

## Annual Report 2009

The challenges for the administration of mechanical rights have been increasing. Nevertheless, in the past year austro mechana managed to keep their figures relatively solid and began to work on strategies for a sustainable structure in the future.

### TURNOVER

In the year under review austro mechana collected a total of € 23,303 million in royalties. This is a decrease of 16.05% compared to the turnover in 2008. A breakdown of the amounts collected in 2008 and 2009, by category, is given below (€ m):

	2009	2008	%		2009	2008	%
<b>National</b>				<b>International</b>			
Phono	4.574	4.994	(8.41)	Central Licensing	4.449	4.965	(10.39)
Radio/TV	6.556	6.559	(0.05)	Payments to beneficiaries	3.572	3.778	(5.45)
Private copying levy	2.412	4.389	(45.04)	Advertising Slots foreign TV-channels	0.117	0.188	(37.77)
Other royalties	1.086	0.980	10.82	<b>Total international</b>	<b>8.138</b>	<b>8.931</b>	<b>(8.88)</b>
Audiovisual productions	0.133	1.004	(86.75)				
Rental/lending	0.034	0.035	(2.86)	<b>Grand Total</b>	<b>23.303</b>	<b>27.759</b>	<b>(16.05)</b>
Online	0.370	0.867	(57.32)				
<b>Total national</b>	<b>15.165</b>	<b>18.828</b>	<b>(19.46)</b>				

### Phono

The society's core business is the administration of mechanical rights with respect to the sound carrier industry. austro mechana's financial statements for

2009 report royalties from sales in the second half of 2008 and the first half of 2009. Licence fees collected by austro mechana directly were at € 4.574 million, a drop of 8.41% compared to 2008.

More than 50% of the royalties accrued on the Austrian sound carrier market are collected by sister societies via so-called central licensing agreements with major labels. Under these agreements austro mechana receives royalties from sales in Austria only for distribution. These revenues essentially represent the market share of the multinational groups and show a decline of 10.39% in 2009 versus the preceding year.

Licensing revenues for sales of sound carriers in Austria from both sectors together were down 9.40% compared to 2008.

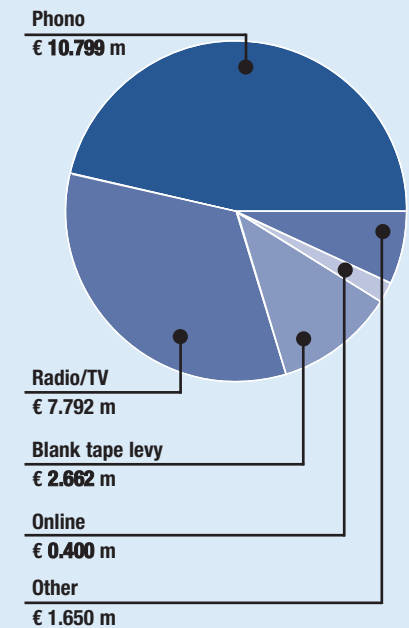
### ORF

Under the agreement with the Austrian public broadcasting station ORF – which is based on the decision of an arbitration commission in 2003 - austro mechana receives 0.6693% of the broadcaster's revenues from subscriber fees and advertising including special forms of advertising (for ex. sponsoring, product placement) for mechanical rights. In 2009, this resulted in € 5.192 million, which is a 0.73% fall compared to last year's income of € 5.230 million.

### Private radio / TV

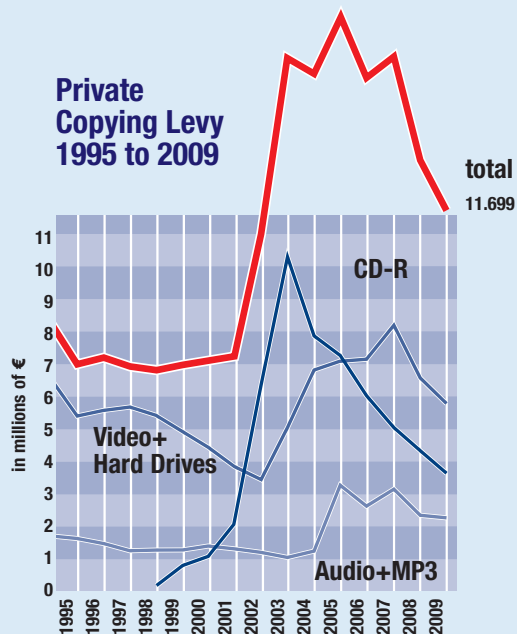
Total revenues in the sector private radio / private television came to € 1.364 million in 2009. This represents an increase of 2.63% from the preceding year's result of € 1.329 million.

