

# Annual Report 2008





EDITORIAL  
AGICOA, Geneva  
CONCEPT & GRAPHIC DESIGN  
[www.angebaultandco.ch](http://www.angebaultandco.ch)  
PRINTER  
Favre & Winterregg SA

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*Alliance partner profile: GEDIPE, Portugal*

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# SNOWS series



# FACTS AND FIGURES

## ROYALTIES

|       |       |       |        |       |       |        |       |               |
|-------|-------|-------|--------|-------|-------|--------|-------|---------------|
| 38.00 | 56.90 | 60.28 | 122.29 | 86.84 | 97.10 | 100.58 | 92.93 | <b>115.80</b> |
| 2000  | 2001  | 2002  | 2003   | 2004  | 2005  | 2006   | 2007  | 2008          |

More than half a billion Euros distributed since 2000.

## COUNTRIES

|      |      |      |      |      |      |      |      |           |
|------|------|------|------|------|------|------|------|-----------|
| 13   | 20   | 21   | 25   | 29   | 31   | 32   | 34   | <b>36</b> |
| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008      |

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

## RIGHTSHOLDERS

|       |       |       |       |       |       |       |       |              |
|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| 3,118 | 3,320 | 3,405 | 3,510 | 3,924 | 4,642 | 4,953 | 5,731 | <b>7,220</b> |
| 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008         |

Number of rightsholders registered with AGICOA doubled since 2000.

## WORKS

|         |         |         |         |         |         |         |         |                |
|---------|---------|---------|---------|---------|---------|---------|---------|----------------|
| 400,000 | 418,000 | 483,000 | 552,900 | 592,000 | 634,000 | 689,000 | 772,000 | <b>854,000</b> |
| 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008           |

Number of audiovisual works declared with AGICOA doubled since 2000.

## AGICOA FEES

|        |        |        |        |             |       |
|--------|--------|--------|--------|-------------|-------|
| 10.52% | 10.49% | 10.30% | 10.05% | <b>9.39</b> | 7.82% |
| 2004   | 2005   | 2006   | 2007   | 2008        | 2009  |

The price of AGICOA services has been steadily decreasing.





Franklin series declared at AGICOA:™ Nelvana™ & © Kids Can Press © P. Bourgeois & B. Clark CORUS is a trademark of Corus Entertainment Inc. All rights reserved.

# PRESIDENT'S MESSAGE

AGICOA collects and distributes royalties from the retransmission of the audiovisual works of independent producers. This is our primary purpose. But we also have a broader interest in helping to ensure that markets for secondary broadcasting develop and function in an orderly manner. If they don't, everyone stands to lose, not just rightsholders. Regulators risk losing control over the integrity of their marketplace; legitimate broadcasters will face growing competition from illegitimate ones.

The challenge is essentially technologically-driven. The digital age has enlarged and complicated the media landscape at breakneck speed. The proliferation of TV channels and of other content distribution platforms that exist today could not have been foreseen just a few years ago.

What of tomorrow?

Regulation inevitably struggles to keep up with technology but, in this case, the underlying principles do not change. Under the provisions of internationally agreed law, royalties are payable on each and every form of commercial exploitation of an audiovisual product. The revenue streams of primary TV broadcasters and those of cable and other retransmitters are entirely separate in this respect. Royalties, therefore, are due from both.

In reality, it is increasingly burdensome for rightsholders to register and track their properties wherever they might be used in a global marketplace. And even where there is good faith, it is equally burdensome for retransmitters to meet hundreds if not thousands of licensing obligations.

AGICOA's approach is to simplify copyright registration and negotiate collective licenses. It is unique, inherently international and highly efficient. To date, we have agreements in more than 35 markets and I am confident the number will continue to grow in 2009 to the benefit of all parties.

I would like to take this opportunity to publicly thank former AGICOA CEO André Chaubeau, who left in January 2009, for the contribution he has made to our development. Board member Per-Erik Wallin is acting CEO until a new appointment is made.

