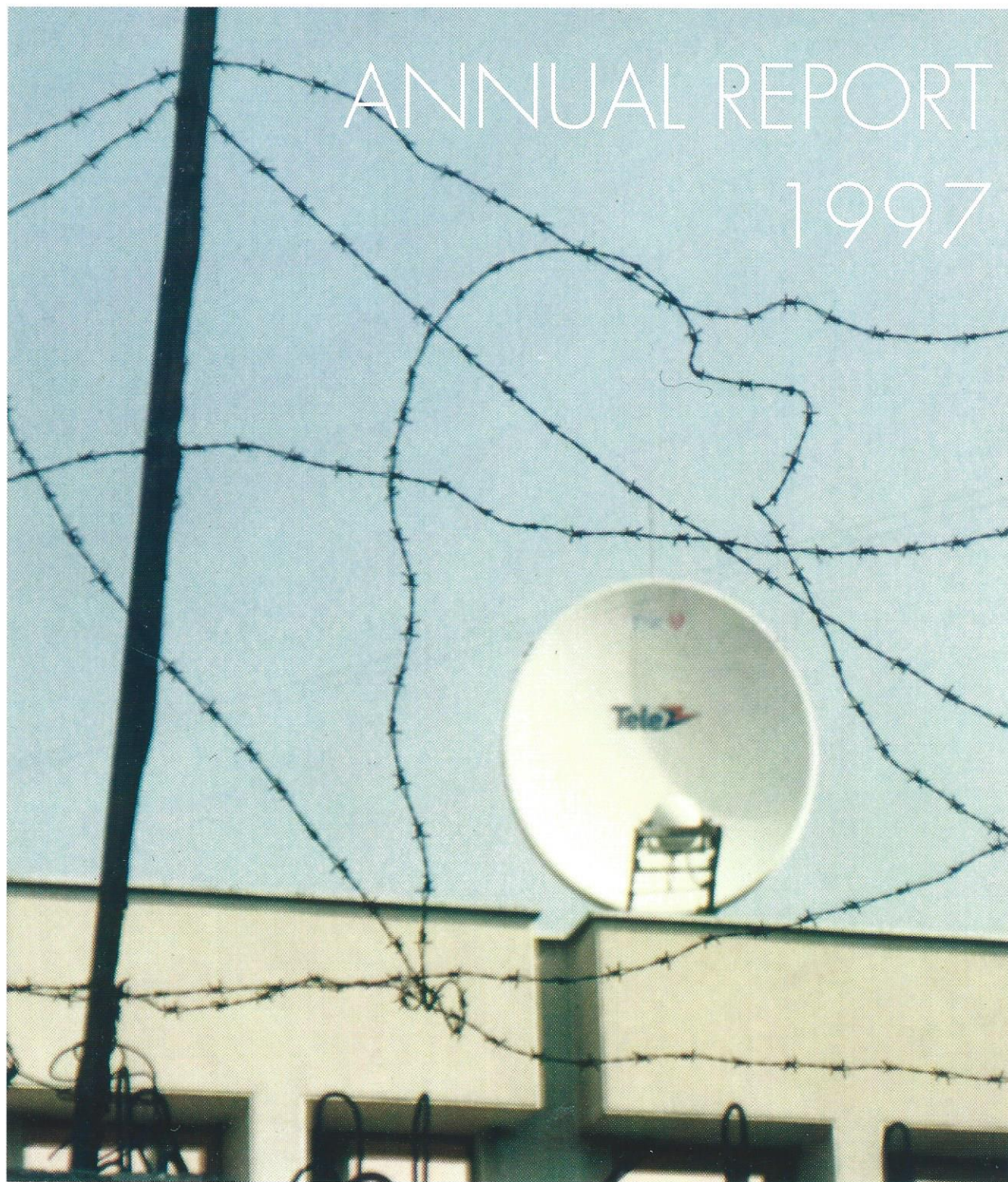
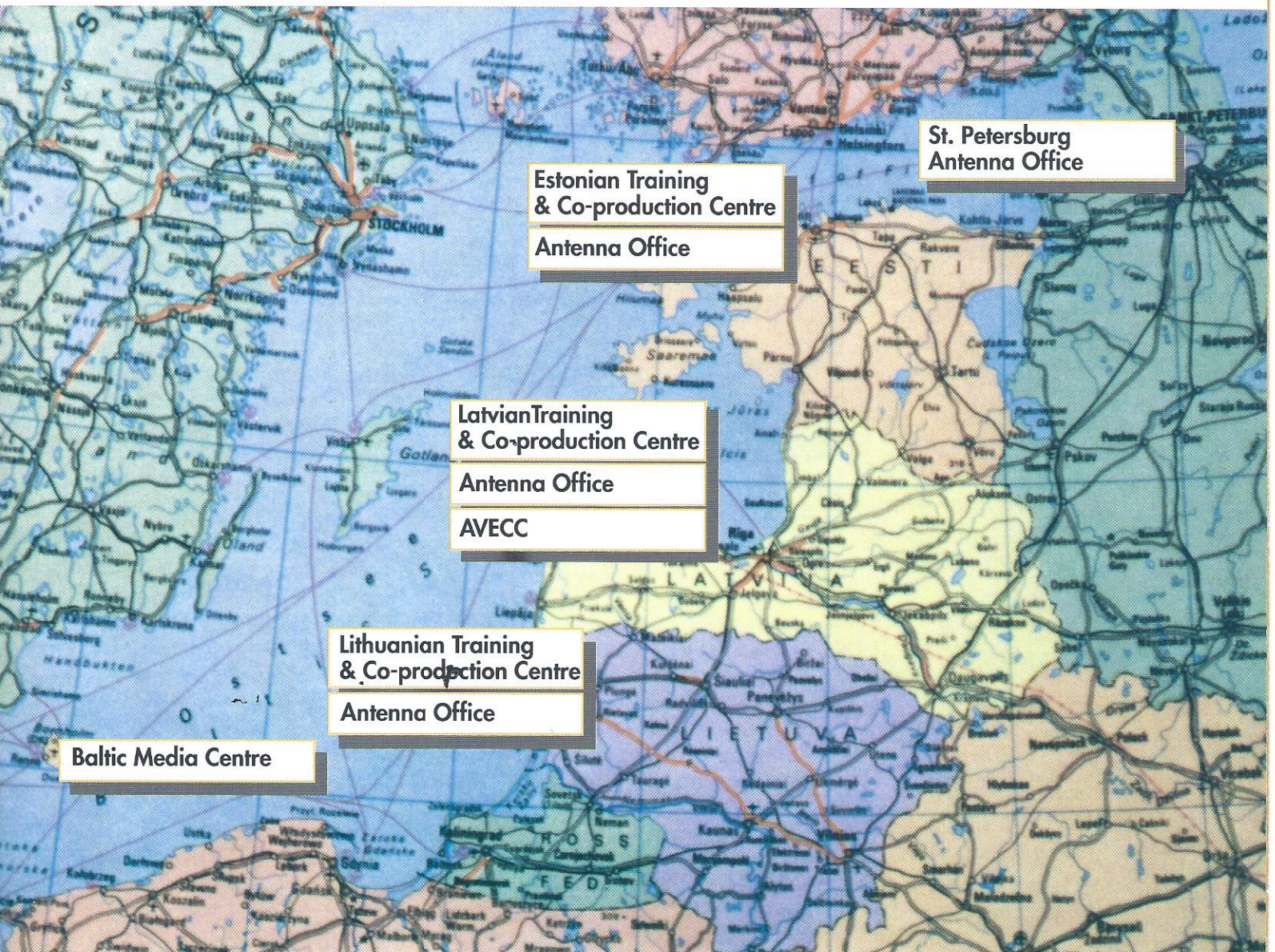


