

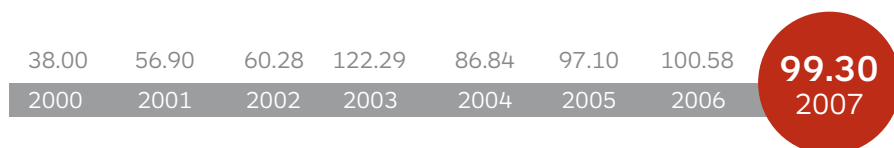
Global Vis
Producer
TV Series
Movie Services
Services
Film Data processing
PARTNER
Management
Cable TV
Production investment
CABLE TV
Production investment
Data entry
Training
Partner Protection
Cable TV
Services
Database
Data entry
Database
Services
TV Series
Know-how
Tracking
Production Non-
Retransmission
Cable TV
INTERNET
Cable TV

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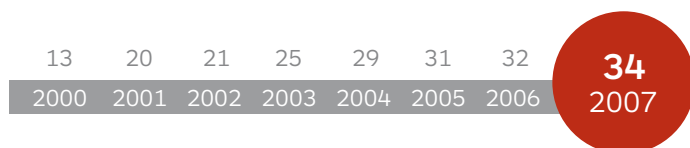
FACTS AND FIGURES

ROYALTIES



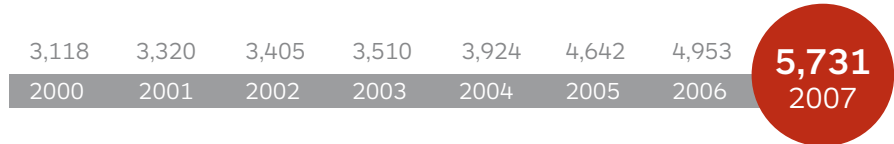
More than half a billion euros distributed since 2000.

COUNTRIES



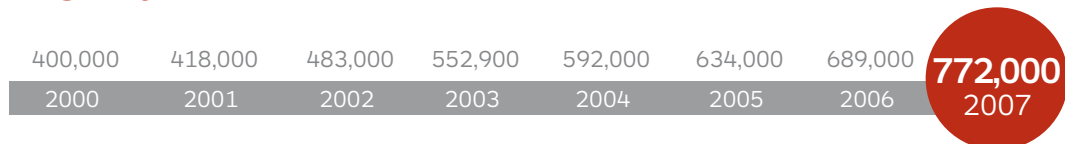
Number of countries in which revenue is collected almost tripled since 2000.

RIGHTSHOLDERS



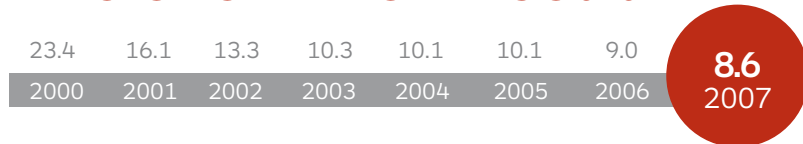
Number of rightsholders registered with AGICOA increased by 45% since 2000.

WORKS



Number of audiovisual works registered with AGICOA almost doubled since 2000.

RATIO OF OPERATIONAL COSTS



The ratio of operational costs has been showing a steep decrease since 2000.

AGICOA ALLIANCE

AGICOA was created to offer audiovisual rightsholders and cable operators an efficient means of implementing the principles embodied in the CODITEL decision of the European Court of Justice: that producers and distributors are entitled to receive remuneration from entities retransmitting channels in a simultaneous, unchanged and unabridged way.

Even before it was made mandatory by legislation, the multiplication of rightsholders and TV channels across Europe favoured a collective approach to the collection and distribution of royalties.

The setting up of AGICOA in 1981 was largely due to foresight three individuals: Franco Cristaldi, a respected producer and leading figure in the Italian film world; Alphonse Brisson, for many years head of FIAPF, the international producers coalition; and Fred Gronich of the Motion Picture Association.

They initiated a cultural revolution by introducing the concept of collective management to an industry used to individual business strategies and contractual practices. Their belief – since proved right – was that the dismantling of economic boundaries in Europe called for a trans-national organization that could represent producers of any nationality in any market.

From modest beginnings, the AGICOA Alliance has become a truly international cooperative entity. Alliance national partners have common operating principles and share databases and processing tools that offer significant economies of scale – therefore lower costs – compared to the duplication of investment needed to support individual country operations.

