



austromechana[®]
ANNUAL REPORT
2015

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LICENCE REVENUES

2015 was a very special year for austro mechana. After 5 years of hard efforts to extend the private copying remuneration to digital storage media such as hard disks, smartphones etc. the Austrian Parliament eventually has broadened the scope of the respective provision in the Copyright Law in order to include these “new” media. Starting with 1 October 2015 remunerations are now being paid to austro mechana by retailers, which naturally had a positive impact on our financial results: we recorded an increase of revenues of 15.1% on the national market and 9.6% in total.

LICENCE REVENUES

In 2015, austro mechana’s overall revenue amounted to € 23.057 m, which represents 9.6% growth over 2014. This increase is primarily due to growth of income from Private Copying Levies and to a smaller extent from mechanical broadcast revenues.

Audio Products

Financial statements for 2015 report royalties from sales in the second half of 2014 and the first half of 2015. Licence fees collected directly by austro mechana amounted to € 3.040 m, which was 7.9% down from 2014.

Roughly 40% of royalties accrued on the Austrian sound carrier market are collected by affiliated collecting societies on the basis of so-called Central Licensing agreements with major labels. Under these agreements, austro mechana receive licence fees from sales in Austria only for its distribution services. These revenues essentially represent the market share of the multinational groups. In 2015, revenues from Central Licensing fell 12.2% to € 2.249 m.

Licence fees for sales of sound carriers in Austria from both revenue fields together were at € 5.289 m, down 9.7% compared to 2014. This decline is due to the well understood and continuing migration from physical product to online.

Radio / TV

Revenue from Radio/TV was € 7.585 m in the year under review, an increase of 6.5% on 2014 which is primarily due to growth of licence fees coming from private radio and TV stations (up 39%). Licence income from the Austrian public broadcaster ORF in 2015 came to € 5.463 m, down 2.4% compared to last year’s income of € 5.595 m.

Private Copying Levy

By amending the Copyright Act in 2015, the scope of private copying has been broadened. For the coming years, rights holders are ensured of a fair compensation for private copies of copyright-protected content made by consumers on hard disks, smartphones, integral memories and other digital storage media. Furthermore, austro mechana succeeded to negotiate tariffs for those “new” media with the Chamber of Commerce. The significant growth in revenues in 2015 is mainly driven by these new media - we saw an increase of Private Copying Levies of 123.6% to € 3.638 m.

Online

Over the past years the online business model shifted markedly from download to streaming services. Our revenue figures reflect this – there was a drop of 4.8% to € 0.872 m - as our shares in streaming royalties are significantly lower compared to those in download royalties.

International

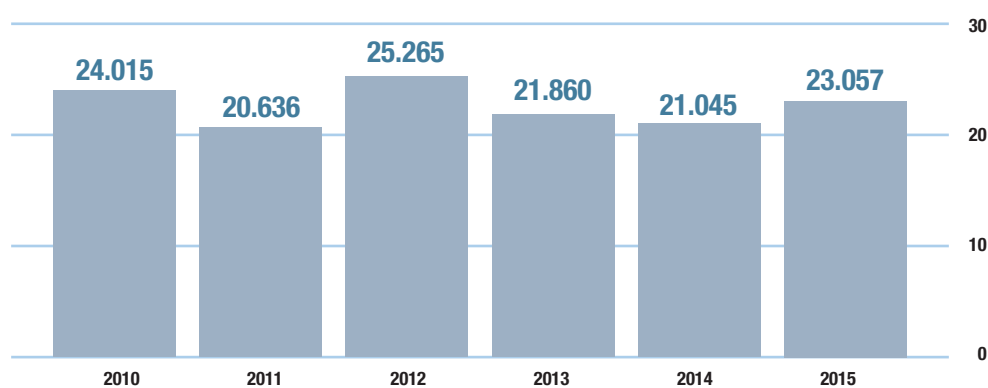
As outlined in the section Audio products there was a decline of 12.2% in Central Licensing Revenues in the year under review. Revenue streams from affiliated collecting societies were down 0.7% over 2014. Overall international revenue fell 3.7% to € 5.993 m.

