

# Report for Q1, January-March, 2018

## Letter of CEO

We hereby file the UCP Quarterly Report for Q1 2018. The complete report can be viewed [here](#). In addition to the report, we want to highlight the following in the UCP group development;

### Net revenues and media billings

Net revenues are 23.5% higher in the first three months compared with the same period in 2017. This is a consequence of new clients won in year 2017 and in the first three months of the year and increased sales of services to current clients.

Compared with last year the clients' media investments, including minority interest companies, have increased with 8%, excluding In Sight AS that was sold in year 2017. Our share of the aggregated media spending for all companies in the group increased by 7.6% (\$1.6 MUSD) in the first three months of the year. The increased media investments is both explained by the seasonality of the spending pattern of clients this year compared to last year and by investments made by new clients. Overall, for year 2018 we expect the media investments to be in the vicinity of last year, although this requires that new business can be secured to compensate for the recent client losses.

### Gross profit and result of operations

Gross profit for the group has increased 30% compared to the first three months 2017. The attained Gross profit margin is 8.3% compared to 7.9% last year. The increased gross profit margin is a result of increased sales of services not directly linked to the media investments, for example market analysis, competitive analysis, econometric modelling et al.


The operations generated a profit of \$215,000 the first quarter compared to a profit of \$97,000 the same period last year. The selling, general and administrative expenses of the operations have increased 21.4% so far this year. Costs for retaining qualified staff, costs for recruiting staff with specialist skills within digital disciplines, investments in training, systems and tools and expanded office space for a growing work force are main contributing factors to the increased costs. We aim to keep our organisation both lean and effective. We need to offer our clients a broader array of digital specialist services in today's market to have a competitive edge in an increasingly fierce market, which requires sufficient staffing. We also need to secure the best people to service our current clients and win new clients and create further growth.

### Loss before taxes and minority interest

Profit before taxes and minority interests generated the first three months is \$161,000 compared to a profit of \$293,000 in 2017. The profit available to shareholders for the three months ended March 31, 2018, is \$111,000.

The year has started well. We are hesitantly positive being aware that there will be a full year effect in year 2018 of the loss of two of our top five clients. These clients' contracts expire in the second quarter this year. Our top priority is to fill the gap as soon as possible and we are working intensively to ensure this happens, enabling the basis for continued growth.

New York, USA, 15<sup>th</sup> of May 2018



Niclas Fröberg  
Chief Executive Officer

**UNITED COMMUNICATIONS PARTNERS INC**

**625 Broadway, New York, NY10012, USA**

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United Communications Partners Inc. and Subsidiaries  
Consolidated Balance Sheets (Unaudited)  
(In thousands of USD)

<u>Assets</u>	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 2,631	\$ 3,216
Accounts receivable, net	11,724	10,615
Costs and estimated earnings in excess of billings on projects in progress	738	980
Value added tax refund receivable	411	-
Prepaid expenses and other current assets	685	433
Total current assets	16,189	15,244
Equipment, net	101	111
Equity investments	(5)	2
Note receivable	-	696
Goodwill	2,954	2,954
Other intangible assets, net	-	-
Total assets	\$ 19,239	\$ 19,007

See notes to the consolidated financial statements.

United Communications Partners Inc. and Subsidiaries  
Consolidated Balance Sheets (continued)  
(In thousands of USD)

<u>Liabilities</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Current liabilities:		
Accounts payable	\$ 13,584	\$ 13,042
Accrued expenses and other current liabilities	843	922
Billings in excess of costs and estimated earnings on projects in progress	2,777	3,626
Value added tax payable	-	267
Note payables	1,623	893
Advances from related parties	-	-
	<hr/>	<hr/>
Total current liabilities	18,827	18,750
Contingent consideration – Tre Kronor	-	-
	<hr/>	<hr/>
Total liabilities	18,827	18,750
Non-controlling interest	(43)	(18)
Commitments and contingencies		
<u>Stockholders' Equity</u>		
Preferred stock \$0.001 per share par value; 100,000,000 authorized; 0 issued and outstanding.	-	-
Common stock \$0.001 per share par value; 2,000,000,000 shares authorized, 1,617,887,264 shares issued, and 1,617,887,264, shares outstanding at December 31, 2017 and March 31, 2018.	1,618	1,618
Additional paid-in capital	9,179	9,179
Accumulated deficit	(10,549)	(10,660)
Accumulated other comprehensive loss	207	138
	<hr/>	<hr/>
Total Stockholders' equity	455	275
Totals liabilities and stockholders' equity	\$ <u>19,239</u>	\$ <u>19,007</u>

See notes to the consolidated financial statements.

United Communications Partners Inc. and Subsidiaries  
Consolidated Statements of Operations (Unaudited)  
(In thousands of USD, except for per share amounts)

	<b>For the three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Net revenues	\$ 17,408	\$ 14,098
Cost of revenues	(15,962)	(12,989)
Gross Profit	1,446	1,109
Selling, general and administrative expenses	(1,218)	(1,003)
Depreciation and amortization	(13)	(9)
Profit (Loss) from operations	215	97
Other income (expense), net:		
Income from equity investments	(8)	248
Profit (loss) from disposal of equipment	-	-
Interest expense	(46)	(52)
Total other income (expense), net	(54)	196
Profit (Loss) before taxes and minority Interest	161	293
Provision for income taxes	(60)	(23)
Net loss (gain) attributable to the Non-Controlling Interest	10	1
Profit (Loss) available to common shareholders	\$ 111	\$ 271
Profit (Loss) per share – Basic and diluted		
Continuing operations	\$ (-)	\$ (-)
Discontinued operations	(-)	(-)
Net loss	\$ (-)	\$ (-)
Weighted-average shares outstanding:		
Basic and diluted	1,617,887,264	1,617,887,264

See notes to the consolidated financial statements.