I would also like to thank all of the rightsholders we represent for their continuing trust. My fellow Board members, our Geneva headquarters staff, our AGICOA Alliance partners and I look forward to another productive year, serving your interests and those of a growing number of national broadcast communities.



**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", the International Emmy nominated animated series "Elias, the little rescue boat" and the recently acclaimed "Max Manus", which is the most successful Norwegian film in 30 years.

## **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), AGICOA BELGIUM, as well as chairman of AUVIBEL (collecting society for the private copying of sound and av works).

## **MR. MICHAEL BRODIE, UNITED KINGDOM**

### **TREASURER**

Bachelor of Laws, ACA chartered 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". Representative of FIAPF.

## **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. DICK VAN DER GRAAF, THE NETHERLANDS**

### **MEMBER**

Commercial Director of Endemol Netherlands.

## **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.





D. van der Graaf, G. Mueller-Ernstberger, B. Hansson, P-E. Wallin, J. Jacobsen, M. Brodie, N. La Bouverie, R. Frohne, C. Marcich (missing L. Safir, J. Saunders)

# MANAGEMENT REPORT

Despite the increasingly turbulent business and economic environment, 2008 was a year of satisfactory progress. Collection of royalties exceeded 95 million Euros and distribution reached 116 million Euros. The number of rightsholders represented by AGICOA and the number of works they declared increased; the scope of the organization's international operations was extended; important new collective agreements were signed with TV retransmitters; advances were made in extending retransmission rights to other digital platforms such as private hotel networks, mobile phones and the Internet. Further improvements to AGICOA's management and operating systems were also made in the course of the year as part of a drive to further simplify operations and increase cost efficiency.

## **COLLECTIONS**

Royalties collected for the retransmission of audiovisual works in 2008 totalled 95,508,806 Euros (compared to 89,843,272 in the previous year). This upward trend looks set to continue. New agreements similar to the multi-channel TV retransmission contract signed in the Netherlands in 2007 have now been concluded in Albania, Belgium, Bosnia, Luxembourg, Macedonia, Portugal and Slovenia. The geographic reach of AGICOA's collection services has been extended through new contracts in Kosovo and Montenegro. Good progress was made in penetrating other retransmission sectors. An agreement covering satellite transmission was concluded in Poland. Other agreements covering retransmission in hotel rooms are now operational in Germany, the Netherlands, Spain and Sweden, and negotiations are underway in other markets.

## **DISTRIBUTIONS**

Royalty distributions totalled 116 million Euros in 2008. This included over 95 million Euros of "first distributions" and 21 million Euros of "final distributions", significantly exceeding the 99 million Euros distribution commitment previously made to the AGICOA Board of Directors. The increase in royalty distribution reflects both the extended range of AGICOA's services and the advantageous nature of collective licensing agreements designed to meet the needs of multi-channel digital retransmission. The number of channels covered has doubled in many markets and audience ratings – a key factor in royalty calculations are in many cases notably higher than in the past.

Distributions are made on a "declarative" basis: that is, where there is no conflict, royalties due on declared works are automatically paid to registered rightsholders in the year following the broadcast year - the so-called "first distribution". Unclaimed royalties that accrue for undeclared works are distributed to rightsholders on a pro-rata basis through "final payments" at the end of a waiting period, usually three years after the broadcast year. The importance to rightsholders of declaring work and keeping declarations up to date is evident: failure to do so risks loss of income.

## First distributions

|                          |             |                  |             |
|--------------------------|-------------|------------------|-------------|
| Austria                  | 2001 - 2002 | Portugal         | 2007        |
| Belgium                  | 2007        | Romania          | 2007        |
| Canada                   | 2006        | Slovenia         | 2005 - 2006 |
| Denmark                  | 2007        | Spain            | 2007        |
| Finland                  | 2006 - 2007 | Sweden           | 2007        |
| Germany                  | 2007        | Switzerland      | 2006        |
| Ireland                  | 2007        | The Netherlands  | 2007        |
| Luxembourg               | 2006        | General Reserve* | 2008        |
| Norway                   | 2006        | Mark up**        | 2008        |
| Poland (cable+satellite) | 2000 - 2007 |                  |             |

