

MGM Channel Poland Limited

Directors' report and financial statements

Registered number 06077708

31 December 2016



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Strategic Report

The directors present their Strategic Report on MGM Channel Poland Limited ("the Company") for the year ended 31 December 2016.

Review of the business

The company operates The MGM HD Channel. MGM HD is a primarily movie driven subscription and advertising supported linear television channel which is transmitted with a capability to be received in both standard definition and high definition formats on an encrypted basis with Polish language voice over narration (and/or subtitles) and distributed to subscribers of DTH, cable, ADSL, MMDS and SMATV television systems in Poland.

Results and business review

The results of the company for the year ended 31 December 2016, as set out on page 5 show a loss before tax of \$2,815,000 (2015: profit of \$879,506) and net liabilities of \$1,310,000 (2015: net assets of \$2,847,396).

Principal risks and uncertainties

The Company's success is dependent on the economic conditions of Europe, as the portfolio of channels are broadcasted on non-terrestrial platforms where viewers pay a subscription fee for additional channels.

The directors have considered the risk and implications of Brexit on the company, however, do not consider it a key risk. The entity operates in Europe and only the head office function sits in the UK.

Future developments

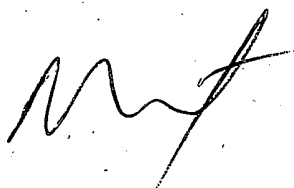
The key strategy is to increase distribution of the channel portfolio in order to increase viewership and therefore broadcasting subscription revenues.

Key Performance Indicators ('KPIs')

The directors monitor the progress of the Company by reference to the following KPIs -

	2016 \$'000	2015 \$'000	
Turnover	2,590	5,108	Total Turnover
Gross (loss)/profit	(764)	989	Turnover less cost of sales
Operating (loss)/profit	(2,727)	879	(Loss)/profit before interest and taxes
(Loss)/return on capital employed %	(208)%	31%	Operating (loss)/profit for the year in relation to Shareholders' (deficit)/funds
Average ratings in the year ('000)	0.2	0.1	Average ratings for the year

By order of the Board



M Moriarty
Director

111 Salusbury Road
London
NW6 6RG
26 September 2017

Directors' Report

The directors of the Company present their report on MGM Channel Poland Limited for the year ended 31 December 2016.

Proposed dividend

The directors do not recommend the payment of a dividend (2015: \$nil).

Political and charitable contributions

The Company made no political or charitable contributions during the year (2015: \$nil).

Directors

The directors who held office during the year and to the date of this report were as follows:

D R Warner (Resigned on 4 April 2016)
D Miller-Jones (Resigned on 4 April 2016)
M Moriarty
L Malnay (Resigned on 1 January 2017)
M Rougeron (Resigned on 4 April 2016)
R A Wiltens (Appointed on 1 January 2017)

Disclosure of information to auditor

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 all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

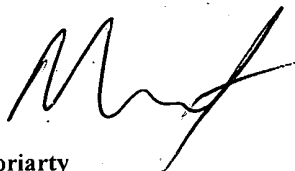
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



M Moriarty
Director

111 Salusbury Road
London
NW6 6RG
26 September 2017

Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of MGM Channel Poland Limited

We have audited the financial statements of MGM Channel Poland Limited for the year ended 31 December 2016 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's directors, 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 directors 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 directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Andrew Turner (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London, E14 5GL

26 September 2017

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2016

	Note	2016 \$'000	2015 \$'000
Turnover	2	2,590	5,108
Cost of sales		(3,354)	(4,119)
Gross (loss)/profit		(764)	989
Administrative expenses		(1,963)	(110)
Operating (loss)/profit	3	(2,727)	879
Interest payable and similar charges	7	(88)	-
(Loss)/profit before taxation		(2,815)	879
Tax on (loss)/profit	8	158	(178)
(Loss)/profit for the financial year		(2,657)	701
Other comprehensive income		-	-
Total comprehensive (loss)/income for the financial year		(2,657)	701

The accompanying notes on pages 8 to 14 are an integral part of this financial statement.

All results are generated from continuing operations.