United Communications Partners Inc. and Subsidiaries  
Consolidated Statements of Cash Flows (Unaudited)  
(In thousands of USD)

	<u>3 Months Ended</u> <u>March 31, 2018</u>	<u>3 Months Ended</u> <u>March 31, 2017</u>
<b>Cash flows from operating activities:</b>		
Net profit (loss)	\$ 111	\$ 271
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation	13	9
Amortization of intangible assets	-	-
Provision – corporate income tax	11	1
Income from equity investments	8	(248)
Non-controlling interests	(25)	(1)
Accrued interest from note receivable	-	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,271)	(395)
Cost and estimated earnings in excess of billings on projects	227	(304)
Value added tax refund receivable	(411)	724
Prepaid expenses and other current assets	(270)	(275)
Accounts payable	741	948
Accrued liabilities	(339)	100
Billings in excess of costs and estimated earnings	(794)	557
<b>Net cash generated from operating activities</b>	<u>(1,999)</u>	<u>1,387</u>
<b>Cash flows from investing activities:</b>		
Net disposal and purchase of equipment	(3)	(2)
Dividends received from equity investments	-	67
Proceeds from Disposal of interest in Howcom AB	-	392
Proceeds from Disposal of interest in In Sight AS	698	-
<b>Net cash used in investing activities</b>	<u>695</u>	<u>457</u>
<b>Cash flows from financing activities:</b>		
Repayments of debt	744	(596)
Proceeds from debt, net of financing costs	-	-
Net repayments from borrowings from related party	-	-
<b>Net cash provided by financing activities</b>	<u>744</u>	<u>(596)</u>
Effect of exchange rates on cash from continued operations	(25)	28
<b>Net increase (decrease) in cash</b>	<u>(585)</u>	<u>1,276</u>
Cash at beginning of period	3,216	1,394
<b>Cash at end of period</b>	<u>\$ 2,631</u>	<u>\$ 2,670</u>
 Supplemental information:		
Cash paid for interest in continued operations	\$ 46	\$ 52

See notes to the consolidated financial statements.

**United Communications Partners Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

**Note 1. Organization and Nature of Business**

**Organization**

United Communications Partners Inc. ("UCP" or the "Company"), is a holding company that currently conducts its operations through its wholly owned subsidiary Tre Kronor Media AB, ("TKM" or "Tre Kronor") which was acquired on May 4, 2010, Abrego Spain SL, which was established in November 2010, and Tre Kronor Holding AB, which was established in August 2013.

Tre Kronor Media & Reklam Stockholm AB changed its registered name to Tre Kronor Media AB on September 11, 2017.

**Abrego Spain SL**

In November 2010, the Company established a wholly owned subsidiary in Spain, Abrego Spain SL ("ABSP"), a media company with a capital of Euro 3,010 (approximately \$ 4,100).

**In Sight AS**

Effective January 1, 2011 TKM acquired a non-controlling 30.1% interest in In Sight AS (a Norwegian media company) pursuant to an agreement dated June 2, 2010 between Insight and TKM. The interest was acquired for a cash consideration of Swedish Kronor (SEK) 4,756,550 (\$701,000). The consideration was paid on October 31, 2010.

In Sight AS is a Norwegian based media agency established in 2009. During 2010 and effective from January 1, 2011, In Sight AS expanded its business significantly after signing a contract with one of the largest retailers in Norway regarding media strategy, counseling, media purchases and campaign execution.

In the beginning of 2012 In Sight AS issued 23,500 new shares against cash considerations, thus diluting TKM's non-controlling interest from 30.1% to 27.1%. On September 18, 2012, TKM agreed to dispose 14,500 shares to the management of In Sight AS against a cash consideration of \$222,591 (Norwegian Kronor 1,305,000). Pursuant to the transaction, TKM's non-controlling interest was 21% (50,000 shares). In September 2017, In Sight AS issued 22,000 new shares against cash considerations, thus diluting TKM's non-controlling interest from 21% to 19.2%.

On December 21, 2017, TKM sold its shareholding in In Sight AS (50,000 shares) to In Sight Holding AS for a consideration of NOK 5,789,474 (\$696,216). As at December 31, 2017, TKM has no equity in In Sight AS.

**HowCom AB (former CCCP Media AB)**

Since September 2011, TKM holds a non-controlling interest of 33.3%, SEK 33,333 (approximately \$4,861) in CCCP AB, a Swedish media agency, with a combined capital of SEK 100,000 (approximately \$14,583).

