25/10/2017)
Howard Gilbert Kiedaisch (Appointed 25/03/2019)

COMPANY SECRETARY

Oliver Shapleski (Resigned 05/09/2017)

REGISTERED OFFICE

Landmark House
Hammersmith Bridge Road
London
W6 9EJ

AUDITORS

Crowe U.K. LLP
St. Bride's House
10 Salisbury Square
London EC4Y 8EH

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

The directors present their report together with the audited financial statements for the 18 month period ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as agent in respect of financing the digital projection equipment used by exhibitors in Africa through its VPF agreements held with distributors.

DIRECTORS

The directors who served during the period were:

Martine Vice - Holter (Resigned 25/10/2017)
John Aalbers (Resigned 28/02/2018)
Thomas Christian Hoegh (Resigned 25/10/2017)
Patrick Foley (Appointed 28/02/2018 and resigned 24/01/2019)
Rui Ning (Appointed 25/10/2017)
Zhou Pan (Appointed 25/10/2017)

No director had any interest in the ordinary or preference share capital of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the period and of its profit or loss for the period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

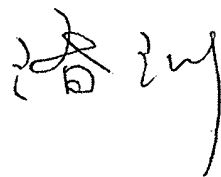

AUDITORS

Crowe U.K. LLP, who were appointed as first auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The report was approved by the Board on 26/07/2019 and signed on its behalf.

Director

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

Opinion

We have audited the financial statements of Arts Alliance Media (Digital) Limited (the 'Company') for the period ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Matthew Stallabrass (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH
Date: 30 September 2019

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

	Notes	For the period 1 July 17 to 31 December 18 \$	For the year ended 30 June 2017 \$
TURNOVER		6,088,491	4,096,809
Cost of sales		<u>-</u>	<u>-</u>
GROSS PROFIT		6,088,491	4,096,809
Administrative expenses		<u>(6,110,602)</u>	<u>(4,019,958)</u>
OPERATING PROFIT/ (LOSS)	3	(22,111)	76,851
Interest payable and similar charges		-	-
Interest receivable		<u>13,691</u>	<u>-</u>
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,420)	76,851
Taxation on profit on ordinary activities		<u>-</u>	<u>-</u>
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		(8,420)	76,851

The profit and loss account contains all the gains and losses recognised in the period.

The loss for the period, which was derived from continuing activities, is the only movement in shareholders' funds.

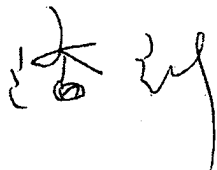
ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

	Notes	As at 31 December 2018 \$	As at 31 December 2018 \$	As at 30 June 2017 \$	As at 30 June 2017 \$
FIXED ASSETS					
Tangible assets	5		3,590,328		8,870,655
CURRENT ASSETS					
Debtors	6	2,591,714		2,164,027	
Cash at bank and in hand		264,664		1,098,747	
		<u>2,856,378</u>		<u>3,262,774</u>	
CREDITORS: amounts falling due within one year	7	<u>(5,772,849)</u>		<u>(4,235,731)</u>	
NET CURRENT ASSETS/ (LIABILITIES)			(2,916,471)		(972,957)
CREDITORS: amounts falling due after one year	8		-		(5,968,512)
PROVISION FOR LIABILITIES AND CHARGES	9		(733,810)		(1,980,721)
			<u>(59,953)</u>		
NET ASSETS/ (LIABILITIES)					<u>(51,535)</u>
CAPITAL AND RESERVES					
Share capital			1		1
Profit and loss account			<u>(59,954)</u>		<u>(51,536)</u>
SHAREHOLDERS' DEFICIT			<u>(59,953)</u>		<u>(51,535)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the Board on and were signed on its behalf on 26/09/2019

Director



Zhou Pen

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

1. GENERAL INFORMATION

The company is a private company, limited by shares, incorporated in England and Wales with registration number 08323649. The address of the registered office is The WestWorks, White City Place, 195 Wood Lane, London W12 7FQ.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

2.2 Going concern

The directors have reviewed the cash flow forecasts and budget for the twelve months from the date the financial statements have been approved. Based on this, as well as the contractual guarantees held and recent trading performance, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In light of this review the company is deemed to be a going concern and the accounts prepared accordingly.

2.3 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under FRS 102 Section 1A – small entities.

2.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales taxes. All turnover arose within the rest of the world.

