



Annual Report 2012

MAGICOA
The Rights People

"MY NAME IS KI", POLAND - SKORPION ARTE

"KON-TIKI", NORWAY - NORDISK FILM PRODUCTION, CALLE RAABE

"TAD, THE LOST EXPLORER", SPAIN - TELECINCO CINEMA, S.A., IKIRU FILMS, S.L., EL TORO PICTURES, S.L., TELEFONICA PRODUCCIONES, LIGHTBOX ENTERTAINMENT, S.L.



AGICOA Annual Report 2012

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"DEGRASSI", CANADA - EPITOME PICTURES INC.

"KON-TIKI", NORWAY - NORDISK FILM PRODUCTION, CALLE RAABE

"THE SAPPHIRES", AUSTRALIA - THE SAPPHIRES FILM HOLDINGS PTY LTD

"BLANCANIEVES", SPAIN & FRANCE - ARTE FRANCE CINEMA, ARCADIA MOTION PICTURES, S.L., NIX FILMS, A.I.E., NOODLES PRODUCTION, THE KRAKEN FILMS, A.I.E., SISIFO FILMS, A.I.E. PICTURE: YUKO

"DANCIN'DAYS", PORTUGAL - SP TELEVISÃO, LDA.





The audiovisual landscape on which AGICOA and its partners are expected to serve the interests of their members, producers of content, is evolving in ways that are far from fully digested. It is indisputable that well-run collective management organizations, such as AGICOA and its partners, continue to be important players in this developing environment, especially when the law requires collective management of their rights.

The good news is that film continues its magical relationship with audiences despite very challenging times. Consumer appetite for audiovisual products remains robust. More people watch more content in more formats today than any time in the past. Indeed, content is the key driver of interest in the Internet. Legal on-line services are growing, but their performance is regrettably impeded by continuing unacceptable levels of piracy and irresponsibility. In the meantime, the doyens of the Internet are slow to take their responsibilities, while at the same time vigorously impeding regulatory solutions.

From a rightsholder perspective, this is a frustrating situation. The outlook is theoretically bright: increased demand for content should mean increased revenue. In practice, of course, the equation is a long way from being that simple.

Against this backdrop, AGICOA's goals can be simply stated: to serve producers' needs today and to prepare for an uncertain future to ensure that its rightsholders are well placed to benefit from it. To succeed, AGICOA must meet the highest standards of efficiency and transparency. Indeed, our goal is to lead the way,

together with our partners, and even to support the needs of our members through "back office" functions for those who need such services.

The governance changes made at the end of 2011 and implemented in the course of 2012 have strengthened AGICOA in many important respects. The Board is more broadly representative of different stakeholder interests, and has a well-balanced view of how the organization should seek to further these interests. A series of productivity and efficiency gains were initiated that prepare the ground for possible evolution of the organization's mandate. This is a work in progress.

On a practical level, distributions were at a record level as well as collections, and registration of works continued to rise. Challenges in leading markets were overcome. Legal actions were taken to reverse the erosion of the core AGICOA business, retransmission rights.

2012 was a good year. I thank our partners, and I congratulate the management team and the organization as a whole on their achievements and look forward to working closely with them to serve our rightsholders in the year ahead.

A stylized, handwritten signature in black ink, appearing to read "Chris Marcich".

CHRIS MARCICH
AGICOA PRESIDENT

"MY FATHER'S BIKE", POLAND - FEDERICO FILM
 "DEPOIS DO ADEUS", PORTUGAL - SP TELEVISÃO, LDA.

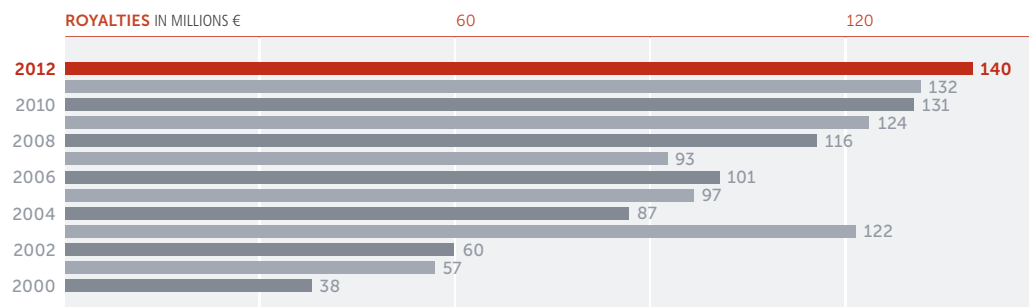
"GRENZGÄNGER / CROSSING BOUNDARIES", AUSTRIA - PRISMA FILM UND FERNSEHPRODUKTION GMBH
 "GAS MONOPOLY, WHAT YOU CAN SEE IS THE CASPIAN SEA, OIL ROCKS", AUSTRIA - FISCHER FILM
 "THE IMPOSSIBLE", SPAIN & USA - TELECINCO CINEMA, S.A., APACHES ENTERTAINMENT, S.L.
 "WHO DO YOU THINK YOU ARE?", AUSTRALIA - ARTEMIS INTERNATIONAL, SERENDIPITY PRODUCTIONS



€140M

Royalties

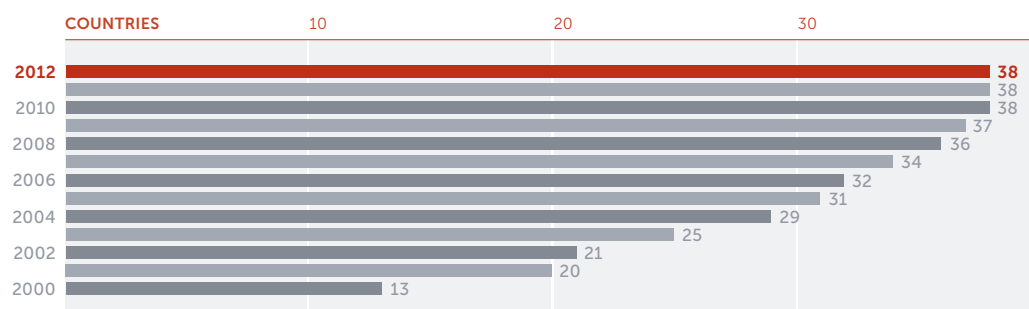
Royalty distributions were at a record level.



38

Countries

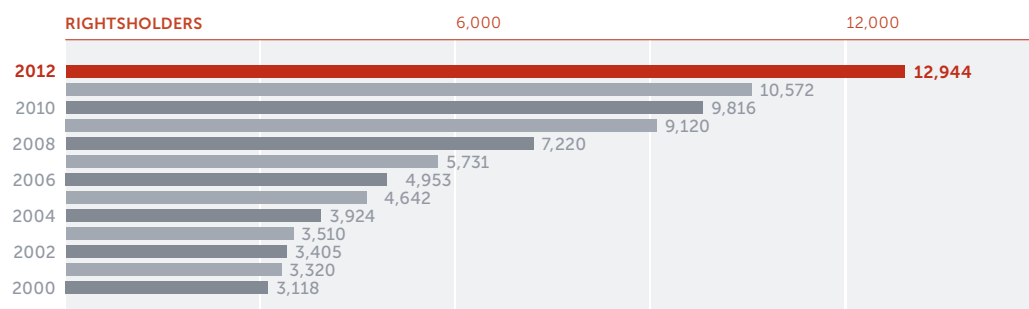
Unique collection and distribution network across major markets.