During April 2013, CCCP Media AB acquired the Swedish consulting firm HowCom AB. In conjunction to the acquisition, the name of the company CCCP Media AB was changed to HowCom AB ("HC"). In connection with the acquisition, in May 2013, HowCom AB participated in the establishing of the Swedish consulting company HowCom Evolution AB ("HCE") for a combined capital of SEK 100,000 (approximately \$14,895) in which HowCom AB held a controlling interest of 52% which was the equivalent to SEK 52,000 (approximately \$7,745).

In November 2016, TKM sold 5% of its non-controlling interest in Howcom AB and in December 2016 it sold the remaining 28.3%. The shares were sold to management and staff in Howcom AB for a total consideration of SEK 3,950,000 (\$434,204), to be paid in full March 31, 2017. The consideration relating to the shares transferred in

November was paid in November. Against pledge in the transferred shares, TKM issued a note receivable to the buyers of shares transferred in December for the installment of the payment of SEK 3,500,000 (\$384,742). As at December 31, 2016, TKM has no equity interest in Howcom AB.

#### ***Tre Kronor Media Danmark A/S***

In February 2013, TKM participated in the establishing of the Danish media company Tre Kronor Media Danmark A/S ("TKMDK"). TKMDK was established with a combined capital of Danish Kroner 500,000, (approximately \$86,200) in which TKM holds a controlling interest of 80%, which is equivalent to DKK 400,000, (approximately \$69,000). On November 23, 2016, TKM acquired further 5% of the shares at nominal value from Howcom AB. As of December 31, 2016, TKM had a controlling interest of 85% in TKMDK, which is equivalent to DKK 425,000 (approximately \$73,270). On January 15, 2018, the CEO and COO of TKMDK received 5% each of the issued and outstanding shares in TKMDK as part of their remuneration package. Subsequently TKM holds a controlling interest of 75% in TKMDK, which is equivalent to DKK 375,000, (approximately \$62,000).

The results of operations of TKMDK have been included in the consolidated statements of operations since February 11, 2013.

#### ***Tre Kronor Creative AB***

During the first quarter of 2013 TKM established the Swedish company Tre Kronor Creative AB ("TKC"). Its establishment was based on a partnership agreement with two leading members of the TKM staff, whom where to take a 20% holding in the company, with a combined capital of SEK 100,000 (approximately \$15,346). The agreement was not completed, and both members waived their right to shares of ownership. As at December 31, 2013, TKM's controlling interest constituted the equivalent of SEK 100,000 (approximately \$15,365).

TKC was established with the purpose to separate advertising activities from TKM in order for TKM to focus entirely on its core competencies within media consultancy, media planning and media campaign execution. In July 2013 it was concluded the advertising business of TKC was not fulfilling its objectives and would generate a loss in the business year and it was decided to close the advertising business. The entity thereafter had no business activity. On May 31, 2015, TKM sold all its shares in Tre Kronor Creative AB, resulting in a gain for the Company of SEK 3,482,000 (approximately \$412,883) due to reversal of intercompany items between TKM and TKC.

The results of operations of TKC have not been included in the consolidated statements of operation since June 1, 2015.

#### ***Tre Kronor Holding AB***

In August 2013, the Swedish company Tre Kronor Holding AB ("TKH") was established, with a capital of SEK 100,000 (approx. \$15,302). TKH was established with the purpose to handle joint activities and shared services for the group, i.e. administrative and financial services, procurement, shared systems and tools, investments and growth activities, with start in 2014.

The results of operations of TKH have been included in the consolidated statements of operations since May 1, 2014.

#### ***Local Planet AB***

On May 2, 2016, TKM participated in the establishing of the Swedish media company Local Planet AB ("LP"). LP was established with a combined capital of SEK 50,000 (approximately \$6,000) in which TKM initially held a controlling interest of 92.4%, which is equivalent to SEK 46,200 (approximately \$5,544). On November 8, 2016, TKM sold a further 7.4% of the shares at nominal value to management. As of December 31, 2016, TKM has a controlling interest of 85% in LP, which is equivalent to SEK 42,500 (approximately \$5,100).

LP will primarily offer media services to clients in Sweden. Operations in LP started in July 2016.

The results of operations of LP have been included in the consolidated statements of operations since July 2016.



### **Local Planet International Limited**

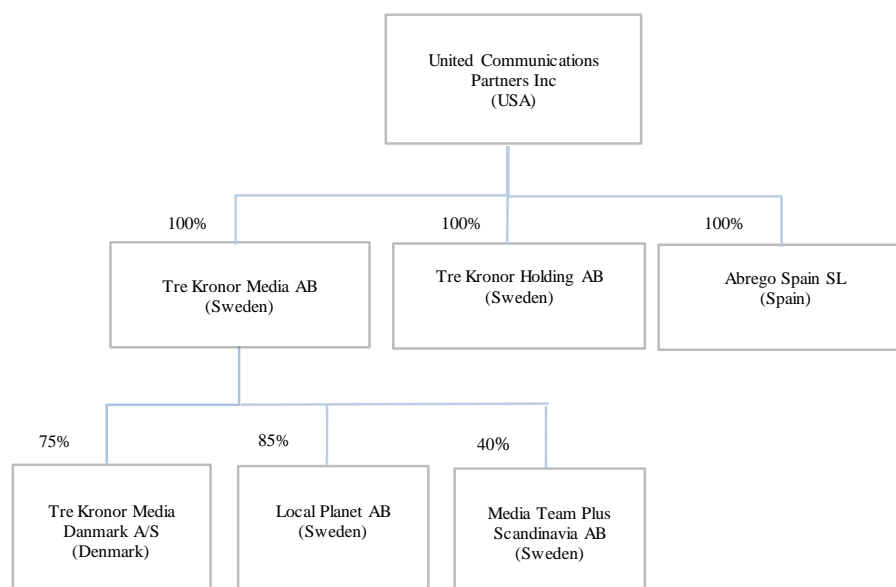
On April 15, 2016, TKM, entered into a Subscription agreement and a Shareholders agreement with Local Planet International Limited ("LPI"), as part of participating in forming a new international media agency network. The agreements gave TKM the right to become a shareholder in the new network in March 2018. Final decision whether TKM should execute the agreements needed to be made by the board of the Company before December 31, 2017. The Board of TKM has decided to buy shares in LPI, equivalent of 5% of the shares in LPI. TKM will have the right to appoint and maintain in office one person as a director of the board of LPI. The original agreements have been renegotiated and the acquisition of shares will be finalized before the end of May 2018.