ANNUAL REPORT 1997



Baltic Media Centre

A MEDIA NETWORK IN THE MIDDLE OF THE BALTIC SEA



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DANISH BOARD OF DIRECTORS

TV2 BORNHOLM:

Tonny Jensen*

Chairman of the Board, BMC

Annelise Molin

Mayor, Municipality of Nexø

Anders Krarup

Information Manager

TV2 Danmark

Ebbe Preisler*

Secretariat Director

Association of Danish

Filmmakers

Ole Becker Jørgensen

Rector

Commercial School of Bornholm

DANISH SCHOOL OF JOURNALISM:

Kim Minke

Rector

COUNTY OF BORNHOLM:

Annebeth Runge Gjessing*

1st Deputy County Mayor

DANMARKS RADIO:

Finn Rowold*

Head of Section for

TV International

TRADE AND INDUSTRY DEVELOPMENT

COUNCIL OF BORNHOLM

Ejler Kofoed

Union Leader

Danish Metalworkers

ELECTED DUE TO UNIQUE PROFESSIONAL
AND PERSONAL QUALIFICATIONS:

Søren Wolff

Communications Consultant

Henrik Antonsen*

Co-ordinator

Pan-European Development

Programme

European Broadcasting Union

Jens Linde

President of International

Federation of Journalists

APPOINTED FOR THE COUNTY OF

BORNHOLM:

Orla Kristiansen

Head of the International

Section, County of Bornholm

* Member of BMC's executive committee



ANNUAL REPORT

Today the media play a decisive role in the world's regional conflicts. The media are on the scene when the grounds are laid for national and international conflicts, and the media are on the scene when peace and co-operation are reinstated.

The role of the media is also decisive for the growth of the democratic process in fledgling democracies as well as in countries ruled by totalitarian regimes.

For almost five years now, Baltic Media Centre has been supporting the political and economic autonomy of the media in the Baltic States, near-Russia and Poland. This has occurred through journalism training courses, legal assistance, hosting conferences on press ethics and media law in co-operation with the Council of Europe, as well as involvement in international networks and production co-operation with Western media.

On one hand, BMC has been instrumental in encouraging the media to assume an active and more independent role in the democratic debate.

On the other, BMC has contributed to reducing conflicts between journalists from Russia and the Baltic States and to forming an international network by adhering to a consistent policy of allowing trainees from all five countries to participate in joint courses at Baltic Media Centre.

Concurrently to the international courses, we have established training centres and co-production units in each of the Baltic States in co-operation with local partners. In a short time, these centres are expected to be capable of surviving on commercial revenues or income from international sources.

Presently Baltic Media Centre employs twelve persons at the Centre, as well as freelance instructors and interpreters corresponding to four man-years. A direct result of this is that Baltic Media Centre currently needs more space than we have at Gårdkonen in Svaneke.

Baltic Media Centre employs thirteen persons at our training and co-production centres in the Baltic States, as well as five persons at our Antenna offices in the Baltic States and St. Petersburg - corresponding to a total of twelve man-years. The increase in employees means that BMC's message gets further out and is expressed with greater clarity. We are known in the partner countries. We are taken seriously. And we make a difference. Not a bad starting point as we embark on new activities in a jubilee year.

On the following pages, the Centre's activities in 1997 are described in detail. This year was characterised by a number of new initiatives in our current partner countries - the Baltic States, Poland and the St. Petersburg / Kaliningrad regions of Russia.

ON THE WAY TO THE E.U.

There is still a need to strengthen the media's position in the democratic processes of the Baltic States and Poland before these countries join the E.U. Estonia and Latvia are especially in need of a wholehearted media effort to ensure the integration of their large Russian minorities.

The media are still under political and economic pressure. The strongest private media are gradually being taken over by international media companies, as the weak succumb. The hard competition and the fact that the political independence of public radio and television stations is still somewhat uncertain complicates the situation for public service channels.

The Baltic States are still indecisive in their steps toward Western markets in regards to film and television productions. Film and television styles and traditions still differ from our commonly accepted west European standards, and Baltic producers still have only a limited knowledge of market mechanisms.

A lot needs to be done before the media industries of the Baltic States are prepared to enter the E.U.'s Single Market on an equal footing with current Member States. It must be understood that an additional training effort is required for employees and management in the media and in production companies. Laws and regulations need to be harmonised, legal expertise needs to be strengthened, and tangible co-operation projects between the media in the associated countries and the E.U.'s Member States should be implemented.

NEW FOCUS ON THE BALTIC SEA REGION

Since its founding in 1993, Baltic Media Centre has to some extent focused more on the Baltic States than on Russia's St. Petersburg and Kaliningrad regions. This has been conditional on BMC's limited economic resources.

As several of BMC's activities in the Baltic States become increasingly self-financing, funds will be released which can be used to support the democratic process in Western Russia where the need for such support is very great. In order to realise co-operation on equal footing in the Baltic Sea Region, it is imperative that the autonomy of the region's media be strengthened.

Though Belarus is located on the periphery of the Baltic Sea Region, it's fledgling democratic process has an obvious, greater need for support than in the other countries.

APPLYING BMC'S EXPERIENCES TO OTHER REGIONS

It stands to reason that Baltic Media Centre's experiences can be applied in other regions.

In the former republics of Yugoslavia and the Soviet Union, and in Asia and the Middle East, for example, a consistent effort targeted at the media would be an important tool in promoting the processes of peacemaking and minority integration in these regions.

Experiences from Baltic Media Centre also indicate that initial demand analyses usually reveal a need for long-term efforts over several years in order to obtain a lasting effect.