### Breakdown of Turnover



### Private Copying Levy

Austro mechana negotiates and collects the remuneration for private copying on behalf of all rights holders organizations concerned. Total collections show a decrease of 11.46 % from € 13.213 million in 2008 to € 11.699 million in 2009. The decline is attributable almost entirely to the shift in technology and consumer behaviour from recordable products such as CD-R and DVD-R to products with integral hard discs. The tariffs for these devices are – considering the high storing capacities - relatively low.



A breakdown by product group and the share of austro mechana over the last three years (€ m) is given below:

	2009	2008	2007
AUDIO analogue	0.114	0.140	0.204
AUDIO digital	0.169	0.172	0.233
Computer CD-R	3.630	4.321	5.078
VIDEO	0.443	0.645	1.039
DVD	4.373	4.755	6.185
MP3/Jukebox	1.827	2.017	2.718
Hard drive in DVD-recorders / Sat-receivers	0.972	1.163	0.956
USB-Sticks	0.161	0	0
<b>Total</b>	<b>11.699</b>	<b>13.213</b>	<b>16.413</b>
<b>Share of austro mechana</b>	<b>3.862 *</b>	<b>4.389</b>	<b>5.516</b>

\* Due to a dispute concerning the shares of the levy for audio-carriers between the rights holders' organizations involved only 50 % of the collections have been distributed as an advance payment.

### Online

Over the past year revenues for online usages decreased dramatically by 57.32%. A fact, which is mainly

### ASSETS

#### A Fixed Assets

- I. Intangible assets
  - 1. IT software
- II. Tangible assets
  - 1. Land and buildings on third party land
    - a) Land value
    - b) Building value
  - 2. Other equipment, operating and office equipment
    - a) Office furnishings
    - b) Office equipment
    - c) Vehicle fleet
- III. Financial assets
  - 1. Shares in companies
  - 2. Long-term securities

#### B Current Assets

- I. Receivables and other assets
  - 1. Advances and down-payments
  - 2. Receivables from license fees
  - 3. Other receivables and assets
- II. Cash, bank accounts

#### C. Prepaid Expenses

	December 31, 2009		December 31, 2008	
	€	€	in thousands of euro	
<b>A Fixed Assets</b>				
I. Intangible assets				
1. IT software		73,696.03		178
II. Tangible assets				
1. Land and buildings on third party land				
a) Land value	31,365.38			31
b) Building value	178,085.43			121
2. Other equipment, operating and office equipment				
a) Office furnishings	71,586.82			85
b) Office equipment	3,605.38			8
c) Vehicle fleet	21,105.00	305,748,01		25
III. Financial assets				
1. Shares in companies	169.90			0
2. Long-term securities	26,357,680.00	26,357,849.90	26,900	26,900
		26,737,293.94		27,348
<b>B Current Assets</b>				
I. Receivables and other assets				
1. Advances and down-payments	207,915.73			162
2. Receivables from license fees	3,421,660.79			5,411
3. Other receivables and assets	379,795.47	4,009,371.99		953
II. Cash, bank accounts		15,603,570.52		15,393
		19,612,942.51		21,919
		10,052.18		16
		<u>46,360,288.63</u>		<u>49,283</u>

due to the withdrawals of rights by the major publishers for multi-territorial licensing. Further performance will depend both on the developments in the European environment and on the efforts to find licensing models for new usages of music (user generated content).

### International

Total income from foreign societies was down 8.88% in the year under review which is mainly attributable to the drop in "Central Licensing" revenues. Royalties collected by sister societies abroad were down 5.45%. The overall result reflects the continued fall on the international sound and audiovisual carrier markets.