### **Media Team Plus Scandinavia AB**

On April 12, 2017, TKM acquired 40% of the shares in Media Team Plus Scandinavia AB (MTP), a joint venture together with Serviceplan International GMBH & CO. KG (a German Company). The total combined capital of MTP is SEK 50,000 (approx. \$5,652), whereof TKM has an interest of SEK 20,000 (approx. \$2,261). The objective of the joint venture is to generate synergies, provide a representative for Serviceplan's international clients in Sweden and throughout the Nordic region, and to enable TKM to handle conflicted Swedish and Nordic clients. Operations in MTP started gradually in the winter 2017/2018.

### **Corporate Structure**

The Company's corporate organization as of March 31, 2018, is reflected in the following chart:



### **Business**

United Communications Partners and its subsidiaries (collectively, the "Company") offer its customers a network of advertising, media and other communication services. The Company's strategy is to acquire mid-size or make equity investments in well-established businesses throughout Europe in order to form a European network of communication agencies.

### **Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

During the three months ended March 31, 2018 and 2017, the Company incurred a net profit of \$111,000 and \$271,000 respectively. The Company continues to operate with a working capital deficiency (approximately \$2,639,000 at March 31, 2018) and has limited financial resources available to pay ongoing financial obligations as they become due.

The Company's current source of funding, in addition to cash on hand, is any cash derived from operations and an operating line of credit of approximately \$2,265,000. However, the Company will require additional financing to conduct its business in accordance with its plan of operations on a long-term basis.

These conditions raise doubt about the Company's ability to continue as a going concern. Accordingly, the accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the Company as a going concern and the realization of assets and the satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the consolidated financial statements do not necessarily purport to represent realizable or settlement values. These consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

## **Note 2 – Summary of Significant Accounting Policies**

### *Basis of presentation*

The unaudited consolidated financial statements as of March 31, 2018 and 2017 include the accounts of UCP and its wholly owned subsidiaries as described in Note 1. All intercompany transactions and balances have been eliminated in the consolidated financial information provided.

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in the Company's Annual Report for the year ended December 31, 2017. The Company's accounting policies are described in the Notes of the consolidated financial statements in its Annual report for the year ended December 31, 2017 and updated, as necessary, in this Quarterly Report.

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reported period. The Company evaluates all of its estimates on an on-going basis.

Significant estimates and assumptions include the valuation of acquired assets including goodwill, the useful lives of assets, revenue recognition, income tax valuation, stock valuation, debt discounts on notes payable, other intangible assets and bad debts. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, actual results could differ in the near term from these estimates, and such differences could be material.

### *Revenue recognition*

Most of the Company's client contracts are individually negotiated and accordingly, the terms of client engagements and the bases on which the Company earns commissions and fees vary significantly. Direct costs include fees paid to external suppliers where they are retained to perform part of or all of a specific project for a client and the resulting expenditure is directly attributable to the revenue earned. Revenue is stated exclusive of VAT (value added tax), sales taxes and trade discounts.

The Company's revenue is typically derived from commissions on media placements and fees for advertising and media services. Revenue may consist of various arrangements involving fixed fees, commissions, or incentive-based revenue, as agreed upon with each client. The Company also earns commissions from referrals of services to other vendors, marketing agencies, who ultimately provide the end service to the customer. Commissions are generally earned on the date of broadcast or publication.

Revenue for the Company's fixed-fee contracts is recognized when all of the following criteria are satisfied: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) services have been performed. Depending on the terms of a client contract, fees for services performed can be recognized in two principal ways: proportional performance or completed contract.

- Fixed-fee contracts are generally recognized as earned based on the proportional performance method of revenue recognition. In assessing contract performance, both input and output criteria are reviewed. Costs incurred are used as an objective input measure of performance. The primary input of all work performed under these arrangements is labor. As a result of the relationship between labor and cost, there is normally a direct relationship between costs incurred and the proportion of the contract performed to date. Costs incurred as a proportion of expected total costs is used as an initial proportional performance measure. This indicative proportional performance measure is always subsequently validated against other more subjective criteria (i.e. relevant output measures) such as the percentage of interviews completed, percentage of reports delivered to a client and the achievement of any project milestones stipulated in the contract. In the event of divergence between the objective and more subjective measures, the more subjective measures take precedence since these are output measures.
- Certain fees (such as for marketing services related to rebates offered by clients to their external customers) are deferred until contract completion, as the final act is so significant in relation to the service transaction taken as a whole. Fees are also recognized on a completed contract basis if any of the criteria of the Financial Accounting Standards Board (FASB), Accounting Standard Codification (ASC) 605-10-S99, *Revenue Recognition*, were not satisfied prior to job completion or if the terms of the contract do not otherwise qualify for proportional performance.