CHARTS AND GRAPHS

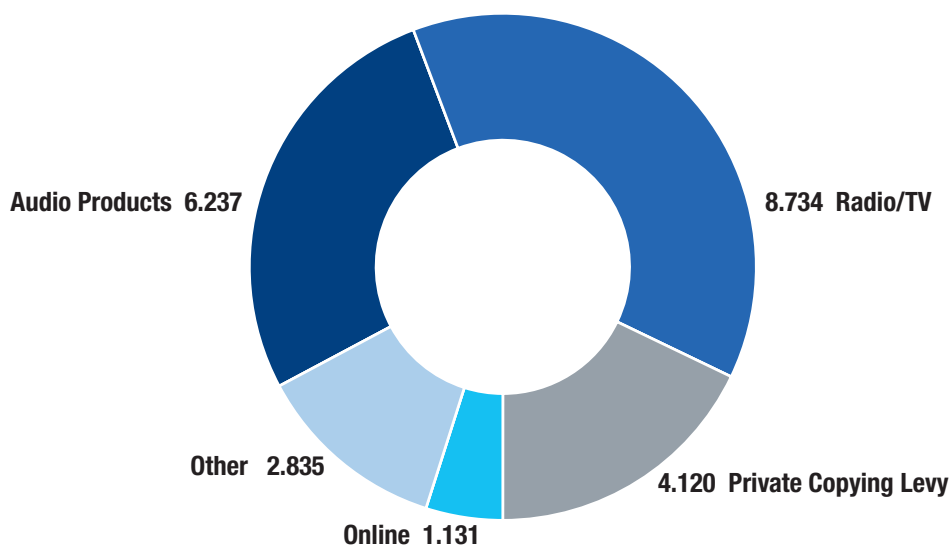
Licence Revenues by Source (€ million)

National				International			
	2015	2014	%		2015	2014	%
Audio products	3.040	3.299	-7.9	Central Licensing	2.249	2.561	-12.2
Radio/TV	7.585	7.122	6.5	Sister Societies	3.476	3.499	-0.7
Private copying levy	3.638	1.627	123.6	Advertising Slots foreign			
Other royalties	1.660	1.454	14.2	TV-channels	0.268	0.164	63.4
Audiovisual products	0.269	0.403	-33.3	Total international	5.993	6.224	-3.7
Online	0.872	0.916	-4.8				
Total national	17.064	14.821	15.1	Grand Total	23.057	21.045	9.6

Development Licence Revenues Total (€ million)

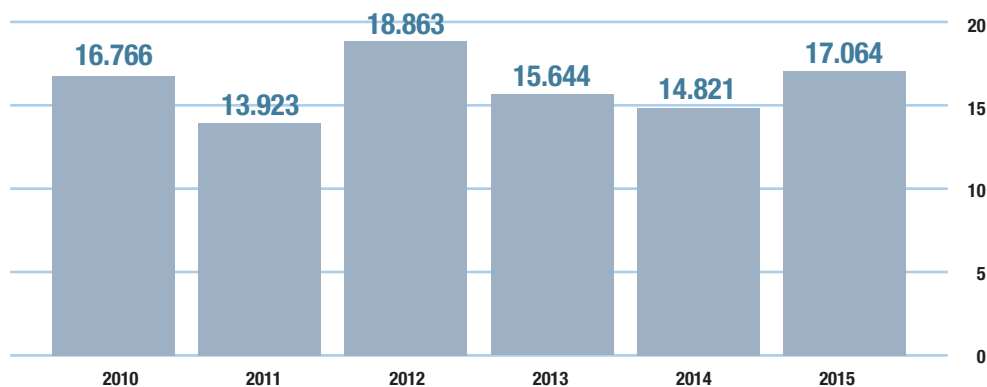


Revenue Split (€ million)

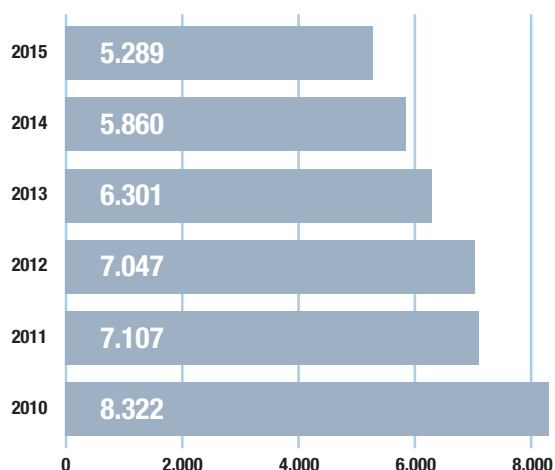


CHARTS AND GRAPHS

Development National Revenues (€ million)