Initially, such efforts must be inevitably be financed by Danish and international sources since the governments of totalitarian states, or of new, unstable democracies never place a high priority on the development of free, autonomous media.

Subsequently, and concurrent to political and economic stabilisation, it would be possible to establish self-financing institutions that in the long term can take over the initiative.

Baltic Media Centre has always influenced media development through a broad range of activities that separately supplement each other. By influencing radio, television and independent production milieus through channels like training, production co-operation, network formation, advisory services and legal assistance, the co-ordinated effort is much more effective.

As a result, Baltic Media Centre is a natural instrument for promoting democracy and stability in the various regions to the greatest possible extent.

INTERNATIONAL BOARD OF EXPERT ADVISORS

RUSSIA:

Leo Markhasev
*Director General,
St. Petersburg - 5. Channel, Radio*

Boris Petrov
*Director General,
St. Petersburg - 5. Channel, TV&Radio*

Vladimir Ivanov
*Deputy Director General,
Jantar Broadcasting Company*

Jurij Vdovin
representing private TV&Radio

ESTONIA:

Ain Saarna
Director General, Estonian Radio

Toomas Lepp
Director General, Estonian TV

Hannes Lintrop
Chairman, Estonian Filmmakers Union

Vello Lään
Chairman, Private TV&Radio

LATVIA:

Dzintris Koläts
Director General, Latvian National Radio

Olafs Pulks
Director General, Latvian National TV

Vilnis Kalnaellis
*President,
Latvian Independent Producer's Ass.*

LITHUANIA:

Arvydas Ilginis
*Director General,
Lithuanian Radio & TV*

Raimondas Sestakauskas
*Director General,
Lithuanian Television*

Gintaras Songaila
*President,
Lithuanian Radio & Television Ass.*

Audrius Kuprevicius
*Chairman, Lithuanian Association of
Independent Producers*

POLAND:

Stanislaw Jędrzejewski
Deputy Chairman, Polish Radio

Zbigniew Kosiorowski
Director, Polish Radio S.A., Szczecin

Marek Pasiuta
Director, Polish TV, Szczecin

Jan Dworak
*President, Ass. of Independent
Film & TV Producers*

TRAINING ACTIVITIES



MINORITY JOURNALISM ON REGIONAL TELEVISION

Together with Circom Regional, whose membership includes 400 European regional television stations, the second course for journalists from Eastern Europe and the former republics of the Soviet Union was held in 1997. The first course in regional minority journalism was held the year before with a predominance of participants from former Yugoslavian republics. Both courses were financed by the E.U.'s Democracy Programme and Project Baltic Educational Island.

TELEVISION REPORTING OF MINORITY ISSUES

In continuation of the courses in minority journalism, Baltic Media Centre made a guide for Circom Regional for television journalists who report on minority issues. The guide will be published in 1998 in several east European languages.

TRAINING FOR AVID EDITING TECHNICIANS - four courses

In 1997, Baltic Media Centre held four AVID certification courses for Danish and Swedish editing technicians.

The four courses were:

- 101 Introduction to Avid Media Composer
- 201 Advanced techniques for Avid Media Composer
- 202 Avid Media Composer:
Integration of third party graphics
- 203 Advanced Avid Media Composer
Effects

CONSUMER JOURNALISM FOR RADIO

The course was aimed at experienced radio journalists from the Baltic States, Russia and Poland, and it introduced the E.U.'s standards for consumer rights and trained participants in active consumer journalism adapted to local needs. After the course on Bornholm, follow-up courses in consumer journalism, production of information spots and the role of the studio host were held in Lithuania in co-operation with the Lithuanian Journalism Centre.

TV MANAGEMENT - THE PRODUCER - two courses

One of the most popular courses at BMC has been "TV Management - The Producer". The course was held twice in 1997 and is to a large extent the basis for the producer model familiar to most Western stations and which has been introduced in Estonian, Latvian and Lithuanian television. The course provided an introduction to budget models, creative development and the planning and management of productions both at large television companies and small production companies.

RADIO - POLITICAL JOURNALISM - two courses

In 1997, experienced radio journalists from the Baltic States, Russia and Poland participated in two courses in political journalism. This course used west European traditions to demonstrate how a political reporter gets listeners to enjoy as well as understand the programmes. The participants were also given the opportunity to try out various political reporting methods and meet with prominent Danish politicians.

INTERNATIONAL CO-PRODUCTION

Selected producers and directors from the Baltic States, Russia and Poland participated concurrently with Balticum Film & TV Festival in a course in International Co-production. The course participants brought their own ideas for international co-productions, and these ideas formed the starting point for the instruction in concept development, budgeting and carrying out co-productions for Western markets. At the end of the course, the developed ideas were presented at Baltic Sea Forum.

TELEVISION NEWS AND POLITICAL REPORTING - two courses

In co-operation with FOJO (the Swedish Institute for Journalism Training), two courses were held in Kalmar in 1997 for fledgling television journalists. The trainees studied at FOJO in the first week of training where they were introduced to principles of sound political reporting and television news journalism through lectures and discussions. The following week, they travelled to Baltic Media Centre where they



used practical exercises combined with brief theoretical presentations to test these same principles of sound political reporting and television news production in a democratic society.

TELEVISION - CREATIVE EDITING

This course in creative editing appeals to experienced directors, editing technicians and camerapersons from the Baltic States, Russia and Poland. The course focuses on creativity with a view to developing imagery in news programmes, actual reporting, documentaries and similar programmes.

CAMERA COURSE

In Lithuania, a camera course was carried out in co-operation with the Lithuanian Journalism Centre for photographers from television stations and production companies.

MANAGEMENT COURSE AT ESTONIAN TV

A two-day course in co-operation, delegating authority and organising production was held for middle management.

MANAGEMENT COURSE AT LATVIAN TV

A two-day course in co-operation, delegating authority and organising production was held for middle and executive management.