12,944

Rightsholders

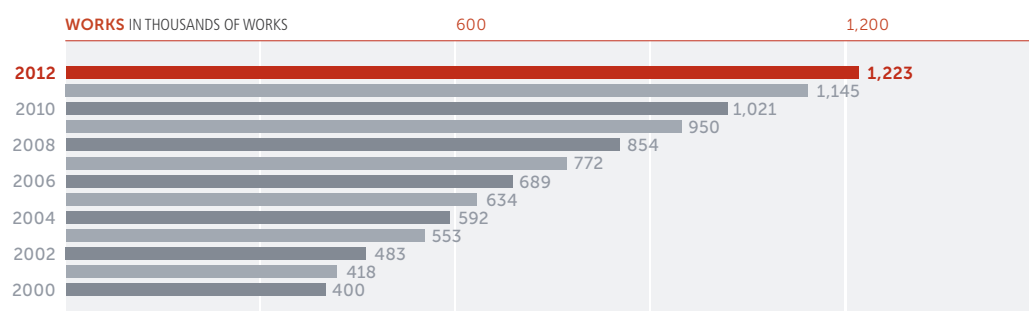
More and more rightsholders.



1,223,000

Works

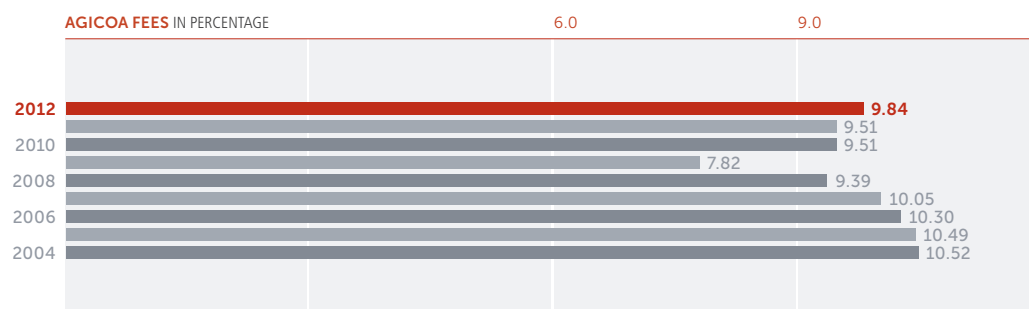
Total number of declared works continues to grow.



9.84 %

AGICOA Fees

AGICOA management fees remain among the lowest for collection and distribution services.



"YOU ARE GOD", POLAND - STUDIO FILMOWE KADR
 "PURGE", FINLAND & ESTONIA - SOLAR FILMS INC.

"ÅTA SOVA DÖ / EAT SLEEP DIE", SWEDEN - ANAGRAM FILM AB
 "MOLLY & MOPS", AUSTRIA - MUNGO FILM GMBH
 "AMADEO DE SOUZA CARDOSO", PORTUGAL - PRODUÇÕES PANAVÍDEO, LDA
 "MAN, CHICKS ARE JUST DIFFERENT", POLAND - STUDIO FILMOWE KADR



The fruits of continuous improvement



*From left to right:
Tom De Lange
Pierre Oberholzer
Helmut Koszuszeczek*

The new President and new Board of AGICOA took office at a challenging time for AGICOA and its partner organizations.

The economic outlook across most of Europe at end of 2011 was bleak. Loss of confidence was evident in virtually every business sector with media and the audiovisual industry no exception. In any prolonged downturn, the battle for a bigger share of the cake intensifies: some audiovisual royalty payments at risk through disputes and legal wrangling.

Industry Developments

It is particularly gratifying, therefore, to be able to report the highest-ever level of royalty distribution in AGICOA's 31 years of operation. Total distributions for the retransmission of registered audiovisual works amounted to €140m in 2012, 6% up on the previous year, which was itself a record. Total collections increased over the previous year to reach €125m vs. 121 in 2011.

The series of negotiated settlements with platform operators and collection societies in the Netherlands during 2012 made a critical contribution to this improvement. In the course of the year, new licensing agreements extending through 2016 were agreed for this key market, and a new business model was established that will enable AGICOA to build direct relationships with national cable operators and other TV distribution platforms.

Another positive factor was the successful outcome of the AGICOA governance changes implemented at the end of 2011, including in particular the appointment of an extended Executive Board encompassing a broader and stronger representation of stakeholder interests.

At another level, the fruits of a series of internal cost and productivity enhancement programs were increasingly evident. AGICOA's goal in this respect is to provide the highest possible levels of service to a growing number of rightsholders at the lowest cost. The management team believes much can be achieved through

continuous improvement in operational areas such as service delivery and IT, as well as through economies of scale synergies derived from AGICOA and its partner organizations. Gains made last year are cumulative and projected to continue through 2013 and beyond.

The number of rightsholders represented by AGICOA continues to grow and reached almost 13,000 by the end of the year, measurably reinforcing the organization's strength and credibility. The number of works they collectively declared got to 1.23 million. The further increase in 2012 was due in part to consolidation of a simplified registration process introduced in 2011.

AGICOA monitors use of registered works, tracking over 2 million broadcasts and recovering appropriate royalty payments. The scope and scale of this activity is beyond the capability of individual rightsholders. As re-use of work proliferates across a complex channel landscape, the value of the specialist services provided by collecting societies such as AGICOA is increasingly evident.

FIRST DISTRIBUTION

AUSTRALIA	2011	IRELAND	2011	PORTUGAL	2011	SWITZERLAND	2010
BELGIUM	2011	LUXEMBOURG	2011	SLOVENIA	2010	THE NETHERLANDS	2011
FINLAND	2011	NORWAY	2010	SPAIN	2011		
GERMANY	2011	POLAND	2011	SWEDEN	2011	Mark-Up ¹⁾	2012

¹⁾ Albania, Bosnia, Bulgaria, Croatia, Estonia, Iceland, Kosovo, Latvia, Lithuania, Macedonia, Moldavia, Montenegro, Serbia, South Africa

FINAL DISTRIBUTION

AUSTRIA	1997-1999	FINLAND	2008	NORWAY	2008	SWITZERLAND	2004
BELGIUM	2008	GERMANY	2006	POLAND	2008	THE NETHERLANDS	2008
CANADA	2005-2008	IRELAND	2006	ROMANIA	2008		
DENMARK	2007	LUXEMBOURG	2008	SWEDEN	2008		

Industry Environment

The high-speed, technology-driven evolution of audiovisual platforms shows no sign of slackening, and continues to inspire new business models that link consumers and content in flexible, dynamic ways. The legislative framework governing intellectual property rights has been severely strained by the speed and scale of these changes.

