REGISTERED NUMBER: 09214931 (England and Wales)

Abbreviated Accounts

for the Period 11 September 2014 to 31 December 2015

for

Okko Digital Entertainment Limited

Okko Digital Entertainment Limited

Contents of the Abbreviated Accounts
for the Period 11 September 2014 to 31 December 2015

Okko Digital Entertainment Limited

Company Information
for the Period 11 September 2014 to 31 December 2015

DIRECTOR:	E Morozova
SECRETARY:	QA Registrars Limited
REGISTERED OFFICE:	3rd Floor Fairgate House 78 New Oxford Street London WC1A 1HB
REGISTERED NUMBER:	09214931 (England and Wales)
AUDITORS:	S H Landes LLP Statutory Auditors 3rd Floor, Fairgate House 78 New Oxford Street London WC1A 1HB

Report of the Independent Auditors to
Okko Digital Entertainment Limited
Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts set out on pages three to seven, together with the full financial statements of Okko Digital Entertainment Limited for the period ended 31 December 2015 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors
The director is responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion
We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.

Other information
On ....9/9/16......... we reported as auditors to the shareholders of the company on the full financial statements for the period ended 31 December 2015 prepared under Section 396 of the Companies Act 2006, and our report included the following extract:

"Emphasis of matter - going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern.
The Company incurred a net loss of Russian roubles 465,285K during the year ended 31 December 2015 and, at that date, the Company had net liabilities of Russian roubles 413,277K.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.
The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern."

Steven Landes

Steven Landes (Senior Statutory Auditor)
for and on behalf of S H Landes LLP
Statutory Auditors
3rd Floor, Fairgate House
78 New Oxford Street
London
WC1A 1HB

Date: ....9/9/16..........

Okko Digital Entertainment Limited (Registered number: 09214931)

Abbreviated Balance Sheet
31 December 2015

	Notes	Rub'000	Rub'000
FIXED ASSETS			
Intangible assets	2		275
CURRENT ASSETS			
Debtors	3	135,702	
Cash at bank		11,025	
		146,727	
CREDITORS			
Amounts falling due within one year		560,279	
NET CURRENT LIABILITIES			(413,552)
TOTAL ASSETS LESS CURRENT LIABILITIES			(413,277)
CAPITAL AND RESERVES			
Called up share capital	4		7
Other reserves			52,001
Retained earnings			(465,285)
SHAREHOLDERS' FUNDS			(413,277)

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on 5. 9. 2016 and were signed by:

....
E Morozova - Director

The notes form part of these abbreviated accounts

Okko Digital Entertainment Limited

Notes to the Abbreviated Accounts
for the Period 11 September 2014 to 31 December 2015

1. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

All financial information are presented in thousands of Russian roubles.

Revenue
Revenue, which excludes value added tax, represents the gross inflow of economic benefit from company's operating activities. The company's main source of revenue is retail subscription revenue, namely subscriptions for TV internet streaming, is recognised as the goods or services are provided, net of any discount given. Pay-per-view and transactional revenue is recognised when the event or movie is viewed.

The company's services are sold outside of United Kingdom, with 100% of total revenue generated in the Russian Federation.

Intangible assets
Intangible assets initially stated at cost or fair value, respectively, less accumulated amortisation and impairment losses.

It is amortised over its estimated life of one year using straight-line method as follows:

License for promo-video - 1 year

continued...

1. **ACCOUNTING POLICIES - continued**

Financial instruments
Financial assets and liabilities

Financial assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. At each balance sheet date, company assesses whether there is any objective evidence that any financial asset is impaired. Financial assets and liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the balance sheet when the company's contractual rights to the cash flows expire or the company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

i. Trade and other receivables
Trade and other receivables are non-derivative financial assets with fixed or determinable payments and, where no stated interest rate is applicable, are measured at the original invoice amount, if the effect of discounting is immaterial. Where discounting is material, trade and other receivables are measured at amortised cost using the effective interest method. An allowance account is maintained to reduce the carrying value of trade and other receivables for impairment losses identified from objective evidence, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the income statement.

ii. Cash and cash equivalents
Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the company's cash management are also included as a component of cash and cash equivalents where offset conditions are met.

iii. Trade and other payables
Trade and other payables are non-derivative financial liabilities and are measured at amortised cost using the effective interest method. Trade and other payables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial.