Incentive-based revenue typically comprises quantitative criteria. Revenue is recognized when the quantitative targets have been achieved.

In compliance with FASB ASC 605-45 *Principal Agent Considerations*, Reporting Revenue Gross as a Principal versus Net as an Agent, the Company assess whether its agency or the third-party supplier is the primary obligor. The Company evaluate the terms of its client agreements as part of this assessment. In addition, the Company gives appropriate consideration to other key indicators such as latitude in establishing price, discretion in supplier selection and credit risk to the vendor. For a substantial portion of its client contracts the Company acts as principal as the Company are the primary obligor and bear credit risk related to the services it provide. In these contracts the Company record revenues and costs of revenues gross. In certain contracts the Company records a net amount principally on those contracts where the Company only earns a commission.

#### *Impairment of Long-Lived Assets*

The Company annually, or whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable, assesses the carrying value of long-lived assets in accordance with Financial Accounting Standards Board ("FASB") issued ASC 360-10. The Company evaluates the recoverability of long-lived assets not held for sale by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with them. If such evaluations indicate that the future discounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their estimated fair values.

#### *Goodwill and Intangible assets – Finite lives*

The Company accounts for its acquisitions utilizing the purchase method of accounting. Under the purchase method of accounting, the total consideration paid is allocated to the underlying assets and liabilities, based on their respective estimated fair values. The excess of purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of certain acquired assets and liabilities, identifiable intangible assets in particular, is subjective in nature and often involves the use of significant estimates assumptions. Finite-lived identifiable intangible assets are amortized over its expected life on a straight-line basis, as this basis approximates the expected cash flows from the Company's existing finite-lived identifiable intangible assets over the expected future.

UCP acquired all the shares of TKM on May 4, 2010. The acquisition was completed pursuant to a share transfer agreement entered into between UCP and the shareholders of TKM. The Company recorded goodwill in connection with the excess cost over fair value of the net assets acquired.

Goodwill is accounted for under FASB ASC 350, *Goodwill and other*. Under FASB ASC 350, the Company's goodwill is tested for impairment on an annual basis or whenever facts or circumstances indicate that the carrying amounts may not be recoverable. The Company elected to conduct its impairment tests in March. The Company's reporting unit is tested individually for impairment by comparing the fair value of the reporting unit with the carrying value of that unit. Fair value is determined based on a valuation study performed by the Company using the discounted cash flow method and the estimated market values of the reporting units. During the year ended December 31, 2012 goodwill related to the Company's acquisition of TKM was impaired by \$756,000 due to decreased profit expectations for fiscal 2012 through 2016. During the years ended December 31, 2017 and 2016 respectively there was no impairment of goodwill. There was no impairment of goodwill during the three months ended March 31, 2018.

#### *Equity investments*

Investments in business entities in which the Company lacks a controlling financial interest but does have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method in accordance with ASC-323, *Investments—Equity Method and Joint Ventures*.

The Company's proportionate share of net income or loss of such entity is recorded in "Income from equity investment" and "Loss from equity investment" included in "Other income (expense), net" on the Consolidated Statements of Operations.

#### *Non-controlling interest*

Certain consolidated subsidiaries of UCP issued equity shares to parties unrelated to the Company. The Company accounts for such transactions in accordance with FASB ASC-810, *Consolidation*. FASB ASC-810 requires that the difference between the carrying amount of the Company's investment in the subsidiary and the underlying net book value of the subsidiary, after the issuance of the shares, be recognized either as a gain or loss in the consolidated statement of operations or as a capital transaction. In these instances, it is the Company's policy to consider gains and losses arising from such issuances of shares by a subsidiary as a capital transaction; as such no gain or loss is recognized in the statement of operations.

In instances where subsidiary shares issued are redeemable, the Non-controlling interest is recorded in accordance with FASB ASC-810, at the higher of (1) the redemption value required to be paid by the Company or (2) the amount that would result from applying consolidation accounting under FASB ASC-810. Adjustments recorded by the Company in relation to the recording of these costs are recorded within additional paid-in capital.

The Company recorded non-controlling interest in conjunction with Tre Kronor Media Danmark A/S and Local Planet AB as of March 31, 2018.

#### *Foreign Currency*

The Company has determined Swedish Kronor is the functional currency of its foreign operations. Accordingly, the foreign subsidiaries income and expenses are translated into U.S. dollars ("dollars"), the reporting currency of the Company, at the average rates of exchange prevailing during the year. The assets and liabilities are translated into U.S. dollars at the rates of exchange at the balance sheet date and the related translation adjustments are included in accumulated other comprehensive income.

#### *Loss per Share*

Basic net profit (loss) per share has been calculated by dividing net profit (loss) by the weighted average number of common shares outstanding during the period.