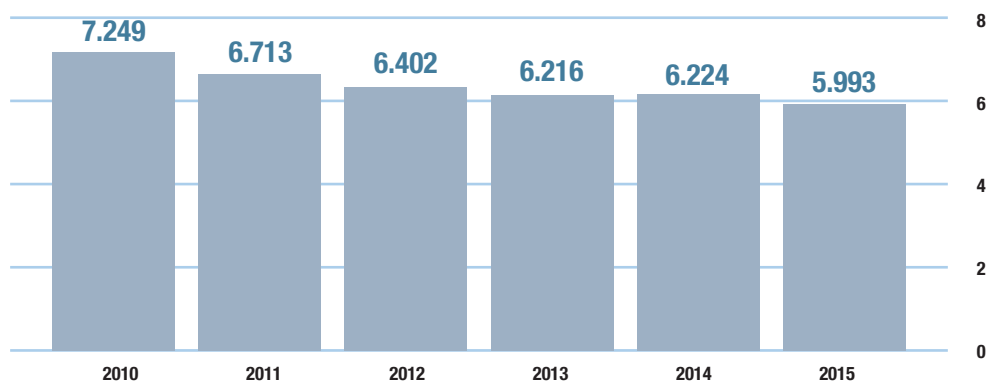
Development Audio Products Austria (€ million)



Transactions to and from affiliated collecting societies (€ million)

	AUME abroad	From abroad to AUME
GEMA / Germany	2.885	2.500
SDRM / France	0.141	0.252
SUISA / Switzerland	0.129	0.207
MCPS / England	0.130	0.082
SIAE / Italy	0.102	0.059
STEMRA / Holland	0.073	0.072
NCB / Scandinavia	0.143	0.026
SGAE / Spain	0.018	0.014
HARRY FOX / USA	0.011	0.016
JASRAC / Japan	0.002	0.017
SABAM / Belgium	0.020	0.034
ARTISJUS / Hungary	0.004	0.089
OSA / Czech Republic	0.020	0.043
ZAIKS / Poland	0.002	0.006
Others	0.050	0.059
Total	3.730	3.476

Development International Revenues (€ million) incl. Central Licensing



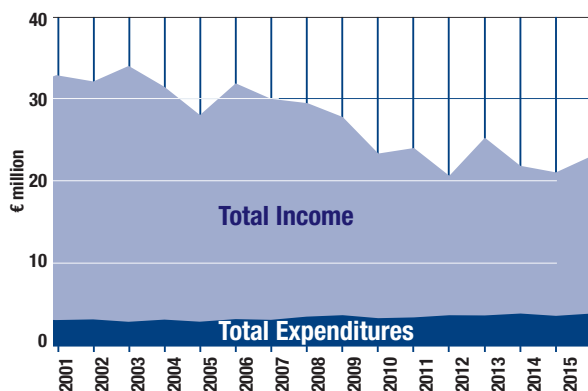
OPERATING COSTS AND DISTRIBUTION



OPERATING COSTS

Personnel expenses in the year under review amounted to € 1.769 m, a slight increase compared to the previous year. Total expenditure in 2015 accounted for € 3.941 m. Our operating costs have to be covered by the income from commission fees.

Development of Income - Expenditures



DISTRIBUTION

More than 23,000 composers, lyricists and music publishers have entrusted austro mechana with the administration of their mechanical rights.

The amount available for distribution to our direct members in 2015 came to € 13.252 m.