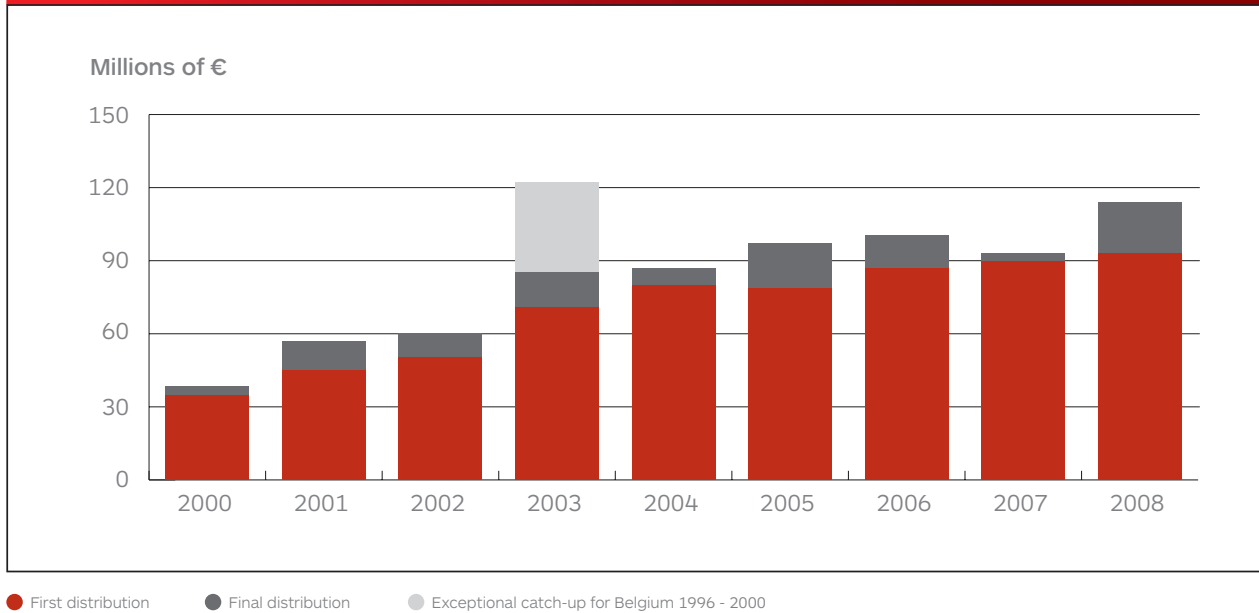
\* 2 M€ (decided by the AGICOA Board of Directors in December 2007).

\*\* Bosnia, Bulgaria, Croatia, Estonia, Iceland, Latvia, Lithuania, Serbia, Slovakia, Ukraine.

## Final distributions

|         |             |                 |             |
|---------|-------------|-----------------|-------------|
| Austria | 1993 - 1995 | Luxembourg      | 2002 - 2004 |
| Belgium | 2003 - 2004 | Norway          | 2004        |
| Canada  | 1998        | Sweden          | 2004        |
| Denmark | 1999 - 2001 | Switzerland     | 2000        |
| Finland | 2003 - 2004 | The Netherlands | 2003 - 2004 |
| Ireland | 2001        |                 |             |