Balance Sheet
at 31 December 2016

	Note	\$'000	2016 \$'000	\$'000	2015 \$'000
Current assets					
Programme inventory		619		894	
Debtors (including \$nil (2015: \$nil) due after more than one year)	9	610		2,316	
Cash at bank and in hand		687		71	
		<u>1,916</u>		<u>3,281</u>	
Creditors: amounts falling due within one year	11	<u>(3,218)</u>		<u>(434)</u>	
Net current (liabilities)/assets			<u>(1,302)</u>		<u>2,847</u>
Total assets less current liabilities			<u>(1,302)</u>		<u>2,847</u>
Creditors: amounts falling due after more than one year	12		<u>(8)</u>		<u>-</u>
Net (liabilities)/assets			<u><u>(1,310)</u></u>		<u><u>2,847</u></u>
Capital and reserves					
Called up share capital	14		-		-
Profit and loss account			<u>(1,310)</u>		<u>2,847</u>
Shareholders' (deficit)/funds			<u><u>(1,310)</u></u>		<u><u>2,847</u></u>

The accompanying notes on pages 8 to 14 are an integral part of this financial statement.

These financial statements were approved by the board of directors on 26 September 2017 and were signed on its behalf by:

M Moriarty
Director

111 Salusbury Road
London
NW6 6RG

Company registered number: 06077708

Statement of Changes in Equity

	Called up share capital \$'000	Profit and loss account \$'000	Total equity \$'000
Balance at 1 January 2015	-	2,146	2,146
Profit for the year	-	701	701
Total comprehensive income for the year	-	701	701
Balance at 31 December 2015	-	2,847	2,847

	Called up share capital \$'000	Profit and loss account \$'000	Total equity \$'000
Balance at 1 January 2016	-	2,847	2,847
Loss for the year	-	(2,657)	(2,657)
Total comprehensive income for the year	-	(2,657)	(2,657)
Dividend	-	(1,500)	(1,500)
Total contributions by and distributions to owners	-	(1,500)	(1,500)
Balance at 31 December 2016	-	(1,310)	(1,310)

Notes

1 Accounting policies

MGM Channel Poland Limited is a company limited by shares and incorporated and domiciled in the UK.

The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group accounts as the company is included in the consolidated accounts of its ultimate holding company AMC Networks Inc, a company incorporated in the United States of America. These financial statements present information about the company as an individual undertaking and not about its group.

Under Part 15 and Chapter 1 of Part 16 of the Companies Act 2006 the Company is required to prepare and have audited an annual report and financial statements. Under the Companies Act, the Company has the choice whether their financial statements are prepared under that applicable law and either UK Accounting Standards (UK Generally Accepted Accounting Practice) or International Financial Reporting Standards (IFRSs) as adopted by the EU. The Company has decided to apply UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is USD\$. All amounts have been rounded to the nearest \$1,000.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions were taken in the prior year financial statements:

- Business combinations - Business combinations that took place prior to 1 January 2014 were not restated.

The Company's ultimate parent undertaking, AMC Networks Inc., a company incorporated in the US, includes the Company in its consolidated financial statements. The consolidated financial statements of AMC Networks Inc. are available to the public and may be obtained from 11 Penn Plaza, New York, 10001, The United States of America.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes..

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company did not retrospectively changed its accounting under old UK GAAP for accounting estimates.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The company has net current liabilities of \$1,302,000 (2015: assets of \$2,847,396) and net liabilities of \$1,310,000 (2015: assets of \$2,847,396). For the year ended 31 December 2016 the company made a loss after tax of \$2,657,000 (2015: profit of \$701,404). The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on page 1.

The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors have relied upon assurances from AMC Networks Inc. that they will continue to support the company for at least the next twelve months. Therefore, the going concern basis of preparing the financial statements is considered appropriate by the directors.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

The functional currency of the Company is USD\$. Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Turnover

Turnover represents the amounts (excluding the value tax) derived from the provision of services to customers. Turnover is recognised on transmission.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.6 Program rights

Program rights include rights to transmit television channels, rights to broadcast individual programs or events, and rights to broadcast multiple sport and other events during the licence term (such as during a sports season). Acquired program rights are recognised as assets at cost when the rights are acquired, less any impairment.

Available rights, the use of which is deferred, are presented as rights available for use and are amortised from when the rights are available for transmission.