Transactions with sister societies abroad provided the following picture in 2009 (€ m)

	AUME abroad	From abroad to AUME		AUME abroad	From abroad to AUME
GEMA/Germany	4.147	2.280	HARRY FOX/USA	0.027	0.017
SDRM/France	0.157	0.348	JASRAC/Japan	0.001	0.051
SUISA/Switzerland	0.163	0.250	SABAM/Belgium	0.028	0.028
MCPS/England	0.140	0.091	ARTISJUS/Hungary	0.002	0.045
SIAE/Italy	0.217	0.097	OSA/Czech Republic	0.028	0.049
STEMRA/Netherlands	0.088	0.134	ZAIKS/Poland	0.001	0.024
NCB/Scandinavia	0.158	0.032	Others	0.040	0.088
SGAE/Spain	0.033	0.039	<b>Total</b>	<b>5.230</b>	<b>3.573</b>

	December 31, 2009		December 31, 2008	
	€	€	in thousands of euro	
<b>LIABILITIES &amp; SHAREHOLDER EQUITY</b>				
<b>A. Equity</b>				
Common stock	36,336.45		36	
Outstanding capital contributions	<u>-18,168.30</u>	18,168.15	<u>-18</u>	18
<b>B. Accruals</b>				
1. Accruals for severance costs	259,828.00		237	
2. Accruals for pensions	336,989.00		352	
3. Other accruals	<u>5,549,552.09</u>	6,146,369.09	<u>3,721</u>	4,310
<b>C. Liabilities</b>				
1. Accounts payable	748,208.27		504	
2. Payables due to domestic and foreign parties				
a) Not yet cleared	26,354,076.27		29,946	
b) Cleared	1,284,155.17		2,830	
3. SKE payables	5,907,278.33		5,915	
4. Other payables	<u>5,902,033.35</u>	40,195,751.39	<u>5,760</u>	44,955
Tax-related € 83,831.07 (2008: € 4,000)				
Social security-related € 34,523.65 (2008: € 39,000)				
		<u>46,360,288.63</u>		<u>49,283</u>

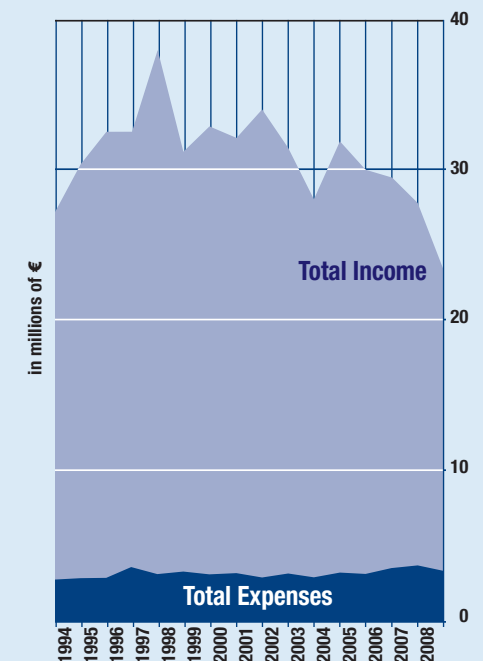
## DISTRIBUTION

In 2009, austro mechana distributed a total of € 16.314 million to its more than 19,000 direct members.

## OPERATING COSTS

austro mechana is acting as a trustee and may not make any profit. Operating costs have to be covered by the income from commission fees. Commission and financial income totalled € 3,704 million in 2009, expenditures could be reduced to € 3,679 million. The surplus of € 25,000 was distributed to the society's members and foreign right holders. At the end of 2009 austro mechana had 28 employees.

## Development of Revenues – Expenditures



## ORF minute values

The following minute values have been applied for the distribution of royalties generated from ORF broadcasts in 2008 which were distributed in 2009:

<b>Radio</b>	
Hook-up broadcast	€ 1.88
Local broadcast	€ 0.62
<b>Television</b>	
Hook-up broadcast	€ 10.35
Local broadcast	€ 3.45

Films (foreign productions) and live broadcasts on television are not licensed by austro mechana.

## Statistics

The statistics on distribution to authors and publishers compared to the preceding year resulted in the following picture.

<b>Authors + Successors</b>	<b>2009</b>	<b>2008</b>	<b>Publishers</b>	<b>2009</b>	<b>2008</b>
More than € 100,000	2	3	More than € 1 million	3	3
€ 50,000 to € 100,000	14	12	€ 100,000 to € 1 million	14	15
€ 10,000 to € 50,000	94	99	€ 10,000 to € 100,000	47	39
€ 1,000 to € 10,000	644	634	€ 1,000 to € 10,000	96	112
Less than € 1,000	9,650	9,245	Less than € 1,000	324	310
<b>Total</b>	<b>10,404</b>	<b>9,993</b>	<b>Total</b>	<b>484</b>	<b>479</b>

## SOCIAL AND CULTURAL INSTITUTIONS (SKE)

austro mechana is legally bound to assign 50% of the income generated by the private copying levy to the social and cultural funds of SKE. From these funds austro mechana promotes Austrian copyrights on the one hand by subsidizing music productions and performances as well as by supporting the creation of music with 'publicity awards' and 'annual awards'. On the other hand austro mechana pursues social goals and pays subsidies in cases of emergency, for health insurances and pensions.