Statistics

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

Authors + Legal Successors	2015	2014
More than € 100,000	6	5
€ 50,000 to € 100,000	11	11
€ 10,000 to € 50,000	73	67
€ 1,000 to € 10,000	531	556
Less than € 1,000	11,080	12,059
Total	11,701	12,698

Publishers	2015	2014
More than € 1 million	1	1
€ 100,000 to € 1 million	12	11
€ 10,000 to € 100,000	50	47
€ 1,000 to € 10,000	122	120
Less than € 1,000	419	407
Total	604	586

ORF minute values



The following values per minute have been applied for the distribution of mechanical royalties generated from ORF broadcasts in 2014 which have been distributed in 2015:

Radio

Hook-up broadcast € 1.38
Local broadcast € 0.46

Television

Hook-up broadcast € 7.62
Local broadcast € 2.54

THE SOCIAL AND CULTURAL INSTITUTIONS (SKE)

austro mechana has a legal obligation to assign 50 % of the income generated by private copying levies to the social and cultural institutions (SKE). From these funds austro mechana promotes music on the one hand by subsidizing music productions and performances as well as by supporting the creation of music with 'publicity

Social allowances

Allowances for securing a basic standard of living	6,000.00
Allowances for extraordinary costs	9,500.00
Allowances for social insurance	24,931.19
Retirement benefits	621,009.00
Total	661,440.19

awards' and 'annual awards'. On the other hand austro mechana pursues social goals and pays subsidies in cases of need and for social insurance as well as retirement benefits.

In 2015 the SKE Fund was allocated as follows (amounts in Euro):

Cultural subsidies

General subsidies	80,606.99
Project funding for serious music	230,750.00
Project funding for popular music	323,270.26
Total	634,627.25

The annual report about SKE's activities in 2015 as well as SKE guidelines and other relevant information are published on the website www.ske-fonds.at.

ABOUT US

austromechana is

- the Collective Management Organisation for mechanical rights in music in Austria
- a society of more than 23,000 composers, lyricists and music publishers
- a society with limited liability and a subsidiary of the Austrian performing rights society AKM