Notes (continued)

1.7 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.8 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2 Turnover

	2016 \$'000	2015 \$'000
<i>By activity</i>		
Broadcasting	2,590	5,108
	<u>2,590</u>	<u>5,108</u>
<i>By geographical market</i>		
Poland	2,590	5,108
	<u>2,590</u>	<u>5,108</u>

Notes (continued)

3 Expenses and auditor's remuneration

Included in (loss)/profit are the following:

	2016 \$'000	2015 \$'000
Amortisation - programme licences	1,954	1,430

Auditor's remuneration:

	2016 \$'000	2015 \$'000
Audit of these financial statements	19	22
Other services	1	-
Amounts received by the company's auditors and associates in respect of other services relating to taxation	-	3
	20	25

4 Directors' remuneration

	2016 \$'000	2015 \$'000
Directors' remuneration	22	-
Amounts receivable under long term incentive schemes	3	-
Company contributions to money purchase pension plans	1	-
	26	-

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was \$24,620 (2015: \$nil), and company pension contributions of \$1,242 (2015: \$nil) were made to a money purchase scheme on their behalf.

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	-
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	2	-

The directors' remuneration for the UK Group has been paid by Zonemedia Management Limited.

None of the directors' of the company received advances, creditors or guarantees in the current year.

5 Key management personnel compensation

Total compensation of key management personnel (including the directors) in the year amounted to \$141,991 (2015: \$nil). The key management personnel compensation for the UK Group has been paid by Zonemedia Management Limited.

6 Staff numbers and costs

No staff are employed by the Company, therefore no costs have been incurred by the company (2015: \$nil).

Notes (continued)

7 Interest payable and similar charges

	2016 \$'000	2015 \$'000
Net foreign exchange losses	88	-
	<u>88</u>	<u>-</u>

8 Taxation

Total tax (credit)/expense recognised in the profit and loss account, other comprehensive income and equity

	2016 \$'000	2015 \$'000
<i>Current tax</i>		
Current tax on income for the year	-	178
Foreign income tax	55	-
Total current tax	<u>55</u>	<u>178</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(251)	-
Change in tax rate	38	-
Total deferred tax	<u>(213)</u>	<u>-</u>
Total tax (credit)/charge	<u>(158)</u>	<u>178</u>

The tax credit for the year is higher than the standard rate of corporation tax in the UK at 20.00% (2015: same). The differences are explained below:

Reconciliation of effective tax rate

	2016 \$'000	2015 \$'000
(Loss)/profit on ordinary activities before tax	<u>(2,815)</u>	<u>879</u>
Current tax at 20.00% (2015: 20.25%)	(563)	178
<i>Effects of:</i>		
Expenses not deductible for tax purposes	7	-
Increase in tax rate on deferred tax balances	38	-
Prior year adjustment	-	-
Group relief for no payment	315	-
Effect of tax rates in foreign jurisdictions	45	-
Total (credit)/expense included in (loss)/profit	<u>(158)</u>	<u>178</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 19% to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016. This will reduce the future tax charge accordingly.

Notes (continued)

9 Debtors

	2016 \$'000	2015 \$'000
Trade debtors	266	-
Amounts owed by group undertakings	-	2,311
Other debtors	107	-
Deferred tax (note 10)	214	-
Other tax and social security	17	2
Prepayments and accrued income	6	3
	<u>610</u>	<u>2,316</u>

10 Deferred tax

Deferred tax assets are attributable to the following:

	2016 \$'000	2015 \$'000
Unused tax losses	<u>214</u>	<u>-</u>

11 Creditors: amounts falling due within one year

	2016 \$'000	2015 \$'000
Trade creditors	40	4
Amounts owed to group undertakings	2,018	286
Taxation and social security	-	84
Accruals and deferred income	1,146	60
Other creditors	14	-
	<u>3,218</u>	<u>434</u>

12 Creditors: amounts falling due after more than one year

	2016 \$'000	2015 \$'000
Accruals and deferred income	<u>8</u>	<u>-</u>
	<u>8</u>	<u>-</u>

Notes (continued)

13 Related party transactions

Other related party transactions

	Turnover		Administrative expenses incurred	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Entities with control, joint control or significant influence	-	6,895	1,508	39
	-	6,895	1,508	39

	Receivables outstanding		Creditors outstanding	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Entities with control, joint control or significant influence	-	2,311	2,018	286
	-	2,311	2,018	286

14 Share capital

	2016 \$	2015 \$
<i>Allotted, called up and fully paid</i> 100 (2015 :100) ordinary shares of £1 each	198	198

16 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of AMC Networks International Broadcasting Limited, a company registered in England and Wales.

The ultimate parent undertaking at 31 December 2016 was AMC Networks Inc., a company incorporated in the USA. The consolidated accounts of this group can be obtained from 11 Penn Plaza, New York, 10001, The United States of America.

15 Post balance sheet events

There are no post balance sheet events to disclose.