In 2009 the SKE Fund was spent as follows (€ m):

Social allowances	
Allowances for securing a basic standard of living	9,600.00
Allowances for extraordinary costs	29,500.00
Allowances for health insurance	13,252.91
Allowances for pension insurance	14,644.25
Allowances for social insurance	11,799.22
Retirement benefits - authors	648,637.00
Retirement benefits – music publishers	104,836.00
<b>Total</b>	<b>832,269.38</b>

Cultural subsidies	
General subsidies	60,878.77
Project funding for serious music	313,250.00
Project funding for popular music	739,650.00
<b>Total</b>	<b>1,113,778.77</b>

The annual report about SKE's activities in 2009 as well as SKE guidelines and other relevant information are published on the website [www.ske-fonds.at](http://www.ske-fonds.at)



## APPOINTMENTS



At the General Assembly on 15 June 2010 the boards of austro mechana have been elected for the next three-years-term and are now composed as follows:

### Executive Board:

- Dieter Kaufmann  
President: composer – serious music
- Marion von Hartlieb  
Vice President: publisher
- Alf Krauliz  
Vice President: lyricist
- Kurt Brunthaler  
composer – popular music
- Erwin Kiennast  
composer – popular music
- Christian Kobel  
publisher
- Fritz Schindlechter  
lyricist

### Supervisory Board:

- Heinz Glawischnig  
lyricist
- Edith Michaela Krupka-Dornaus  
publisher
- Wolfgang Mitterer  
composer – serious music
- Robert Opratko  
composer – popular music
- Helmuth Pany  
publisher
- Josef Prokopetz  
lyricist

## Profit and Loss Statement for the Business Year from January 1, 2009 to December 31, 2009

	€	2009	€	2008
				in thousands of euro
1. Revenue				
License fees	23,302,667.75		27,759	
Allocation for distribution	-22,567,042.39	735,625.36	-26,943	816
Revenue from previous periods		2,176,331.73		2,202
Change in the accrual of commission income		-126,000.00		-177
		<u>2,785,957.09</u>		<u>2,841</u>
2. Other operating income				
a) Income from release of accruals		9,591.96		82
b) Miscellaneous		918,373.43		858
		<u>927,965.39</u>		<u>940</u>
3. Personnel expenses				
a) Salaries		-1,320,944.57		-1,381
b) Expenses for severance pay and payments to benefit provision fund		-38,619.92		-51
c) Expenses for pensions		-83,723.22		-109
d) Expenses for statutory social contributions and payroll-related taxes		-360,242.63		-379
e) Other social benefit-related expenses		-13,607.35		-27
		<u>-1,817,137.69</u>		<u>-1,947</u>
4. Depreciation on intangible assets and tangible assets		-155,658.79		-159
5. Other operating expenses		-1,847,247.19		-1,734
6. Subtotal of 1 - 5		<u>-106,121.19</u>		<u>-59</u>
7. plus change in SKE-related liabilities contained in subtotal of 1 - 5		131,207.35		92
<b>8. Subtotal of 6 and 7</b>		<b>25,086.16</b>		<b>33</b>
9. Income from securities and investments		808,582.37		706
10. Other interest and similar income		216,974.64		744
11. Income from the sale of financial assets		0.00		6
12. Expenses from financial assets and securities from current assets		-21,991.76		-144
13. Interest and similar expenses		-83,258.41		-110
14. Subtotal 9 - 13		<u>920,306.84</u>		<u>1,202</u>
15. less change in SKE-related liabilities contained in subtotal of 9 – 13		-88,209.09		-117
<b>16. Subtotal 14 and 15</b>		<b>832,097.75</b>		<b>1,085</b>
17. Total of 8 and 16		<u>857,183.91</u>		<u>1,118</u>
18. Beneficiaries claims		-857,183.91		-1,118
19. Annual surplus = net profit		<u>0.00</u>		<u>0</u>