In this fast moving landscape, AGICOA has sought to promote and defend the rights of those it represents on a market-by-market basis.

The negotiated resolution of royalty collection disputes in the Netherlands was one outstanding outcome in 2012. It enabled the release of €22m in blocked revenues, and new agreements signed with national platform owners and collecting societies and will bring greater stability to this innovative but complicated marketplace. AGICOA is also able to develop direct relationships with cable operators in the Netherlands for the first time, and open discussions with other TV distribution platforms.

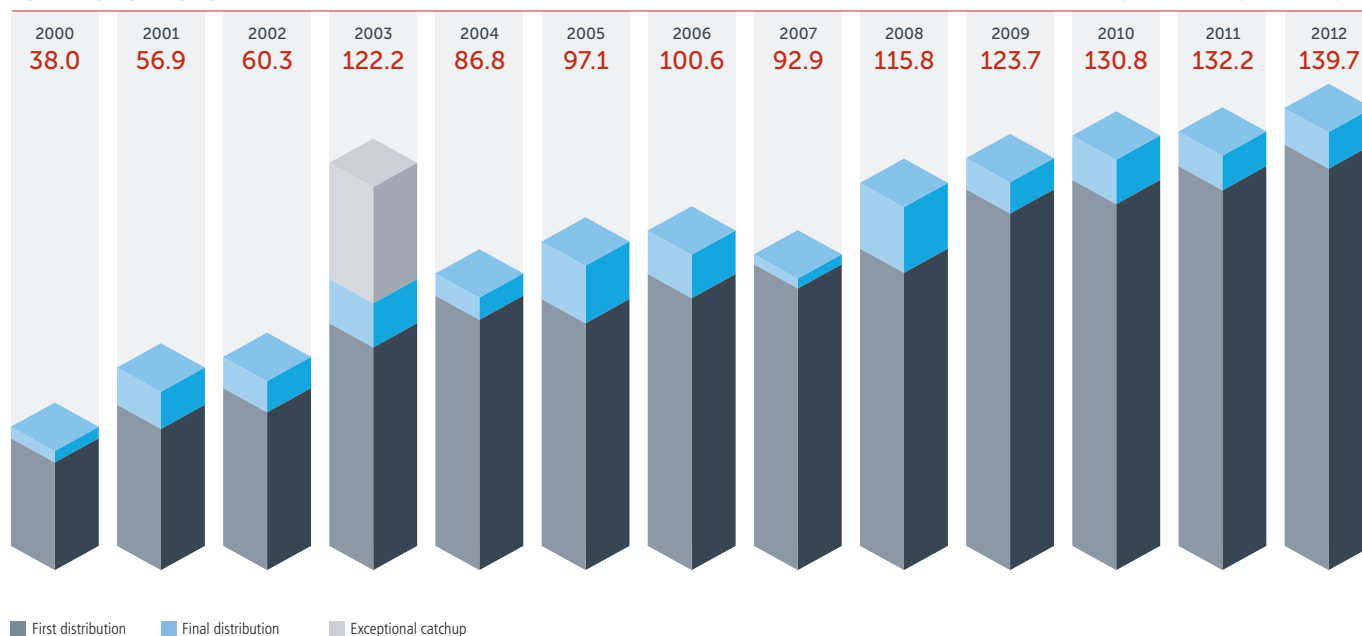
In other markets, the cycle of rulings and appeals continues. In Belgium, AGICOA successfully appealed a court ruling in the so-called "Telenet" case, and the "Airfield" case has been referred back to national courts after consultation with the European Court of Justice. Despite a favourable ruling in 2011, the long-running legal action in Israel against cable operator HOT is

under appeal. However, negotiations that begun during 2012 with YES, a satellite platform, show promise and could positively influence future prospects in this market.

AGICOA together with its partner organizations continue to defend rightsholders' interests in other countries as well. In every case, AGICOA has made clear that it will vigorously pursue the principle that each party profiting from the distribution of an audiovisual work has a royalty obligation. Though time-consuming, the general trend in 2012 was to reach favourable out-of-court settlements.

ROYALTIES DISTRIBUTION

ROYALTIES DISTRIBUTED IN MILLIONS €



"DIAGNÓSTICO: DIVAS", PORTUGAL - MÍNIMA IDEIA - COMUNICAÇÃO SOCIAL, LDA.

"ATMEN", AUSTRIA - EPO FILM

"W CIEMNOŚCI / IN DARKNESS", POLAND - © STUDIO FILMOWE ZEBRA, PHOTO: ROBERT PALKA / FOTOS - AR

"UNIT 7", SPAIN - LA ZANFOÑA PRODUCCIONES, S.L., ATÍPICA FILMS, S.L., SACROMONTE FILMS, S.L.

"UWIKLANIE / ENTANGLEMENT", POLAND - © STUDIO FILMOWE ZEBRA, PHOTO: MARCIN MAKOWSKI, MIREK SOSNOWSKI / MAKUFLY

"NAKED HARBOUR", FINLAND - EDITH FILM OY, FIRST FLOOR PRODUCTIONS OY



International Legal Framework

The European Commission published its proposed Directive regulating the activities of collective management organizations.

It calls for greater transparency towards rightsholders to facilitate choice, and towards content users so that the basis of fees charged is clearly understood.

The proposed Directive is going through the legislative procedures and a number of changes are sought, including those proposed by collecting societies. AGICOA supports transparency in general, and is closely involved in the consultation process of the future Directive.

The World Intellectual Property Office "Beijing Treaty on Audiovisual Performances" concluded in June addressed the relationship between actors and audiovisual producers. It formally recognized the issue and obligations in this relationship although, in effect, national rules will remain in force. AGICOA - through FIAPF - has played an active role to defend the position of the producers. Work at WIPO is ongoing regarding visually impaired persons and broadcasters.

International Reach

AGICOA and its partners organizations currently offer collective management services in 38 countries. No new collection markets were added in 2012, although licensing agreements were extended in Belgium, Estonia and Ireland.

Ukraine, where AGICOA is a member of the ARMA audiovisual collecting society, began to yield revenues at the end of 2012.

Rightsholder Services

AGICOA's core business is the collection and distribution of royalties for the retransmission of audiovisual works by cable operators, but in recent years it has sought to broaden this mandate where opportunities arise.

Licensing agreements already exist with satellite and digital terrestrial platform operators in a number of markets and dialogue has begun in others for the logical broadening of its service offer.

The organization has also explored opportunities in other areas of secondary use, such as the retransmission of recordings of TV programs by educational establishments in the UK. This has proved successful and similar initiatives were triggered in Finland and Norway during 2012.