### Segment Information

FASB ASC-280 *Segment Reporting, Disclosures about Segments of an Enterprise and Related Information*, establishes standards for reporting information on operating segments in interim and annual financial statements. The Company operates in one segment, which is providing advertising and media services and primarily conducting its business in Sweden. The Company's chief operating decision-maker reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating segment.

### Recent Accounting Pronouncements

There were various other updates recently issued, most of which represented technical corrections to accounting literature or application to specific industries and are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

## Note 3 – Equity Method Investments

### In Sight AS

On October 31, 2010, TKM advanced SEK 4,756,550 approximately (\$701,000) to acquire 64,500 shares equaling a 30.1% non-controlling financial interest in the Norwegian media company In Sight AS, effective January 1, 2011. In the beginning of 2012 In Sight AS issued 23,500 new shares against cash considerations, thus diluting TKM's non-controlling interest from 30.1% to 27.1%. On September 18, 2012, TKM agreed to dispose 14,500 shares to the management of In Sight AS against a cash consideration of \$222,591 (Norwegian Kronor 1,305,000). Pursuant to the transaction, TKM's non-controlling interest will constitute 21% (50,000 shares). The cash consideration was settled on November 28, 2012.

In March 2017, TKM received a dividend from In Sight AS of approximately \$67,000.

In September 2017, In Sight AS issued 22,000 new shares against cash considerations, thus diluting TKM's non-controlling interest from 21% to 19.2%. On December 21, 2017, TKM sold its shareholding in In Sight AS (50,000 shares) to In Sight Holding AS for a consideration of NOK 5,789,474 (\$696,216), to be paid latest January 31, 2018. Against pledge in the transferred shares, TKM issued a note receivable to In Sight Holding AS for the installment of the payment, which was settled in January 2018. As at December 31, 2017, TKM has no equity in In Sight AS.

The following table represents a summary of the changes in the value of the equity investment in In Sight AS (dollars in thousands.)

	March 31, 2018	December 31, 2017
Beginning balance	\$ -	\$ 603
Dividend received	-	(67)
Share of profit (loss)	-	-
Currency adjustment	-	-
Profit from disposal	-	160
Disposal price	-	(696)
Ending balance	\$ -	\$ -

### HowCom AB – former CCCP Media AB

During September 2011, TKM formed a partnership with two unrelated individuals by establishing the Swedish company CCCP Media AB for a combined capital in CCCP AB of SEK 100,000 (\$14,583) in which TKM held a non-controlling interest of 33.3%, which was equivalent to SEK 33,333 (\$4,861).

During April 2013, CCCP Media AB acquired the Swedish consulting firm HowCom AB. In conjunction to the acquisition, the name of the company CCCP Media AB was changed to HowCom AB (HC). In connection with the acquisition, HowCom AB participated in the establishing of the Swedish consulting company HowCom Evolution AB (HCE) for a combined capital of SEK 100,000 (approximately \$14,895) in which HowCom AB held a controlling interest of 52%, which was equivalent to SEK 52,000 (approximately \$7,746).

In November 2016 TKM sold 5% of its non-controlling interest in HowCom AB, and in December 2016 it sold the remaining 28.3%. The shares were sold to management and staff in HowCom AB, for a total consideration of SEK 3,950,000 (\$434,204), to be paid in full March 31, 2017. The consideration relating to the shares transferred in November was paid in November. Against pledge in the transferred shares TKM issued a note receivable to the buyers of shares transferred in December for the installment of the payment of SEK 3,500,000 (\$384,742).

As at December 31, 2016, TKM has no equity in HowCom AB.

The following table represents a summary of the changes in the value of the equity investment in HowCom AB (dollars in thousands.)

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	\$ -	\$ -
Dividend received	-	-
Sale of TKMs non-controlling interest of 33.3%	-	-
Currency adjustment	-	-
Ending balance	<u>\$ -</u>	<u>\$ -</u>

#### **Media Team Plus Scandinavia AB**

On April 12, 2017, TKM acquired 40% of the shares in Media Team Plus Scandinavia AB (MTP), a joint venture together with Serviceplan International GMBH & CO. KG (a German Company). The total combined capital of MTP is SEK 50,000 (approx. \$5,652), whereof TKM has an interest of SEK 20,000 (approx. \$2,261). The objective of the joint venture is to generate synergies, provide a representative for Serviceplan's international clients in Sweden and throughout the Nordic region, and to enable TKM to handle conflicting Swedish and Nordic clients. Operations in MTP started gradually in the winter 2017/2018.

The following table represents a summary of the changes in the value of the equity investment in Media Team Plus Scandinavia AB (dollars in thousands.)

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	\$ 2	\$ -
TKM acquisition of a non-controlling interest of 40%	-	2
Dividend received	-	-
Share of profit (loss)	(8)	-
Currency adjustment	1	-
Ending balance	<u>\$ (5)</u>	<u>\$ 2</u>

#### **Note 4 – Promissory note receivable**

##### **Buyers of HowCom AB**

On December 29, 2016, TKM sold its shares (28.3%) in Howcom AB. The sale agreement incorporated the consideration to be paid at the latest March 31, 2017. Against pledge in the transferred shares TKM issued notes receivables to the buyers for the installment of \$412,224. The note carried no interest. At December 31, 2016, the net carrying amount of the promissory note was \$384,742. The notes receivables were settled by March 31, 2017. As of March 31, 2018, the net carrying amount of the promissory note is \$nil.