### Royalties distributed in the last 9 years



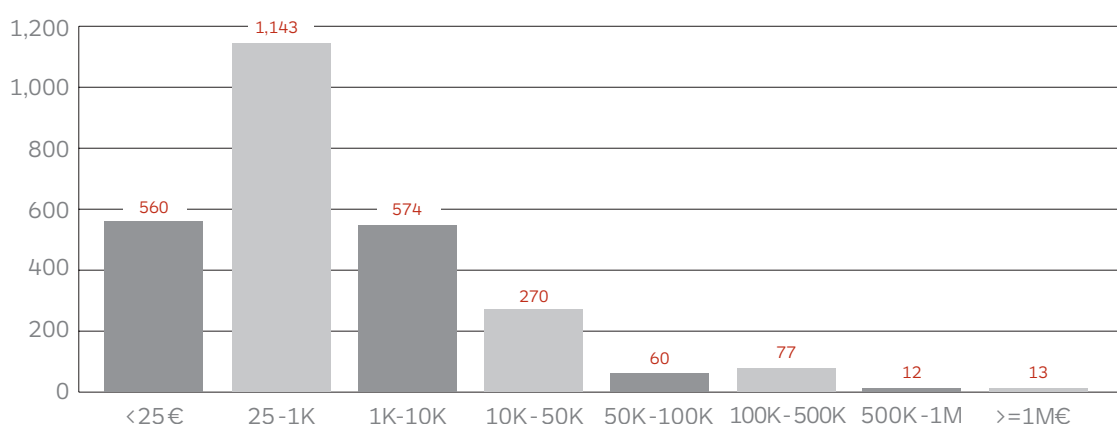
### FEES

Rightsholder declaration of work is free. The cost of AGICOA's services is covered through the deduction of fees on royalties collected. The growth of the organization and continuous improvement of productivity of its rightsholder management systems have enabled the fee level to be progressively reduced – from 10.52% in 2004 to 9.39% in 2008. A 7.82% management fee will be applied to new funds put into distribution in 2009, further increasing the value to rightsholders.

### ACCOUNT MANAGEMENT

At the end of 2008, AGICOA and its Alliance partners were providing royalty management services to 7,220 rightsholders from 51 countries. There were 854,000 declared works compared to 772,000 at the end of 2007. Advances in AGICOA's information systems enable the efficient management of multiple declarations relating to a single work (when, for example, ownership of rights varies by market). It is also important to note that new rightsholders registering with AGICOA can retrospectively claim and receive retransmission royalties for a period of at least three years.

Payments per rightsholder in Euro



In 2008, 162 individual rightsholder accounts were credited with over 50,000 Euros in royalty payments and 13 were credited with more than one million Euros. For technical accounting reasons, this chart does not include royalties generated in France, Germany and Spain but is representative of the overall pattern of distribution.

### RIGHTSHOLDER MANAGEMENT SERVICES

Infrastructure improvements in 2008 increased efficiency and extended the scope of AGICOA's services to rightsholders. Its IRRIS database and management information system provides a wide range of operational support to both the organization and its Alliance partners and to rightsholders. Over 660 rightsholders used IRRIS Web online services in the course of the year to declare works, review income flows, and resolve royalty issues. Upgrades to the system in 2008 significantly improved its "conflict search" capabilities which help identify (and ultimately resolve) overlapping rightsholder claims on a given audiovisual property. The formerly time-consuming process of transferring declared rights from one holder to another has also been streamlined. In parallel, improvements made to AGICOA's broadcast tracking systems (which monitored over 1,200,000 program transmissions in 2008) will contribute to faster rightsholder payment and to lower service fees.

### CONFLICT MANAGEMENT

As the market for audiovisual products becomes increasingly global and complex, the likelihood of competing claims to some aspect of a given audiovisual work in given market inevitably increase. AGICOA provides data and offers facilitation processes to help resolve conflict issues: an important part of its rightsholder management services. The AGICOA Executive Committee approved modifications to the organization's "Conflict Rules" in 2008 to simplify these processes and clarify the roles and responsibilities of different parties. Among other changes, they now allow for ultimate arbitration by specialists at the World Intellectual Property Organization (WIPO) in Geneva. The updated rules can be accessed at: <http://www.agicoa.org/conflictrules.html>.