TRAINING OF TRAINERS WORKSHOP IN ESTONIA

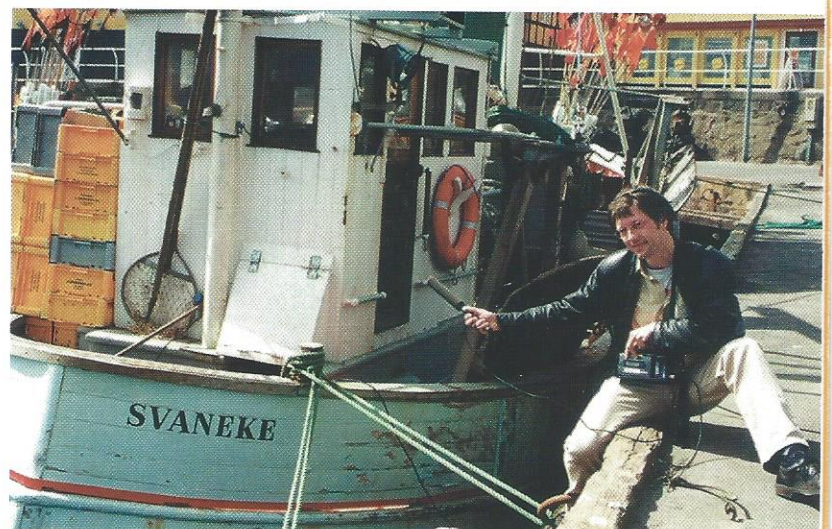
In Estonia, a workshop was held for persons who had participated in previous training of trainers courses at Baltic Media Centre. The concrete possibilities for implementing training courses in Estonia were discussed at the workshop, as was a rough draft of a training of trainers manual.

EDITING COURSE FOR BMC'S CENTRES IN ESTONIA, LATVIA AND LITHUANIA

In 1997, a week-long course was held at Baltic Media Centre for editing technicians currently employed at BMC's training and co-production centres in Estonia, Latvia and Lithuania. The course consisted of an AVID editing course, troubleshooting and management consulting.

TV COURSE FOR DANISH JOURNALISTS

Baltic Media Centre carried out a course in television journalism for the Danish Association of Journalists with the participation of unemployed and freelance journalists from all over Denmark. The course provided an introduction to imagery, storytelling techniques for television and non-linear editing.





MARE BALTICUM is a monthly television programme that seeks to describe common problems through feature stories from most of the countries surrounding the Baltic Sea. Editorial work and final editing are carried out by BMC.

In 1997, a total of ten programmes were produced with topical themes like "Poverty", "Agriculture", "Crazy with sports", etc. Not only have the Baltic partners developed a good magazine programme, they have also learned a lot about adapting to Western markets.

In continuation of this, a series of related stories were also produced: Four to eight minute features dealing with topical or funny situations from the Baltic Sea Region. One story, for example, was about bungy jumping for persons with disabilities, another dealt with Latvia's extremely low birth rate that is almost threatening to depopulate the country. Similar feature stories were sold to customers like WTN, while other television stations and photo agencies have also shown interest.

CO-PRODUCTIONS

BMC is currently working with around fifty different co-production proposals. We estimate that around fifteen of them will be produced in 1998.

The following productions were completed in 1997:

BOMB SQUAD

Documentary on the Estonian Bomb Squad that put their lives on the line to dismantle around one hundred bombs a year in Estonia.

Co-production between Estonian and English production company, as well as BMC, for the Discovery Channel.

Nominated for an English television award.

Duration: 48:00

Budget: 300,000 DKK.

TALL SHIPS

Documentary on *Krusenstern*, the world's largest training ship. The film describes the ship's history and follows its participation in the "Cutty Sark Regatta".

Co-production between Estonian and English production company, as well as BMC, for the Discovery Channel.

Nominated for an English television award

Duration: 48:00

Budget: 300,000 DKK

HARBOUR

Poetic film on human loneliness directed by the distinguished Lithuanian filmmaker Audrius Stonys.

Lithuanian-Danish co-production

Duration: 10:00

Budget: 140,000 DKK

Summer

Third part of the prized trilogy "Three Seasons" by fascinating Lithuanian filmmaker Navasaitis. The film shows an elderly invalid impatiently awaiting the arrival of summer.

French-Lithuanian-Danish co-production

Duration: 26:00

Budget: 140,000 DKK

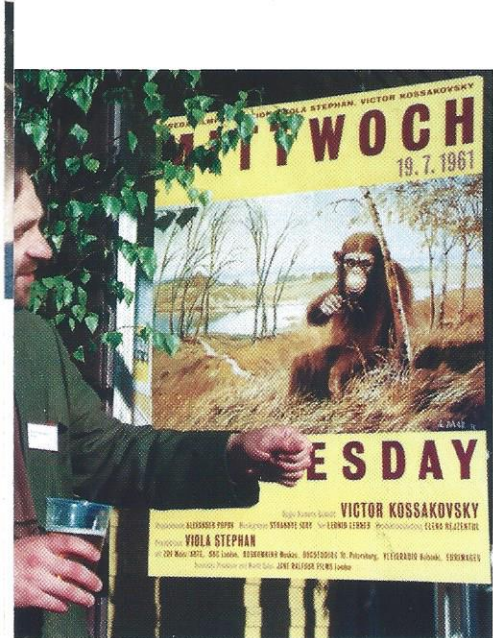
Wednesday ("Sreda")

One hundred people were born in Leningrad on Wednesday, 19 July 1961. What are they doing in the Saint Petersburg of the nineties? Viktor Kossakovsky's outstanding film has received many awards, including first prize at Edinburgh and at the Balticum Film & TV Festival.

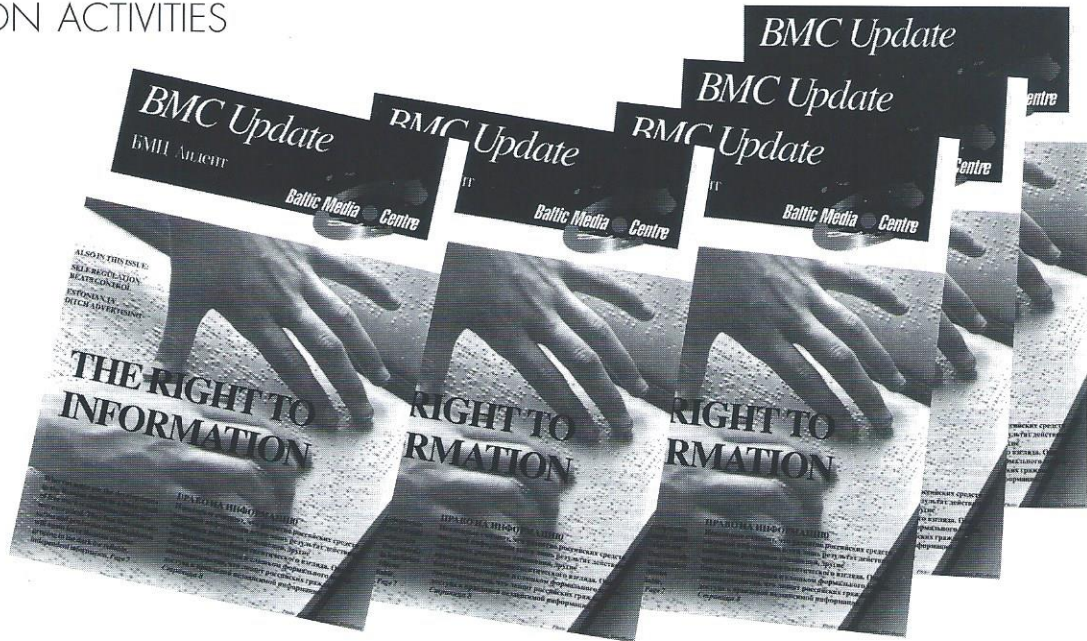
Russian-German-English-Danish-Finnish-Dutch-Swedish-Norwegian co-production.