The following table represents a summary of the changes in the Notes receivables to the buyers of HowCom AB (dollars in thousands.)

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	\$ -	\$ 385
Issued Note receivable	-	-
Payment from buyers of Howcom AB	-	(392)
Currency adjustment	-	7
Ending balance	<u>\$ -</u>	<u>\$ -</u>

### ***In Sight Holding AS***

On December 21, 2017, TKM sold its shareholding in In Sight AS (50,000 shares) to In Sight Holding AS for a consideration of NOK 5,789,474 (\$696,216), to be paid latest January 31, 2018. Against pledge in the transferred shares, TKM issued a note receivable to In Sight Holding AS for the installment of the payment. The note bore no interest. At December 31, 2017, the net carrying amount of the promissory note was \$696,216. The note receivable was settled by January 16, 2018. As of March 31, 2018, the net carrying amount of the promissory note is \$nil.

The following table represents a summary of the changes in the Notes receivable to In Sight Holding AS (dollars in thousands.)

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	\$ 696	\$ -
Issued Note receivable	-	696
Payment from In Sight Holding AS	(698)	-
Currency adjustment	2	-
Ending balance	<u>\$ -</u>	<u>\$ 696</u>

### **Note 5 - Other intangible assets**

In accordance with ASC 805, Business Combinations, the Company has identified and recognized trade name and customer relationships in Tre Kronor as intangible assets. Based on a discounted cash flow model the fair value of the intangible assets was determined to be \$610,000 and \$220,000 respectively, both having a useful life of 5 years. At December 31, 2017 and 2016, the net carrying amount of intangible assets related to the acquisition of TKM was \$nil and \$nil respectively.

### **Note 6 - Concentration of Credit Risk**

Credit risk represents the loss that would be recognized if counterparties failed to completely perform as contracted.

During the three months ended March 31, 2018, customer AG, AF and AR accounted for approximately 27%, 14%, and 11% of revenue, respectively. During the three months ended March 31, 2017, customer AR, AG and AM accounted for approximately 24%, 23% and 13% of revenue, respectively. No other customers individually represented more than 10% of revenue for any period presented.

As of March 31, 2018, customers AG, AF and AU accounted for approximately 29%, 17% and 12% of the Company's accounts receivables, respectively. As of March 31, 2017, customers AM, AG, AF and AT accounted for approximately 27%, 25%, 15% and 10% of the Company's accounts receivables, respectively. No other customers individually represented more than 10% of accounts receivables at the end of any period presented.

The Company's loss of these or other customers, or any decrease in sales to these or other customers, could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company monitors its exposure to customers to minimize potential credit losses.

The Company maintains cash and cash equivalent balances at several financial institutions throughout its operating area, and at times, may exceed insurance limits and expose the Company to credit risk. As part of its cash management process, the Company periodically reviews the relative credit standing of these financial institutions.

The Company's cash and cash equivalent balances are maintained at financial institutions located in Sweden, Denmark and Spain. All cash balances as of March 31, 2018, were held in bank accounts outside the United States of America.

## Note 7 – Non-controlling interests

For consolidated majority-owned subsidiaries in which the Company owns less than 100% of the total outstanding shares, the Company recognizes a non-controlling interest for the ownership interest of the minority holders.

### *Tre Kronor Media Danmark A/S*

On February 11, 2013, TKM participated in the establishing of the Danish media company Tre Kronor Media Danmark A/S (TKMDK). TKMDK was established with a combined capital of Danish Kroner 500,000, (approximately \$86,200), in which TKM held a controlling interest of 80%, which is equivalent to DKK 400,000, (approximately \$69,000). On November 23, 2016, TKM acquired further 5% of the shares at nominal value from Howcom AB. As of December 31, 2016, TKM had a controlling interest of 85% in TKMDK, which is equivalent to DKK 425,000 (approximately \$73,270). On January 15, 2018, the CEO and COO of TKMDK received 5% each of the issued and outstanding shares in TKMDK as part of their remuneration package. Subsequently TKM holds a controlling interest of 75% in TKMDK, which is equivalent to DKK 375,000, (approximately \$62,000).

### *Local Planet AB*

On May 2, 2016, TKM participated in the establishing of the Swedish media company Local Planet AB (LP). LP was established with a combined capital of SEK 50,000 (approximately \$6,000) in which TKM initially held a controlling interest of 92.4%, which was equivalent to SEK 46,200 (approximately \$5,544). On November 8, 2016, TKM sold a further 7.4% of the shares at nominal value to management. As of December 31, 2016, TKM has a controlling interest of 85% in LP, which is equivalent to SEK 42,500 (approximately \$5,100).