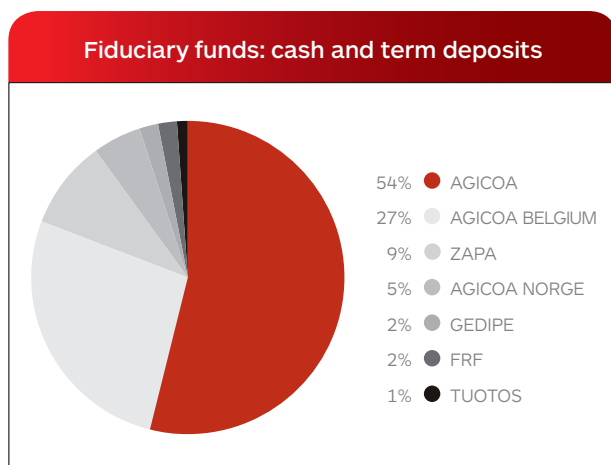
### **FIDUCIARY FUNDS**

At year end, fiduciary funds held by AGICOA totalled 158,264,671 Euros. Approximately 54% of cash and term deposits was held by AGICOA Geneva and 46% by its network of AGICOA Alliance partners. These funds include: 57.1 million Euros of royalties on declared works collected for distribution in 2009; 55.3 million Euros of royalties for work as yet undeclared; 12.2 million Euros set aside pending resolution of conflicting royalty claims; and a 17.9 million Euros general reserve. Of the 57.1 million scheduled to be paid to registered rightsholders in 2009, 53.4 million relates to royalties collected in 2008 - a measure of the quick turnaround the organization is able to achieve between collection and distribution. The amount relating to undeclared work underlines the importance to rightsholders of declaring ownership and keeping their portfolio up to date, again: failure to do so risks loss of income.

### **ISAN**

International Standard Audiovisual Number (ISAN) is an international standard that assigns a unique number to audiovisual works that will facilitate their identification and tracking of use anywhere in the world. AGICOA is one of three founding sponsors of the ISAN International Agency (ISAN-IA) formed to promote its use.

Although 2008 was a disappointing year for ISAN – the volume of registrations was lower than expected – there is general acceptance in the audiovisual industry of the long term value of a system that will simplify the identification of work and tracking of broadcasts. ISAN-IA and other stakeholders have embarked on restructuring the program that aims to renew interest in the standard and to accelerate its adoption in 2009. AGICOA will continue to promote ISAN to rightsholders but anticipates that repayment of loans made as a founding sponsor to ISAN-IA may be slower than anticipated. Provisions for this have been made in the 2008 accounts.



### PROMOTIONAL ACTIVITIES

AGICOA launched a new communications campaign in 2008 to increase awareness of the organization and understanding of how its work benefits the audiovisual community. The campaign, which includes a new corporate identity, a new Web site, advertising in Variety, Screen International and other trade publications, e-mailings to target professional groups, participation in AFM, MIPCOM, RIOMARKET and other events will continue through 2009. Evidence suggests it is succeeding in raising the profile of the organization and attracting new rightsholders.

### GENERAL ASSEMBLY

In May 2008, the Executive Committee was re-elected with one change: Börje Hansson replaces Valérie Lépine as the representative of FIAPF (International Federation of Film Producers Associations).

### CONCLUSIONS

The market for home and personal entertainment continues to grow and is less sensitive to economic shocks than many other consumer sectors. In one sense, the outlook for audiovisual rightsholders is good: their works are likely to be broadcast more frequently and used by a wider range of channels than ever before. But as the market grows in size and complexity, the challenges to rightsholders of collecting royalty payments grow exponentially. AGICOA is uniquely placed to support them by negotiating collective agreements to help ensure that markets for TV retransmission develop and function in an orderly manner. We will continue to invest in the resources, systems and partnerships necessary to carry out this work.

I would like to take this opportunity of thanking rightsholders for the continuing confidence they show in AGICOA, the staff at the Geneva headquarters for their outstanding efforts and commitment, and to acknowledge the important contributions made by our many partners to the organization's satisfactory progress and performance in 2008.



PER-ERIK WALLIN  
INTERIM MANAGING DIRECTOR

A stylized graphic of a globe is positioned on the left side of the page. It is composed of thin red lines forming a grid of latitude and longitude. The globe is partially cut off by the edges of the page. The title 'AGICOA ALLIANCE' is written in a large, red, sans-serif font to the right of the globe's upper half.