Duration: 93:00

Budget: 4,000,000 DKK.



INFORMATION ACTIVITIES



By the end of 1997, BMC had published twenty-six issues of BMC Update over more than four and half years, with a circulation of just under 2,000 per issue.

Update has gradually changed over the years, but for some time now there has been a desire to re-introduce Update as a regular periodical on a commercial basis. The possibility of making a market study for this purpose has been realised. The study shall illuminate (1) whether a realistic market exists for re-introducing Update as an independent news periodical covering media trends in the countries surrounding the Baltic Sea, (2) the expectations of potential readers to a periodical of this kind and (3) how much they would be willing to pay for it.

The study is expected to be carried out during the first six months of 1998, and Update's subsequent fate will depend on the study's conclusions, and whether the necessary funds can be raised to realise the conclusions. This will also depend on factors such as a subsequent INTERREG application.

BMC UPDATE

CONTACT MEDIATION

Assignments involving contact mediation between East and West are continuously being carried out, an activity that BMC once expected could be a source of income. The potential, as it turned out, is quite modest since most of the assignments are typically quite simple and merely consist of finding the address of a company or individual. Even though some assignments have also assumed larger proportions - and such assignments will presumably continue to turn up - this activity is by now considered more of a service that helps profile the company and attract customers to the other activities, including courses, editing and the film festival.

MEDIATION

HOME PAGE: www.dk-web.com/bmc

The home page is BMC's advertising window on the Internet. It is regularly updated, and interested parties can get background information on BMC in general and on our current activities, as well as get directly in touch with BMC's employees. Response to the Balticum Film & TV Festival in particular shows that the home page is beneficial, whereas an element like Bulletin Board has not been used as anticipated. Experience shows that marketing is needed to heighten awareness of our Internet offer.

LEGAL ASSIGNMENTS



CO-PRODUCTION CONTRACTS, ETC.

BMC examined around twenty-five contracts in 1997. Two cases concerned music licenses, one the purchase of film rights for a Nabokov novel, and three dealt with distribution. Around five were related to employment of scriptwriters while the rest concerned productions.

In addition, BMC prepared a number of contracts for use in our own co-productions and for Mare Balticum.

A great need still exists for general legal assistance in the Baltic States. A modest increase in international co-productions has taken place, at the same time that Balts are becoming increasingly aware of the necessity of a solid legal base for their co-operation. Legal assistance is an important instrument for ensuring that Balts aren't cheated by Western partners.

COPYRIGHT

Furthermore, general legal advice was provided on issues like copyrights, format copyrights (including trade mark law), purchase of archive materials, conditions of employment and the founding of companies.

The work is still of utmost importance since professional expertise in this field is virtually non-existent in the Baltic States (with the exception of copyright expertise).



MEDIA LAW MAGAZINE

In the past year, BMC sponsored a magazine entitled "Zip Mass Media Law and practice in Estonia, Latvia and Lithuania". The magazine publishes all Baltic media legislation in English and Russian, the most important court rulings and critical articles on media law conditions. Three issues were published in 1997.

BMC still considers the magazine to be a useful forum for disseminating media law information from the Baltic States.

ADVISING ON MEDIA LEGISLATION

BMC studied and submitted a brief commentary on a new Estonian media law and submitted commentary on the country's advertising laws. Furthermore, BMC has participated in current discussions about a revision of Estonia's Media Act, as well as in the beginning discussion on free access to public records in Estonia.

Even though the statutory basis of media law is gradually being settled, there are still major problems regarding the practical implementation. The lack of qualified legal experts especially warrants emphasis. A hope for the future would be to acquire sufficient funds to carry out a long-term training programme for Baltic media lawyers.

PRE-ACCESSION TO THE E.U.

On a small scale, BMC carried out a few consultation assignments and held a few lectures on the consequences of media law harmonisation in the three Baltic States. In-depth work in this field, however, was prevented by insufficient funds.



Latvian, Lithuanian, Estonian
**СРЕДСТВА МАССОВОЙ
ИНФОРМАЦИИ**

Издаем Институтом
Журналистики при
Вильнюсском
Университете

ОТ РЕДАКТОРА

Уважаемые читатели мы рады представить перед вами издание информационно-обучающего характера. В нем собраны материалы, касающиеся законодательства и практики Прибалтики в сфере массовой информации. Этот сборник выходит с некоторым опозданием, но мы надеемся, что он будет полезен для вас.

будущего свободного развития средств массовой информации Прибалтийских стран. В первую очередь мы обращаем внимание на правовую ситуацию в Латвии и Литве. В журнале также освещены вопросы, касающиеся законодательства и практики Прибалтики в сфере массовой информации. Этот сборник выходит с некоторым опозданием, но мы надеемся, что он будет полезен для вас.

С другой стороны, правительственные структуры несут ответственность за соблюдение законодательства.

REGIONAL AVID CENTRES

TRIANGLE - ESTONIAN TRAINING AND CO-PRODUCTION CENTRE

Together with Eesti Kinoliit (the Estonian Union of Filmmakers and Independent Producers), Baltic Media founded a training and co-production centre in 1997. The Centre is organised as a joint stock company and half of all profit shall be reinvested in the company, while the other half shall be divided between the two non-profit organisations, Eesti Kinoliit and Baltic Media Centre. Triangle is located in leased premises. The Centre, which shall initially carry out post-production and non-linear editing, was established to strengthen training and co-production co-operation in Estonia and with neighbouring countries.

By the end of 1997, the Centre employed five editing technicians and one bookkeeper - corresponding to three and a half man years.



LATVIAN TRAINING AND CO-PRODUCTION CENTRE

Together with the Latvian Filmmakers Union, Baltic Media Centre founded a training and co-production centre in 1997. The Centre is organised as a joint stock company, and half of all profit shall be reinvested in the company, while the remaining half shall be divided between the two non-profit organisations, the Latvian Filmmakers Union and Baltic Media Centre. The Centre has leased office space from the Latvian Filmmakers Union. The Centre was established to strengthen training and co-production co-operation in Latvia and with neighbouring countries, and its initial assignments include carrying out post-production and non-linear editing.