iv. Borrowings
Borrowings are recorded as the proceeds received, net of direct issue costs. Finance charges, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method
and are added to the carrying amount of the underlying instrument to which they relate, to the extent that they are not settled in the period in which they arise.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Foreign currencies
The company's functional currency is Russian roubles.Trading activities denominated in foreign currencies are recorded in Russian roubles at the applicable monthly exchange rates. Monetary assets, liabilities and commitments denominated in foreign currencies at the balance sheet date are reported at the rates of exchange at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated to Russian roubles at the exchange rate prevailing at the date of the initial transaction. Gains and losses from the retranslation of assets and liabilities are included net in profit for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

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1. **ACCOUNTING POLICIES - continued**

Critical accounting policies and the use of judgement
Certain accounting policies are considered to be critical to the company. An accounting policy is considered to be critical if, in the Directors' judgement, its selection or application materially affects the company's financial position or results. Below is a summary of the company's critical accounting policies and details of the key areas of judgement that are exercised in their application.

i. Revenue
Selecting the appropriate timing for, and amount of, revenue to be recognised requires judgement. This may involve estimating the fair value of consideration before it is received. When the company sells a service and a subscription in one bundled transaction, the total consideration from the arrangement is allocated to each element based on its relative fair value. The fair value of each individual element is determined using vendor specific or third party evidence. The amount of revenue the company recognises for delivered elements is limited to the cash received.

ii. Taxation, including deferred taxation
The company's tax charge is the sum of the total current and deferred tax charges. The calculation of the company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. Provisions for tax contingencies require management to make judgements and estimates in relation to tax audit issues and exposures. Amounts provided are based on management's interpretation of country-specific tax law and the likelihood of settlement. Tax benefits are not recognised unless it is probable that the tax positions will be sustained. Once considered to be probable, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of the likely resolution of the issue through negotiation and/or litigation. The amounts recognised in the financial statements in respect of each matter are derived from the company's best estimation and judgement, as described above. However, the inherent uncertainty regarding the outcome of these items means the eventual resolution could differ from the provision and in such event the company would be required to make an adjustment in a subsequent period which could have a material impact on the company's profit and loss and/or cash position. The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation or settlement of the carrying amounts of assets and liabilities held at the balance sheet date. In particular, assessment is required of whether it is probable that there will be suitable future taxable profits against which any deferred tax assets can be utilised.

iii. Intangible assets
The assessment of the useful economic lives of these assets requires judgement. Depreciation and amortisation is charged to the income statement based on the useful economic life selected. This assessment requires estimation of the period over which the company will benefit from the assets. Determining whether the carrying amount of these assets has any indication of impairment also requires judgement. If an indication of impairment is identified, further judgement is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate. Assessing whether assets meet the required criteria for initial capitalisation requires judgement. This requires a determination of whether the assets will result in future benefits to the company.

Going concern
The financial statements have been prepared on a going concern basis even though at the balance sheet date, the company had net liabilities of Russian roubles 413,277K and has recorded a net loss of Russian roubles 465,285K. The director considers the going concern basis to be appropriate due to the fact that the controlling parties have expressed their willingness to provide financial support for the next 12 months as from the date of approval of the financial statements in order for the company to meet its current liabilities. Therefore the director continues to adopt the going concern basis of accounting, which contemplates the realisation of assets and satisfaction of liabilities and commitments in the normal course of business.

continued...

2. **INTANGIBLE FIXED ASSETS**

	Total
	Rub'000
COST	
Additions	300
At 31 December 2015	300
AMORTISATION	
Amortisation for period	25
At 31 December 2015	25
NET BOOK VALUE	
At 31 December 2015	275

3. **DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

The aggregate total of debtors falling due after more than one year is Rub26,400.

4. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	Rub'000
100	Ordinary	£1	7

100 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period.

5. **IMMEDIATE PARENT COMPANY**

The company's immediate parent company is Blueshade Company Limited, a company registered at 4 Nicolades Sea View City, 9th floor, Office 903-904 block A-B, 6016, Larnaca, Cyprus. Consolidated financial statements are prepared by the parent company and are available at the above address.

6. **RELATED PARTY DISCLOSURES**

During the year the company purchased licenses, obtained operational support and paid for partner's commission to More LLC in amount of Russian roubles of 277,677K. Purchased content rights sublicensing in amount of Russian roubles of 9,330K from Elitel Invest Ltd and IP royalty in amount of Russian roubles of 189,342K from Squaredon Co Ltd. These companies are under common control.

Also during the year the company received additional contribution to its capital in amount of 52,001K of Russian roubles from Blueshade Co Ltd, shareholder.

Included within creditors at the year end an amount of Russian roubles 173,248 due to Elitel Invest Ltd, Russian roubles 63,738K due to More LLC, Russian roubles 117,863K due to Squaredon Co Ltd.