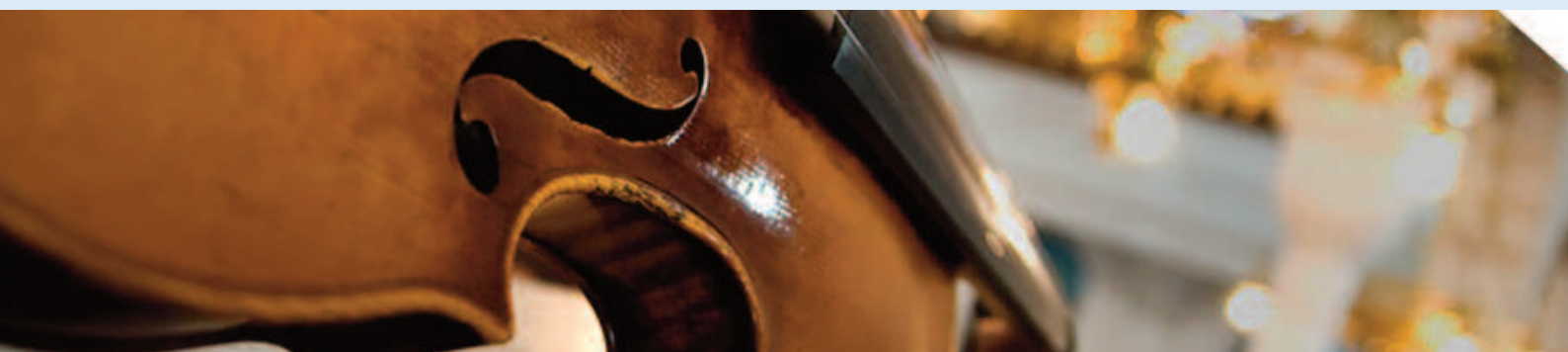


INCOME STATEMENT 2015

	31. 12. 2015		31. 12. 2014	
	€	€	€	€
1. Revenue				
License fees	23,056,728.16		21,045,128.86	
Allocation for distribution	-22,313,962.93	742,765.23	-20,263,316.55	781,812.31
Revenue from previous periods		2,142,254.68		2,172,435.13
Change in the accrual of commission income		-91,000.00		-11,000.00
		2,794,019.91		2,943,247.44
2. Other operating income				
a) Income from release of accruals		9,066.05		28,222.13
b) Other		1,354,989.72		942,538.34
		1,364,055.77		970,760.47
3. Personnel expenses				
a) Salaries		-1,328,091.21		-1,263,339.27
b) Expenses for severance payments		-6,196.27		-31,127.24
c) Expenses for pensions		-57,620.62		-55,354.87
d) Expenses for statutory social contributions and payroll-related taxes		-366,788.96		-356,574.32
e) Other social benefit-related expenses		-10,217.84		-8,902.35
		-1,768,914.90		-1,715,298.05
4. Depreciation on intangible assets and tangible assets		-74,466.33		-59,753.72
5. Other operating expenses		-2,249,187.74		-2,035,659.63
6. Subtotal of 1 – 5		65,506.71		103,296.51
7. plus change in SKE-related liabilities contained in subtotal of 1 - 5		142,995.26		133,827.70
8. Subtotal of 6 and 7		208,501.97		237,124.21
9. Income from securities		505,500.00		659,560.00
10. Other interest and similar income		20,527.93		48,033.56
11. Income from financial assets		0.00		247,000.00
12. Expenses from financial assets (Depreciation € 14,579.35; 2014: 7,506.20)		-38,056.05		-127,625.17
13. Interest and similar expenses		-55,000.00		-53,021.90
14. Subtotal of 9 – 13		432,971.88		773,946.49
15. less change in SKE-related liabilities contained in subtotal of 9 – 13		-12.16		-4,119.47
16. Subtotal of 14 and 15		432,959.72		769,827.02
17. Total of 8 and 16		641,461.69		1,006,951.23
18. Release of investment reserve		10,692.88		0.00
19. Allocation for reserve		-200,000.00		-230,000.00
20. Beneficiary claims		-452,154.57		-776,951.23
21. Annual surplus = net profit		0.00		0.00

BALANCE SHEET AS OF 31 DEC. 2015

ASSETS				
	31. 12. 2015		31. 12. 2014	
	€	€	€	€
A. FIXED ASSETS				
I. Intangible assets				
1. IT software	763,719.86		856,567.34	
2. Down-payments	35,015.00	798,734.86	0.00	856,567.34
II. Tangible assets				
1. Land and buildings on third party land				
a) Land value	31,365.38		31,365.38	
b) Building value	684,765.57		96,802.98	
c) Construction in progress	65,197.00		178,403.00	
2. Other equipment, operatin and office equipment				
a) Office furnishings	44,204.81	825,532.76	31,593.11	338,164.47
III. Financial assets				
1. Shares in companies	169.90		169.90	
2. Securities	9,724,137.75	9,724,307.65	26,588,717.10	26,588,887.00
		11,348,575.27		27,783,618.81
B. CURRENT ASSETS				
I. Receivables and other assets				
1. Advances and down-payments	207,458.61		194,356.07	
2. Receivables from license fees	8,861,678.52		3,164,741.67	
3. Other receivables and assets	15,297.11	9,084,434.24	85,792.35	3,444,890.09
II. Cash at bank and in hand		27,644,242.27		9,715,055.99
		36,728,676.51		13,159,946.08
		48,077,251.78		40,943,564.89



BALANCE SHEET AS OF 31 DEC. 2015

LIABILITIES				
	31. 12. 2015		31. 12. 2014	
	€	€	€	€
A. EQUITY				
I. Common stock	36,336.45		36,336.45	
Outstanding capital contributions	-18,168.30		-18,168.30	
II. Retained Earnings				
1. Investment reserve	249,307.12		260,000.00	
2. Other reserve	690,000.00	957,475.27	490,000.00	768,168.15
B. PROVISIONS				
1. For severance costs	328,612.00		388,639.00	
2. For pensions	111,195.00		116,412.00	
3. Other	2,969,703.05	3,409,510.05	3,103,715.26	3,608,766.26
C. LIABILITIES				
1. Accounts payable from trade	187,479.81		266,588.04	
2. Payables due to domestic and foreign parties				
a) Not yet cleared	28,584,336.44		25,870,533.46	
b) Cleared	1,161,578.69		1,259,673.40	
3. SKE payables	3,301,880.19		3,985,759.50	
4. Other payables*	10,474,991.33	43,710,266.46	5,184,076.08	36,566,630.48
		48,077,251.78		40,943,564.89

* Tax-related € 47,649.27 (2014: € 2,909.06)

* Social security-related € 38,721.68 (2014: € 35,491.51)



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