Their collective goal is to monitor retransmission of rightsholders' works across a rapidly growing number of TV channels and optimize revenue by collecting and distributing royalties in the most transparent, cost efficient way. In doing so, they guarantee equal treatment of rightsholders, irrespective of size or nationality – not always the case in other collective management systems.

The structure of the AGICOA Alliance accommodates many different local legal requirements. A single declaration of work enables the collection from multiple countries without further formality. The organization's unique reach and operating efficiency enable it to obtain revenue for retransmission of audiovisual works that in many cases would be beyond the reach of individual producers and distributors.

 **AGICOA**

ANGOA

 **AGICOA BELGIUM**

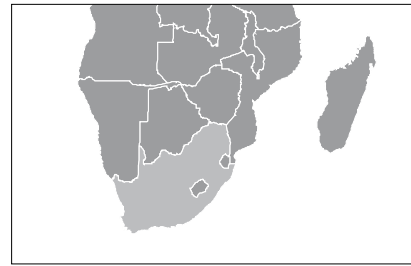


 **AGICOA EUROPE**



 **AGICOA GmbH**





gettyimages®

AGICOA HUNGARY

AGICOA NORGE

AGICOA ROMANIA

ALGOA





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PRESIDENT'S MESSAGE

It is a cliché to say that the film and television industry will face tremendous challenges in the coming decade. Some feel we should learn from the woes of the music industry and abandon traditional concepts of copyright. We should forget territorial rights and offer what we own for free. We should find new ways of making money from our properties.

While no one would disagree with the benefits of the latter, passive acceptance that third party corporations should benefit financially from our properties without compensation is legally and morally wrong. This is nothing short of thievery.

The basic problem is that transmission and retransmission of intellectual property on digital platforms – soon to include cinema – is becoming so complex that it will almost certainly exceed the capacity of any individual or company to monitor what is going on.

AGICOA's mandate to compensate rightsholders for retransmission of their work followed a European Union directive that allowed television broadcast to float freely across borders via cable. Twenty years later, cable is a shrinking technology. A recent court decision in Brussels put satellite retransmission on the same regulatory footing. We shall see how this develops.

The AGICOA Alliance is ready and able to broaden its field of activity should you, the producers and rightsholders, wish us to do so. We are an alliance of highly professional service providers who have the know-how and technology to monitor any form of copyright exploitation resulting from retransmission of work across Europe and beyond.

We are not a “for profit” organization. We are a “for your profit” organization! AGICOA charges only a nominal fee for its services and this fee has decreased almost 50% over the past 10 years.

My appeal to you as a rightsholder is as always: Declare your works with us! In return we will do our utmost to ensure that all possible revenues will reach you in the difficult years coming up for our industry.



JOHN M. JACOBSEN
AGICOA PRESIDENT

AGICOA EXECUTIVE COMMITTEE

Mr. JOHN M. JACOBSEN, NORWAY

CHAIRMAN/Producer and head of Filmkameratene AS, one of the leading Norwegian film and television companies. Their productions include the Oscar nominated "Pathfinder" and the International Emmy nominated animated series "Elias, the little rescue boat".

Pr. DR. RONALD FROHNE, GERMANY (SUBSTITUTE Ms. G. MUELLER-ERNSTBERGER)

VICE-CHAIRMAN/Media and corporate legal expert. Managing Director of GWFF (collecting society for reproduction and secondary use) and AGICOA GmbH. Partner of international law firm Noerr, Stiefenhofer&Lutz.

Ms. NICOLE LA BOUVERIE, BELGIUM

VICE-CHAIRMAN/CEO of BAVP (collecting society for cable), PROCIBEL (collecting society for private copy) and AGICOA BELGIUM.

Mr. MICHAEL BRODIE, UNITED KINGDOM

TREASURER/Bachelor of Laws, ACA chartered of accountant, UK former UNIVERSAL PICTURES executive.

Mr. BÖRJE HANSSON, SWEDEN

MEMBER/Film producer, head of production at Svensk Filmindustri (SF). Earlier head of Swedish film company Filmance that produced among others the famous Swedish criminal series "Beck".

Mr. CHRIS MARCICH, USA (SUBSTITUTE Ms. J. SAUNDERS)

MEMBER/President of Motion Picture Association (MPA), European Office.