As technology offers consumers a growing number of flexible viewing options, careful thought is being given to the rightsholder implications of new platform

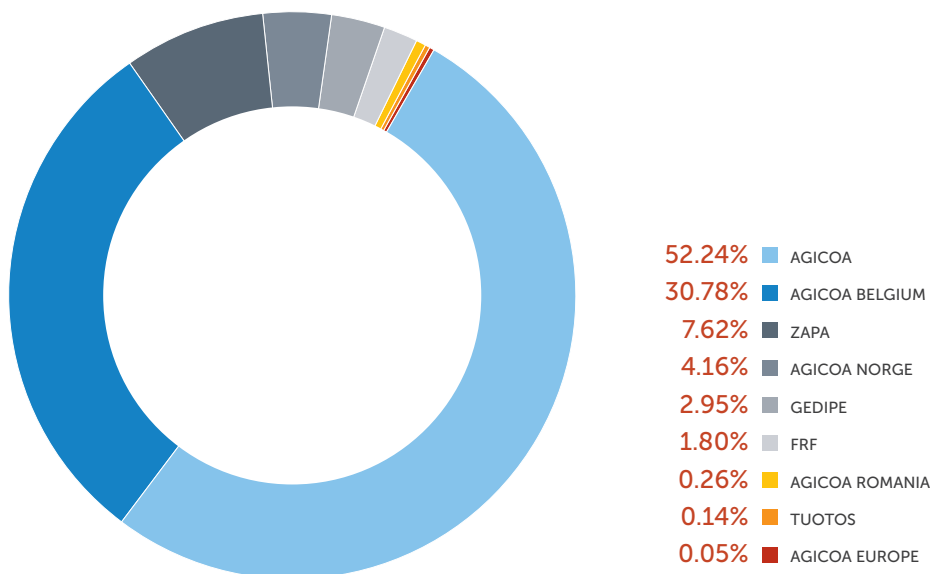
services, such as Catch-Up TV and Start-Over-TV. The management team has undertaken a Europe-wide study of the landscape of AGICOA's possible role in relation to such new services on behalf of interested rightsholders.

The organization continues to play a valuable role in resolving rightsholder ownership disputes. Its legal experts reviewed over 550 cases in 2012, and an additional €2.7m was released for distribution through successful application of its Conflict Resolution Procedures.

Fiduciary Assets

As a non-profit organization, AGICOA's goal is to facilitate collection and distribution of royalties in the shortest possible time.

Cash and term-deposits totalled €158m at the end of 2012. Approximately 52% was held by AGICOA in Geneva and the remainder by partners organizations. The increase for AGICOA vs. 2011 is primarily due to the settlement agreement signed in the Netherlands.



Operational Efficiency

After increasing significantly in the decade up to 2010, the organization's operating budget was cut back in 2011 and again in 2012. The year actual operating cost is now less than the CHF 11m operating cost level of 2003. Since then the number of rightsholders has almost quadrupled, the number of properties registered and royalty distributions have more than doubled, so the internal productivity gains have been significant.

AGICOA's intent is to minimize the service fee charged to rightsholders, already among the lowest for a collection society of this kind. The 9.84% of revenues retained in 2012 was higher than preceding years because of special contingency provisions for risk in the Netherlands and elsewhere. This will be reduced in 2013 and beyond as the operating outlook improves.

Business process simplification was a key focus area in 2012: rights management practices that enabled automatic reversals of payment were discontinued, a 10 year statute of limitations was incorporated in our administration systems, and agents and other collection societies will be required in future to take responsibility for reversals within the community of rightsholders they represent.

The IRRIS database, at the heart of AGICOA's rightsholders management processes, has been operating successfully for ten years. A new cycle of investment was begun to keep the system up to date with the latest standards

and add new capabilities. The emphasis is once again on improving user interfaces, both for rightsholders and for the organization itself and its partners organizations.

Steps have also been taken to improve data security and systems integrity. Besides being critical to AGICOA's operations, many rightsholders rely on IRRIS data to manage their own portfolios. A continuously updated, off-site, back-up system has been established to safeguard the database and ensure complete recovery and continuity of operations in the event of disastrous loss.

The list of behind the scenes activity in the course of the year was a particularly long one. The internal fiduciary and operating accounting systems were merged to create single internal accounting platform. Surplus space at AGICOA headquarters in Geneva was sub-let to reduce fixed overheads. These and other initiatives will continue to contribute to the organization's operating efficiency in the years ahead.

Governance

Chris Marcich, the representative of MPA, assumed presidency of the organization at the end of 2011, working with a new 11-strong Executive Board that includes representatives of top collection markets and top royalty recipients, among others.

By general agreement, the balance of interest of stakeholders in the organization is now better served.

The governance transition has been smooth overall, and the interface with management was notably productive throughout 2012. A new strategic agenda has emerged that puts greater emphasis placed on broadening AGICOA's mandate to serve rightsholders.

A Code of Conduct has been introduced for Board members.

Internal control processes have been strengthened in all areas by the introduction of an effective system of internal controls.

Conclusion

In the view of the AGICOA management team, 2012 was a highly productive year that saw the favourable resolution of industry issues, further strengthening of the rightsholder base, the initiation of additional productivity and operating efficiency measures, and the exploration of new royalty streams.

The bond between the organization and rightsholders strengthened, and its collective management model gained further ground.

Management is confident about AGICOA's future and its ability to keep pace with industry developments, optimise royalty revenues, and continue to improve the quality and scope of rightsholder services. We would like to thank all of our rightsholders for the trust they have placed in us and look forward to working together in 2012 and beyond.

CO-MANAGING DIRECTORS



TOM DE LANGE
CHIEF FINANCE OFFICER



HELMUT KOSZUSZECK
LEGAL AND BUSINESS DIRECTOR



PIERRE OBERHOLZER
CUSTOMERS & DISTRIBUTION DIRECTOR

AGICOA MEMBERS

The purpose of the association AGICOA is to defend, through collective rights management, the interests of its members.

A GICOA's members are associations of audiovisual producers or distributors, audiovisual producer collective rights management organizations, rights agents and other film and television rightsholders from all over the world.

AGICOA's members define AGICOA's role through their presence in and contributions to AGICOA's supreme decision making body, AGICOA's General Assembly.

AGICOA's members, through the General Assembly, define AGICOA's purpose in AGICOA's by-laws and fundamental rules of royalty distribution. They approve AGICOA's annual operating budget and the AGICOA fee. They approve the association's year's end profit and loss account as well as balance sheet. They give discharge to AGICOA's Executive Board and Management and elect and dismiss the auditors. They proclaim the exclusion and suspension of a member and also decide on AGICOA's dissolution.