# AGICOA ALLIANCE

The AGICOA Alliance is a unique partnership formed to enable the efficient international collection and distribution of royalties for the retransmission of audiovisual works. The single declaration of an audiovisual work enables the collection of royalties wherever it operates. The Alliance accommodates different national legal requirements but embodies common practices and ethical principles, so rights-holders' interests are managed in a consistent, cost efficient way.

Alliance partners have deep knowledge of local and regional broadcasting markets. AGICOA and its partners negotiate collective licensing agreements with national and local operators, many of whom may be retransmitting 100 or more channels.

Aggregating the international interests of rightsholders adds considerable power at the negotiating table. Together we access certified viewing data and track the use of client work in countries we serve to ensure collection of royalties. Alliance partners guarantee equal treatment of all rightsholders in their broadcast markets, irrespective of size and nationality.

# TO DECLARE WITH THE AGICOA ALLIANCE

## KINDLY CONTACT:



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pob@agicoa.org

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pieter@sekam.org

# country

perspective  
partner



## SALAZAR A VIDA PRIMA

Quarenta anos casado e  
Agora, abre o coração

UM FILME DE JORGE QUEIROGA. PRODUÇÃO DE MANUEL S.  
A VC FILMS, EM CO-PRODUÇÃO COM A SHG, APRESENTA "A VIDA PRIMA"  
COM FILIPE VARGAS, BENEDITA FERREIRA, CLÁUDIA  
MUSICA BRUNO BEZARRO. FOTOGRAFIA ORLANDO ALVAREZ  
DECORAÇÃO CLARA VINHAIS. FIGURINISTA RUTE CORREIA  
P. ASSISTENTE DE REALIZAÇÃO JOÃO BOQUE. DIREÇÃO  
FONÓGRA MANUELA FROUZEIRO MARTINS. EDITOR  
FONÓGRA ANTONIO COSTA SANTOS E PEDRO

SALAZAR and AMALIA, produced by VC Filmes and distributed by VC Multimedia. (GEDIFE's rights holder) - All rights reserved.



# COUNTRY PERSPECTIVE

## **ALLIANCE PARTNER PROFILE: GEDIPE, PORTUGAL**

GEDIBE – the Associação para a **G**estão dos **D**ireitos dos Autores, **P**rodutores e **E**ditores – is the AGICOA Alliance partner in Portugal. Established in 1998, it is located in Lisbon where it shares office facilities and other resources, creating significant synergies, with two organizations operating in the closely related fields of anti-piracy (FEVIP) and trademark protection (APEV) and will be joined by a third, a regional ISAN agency, in 2009.

Paulo Santos (Managing Director) and Bruno Pais Henriques (Chief Financial Officer) head a team that includes Miguel Gomes (Product Manager), Joana Santos (Communications), Carlos Cruz (Accounting), Alda Jesus and Manuela Alves (Administration). Their collective mission is to ensure that audiovisual rightsholders based in Portugal and others whose work is retransmitted there benefit from the high standards and best practice of the AGICOA Alliance.

In 2008, distribution of royalties to the 52 Portuguese rightsholders who have registered over 1,200 works with GEDIPE exceeded 550,000 Euros. Further 360 international rightsholders benefited from royalties for retransmission of 7,650 of their audiovisual works.

After a decade of service, GEDIPE is a well-established presence in the Portuguese audiovisual environment and works closely with national entities such as the Cooperativa de Gestão dos Direitos dos Artistas, Intérpretes ou Executantes (GDA) and the Associação para a Gestão e Distribuição de Direitos (AudioGest), as well as with international entities, broadcasters, agents and others in the industry to help ensure its orderly and healthy development.

"Participation in the AGICOA Alliance has been a highly productive way of sharing experience and best practice with other national markets, thereby developing the scope and efficiency of GEDIPE's own collection and distribution processes", says Paulo Santos.