Mr. LAWRENCE SAFIR, UNITED KINGDOM

MEMBER/Vice-President European Affairs, Independent Film & Television Alliance (IFTA) and Managing Director of sales agent Safir Films Ltd.

Mr. PER-ERIK WALLIN, SWEDEN

MEMBER/Head of FRF – collection and distribution of remuneration to film and tv producers for retransmission by cable of film works. Since 1999 FRF with its section FRF Video is also active in the area of collection and distribution of private copy remuneration to producers.



JOHN M. JACOBSEN



RONALD FROHNE



NICOLE LA BOUVERIE



MICHAEL BRODIE



BÖRJE HANSSON



CHRIS MARCICH



LAWRENCE SAFIR



PER-ERIK WALLIN



GERTRAUDE MUELLER-ERNSTBERGER



JANE SAUNDERS

MANAGEMENT REPORT

A steady increase through 2007 in collections and in the number of works represented reflected, among other factors, the transition from the limited contracts associated with the analogue world to broader blanket licenses covering large numbers of channels retransmitting digitally. This growth has been achieved without corresponding increase in cost or resources, meaning significant productivity gains.

COLLECTIONS

Annual collection of retransmission rights totaled 89,843,272 € (compared to 85,395,793 € in 2006). In the Netherlands, collections were partially deferred until 2008 as a result of delays in concluding a new contract with cable operators. This was offset by the one-time collection of several years of royalties for retransmission of programs on hotel TV channels in Germany, by increased collections in some smaller countries like Slovenia, and by the re-establishment of collections in others, like Finland and Norway, which were interrupted in 2006.

A new type of collection – educational copying royalties – began in the UK in second half of 2007. In general, the way producers are treated in this sector is inconsistent with European and international copyright law and therefore unacceptable. AGICOA has now secured a provisional share for independent producers whose rights had previously been ignored. As this form of royalty is beyond AGICOA's normal scope of activity, these collections were based on ad hoc mandates received from rightsholders.

NEW COLLECTION CONTRACTS

AGICOA is negotiating a new generation of contracts better suited to the much larger number of retransmission channels used in the digital distribution of programs. Earlier forms of contract were based on program retransmission on specified channels. The new approach is based on blanket licensing agreements. Both parties gain: operators have greater legal security and no limitations in terms of changing their channel menus, and collection on behalf of rightsholders extends to a broader range of channels.

Negotiations have been completed for Luxembourg, where a new blanket contract will be applicable from January 1st 2008, and for the Netherlands where a new contract encompassing all retransmitted channels has been in force since July, 2007. Similar changes have been implemented in Bosnia, Macedonia and Slovenia and were under discussion in Belgium at year end.

DISTRIBUTIONS

Royalty distributions in 2007 totaled 99,313,422 €. Despite the postponement for technical reasons of some distributions relating to Belgium and Portugal, this exceeded the commitment made to the Board of Directors in December 2006 by 9.9%. The total amount included 90 M€ of “first distributions” and 9.3 M€ of “final distributions” (royalty payments from the amount remaining at the end of the distribution period).

First distributions			
Austria	1996 - 1998	Poland (satellite)	2001 - 2004
Belgium	2006	Portugal	2006
Canada	2005	Romania	2005 - 2006
Denmark	2006	Spain	2006
Finland	2005	Sweden	2006
Germany (incl. hotels)	2006	Switzerland	2005
Ireland (cable + satellite)	2006	The Netherlands	2006
Luxembourg	2005	General Reserve*	
Norway	2005	Mark up**	
Poland (cable)	2006		

* 2 M€ (decided by the AGICOA Board of Directors in December 2006).

** Albania, Bosnia, Bulgaria, Estonia, Hungary, Iceland, Latvia, Lithuania, Macedonia, Serbia, Slovakia, South Africa, Ukraine.

In Poland, satellite retransmission royalties (covering the period 2001 - 2004) were processed and distributed for the first time.

Royalties for retransmission on TV channels in German hotels were added to those collected from conventional cable systems in a single distribution process. The distribution of royalties collected in Slovenia for retransmissions in 2005 was postponed because of the difficulties (since resolved) in obtaining reliable broadcast data.