By the end of 1997, the Centre employed two editing technicians and one bookkeeper - corresponding to two man years.



LITHUANIAN TRAINING AND CO-PRODUCTION CENTRE

Together with the Lithuanian Independent Producers Association, Baltic Media Centre established a training and co-production centre in 1997. The Centre is organised as a joint stock company, and half of all profit shall be reinvested in the company, while the remaining half shall be divided between the two non-profit organisations, the Lithuanian Independent Producers Association and Baltic Media Centre. The Centre has leased office space from the National Lithuanian Film Studios, which are next door to the Lithuanian Independent Producers Association. The Centre was established to strengthen training and co-production co-operation in Lithuania and with neighbouring countries, and its initial assignments include carrying out post-production and non-linear editing.

By the end of 1997, the Centre employed three editing technicians and one bookkeeper - corresponding to two and a half man years.



PRIORITIES:

At all three centres, facilities can be rented out to independent producers and television stations according to the following priority:

- *First priority:* Training
- *Second priority:* International co-productions involving Baltic and Western partners
- *Third priority:* Co-productions involving a Baltic producer and at least one Baltic television station.
- *Fourth priority:* Baltic co-productions involving only independent producers or the centre itself.
- *Fifth priority:* Other co-productions co-ordinated by Baltic Media Centre.

EUROPEAN CHILDREN'S TELEVISION CENTRE



WORKSHOP FOR THE COUNCIL OF EUROPE



European Children's Television Centre (ECTC) is a Greek centre specialising in working to promote the conditions of European children's programming designed for television distribution.

Currently, BMC and ECTC are co-operating on two projects in particular. One is the establishment of a training programme for children's programming professionals (producers, directors, scriptwriters, etc.) on a European level and the other is the establishment of a training programme for media instructors in basic schools and upper secondary schools, also on a European level. BMC's fundamental role in both projects is to develop and host courses for both target groups, as well as perform an advisory function.

Provided that the project develops as planned, it will take about one year before the first courses can be held.

BMC / COUNCIL OF EUROPE'S MINORITY WORKSHOP ON MULTILINGUAL RADIO / TELEVISION

BMC has been working with minority-related issues in Latvia and particularly Estonia since 1995. As is well known, these countries have considerable difficulty integrating the Russian-speaking part of the population. One of the results is an unfair media treatment of these groups.

Last year, BMC organised a conference and workshop in co-operation with the Council of Europe to discuss these issues.

The conference in Estonia shed light on a situation whereby Russian-speaking persons have an unsatisfactory media selection of Estonian-produced programmes. This has impelled an increasing percentage of the Russian-speaking population to watch Russian television. Another problem illuminated by the conference was the fact that Estonian television permits only 10% of its programming to be in languages other than Estonian.

In continuation of the conference, BMC will use funding from the Danish Ministry of Foreign Affairs, in co-operation with Estonia's national television company, to initiate a project that shall significantly improve the quality of Russian-language programming and strengthen the integrity of the Russian minority.

Latvia's problem is to ensure that the proper resources are set aside for Russian-language programming, which apparently does not receive the same budgets as Latvian-language programming.

AVECC

AUDIOVISUAL ENVIRONMENTAL COMMUNICATION CENTRE (DAMK)

The Audiovisual Communication Centre in Riga seeks to disseminate information about environmental issues to the people of Latvia. This co-operation is realised through

...A weekly television programme and a monthly programme on Latvian Public Service television.

...Three or four annual, more time-consuming productions (like "Daugava River")

...Participation in - and the media planning of - major campaigns like the planned 1998 wastewater campaign.

The Centre, officially part of the Latvian Ministry of Environment, works in close co-operation with BMC, which has a seat on its board of directors.

The Centre is housed in the heart of Riga and currently has five employees as well as far and away the most modern production equipment in the Baltic States.

BMC has assisted the Centre in preparing a business plan, in the training of employees, in mediating co-production contracts, and in preparing articles of association, employment contracts, production contracts and contract negotiations with the E.U. and equipment vendors and more.

BMC's contribution, as well as equipment purchases, were sponsored by the E.U.'s PHARE programme involving subsidies to Eastern Europe. An extension of the project is being applied for through the PHARE INTERREG programme.

In this context it should be noted that BMC is simultaneously initiating a project financed by the E.U.'s Regional Fund (INTERREG) which shall seek out the needs and opportunities for similar centres in Estonia, Poland and Lithuania.

BALTICUM FILM & TV FESTIVAL 97, held from June 7 to 13, was organised by Baltic Media Centre in co-operation with the Danish Film Institute - Short Films and Documentaries. For the first time, the festival spread out to include the towns of Gudhjem, Rønne and Svaneke.

BALTIC COMPETITION

Fifty films and directors participated in the Baltic Competition, which since the start of the Festival in 1990 has screened documentaries, animated films and short films from the nine countries surrounding the Baltic Sea. The winning film was purchased by the Danish Film Institute as part of its award, and likewise the three winning television programmes were purchased by Danmarks Radio.

INTERNATIONAL CO-PRODUCTION OF FEATURE FILMS

Concurrent with the Film Festival, a co-production course was held at BMC. One of the course's master classes in international co-production of feature films featured a presentation by Zentropa Films' producer Ib Tardini. The workshop was open for festival participants.

INTERNATIONAL CO-PRODUCTION OF DOCUMENTARIES

Similarly, a second master class was opened in the international co-production of documentaries. A presentation by Nick Frazer, commissioning editor at the BBC, was featured at this workshop.

BALTIC SEA FORUM

In continuation of the annual co-production course, the Baltic Sea Forum was held for the first time.

Baltic Sea Forum was a pitching session in which thirty-nine co-production proposals from Denmark, Sweden, Russia, Poland and the Baltic States were presented to an international panel of ten commissioning editors from The Netherlands, Germany, England, Sweden, Finland and Denmark. Today, a large number of the pitched projects are being produced, and the pitching was greatly appreciated by commissioning editors and participants alike.

EUROPEAN COMPETITION FOR FILM SCHOOLS

In 1997, a competition for documentary and feature films produced by film school students was introduced for the first time. Twenty productions were shown and presented by directors from the film schools.

The introduction of these films enables us to sound out current trends that will characterise the films of the next century, and ensure a rejuvenation and renewal of the festival's repertoire.

BALTIC SEA WORKSHOP SEMINAR

In 1997, a meeting with the participation of workshops, film school students and other interested parties from the Baltic Sea Region was held for the first time.

The meeting provided the occasion for forming a network for these workshops and will be repeated at the 1998 festival.