## **GEDIPE FACTS & FIGURES**

| Accounting year | Royalties collected in Portugal | Portuguese royalties distributed to Portuguese rightsholders | Portuguese royalties distributed to International rightsholders |
|-----------------|---------------------------------|--|---|
| 2008            | 1.66 M€                         | 550,000 €  | 611,000 €   |

| Year | Rightsholders represented by GEDIPE | Portuguese works declared at GEDIPE | Distribution for Portugal  |
|------|-------------------------------------|-------------------------------------|--|
| 2008 | 52                                  | 1,235                               | Some 361 rightsholders from 14 different nationalities benefited from this distribution on 7,650 of their works. |

# FINANCIAL INFORMATION

## FIGURES FOR THE YEAR ENDED DECEMBER 31

### FIDUCIARY FUNDS MANAGED BY AGICOA (EURO)

#### Summarised fiduciary funds balance sheet

|   | 2008               | 2007               |
|---|--------------------|--------------------|
| <b>FIDUCIARY ASSETS</b>   |                    |                    |
| Cash and term-deposits  | 150,291,308        | 150,866,369        |
| Investment property   | 5,183,250          | 5,183,250          |
| Other assets  | 2,790,113          | 2,374,316          |
| <b>Total fiduciary assets</b>   | <b>158,264,671</b> | <b>158,423,935</b> |
| <b>FIDUCIARY LIABILITIES, RESERVES AND PROVISIONS</b>                     |                    |                    |
| <b>SHORT-TERM FIDUCIARY LIABILITIES</b>                                   |                    |                    |
| Payable to rightsholders  | 6,563,199          | 7,490,101          |
| Payables of national partner organizations                                | 10,580             | 783,632            |
| Fiduciary funds put into distribution pending allocation to rightsholders | 71,535,040         | 79,963,841         |
| Fiduciary funds to be put into distribution                               | 57,127,477         | 46,571,525         |
|   | <b>135,236,296</b> | <b>134,809,099</b> |
| <b>Fiduciary reserves and provisions</b>                                  | <b>23,028,375</b>  | <b>23,614,836</b>  |
| <b>Total fiduciary liabilities, reserves and provisions</b>               | <b>158,264,671</b> | <b>158,423,935</b> |

#### Summarised fiduciary funds statement of income

|  | 2008                | 2007                |
|--|---------------------|---------------------|
| <b>REVENUES</b>  |                     |                     |
| Royalties earned   | 87,496,001          | 67,824,959          |
| Financial and other revenues                                   | 5,548,107           | 5,568,141           |
|  | <b>93,044,108</b>   | <b>73,393,100</b>   |
| <br>   |                     |                     |
| Fiduciary funds put into distribution                          | (76,952,239)        | (66,361,395)        |
| AGICOA fees  | (7,665,664)         | (6,023,366)         |
| <b>Distributions</b>   | <b>(84,617,903)</b> | <b>(72,384,761)</b> |
| Other charges  | (416,805)           | 57,823              |
| <b>Total distributions and other charges</b>                   | <b>(85,034,708)</b> | <b>(72,326,938)</b> |
| <br>   |                     |                     |
| <b>NET SURPLUS PRIOR TO ALLOCATIONS</b>                        | <b>8,009,400</b>    | <b>1,066,162</b>    |
| <b>Total allocations to fiduciary liabilities and reserves</b> | <b>(8,009,400)</b>  | <b>(1,066,162)</b>  |
| <b>Net surplus after allocations</b>                           | <b>0</b>            | <b>0</b>            |

The fiduciary funds financial statements exclude the fiduciary funds managed by AGICOA Urheberrechtsschutz GmbH (Germany), ANGOA (France) and EGEDA (Spain).