Final distributions			
Germany	2001	Sweden	2003
Ireland	2000	Switzerland	1999
Luxembourg	2001	The Netherlands	2003
Norway	2003		

ADJUSTMENT OF DISTRIBUTION PARAMETERS

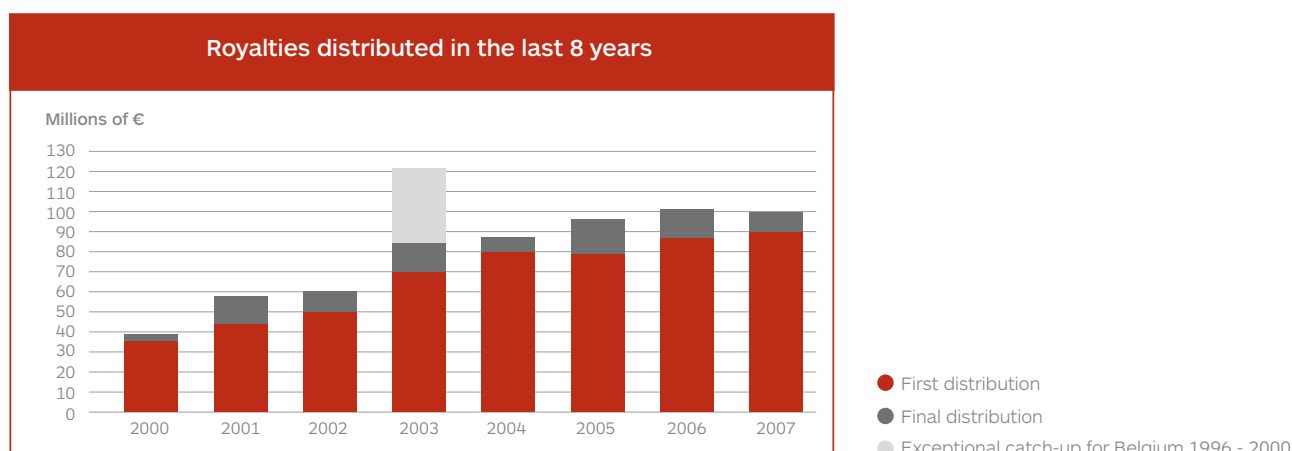
The progressive implementation of contracts covering a much broader range of TV channels necessitates that AGICOA adapts some of its parameters for the distribution of royalties. Its operational system allows for the handling of the much higher volume of data handled. The concern however remains to avoid corresponding inflation of costs. The core logic and parameters will remain the same; the only significant evolution will be the selection of the sample of channels to be used for the allocation of royalties.

Simulations and tests were undertaken in 2007 and the model will be fine tuned and finalized in the course of 2008.

DECLARATIONS AND RIGHTSHOLDERS

The number of rightsholders registered with AGICOA increased by 15% in 2007 to 5,731. The inventory of declared works increased by 12% to 772,000. This figure does not take into account more than a million modifications to previous declarations – the AGICOA database is continuously updated to reflect portfolio transfers and changes in ownership of audiovisual works.

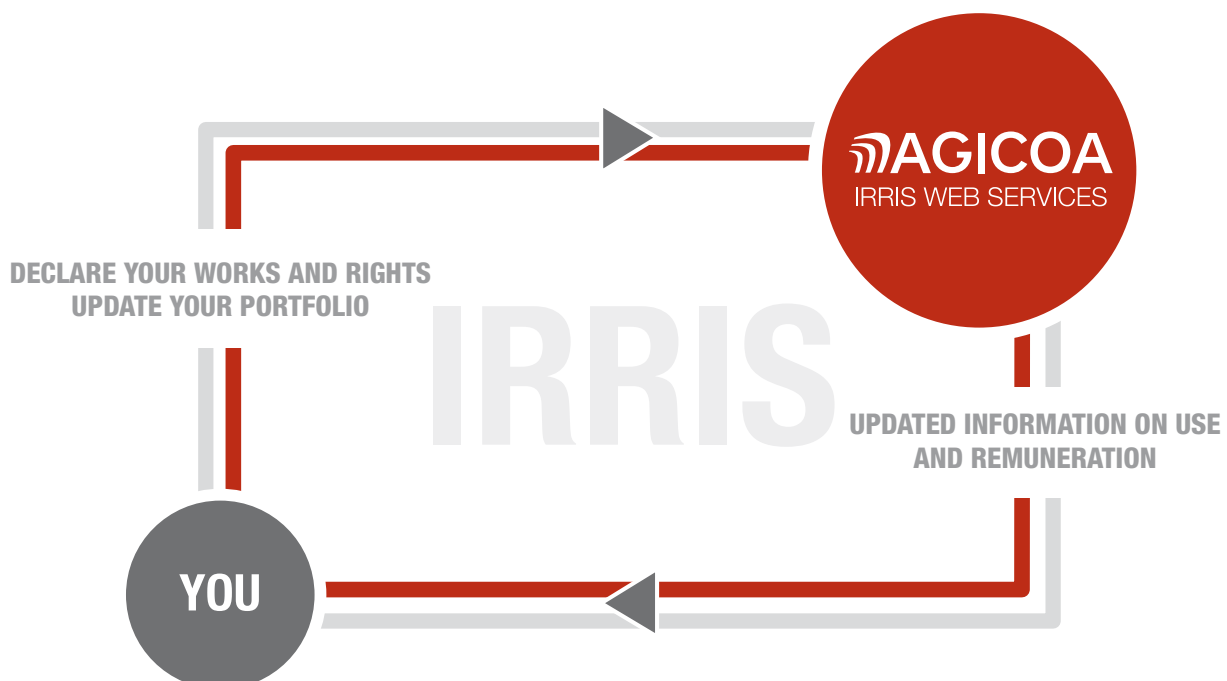
The accounts of 25 rightsholders (compared to 18 in 2006) were credited with over 500,000 € in the course of the year and the accounts of 910 rightsholders (835 in 2006) credited with more than 1,000 €.