EUROPE

GERMANY

GWFF
VDF
VGF

ICELAND

SIK

THE NETHERLANDS

FINTAGE HOUSE
SEKAM

BELGIUM

BAVP
COMEDIA

IRELAND

SCREEN PRODUCERS IRELAND

ENGLAND

COMPACT MEDIA GROUP
EMI MUSIC PUBLISHING LIMITED
PACT

FRANCE

FIAD
FIAPF

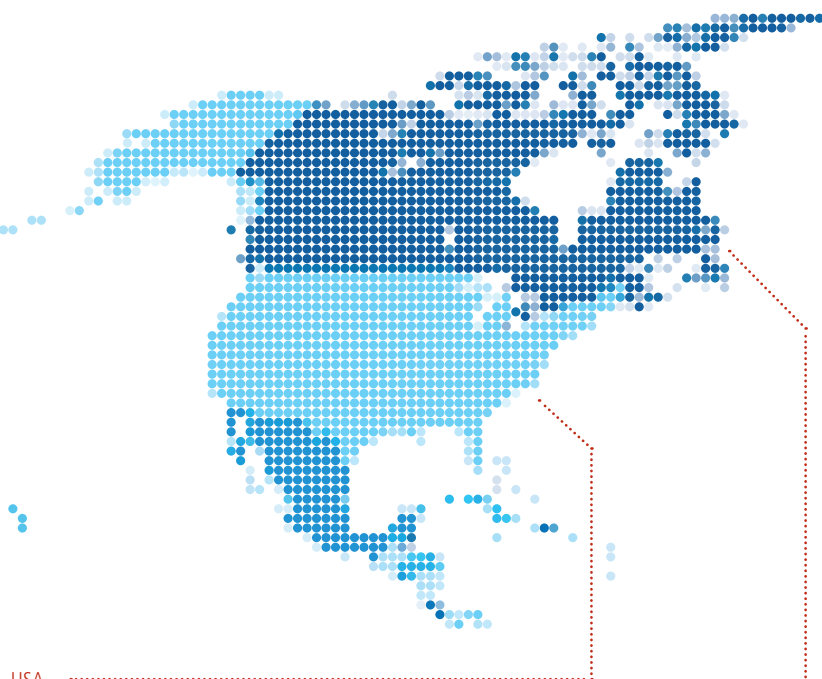
PORTUGAL

GEDIPE

LUXEMBOURG

ALGOA
SAMSA FILM SARL

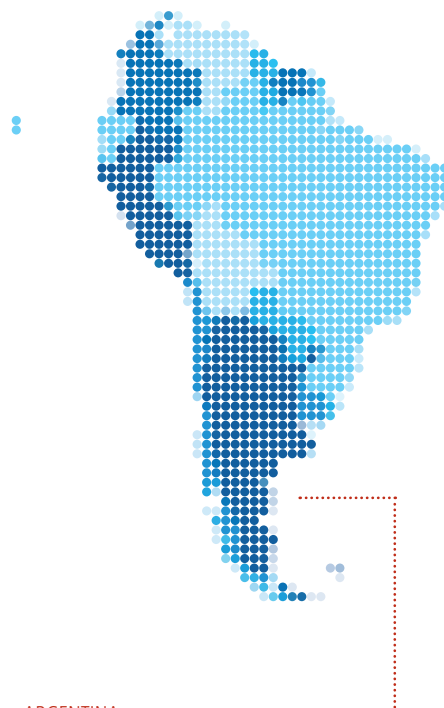
NORTH AMERICA



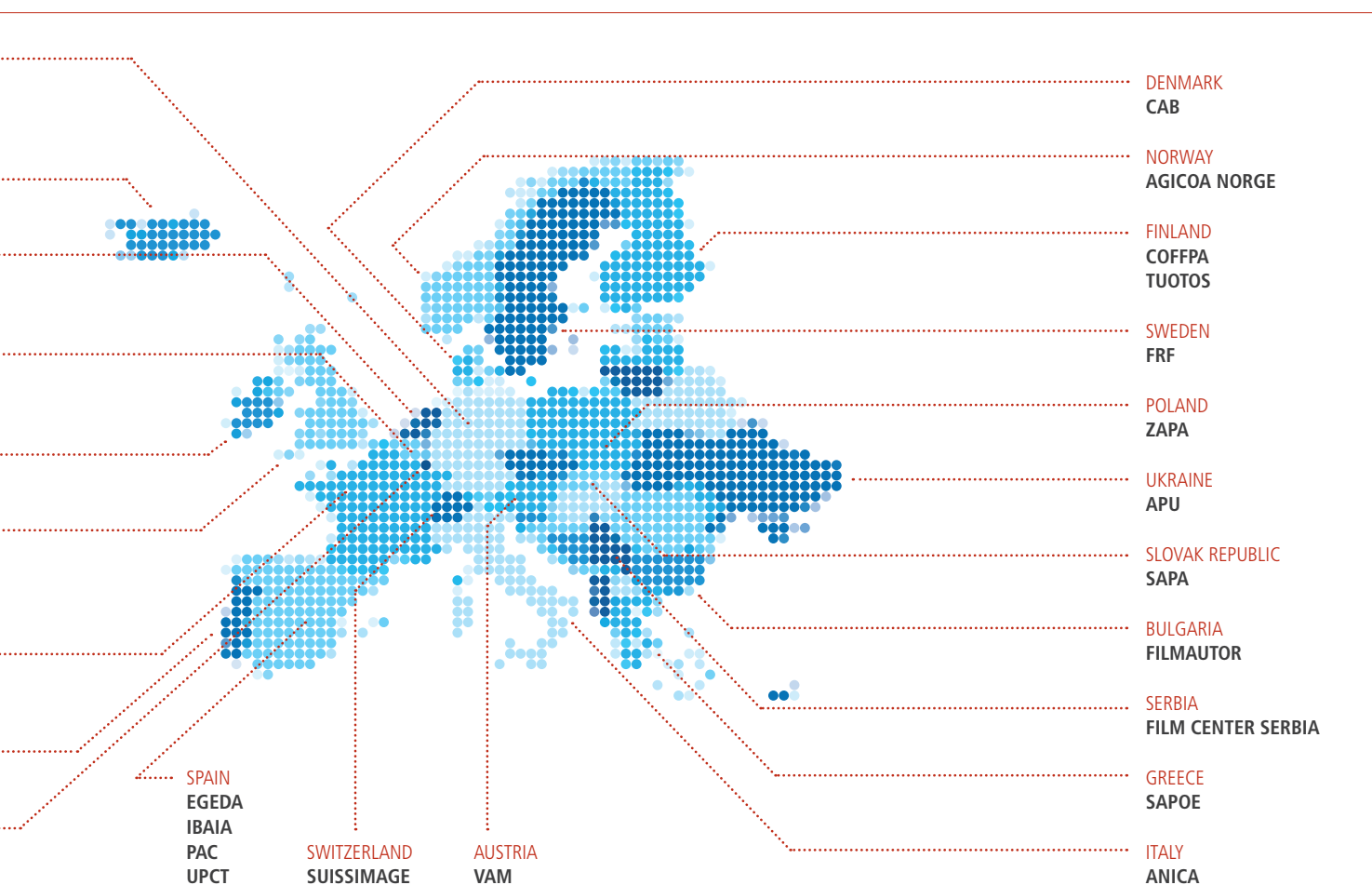
USA
APTPA-PBS
IFTA
MPA

CANADA
CRC

SOUTH AMERICA

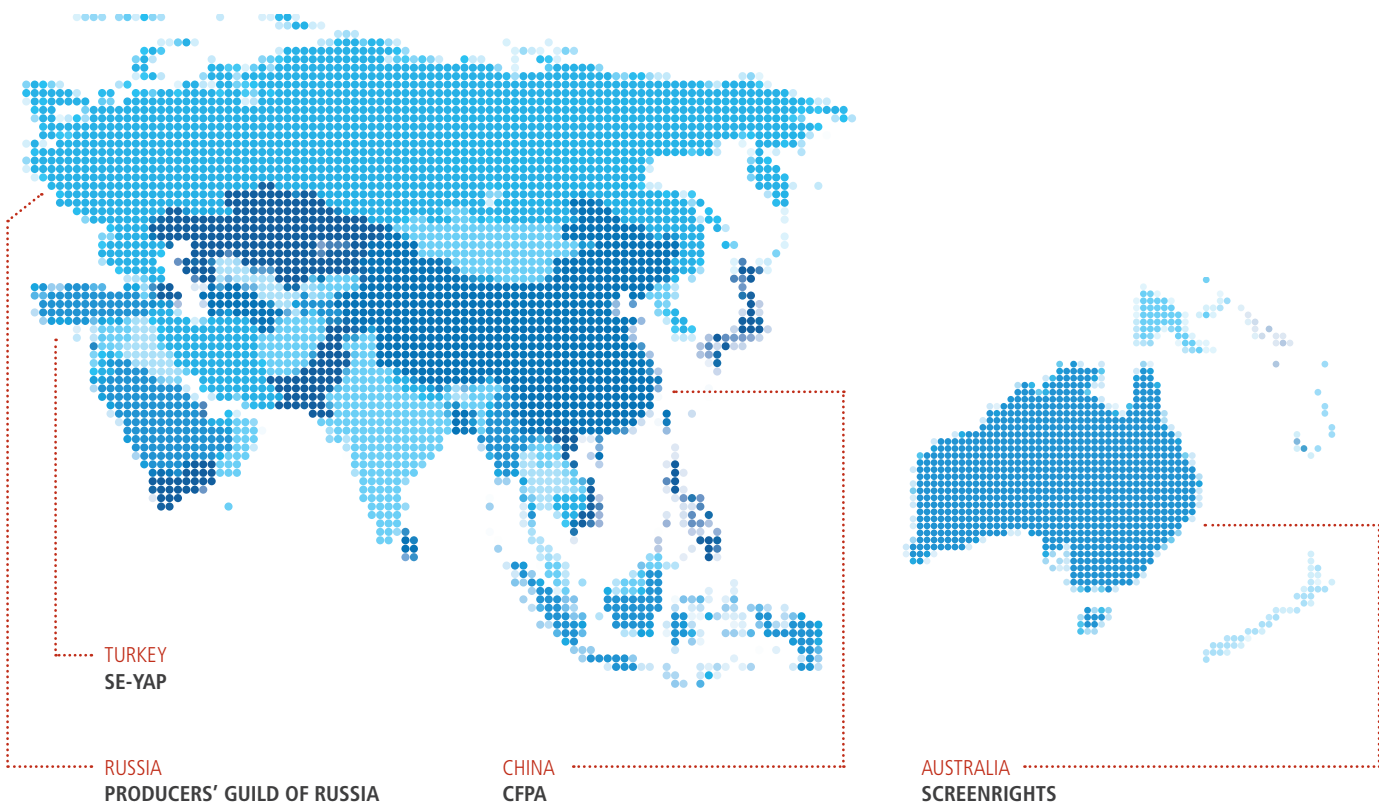


ARGENTINA
CAPIT



ASIA

OCEANIA





1 **BÖRJE HANSSON**

SWEDEN – OBSERVER

Film producer, managing director of Bright Pictures. Earlier head of production at Svensk Filmindustri (SF) and Swedish film company Filmlance that produced among others the famous Swedish criminal series “Beck”. Representative of FIAPF.

2 **JOHN M. JACOBSEN**

NORWAY

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” and “Trollhunter”, the most successful Norwegian films in decades.

3 **NIELS TEVES**

THE NETHERLANDS

Co-owner and co-CEO of Fintage House (Global Music, Film & TV Rights Company) based in the Netherlands. He oversees the Music Division business solutions such as Neighbouring Rights, Music Publishing and Audiovisual Producer Rights.

4 **CHRIS MARCICH**

USA – PRESIDENT

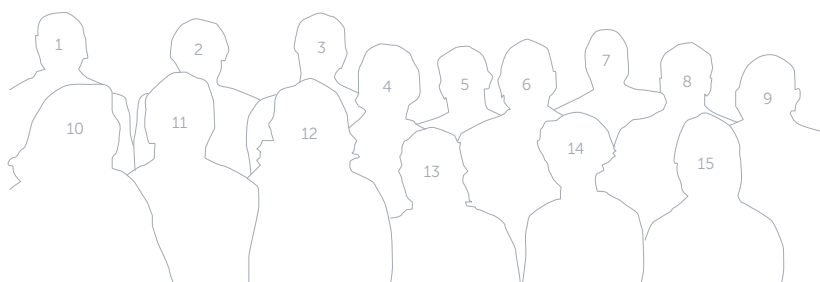
12 Substitute: **JANE SAUNDERS**