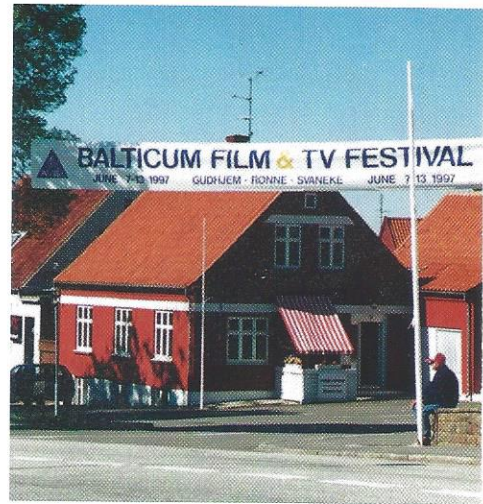
FEATURE FILMS IN RØNNE

A number of top-quality European feature films were screened in Rønne where Hasse Alfredsson and Jesper W. Nielsen, among others, presented their own films and discussed them with the audience.

CHILDREN'S FILMS IN SVANEKE

In Svaneke, a large number of school and children's films were shown all week long. Admission was free and many school classes and families made use of the offer.

BALTICUM FILM & TV FESTIVAL



Film i Nord

Sol over Gudhjem

PÅ SYVENDE ÅR lægger Bornholm røgede sild, kolde øl og hjerterum til Balticum Film og TV Festival. En kulturbegivenhed, som startede i det små, men som i løbet af fem år har etableret sig som det vigtigste kulturelle brohoved mellem det 'gamle' Norden og det 'nye' - de baltiske lande, som efter årtier under den russiske jernhæl, endelig dukkede ud af glømslen for langsomt, men sikkert at etablere sig som nordiske broderfolk. På festivalen i Gudhjem står der film og tv på programmet, men nok så betydningsfulde er de personlige kontakter, som skabes mellem deltagerne, hvad enten det drejer sig om filminstruktører, filmentusiaster i almindelighed eller de journalister, som valfarter til den lille festivalperle i det, som regel, solbeskinnede Gudhjem.

DEN BALTISKE filmfestival, som også rummer bidrag fra skandinaviske samt polske og russiske kunstnere, får en afgørende del af sin betydning, fordi den er lagt an på dokumentarfilm. Vil man se sin samtid spejlet i den filmiske dokumentarismes form, findes der ikke et bedre sted end Gudhjem hvert år i juni. Uendelig langt fra Hollywoods store og støjende produktioner blander de baltiske filmdage op for et mylder af anderledes, insisterende, tankevækkende, ofte lavnælte og ikke sjældent yderst morsomme indblik i livet, som det leves rundt omkring i vort fællesnordiske rum. I Gudhjem finder man det store i det små. Filmkunstnere og dokumentarister, der er som regel ingen modsætning mellem de to betegnelser, som er i stand til at fortælle 'små' historier med en enorm almenmenneskelig udsagnskraft - også for folk, der ikke har gennemlevet mange års kulturel undertrykkelse.

HASSE ALFREDSSON, den svenske filminstruktør og gavtyv bag film som Den enfoldige Morder og Falsk som Vand, er æresgæst på den baltiske filmfestival. En velvalgt cadeau til en stor kunstner, og et signal, som smukt placerer filmfestivalen i vores kulturpolitiske bevidsthed.

POLITIKEN

MANAGEMENT REPORT

Based on the approved annual accounts, the management declares
.....that the company's assets are not mortgaged and are not encumbered by retention of title beyond that specified in the annual accounts.
.....that all obligations which are incumbent on the company, including notes payable, contracts of suretyship, guarantee commitments and other obligations are sufficiently reported in the annual accounts
....that no other unusual risks concerning unrealised contracts existed at the balance sheet date,
...that no lawsuits, tax cases or other claims existed at the balance sheet date that are essential for assessing the company's financial situation. A written statement from the Danish Customs and Excise Department is available regarding the VAT status up to the present, but the future VAT status for courses held under Project Baltic Education Island has not been definitively clarified.
.....that no one either in the management or on the board of directors has a loan in the company besides what is reported in the annual accounts.
.....that no post-balance-sheet-events have occurred that are essential for assessing the company's financial situation.

The management is otherwise not informed of circumstances which are not already reported that are essential to the annual accounts.

Svaneke, 12 March 1998
Bent Nørby Bonde,
Managing Director

COMMENTS ON THE ANNUAL ACCOUNTS

Baltic Media Centre Foundation conducts advising, training and service enterprises in the media sector.

The result for the year shows a profit of 24,000 DKK which is transferred to the equity capital, after which equity capital subsequently shows a balance of 1,385,000 DKK. The net result is satisfactory, and the financial growth of Baltic Media Centre adheres to the objectives established by the Centre in almost every respect. The Centre's financial objective for 1997 to 1999 states that the Danish Appropriation Act subsidy, which in 1995 amounted to 54% of the total revenues, should in 1997 amount to 37%.

In 1997, the Danish Appropriation Act subsidy amounted to 44% of total income. If as assumed, the budgetary framework for media courses under Project Baltic Education Island had remained at 4 mill. DKK, the share of the Danish Appropriation Act subsidy would have amounted to 37% of total income.

BMC's sale of services has steadily increased since 1995. Projects totalling 4,890,877 DKK were sold, DKK 2 mill. of which to the E.U. and the Council of Europe.

It is especially important to note that earnings related to sales are now dispersed over a wide range of customers. This was particularly important in 1997 since the sale of courses to Project Baltic Education Island decreased from a budgeted 4.0 mill. DKK in 1996 (actual figure 3.3 mill. DKK) and amounted to only 2.3 mill. DKK in 1997. In the same period, the sale to other customers increased from 1.8 to 2.5 mill. DKK.

In addition to subsidies and sales, user payments and own share of expenses from our partner countries will in future be included in the budget. In 1997, this figure amounted to slightly less than 2%, and it is unlikely to exceed 5% in 1999.

The highly important trend toward more courses in our partner countries was difficult to maintain in 1997, primarily because the appropriations from Project Baltic Education Island were especially reduced in this area. Nevertheless, in future it will be possible to carry out more in-country activities financed by Project Baltic Education Island, just like we have also been able to finance these activities from other sources.

At the same time, Baltic Media Centre founded three companies:

- Triangle - Estonian Training and Co-production Centre,
- Latvian Training and Co-production Centre
- Post Production Centre - Lithuanian Training and Co-production Centre

The last-mentioned company is still in the process of being founded. The companies constitute the framework for our non-linear, in-country AVID editing. BMC and local trade organisations each own 50% of the share capital in the respective companies. In part Baltic Media Centre has put up between DKK 10,000 and DKK 25,000 for each company, and in part paid a leasing fee, as well as hosted training courses for the centres' employees. These expenses are entered under operations. If the companies at a later date show profits, these funds will be returned to BMC.