AGICOA INFORMATION SYSTEM: IRRIS

AGICOA's information system is continuously upgraded to improve functionality and capacity and to reflect changing declaration and distribution needs. The goal is to automate processes wherever possible in order to improve productivity. Over 840 system upgrades were made in 2007. Some were major undertakings:

- System upgrades to further improve reliability and transparency of final distribution;
- Adaptation of the distribution system to take into account the "opt-out clause" used by some US rightsholders for some forms of retransmission;
- Documentation of all operational processes from declarations to rightsholder payments in order to record best practice, identify areas for improvement, align processes within the AGICOA Alliance and further strengthen controls;
- Develop services to support the activity of some Alliance partners. This leverages investments in IRRIS and databases. Whatever revenue is generated for AGICOA by these additional activities reduces the costs AGICOA has to charge on its rightsholders;
- Improve the process for the encoding of program listings to enable the efficient handling of a much broader range of TV channels without additional costs.

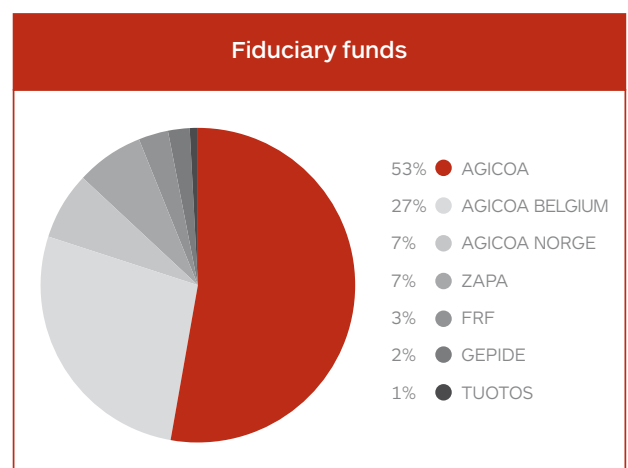
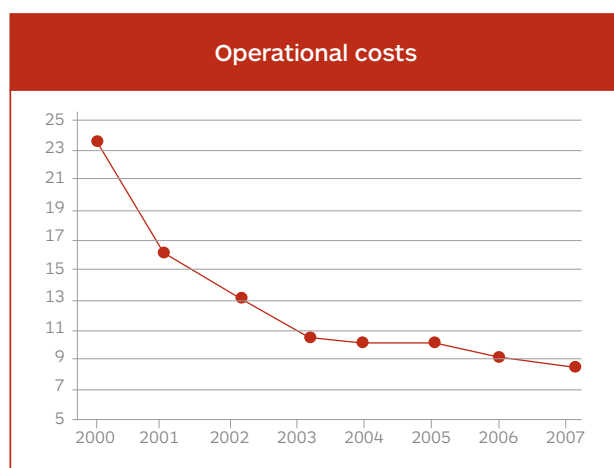


OPERATIONAL COSTS

The Alliance operating cost in 2007 totaled 12,868,469 CHF (12,615,109 CHF in 2006), an increase of 2% over 2006. This resulted in a reduction in the ratio of operating cost to new royalties distributed from 9.04% in 2006 to 8.6%. AGICOA productivity has increased by around 300% in the course of the last seven years.