President and Managing Director of Motion Picture Association (MPA), European office, Brussels.

5 **NICOLAS STEIL**

LUXEMBOURG

Exclusive legal representative of AGICOA in the Grand-Duchy and founder of ALGOA (Luxembourgish Copyright Collecting Agency). Producer-Director and President/CEO of the Iris Group (Luxembourg, France, Belgium, Germany, UK) which produced and coproduced over 35 movies and distributed over 200 in France and internationally.



6 **PR. DR. RONALD FROHNE**
GERMANY – VICE-PRESIDENT

15 Substitute: **GERTRAUDE MÜLLER-ERNSTBERGER**
Attorney and CPA. Head of New York Office of International Law Firm Noerr LLP. Managing Director of GWFF (collecting society for private copy) and AGICOA Germany. Board member of various German and international companies.

7 **JOSÉ ANTONIO SUAREZ**
SPAIN
Substitute of **MIGUEL ANGEL BENZAL MEDINA**

8 **JOHN O’SULLIVAN**
UNITED KINGDOM
Founder and CEO of Compact Media Group representing over 500 rightsholders. Also worked extensively at PRS for Music in the UK and served at Mentorn Films, Diamond Time and Palan Music Publishing.

9 **RYSZARD KIREJCZYK**
POLAND
10 Substitute: **SYLWIA BIADUN**

CEO of ZAPA (Union of Audiovisual Authors and Producers - a collecting society within Polish Filmmakers Association). Head of production as well as Director of Gdynia Film Festival and Debut Film Festival - the biggest Polish film events.