The change in carrying amount of Non-Controlling interests is as follows (dollars in thousands):

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Balance at beginning of period	\$ (18)	\$ (29)
Transfer of 10% shares in TKMDK to Management	(14)	-
Profit (loss) attributable to Non-Controlling interest	(10)	14
Currency adjustment	(1)	(3)
Balance at end of period	\$ (43)	\$ (18)

## Note 8 - Fair Value Measurement

### *Valuation Hierarchy*

ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table represents the assets and liabilities carried at fair value (dollars in thousands) measured on a recurring and non-recurring basis as of March 31, 2018:

	Total Carrying Value at December 31, 2017	Fair Value Measurements at March 31, 2018		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Contingent Consideration	\$ -	\$ -	\$ -	\$ -
Goodwill	\$ 2,954	\$ -	\$ -	\$ 2,954



Goodwill is measured at fair value on a non-recurring basis using discounted cash flows and is classified within level 3 of the value hierarchy.

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance – Contingent consideration	\$ -	\$ -
Recorded contingent consideration	-	-
Net unrealized loss on change in fair value of contingent consideration	-	-
Ending balance – Contingent consideration	<u>\$ -</u>	<u>\$ -</u>

The following table represents a summary of the changes in the fair value of goodwill measured at fair value on a non-recurring basis (dollars in thousands.)

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Beginning balance	\$ 2,954	\$ 2,954
Acquired	-	-
Impaired	-	-
Currency adjustment	-	-
Ending balance	<u>\$ 2,954</u>	<u>\$ 2,954</u>

During the year ended December 31, 2012, the Company impaired goodwill related to the Company's acquisition of TKM by \$756,000, due to decreased profit expectations for fiscal 2012 through 2016.

#### **Note 9 – Line of Credit**

The Company has a floating rate line of credit facility with SEB Bank in the amount of \$2,265,000. As of March 31, 2018, the amount outstanding, under this line of credit facility, was \$1,622,811. The rate of interest payable under the line of credit facility is presently 3% per annum.

#### **Note 10 – Stock Based Compensation**

In the first quarter of 2011 and during the years 2010 and 2009 the company issued 258,000, 1,250,000 and 3,000,000 shares of common stock respectively to eight consultants for services rendered during the period from 2009 through 2012. The total market value of the shares, on the date of signing the agreements, was \$653,740. As of December 31, 2017, there was none unrecognized compensation costs related to the issuance.

#### **Note 11 - Related Party Transactions**

##### *Fee to former Chairman and Secretary of the Board*

In November 2011 the Company recognized that former Chairman, was entitled to receive a fee for services rendered during 2008, 2009 and 2010 at a total amount of \$188,346 which was classified as a component of selling, general and administrative expenses in the year ended December 31, 2011. At December 31, 2017, and December 31, 2016, former Chairman had a receivable of \$nil and \$nil respectively. At March 31, 2018, the former Chairman has no receivable.

##### *Fee to the Chairman of the Board*

During the year ended December 31, 2017, the Chairman of the Board received a fee of \$23,741 through a company controlled by the Chairman of the Board. The fee was classified as a component of selling, general and administrative expenses. During the three months ended March 31, 2018, the Chairman of the Board has received a fee of \$nil.

*Fee to the CEO and Director of the Board, former President and Chairman of the Board*

According to the Share Purchase Agreement with the former shareholders of Tre Kronor, the Company was committed to pay an aggregate amount of SEK 3,000,000 (\$387,000) to the president and Chairman of the Board against redemption of a portion of his shares. The Company agreed to extend the redemption of the share portion to December 31, 2013. During the year ended December 31, 2010 the Company advanced a payment of \$387,000 to him. At December 31, 2011, such advance was classified as a component of the Company's Stockholders Equity as Notes Receivable from Affiliate. During the fourth quarter of 2012 the redemption agreement was annulled, and the president and chairman of the board settled the Note Receivable by repaying the advanced payment of \$387,000 in cash.

During the year ended December 31, 2017, the CEO and Director of the Board, former President and Chairman of the Board, received a fee of \$nil. During the three months ended March 31, 2018, the CEO and Director of the Board has received a fee of \$nil.

*Fee to the Secretary and Director of the Board*

During the year ended December 31, 2017, the Secretary and Director of the Board received a fee of \$nil. During the three months ended March 31, 2018, the Secretary and Director of the Board has received a fee of \$nil.

**Note 12 - Subsequent Events**

Management has evaluated subsequent events to determine if events or transactions occurring through May 15, 2018, the date these financial statements were available to be issued, require potential adjustments to or disclosure in the consolidated financial statements and has concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

**UNITED COMMUNICATIONS PARTNERS INC**  
**291 Broadway, Suite 302, New York, NY10007, USA**

**Certifications**

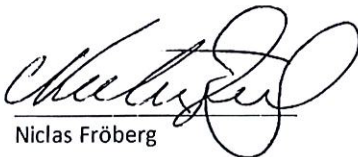
We, Niclas Fröberg, Lars Bönnelyche, Lars Blomberg and Kenneth Rosenthal, certify that:

1. We have reviewed this financial statement of United Communications Partners Inc.
2. Based on our knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement.
3. Based on our knowledge, the financial statements and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects, the financial condition, results of operations and cash flows of the issuer as of and for, the periods presented in this disclosure statement.

Date: May 15, 2018.


UNITED COMMUNICATIONS PARTNERS INC.

/s/Niclas Fröberg



Niclas Fröberg

/s/ Lars Bönnelyche



Lars Bönnelyche

/s/Lars Blomberg



Lars Blomberg

/s/ Kenneth Rosenthal

*Ken Rosenthal*  
Kenneth Rosenthal