FIDUCIARY FUNDS

At December 31, 2007, the fiduciary funds held by the various components of the AGICOA Alliance amounted to 158,423,935 €, held by Geneva (53%) and national partners (47%). This amount included 46.5 M€ of royalties collected during the retransmission year 2007 which will be put into distribution in the course of 2008, 19.1 M€ of "general reserve", 66.2 M€ for broadcasts awaiting rightsholders declarations, and 9.9 M€ set aside for broadcasts with conflicting declarations of rights. This last reserve has been significantly reduced as a result of efforts to resolve conflicting declarations through agreements between parties or through AGICOA conflict resolution procedures.



INTERNAL CONTROLS

AGICOA headquarters in Geneva has been developing a sophisticated internal financial and operational control system that goes well beyond European or Swiss legal requirements. It will be completed and functional by the end of 2008 and provide rightsholders with a further guarantee that royalties collected on their behalf are properly handled and equitably distributed in accordance with agreed rules and principles.

PROMOTION

Recent surveys indicated a lack of understanding of the role of AGICOA on the part of many rightsholders and others in the industry. The Executive Committee therefore decided to launch a brand-building campaign to create awareness of the benefits AGICOA offers rightsholders and targeting, in particular, those not yet taking advantage of its services.

The campaign will run in trade media and be featured at trade events throughout 2008 and following years. Key messages are that AGICOA has evolved into a powerful representative of rightsholder interests, offers win-win solutions to both rightsholders and re-transmitters, guarantees reliability, fairness and transparency in collection and distribution, and is far-reaching in international scope.

It positions the AGICOA Alliance as "THE RIGHTS PEOPLE" – a unique partnership with the shared goal of securing additional revenue for the producers and distributors of audiovisual works.



CONCLUSION

During 2007, AGICOA successfully pursued expansion and improvements in productivity for the benefit of the rightsholders it serves. It continued to refine its business model to anticipate developments in audiovisual retransmission market and is ready to face any new challenges posed by the evolution of technology and the growing complexity of the digital world.

A stylized, handwritten signature in red ink, appearing to read "A. Chaubeau".

ANDRE CHAUBEAU
DIRECTEUR GÉNÉRAL



COUNTRY PERSPECTIVE

ALLIANCE PARTNER PROFILE: FRF, SWEDEN

Filmproducenternas Rättighetsförening (FRF), founded in 1998, collects cable remuneration and compensation for private copying on behalf of over 200 Swedish audiovisual rightsholders. It works closely with Swedish national associations for producers of feature films, independent TV programs and commercials and so maintains a wide range of contacts with large and small rightsholders. A local ISAN registration unit to be opened during 2008 will enable the sharing of fixed costs and offer other synergies in staff costs.

FRF manager Per-Erik Wallin works with Magnus Persson, responsible for audience data monitoring and the declaration of works, and Gunnar Ekstedt who handles financial administration. When needed, the related producers' associations provide additional resources.

The company is located in the "Filmhuset" in the Gärdet, a large green area on the periphery of central Stockholm that is home to the Swedish Film Institute, SVT, Swedish Television and several of the larger independent television producers.

Production may be concentrated locally but there are no geographic limits on the output of the Swedish industry. The retransmission of its products across Europe and beyond creates growing demand for FRF's services.

"Being part of the AGICOA Alliance not only enables us to collect remuneration from other countries on behalf of Swedish rightsholders, but also share experiences with our partners in this specialist field." says Per-Erik Wallin.

"For the producers we represent, whether they are rightsholders to single works or libraries of Sweden's famous films for children, documentaries, or classics from Bergman or Widerberg, the idea of a single local interface managing secondary rights in a wide range of countries is increasingly attractive."

FRF FACTS & FIGURES

Broadcasting Year	Royalties collected in Sweden	Swedish royalties distributed to Swedish rightsholders	Worldwide royalties distributed to Swedish rightsholders
2007	2.1 M€	380,000 €	603,000 €

Year	Rightsholders represented by FRF	Swedish works declared at FRF	Distribution for Sweden
2007	213	3,626	Some 369 rightsholders from 16 different nationalities benefited from this distribution on 8,867 of their works.