11 **MICHAEL BRODIE**
UNITED KINGDOM – TREASURER

Bachelor of laws, ACA chartered accountant, UK former Universal Pictures executive.

13 **NICOLE LA BOUVERIE**
BELGIUM – VICE-PRESIDENT
CEO of BAVP (collecting society for cable), PROCIBEL (collecting society for private copy), AGICOA BELGIUM, Zenab consulting, Vice-President of AUVIBEL (collecting society for the private copying of sound and av works).

14 **JEAN PREWITT**
USA
President/CEO of the Independent Film & Television Alliance (IFTA).

MISSING IN THE PICTURE

SAN FU MALTHA
THE NETHERLANDS
Substitute: **RUUD VAN BREUGEL**
Dutch film producer and film distributor. He founded the production company Fu Works and he co-founded film distributor A-Film.

MIGUEL ANGEL BENZAL MEDINA
SPAIN
CEO EGEDA, Spain (Audiovisual Producers Rights Management Association) since 1992. At the same time, is CEO of the MADRID FILM COMMISSION Foundation and of Audiovisual SGR, a mutual guarantee society in which EGEDA is a protector member.

ERNST JACOB BAKKER
THE NETHERLANDS
Substitute of **NIELS TEVES**

ANDY HARWOOD
UNITED KINGDOM
Substitute of **JOHN O’SULLIVAN**

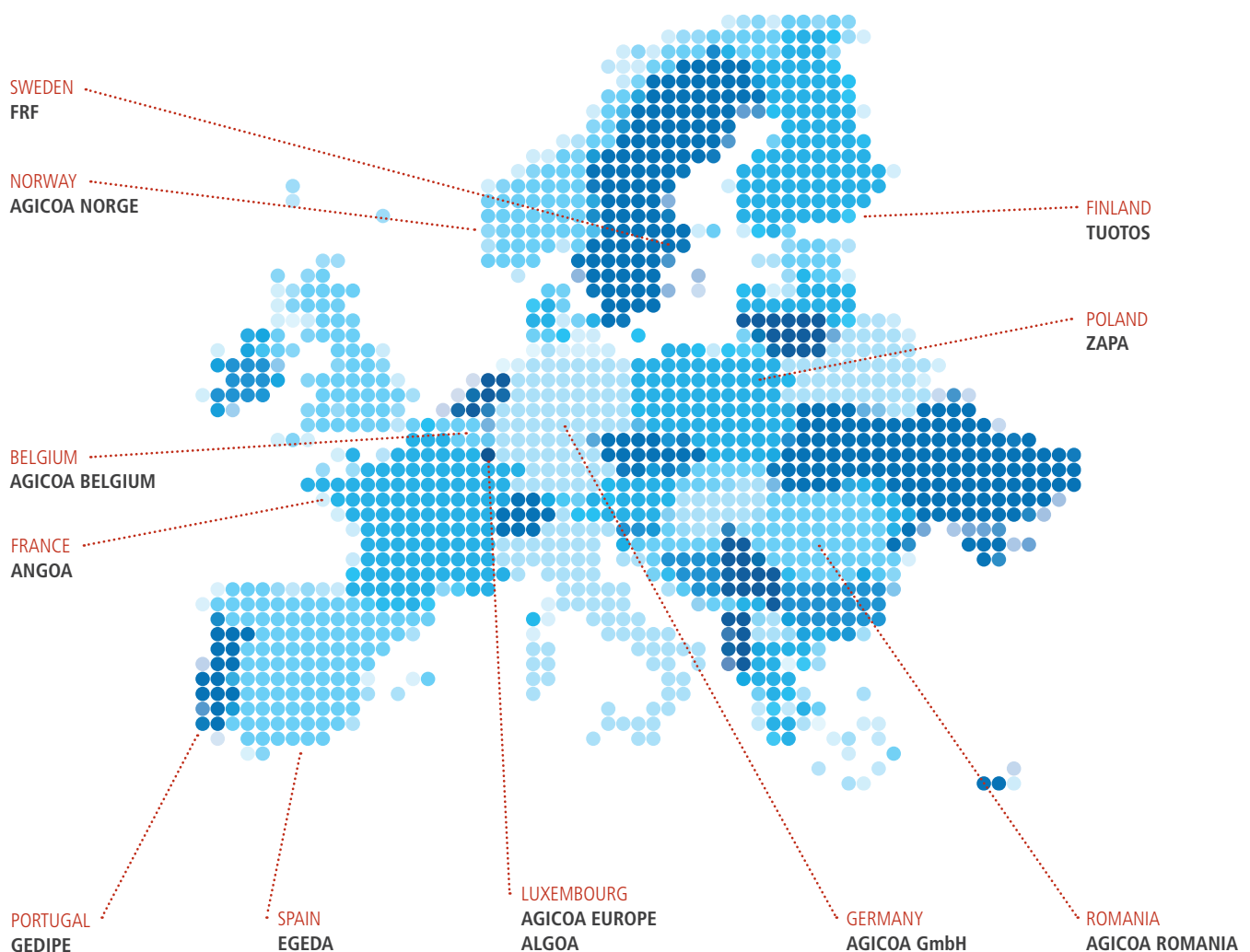
ANTOINE VIRENQUE
FRANCE
Substitute of **BÖRJE HANSSON**

AGICOA and its partners organizations

The AGICOA Alliance is a unique partnership that enables the efficient international collection and distribution of royalties for the retransmission of audiovisual works.

Alliance partners accommodate different national legal requirements but embody common practices to manage rightsholders' interests in a consistent, cost efficient way. The single declaration of an audiovisual work enables the collection of royalties wherever collective management operates.

Alliance partners have deep knowledge of their own broadcast markets. Aggregation of the interests of international rightsholders adds considerable weight to the collective licensing agreements they negotiate with national and local operators. Equal treatment of all rightsholders, irrespective of size and nationality, is guaranteed.





◀ General Management

People in Geneva

Approximately 60 people located in 12 countries are involved in the management of rightsholder interests by the AGICOA Alliance.

Of these, 32 are located at AGICOA's Geneva headquarters. Customers & Distribution takes care of client portfolios and tracks use of work, identifying well over a million broadcasts a year. The Legal and Business department negotiates new license agreements, renews and extends existing contracts and helps Rightsholders resolve ownership conflicts. The Finance department manages our funds collection and distribution, while Information Systems manages the flow of data across the organization and to above 13,000 registered rightsholders via IRRIS.



◀ Finance

▼ Information Systems

▼▼ Customers & Distribution



▼ Legal & Business



"OPERATION HERO", NEW ZEALAND - GIBSON GROUP

"SINAIS DE VIDA", PORTUGAL - SP TELEVISÃO, LDA.

"NO.7", AUSTRIA - MISCHIEF FILMS, MICHAEL SCHINDEGGER

"MY NAME IS KI", POLAND - SKORPION ARTE

"TAD, THE LOST EXPLORER", SPAIN - TELECINCO CINEMA, S.A., IKIRU FILMS, S.L., EL TORO PICTURES, S.L., TELEFONICA PRODUCCIONES

"MANHUNT", POLAND - SKORPION ARTE





EGEDA, an AGICOA Alliance partner, is the only collecting society representing audiovisual producers in Spain.