## FINANCIAL STATEMENTS OF AGICOA (CHF)

## Summarised balance sheet

|  | 2008             | 2007             |
|--|------------------|------------------|
| <b>ASSETS</b>                                  |                  |                  |
| <b>Current assets</b>                          |                  |                  |
| Cash and term-deposits                         | 3,154            | 6,218            |
| Other receivables and prepaid expenses         | 1,632,851        | 1,558,150        |
|  | <b>1,636,005</b> | <b>1,564,368</b> |
| <b>Fixed assets</b>                            |                  |                  |
| Deposits and guarantees                        | 387,601          | 357,075          |
| Investments in affiliates                      | 192,233          | 168,132          |
| Advance to ISAN International Agency           | 2,378,882        | 2,248,882        |
| Tangible fixed assets, net                     | 676,612          | 919,327          |
|  | <b>3,635,328</b> | <b>3,693,416</b> |
| <b>Total assets</b>                            | <b>5,271,333</b> | <b>5,257,784</b> |
| <b>LIABILITIES AND OPERATING RESERVE</b>       |                  |                  |
| <b>Current liabilities</b>                     |                  |                  |
| Bank overdraft                                 | 15,790           | 0                |
| Account payable                                | 751,454          | 435,908          |
| Payable to the fiduciary funds                 | 852,064          | 1,046,572        |
| Provision ISAN International Agency            | 2,651,034        | 0                |
| Accrued and other short term liabilities       | 1,000,991        | 1,567,397        |
|  | <b>5,271,333</b> | <b>3,049,878</b> |
| <b>Operating reserve</b>                       | <b>0</b>         | <b>2,207,906</b> |
| <b>Total liabilities and operating reserve</b> | <b>5,271,333</b> | <b>5,257,784</b> |

## Summarised statement of income

|  | 2008              | 2007              |
|--|-------------------|-------------------|
| <b>Operating expenses</b>                      |                   |                   |
| Salaries and social charges                    | 6,317,757         | 6,236,666         |
| Professional fees and administrative expenses  | 2,256,092         | 1,523,892         |
| Depreciation                                   | 421,309           | 547,035           |
| Subcontracted work                             | 4,831,002         | 4,305,354         |
| Special projects                               | 439,718           | 97,869            |
| <b>Total operating expenses</b>                | <b>14,265,878</b> | <b>12,710,816</b> |
| <b>Other expenses</b>                          |                   |                   |
| Interest and bank charges, net                 | 4,213             | 2,653             |
| Taxes  | 107,569           | 155,000           |
| Exchange losses, net                           | 561,130           | 0                 |
| Exceptional expenses                           | 2,651,034         | 0                 |
| <b>Total other expenses</b>                    | <b>3,323,946</b>  | <b>157,653</b>    |
| <b>Miscellaneous income</b>                    |                   |                   |
| Services to ANGOA                              | (290,733)         | (278,131)         |
| Other income                                   | (19,555)          | (19,836)          |
| <b>Total miscellaneous income</b>              | <b>(310,288)</b>  | <b>(297,967)</b>  |
| <b>Financial income</b>                        |                   |                   |
| Exchange gains, net                            | 0                 | (69,837)          |
| <b>Total financial income</b>                  | <b>0</b>          | <b>(69,837)</b>   |
| <b>Total net expenses</b>                      | <b>17,279,536</b> | <b>12,500,665</b> |
| <b>Funding of net expenses</b>                 |                   |                   |
| Operating expense reimbursement                | 14,462,661        | 14,107,800        |
| Additional / (return of) expense reimbursement | 608,968           | (1,607,135)       |
| Release from the operating reserve             | 2,207,907         | 0                 |
| <b>Total funding of net expenses</b>           | <b>17,279,536</b> | <b>12,500,665</b> |



The accompanying summarised financial statements have been derived from the financial statements of AGICOA for the year ended December 31, 2008. 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, 2008, from which these summarised financial statements were derived, in accordance with Swiss Auditing Standards. In our report dated May 4, 2009 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', is positioned above the name Martin Aked.

MARTIN AKED

AUDIT EXPERT  
AUDITOR IN CHARGE

A handwritten signature in red ink, appearing to read 'Y. Cerutti', is positioned above the name Yves Cerutti.

YVES CERUTTI