FINANCIAL INFORMATION

FIGURES FOR THE YEAR ENDED DECEMBER 31

FIDUCIARY FUNDS MANAGED BY AGICOA (EURO)

Summarised fiduciary funds balance sheet

	2007	2006
FIDUCIARY ASSETS		
Cash and term-deposits	150,866,369	144,581,020
Investment property	5,183,250	5,183,250
Other assets	2,374,316	4,025,866
Total fiduciary assets	158,423,935	153,790,136
FIDUCIARY LIABILITIES, RESERVES AND PROVISIONS		
SHORT-TERM FIDUCIARY LIABILITIES		
Payable to rightsholders	7,490,101	10,967,654
Payables of national partner organizations	783,632	84,584
Fiduciary funds put into distribution pending allocation to rightsholders	79,963,841	74,577,206
Fiduciary funds to be put into distribution	46,571,525	42,118,891
	134,809,099	127,748,335
Fiduciary reserves and provisions	23,614,836	26,041,801
Total fiduciary liabilities, reserves and provisions	158,423,935	153,790,136

Summarised fiduciary funds statement of income

	2007	2006
REVENUES		
Royalties earned	67,824,959	66,568,016
Financial and other revenues	5,568,141	3,999,303
	73,393,100	70,567,319
Fiduciary funds put into distribution	(66,361,395)	(66,917,606)
AGICOA fees	(6,023,366)	(6,507,637)
Distributions	(72,384,761)	(73,425,243)
Other charges	57,823	342,856
Total distributions and other charges	(72,326,938)	(73,082,387)
NET SURPLUS PRIOR TO ALLOCATIONS	1,066,162	(2,515,068)
Total allocations to fiduciary liabilities and reserves	(1,066,162)	2,515,068
Net surplus after allocations	0	0

FINANCIAL STATEMENTS OF AGICOA (CHF)

Summarised balance sheet

	2007	2006
ASSETS		
Current assets		
Cash and term-deposits	6,218	36,408
Other receivables and prepaid expenses	1,481,155	1,508,908
	1,487,373	1,545,316
Fixed assets		
Deposits and guarantees	357,075	359,341
Investments in affiliates	168,132	168,132
Advance to ISAN International Agency	2,248,882	2,298,882
Tangible fixed assets, net	996,322	1,119,425
	3,770,411	3,945,780
Total assets	5,257,784	5,491,096
LIABILITIES AND OPERATING RESERVE		
Current liabilities		
Accounts payable	435,908	365,233
Accrued and other short term liabilities	1,567,397	1,083,931
Payable to the fiduciary funds	1,046,572	1,834,026
	3,049,877	3,283,190
Operating reserve	2,207,906	2,207,906
Total liabilities and operating reserve	5,257,784	5,491,096

Summarised statement of income

	2007	2006
INCOME		
Operating expense reimbursement	14,107,800	13,748,235
Other income		
Services to ISAN International Agency	0	37,535
Services to ANGOA	278,131	414,768
Other revenue	19,836	0
Total operating income	14,405,767	14,200,538
Financial income		
Exchange gains, net	69,837	42,658
Exceptional income	0	9,621
Total financial income	69,837	52,279
Total income	14,475,604	14,252,818
OPERATIONAL EXPENSES		
Salaries and social charges	6,236,666	5,948,109
Professional fees and administrative expenses	1,523,892	1,620,543
Depreciation	554,250	619,404
Subcontracted work	4,305,354	4,132,964
Special projects	90,654	146,881
Other expenses		
Interest and bank charges, net	2,653	2,080
Taxes	155,000	145,130
Total expenses	12,868,469	12,615,111
Return of operating expense reimbursement	1,607,135	1,637,708
Total	14,475,604	14,252,818



The accompanying summarised financial statements have been derived from the financial statements of AGICOA for the year ended December 31, 2007. These summarised financial statements are the responsibility of management. Our responsibility is to express an opinion on whether these summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

We have audited the financial statements (balance sheet, statement of income and notes) of AGICOA for the year ended December 31, 2007, from which these summarised financial statements were derived, in accordance with Swiss Auditing Standards. In our report dated May 9, 2008 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Association's financial position and the results of its operations for the period and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.

PricewaterhouseCoopers SA.

A handwritten signature in red ink, appearing to read 'Aked'.

MARTIN AKED
AUDITOR IN CHARGE

A handwritten signature in red ink, appearing to read 'Y. Cerutti'.

YVES CERUTTI