Miguel A. Benzal CEO EGEDA

EGEDA began collective management of cable retransmission rights after the passage of the Spanish Telecommunications Cable Act (Ley de telecomunicaciones por cable) in 1995. Prior to this, over a thousand unlicensed cable operators had been retransmitting audiovisual works without authorisation.

EGEDA's efforts on behalf of rightsholders led to the closure of many of these companies. Cable TV in Spain is now well-regulated with over 2.5 million viewers subscribing to a few major operators who pay for retransmission rights.

Having achieved an orderly market for cable retransmission, EGEDA turned its attention to use of audiovisual properties in hotels. Tourism is the most important sector of the Spanish economy, contributing 11% of GDP. The country's 8,000 hotels attract a daily potential occupancy of around 1,300,000 guests. The estimated royalty value of their use of audiovisual works exceeds €12m/year. Most hotels engaged directly in the retransmission of content, rather than via cable networks.

Establishing collective management of audiovisual rights in this powerful sector was always going to be difficult. Until the early 1990s, the 100-year-old SGAE that primarily represents authors of music works had an exclusive monopoly on collective rights management in Spain, and many hotel owners wrongly believed that they were meeting all of their obligations by paying SGAE.

EGEDA began filing legal claims against this form of unlicensed use of audiovisual work. Following the definitive decision of the EU Court of Justice in the Rafael Hoteles

case - which established that communications in hotel rooms was of a public nature and had to be licensed - the Spanish Supreme Court has made 17 rulings that favor producers.

Having won the legal battle, however, further challenges have emerged from the Spanish National Commission on Competition (Comisión Nacional de la Competencia), an organization with a historic bias against rights management organizations, considering them monopolies. EGEDA argues that the existence of monopolies is positive and desirable in the field of intellectual property, rather than negative in any way.

The strategic challenge is to reach a sector-wide agreement with the Spanish Hotel Federation (Confederación Española de Hoteles). Meanwhile, EGEDA continues to negotiate individual agreements with hotel operators who recognized that its tariffs are balanced and affordable. It already has contracts in place covering a significant share of the market.

Other challenges for the future include the management of content retransmission on digital satellite platforms and via the Internet, which at present compete unfairly with cable and satellite broadcasters. The recent ruling of the European Court of Justice of 7th March 2013 (case C-607/11), according to which the retransmission of TV channels over the internet needs to be authorized by the copyrightsholders, clears the way forward in tackling this.

Overall, EGEDA has made good progress in securing producers' rights in a country which, historically, has shown little respect for content originators or intellectual property. This remains evident in permissive attitudes to piracy, the lack of protection for rightsholders and negative attitudes to collective management. Much has been achieved, but much more is still to be done.

FINANCIAL INFORMATION

Figures for the year ended December 31

Fiduciary Funds Managed by AGICOA (EURO)

Summarized fiduciary funds balance sheet

Fiduciary Assets

	2012	2011
Cash and term-deposits	157,945,314	130,367,733
Investment property	5,183,250	5,183,250
AGICOA current account receivable	363,244	0
Other assets	3,681,010	21,651,169
Total Fiduciary Assets	167,172,818	157,202,152

Fiduciary Liabilities, Reserves and Provisions

Short-Term Fiduciary Liabilities

Payable to rightsholders	10,547,878	7,248,001
AGICOA current account payable	0	72,167
Payables of national partner organizations	229,655	44,168
Fiduciary funds put into distribution pending allocation to rightsholders	58,801,759	67,197,080
Fiduciary funds to be put into distribution	73,682,926	63,661,190
	143,262,218	138,222,606

Fiduciary Reserves and Provisions

Total Fiduciary Liabilities, Reserves and Provisions	167,172,818	157,202,152
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Summarized fiduciary funds statement of income

Revenues

	2012	2011
Royalties earned	104,267,984	98,770,492
Financial and other revenues	2,177,659	2,174,910
Total Revenues	106,445,643	100,945,402

Distributions and other Charges

Fiduciary funds put into distribution	(87,938,364)	(88,493,611)
AGICOA fees	(5,691,235)	(6,840,079)
Bank charges	(25,656)	(14,126)
Foreign currency translation adjustment	394,979	(376,588)
Total Distributions and other Charges	(93,260,276)	(95,724,404)

Net Surplus prior to Allocations

	13,185,367	5,220,998
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Total Allocations

	(13,185,367)	(5,220,998)
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Net Surplus after Allocations

	0	0
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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)

Summarized balance sheet

	2012	2011
Assets		
Current Assets		
Cash and term-deposits	29,480	178,349
Receivables from the fiduciary funds	0	87,809
Other receivables and prepaid expenses	1,108,518	868,552
	1,137,998	1,134,710
Non Current Assets		
Deposits and guarantees	577,410	657,628
Investments in affiliates	99,828	99,828
Receivables ISAN International Agency	2,623,054	2,641,054
Tangible fixed assets	240,687	272,916
	3,540,979	3,671,426
Total Assets	4,678,977	4,806,136
Liabilities		
Current Liabilities		
Accounts payable	656,586	1,169,353
Payable to the fiduciary funds	438,555	0
Provision ISAN International Agency	2,623,054	2,641,054
Accrued and other short term liabilities	960,782	995,729
Total Liabilities	4,678,977	4,806,136

Summarized statement of income

	2012	2011
Operating Expenses		
Salaries and social charges	4,857,493	4,878,947
Professional fees and administrative expenses	1,940,166	2,046,972
Depreciation	190,780	224,975
Costs incurred by partner organizations	3,852,913	3,712,933
Special projects	54,487	146,928
Total Operating Expenses	10,895,839	11,010,755
Other Expenses		
Interest and bank charges, net	4,286	3,205
Taxes	35,026	102,264
Exchange (gains) / losses, net	(8,001)	30,903
Total other Expenses	31,311	136,372
Miscellaneous Income		
External services	(267,470)	(259,029)
Rent office space	(90,173)	0
Other income	(32,850)	(29,261)
Total Miscellaneous Income	(390,493)	(288,290)
Total Net Expenses	10,536,657	10,858,837
Funding of Net Expenses		
Operational budget	12,578,028	13,546,036
Operational budget (surplus) / deficit	(2,041,371)	(2,687,199)
Total Funding of Net Expenses	10,536,657	10,858,837



Report of the auditors

To the Members of AGICOA

The accompanying summarised financial statements have been derived from the financial statements of AGICOA for the year ended December 31, 2012. 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, 2012, from which these summarised financial statements were derived, in accordance with Swiss Auditing Standards. In our report dated April 11, 2013 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 aspects, 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 black ink, appearing to read 'M. Foley'.

Michael Foley
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'Julien Ménoret'.

Julien Ménoret
Audit expert

Geneva, April 11, 2013



AGICOA
The Rights People

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