Turnover is generated through Virtual Print Fees which are due from customers for the facilitation of regional cinema digitisation and triggered following the screening of a film using digital projection equipment deployed by the Company. Additionally turnover arises from usage fees due from customers based on the availability of equipment provided by the Company, and from administration fees collected for the management of the Virtual Print Fee scheme.

Usage fees are deferred over the contracted period to which the equipment is to be made available to the customer. Deferred revenue is matched to the principal attributable costs of the equipment and are spread over the life of the contracts.

2.5 Foreign currency translation

The financial statements are presented in US Dollars, which is the functional and presentation currency of Arts Alliance Media (Digital) Limited.

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets over their expected useful lives. Depreciation is calculated as the earlier of:

- a) The expiry of the contractual agreements associated to the equipment. These expire on 31 December 2019. Depreciation will be straight line over the length of the contracts, or;
- b) Once the total equipment costs plus administration fees have been recouped through Virtual Print Fees and usage fees. Depreciation is therefore provided based on a proportion of the revenues collected against this total cost pool

The title to the assets passes at the earlier of the two points noted above, after which no further economic benefits arise from the assets.

2.7 Gains and losses on the disposal of fixed assets

The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount, whether carried at historical cost (less any provisions made) or at a valuation.

2.8 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

3. OPERATING PROFIT

The operating profit is stated after charging:

	For the period 1 July 2017 to 31 December 2018 \$	For the year ended 30 June 2017 \$
Loss/ (Gain) on foreign exchange	7,233	20,799
Depreciation of tangible fixed assets	5,423,910	362,726
Loss/ (Profit) on disposal of fixed assets	(53,738)	(126,915)
Auditors' remuneration	<u>11,604</u>	<u>7,740</u>
	<u>5,389,009</u>	<u>3,528,840</u>

4. DIRECTORS' REMUNERATION

During the period Director's remuneration was \$Nil (2017: \$Nil).

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

5. TANGIBLE FIXED ASSETS

	Cinematic Equipment \$
Cost	
Opening balance	22,376,246
Disposals	<u>(59,810)</u>
Closing balance	<u>22,316,436</u>
Depreciation	
Opening balance	13,505,591
Charge for the year	5,423,910
Disposals	<u>(203,393)</u>
Closing balance	<u>18,726,108</u>
Net book value	
At 31 December 2018	<u>3,590,328</u>
At 30 June 2017	<u>8,870,655</u>

6. DEBTORS

	As at 31 December 2018 \$	As at 30 June 2017 \$
Amounts falling due within one year		
Trade debtors	271,527	878,713
Accrued income and prepayments	1,588,506	1,275,671
Amounts owed by related parties	664,332	-
Other taxes and social security costs	<u>67,349</u>	<u>9,643</u>
	<u>2,591,714</u>	<u>2,164,027</u>

The balance owed by related parties consists of a loan to AAM Ltd.

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 December 2018 \$	As at 30 June 2017 \$
Amounts falling due within one year		
Trade creditors	4,893,051	3,358,779
Accruals and deferred income	<u>879,798</u>	<u>876,952</u>
	<u>5,772,849</u>	<u>4,235,731</u>

8. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	As at 31 December 2018 \$	As at 30 June 2017 \$
Amounts falling due after one year		
Trade creditors	-	4,673,757
Accruals and deferred income	<u>-</u>	<u>1,294,755</u>
	<u>-</u>	<u>5,968,512</u>
 Deferred income to be recognised as follows:		
Within one year	860,998	863,170
in the second to fifth years	-	1,294,755
Over five years	<u>-</u>	<u>-</u>
	<u>860,998</u>	<u>2,157,925</u>

9. PROVISION FOR LIABILITIES AND CHARGES

	As at 31 December 2018 \$	As at 30 June 2017 \$
Opening balance	1,980,721	2,973,341
Used during the Year	<u>(1,246,911)</u>	<u>(992,620)</u>
	<u>733,810</u>	<u>1,980,721</u>

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2017 TO 31 DECEMBER 2018

10. AVERAGE NUMBER OF EMPLOYEES

The average number of employees during the period reported was nil.

11. CONTROLLING PARTY

The immediate parent company is Arts Alliance Media Investments Limited, a company incorporated in the British Virgin Islands and domiciled in BVI. The ultimate controlling party is Shandong Luxin-Rio Visual Technology Co., Ltd. ("Luxin-Rio").