Simon Drewsen Holmberg represents Baltic Media Centre in the three companies with full approval of the chairman.

At the conclusion of the audit of BMC's annual accounts, the definitively audited annual accounts from the three companies were still unavailable, nor were they available from the Association of Independent Producers in Lithuania which is responsible for the operation of our centre there until the founding of the Lithuanian company has been finalised.

The number of permanent employees increased from nine in 1995 to twelve in 1997. In addition, freelance instructors, consultants and interpreters comprise almost four man-years. Baltic Media Centre employs thirteen persons in the Baltic States and St. Petersburg at our training and co-production centres, corresponding to nine man-years. At the same time, the Centre pays four persons through our antenna offices - corresponding to two man-years, and finally, a part-time co-production consultant.

The foundation's operations after 1999 depend on continued grants from the Appropriations Act, and negotiations are currently in progress with the Ministry of Culture regarding the Centre's future at the turn of the millennium

PROFIT AND LOSS ACCOUNT IN THE PERIOD 1 JANUARY TO 31 DECEMBER 1997

		1996 1,000 DKK
INCOME		
Government subsidy	5,200,000	5,000
Sale of services	4,833,183	4,853
Other income	47,694	37
Investment subsidy, Interreg		452
	<u>10,080,877</u>	<u>10,342</u>
EXPENSES		
Salaries and wages	-2,855,013	-2,736
Training	-68,554	-35
Other personnel costs and social benefits		-49
Fees board/ management	-522,295	-560
Administration costs	-1,076,547	-1,061
Other costs	-485,233	-693
Direct project costs	<u>-4,304,596</u>	<u>-4,228</u>
	768,639	980
DEPRECIATION		
Rebuilding, leased premises	-30,000	-30
Technical systems and machinery	-488,485	-499
Operating equipment and furnishings	-71,435	-71
Minor new acquisitions	<u>-56,134</u>	<u>-67</u>
	-646,054	-67
Profit before interest, extraordinary items and tax	122,585	313
Interest receivable, etc.	888	1
Interest expenses, etc.	<u>-94,982</u>	<u>-125</u>
Profit before extraordinary items and tax	28,491	189
Extraordinary expenses		-35
Extraordinary income	<u>10,000</u>	<u>157</u>
Pre-tax profit	38,491	311
Corporation tax	<u>14,529</u>	
RESULT FOR THE YEAR	23,962	311

APPLIED ACCOUNTING POLICIES

The annual accounts are presented in accordance with the Danish Company Accounts Act. The accounting policies are the same as last year.

PROFIT AND LOSS ACCOUNT

The profit and loss account is classified by function.

NET INCOME

Income from sale of services is included in the annual accounts to the extent that payment of the stated appropriations is expected according to the prudence principle.

ACCRUAL OF INCOME AND COSTS

Income and costs are allocated by financial year to correspond with the amounts that were actually acquired and paid in the financial year in question, regardless of the date of payment. Costs paid in connection with the selling of services are included in the year in which the income from the sale is booked.

TAX ON PROFIT FOR THE FINANCIAL YEAR

The company participates in a scheme of tax payment on account. In 1997, 0 DKK were paid to this tax payment scheme.

BALANCE SHEET AS AT

ASSETS

The balance sheet is arranged in horizontal format. Comparative figures are shown opposite each item on the balance sheet.

FIXED ASSETS:

INTANGIBLE FIXED ASSETS:

Fitting up of leased premises is entered at original cost.

The cost is amortised in equal amounts over a ten-year period based on the fact that the foundation may not terminate its lease for a ten year period. Amortisation has been charged against the income.

TANGIBLE ASSETS are entered at acquisition price. The assets are depreciated in equal amounts during the expected lifetime of the individual assets, which according to a concrete estimate amounts to five years.

Depreciation has been charged against the income.

OUTSTANDING ACCOUNTS are entered at nominal value.

ASSETS

The item "Prepayments and accrued income" shows expenses that were paid prior to the balance sheet date, but which concern the succeeding years. Income that concerns the financial year, but which first falls due for payment after the balance sheet date however is entered under outstanding accounts.

		1996 1,000 DKK.
FIXED ASSETS		
INTANGIBLE FIXED ASSETS		
Rebuilding of leased premises	<u>210,000</u>	240
TANGIBLE FIXED ASSETS		
Technical systems and machinery	1,160,395	1,703
Operating equipment and furnishings	<u>35,593</u>	107
	<u>1,195,988</u>	1,810
INVESTMENTS		
Shares	<u>36,670</u>	
Total fixed assets	<u>1,442,658</u>	2,050
CURRENT ASSETS		
Prepayments and accrued income	77,705	85
Outstanding VAT	110,456	223
Outstanding subsidies	2,700,383	975
Other outstanding accounts	139,800	201
AVID	<u>32,167</u>	
	<u>3,060,511</u>	1,484
LIQUID FUNDS	<u>52,804</u>	160
Total current assets	<u>3,113,315</u>	1,644
TOTAL ASSETS	4,555,973	3,694

31 DECEMBER 1997

		1996 1,000 DDK
EQUITY CAPITAL		
Foundation capital	300,000	300
Profit brought forward:		
Balance as at 1/1-97	1,060,958	
Result for the year	<u>23,962</u>	<u>1,061</u>
Total equity capital	<u>1,384,920</u>	<u>1,361</u>
LONG-TERM LIABILITIES		
Trade&Industry Dev.Fund of Bornholm	822,500	1,058
Total long-term liabilities	<u>822,500</u>	<u>1,058</u>
SHORT-TERM LIABILITIES		
Bank loans	1,686,965	
Trade creditors and cost debts	286,751	762
Other liabilities	58,138	15
Payable income tax and social security contribution	4,979	184
Payable holiday pay	4,841	19
Holiday pay obligation	<u>306,879</u>	<u>295</u>
Total short-term liabilities	<u>2,348,553</u>	<u>1,275</u>
Total debts	<u>3.171.053</u>	<u>2.333</u>
TOTAL LIABILITIES	<u>4.555.973</u>	<u>3.694</u>

LIABILITIES

LIABILITIES. The item "Long-term liabilities" covers liabilities that are payable more than one year after the end of the financial year. The item "Short-term liabilities" includes payable income tax and payable social benefits. Beyond this the balance for trade creditors and other creditors had been reduced to 0 DKK by the preparation of the annual accounts.