

## Annual Report 2013

### REVENUE

austro mechana's overall revenue amounted to € 21.860 million in 2013, a decline of 13.48 % compared to the previous year. However, the comparison to 2012 is not sound as the previous year's outstanding result was mainly attributable to subsequent payments in the field of private copying levies. A breakdown of the collections in 2013 and 2012 by source, is given below.

	2013 (€ m)	2012 (€ m)	Change (%)
<b>National</b>			
Audio products	3.275	3.601	- 9.05
Radio/TV	7.084	7.011	1.04
Private copying levy	2.100	6.087	- 65.50
Other royalties	1.498	1.341	11.71
Audiovisual products	0.503	0.372	35.22
Online	1.184	0.451	162.53
<b>Total national</b>	<b>15.644</b>	<b>18.863</b>	<b>-17.07</b>
<b>International</b>			
Central Licensing	3.026	3.446	-12.19
Sister Societies	3.043	2.812	8.21
Advertising Slots foreign TV-channels	0.147	0.144	2.08
<b>Total international</b>	<b>6.216</b>	<b>6.402</b>	<b>-2.91</b>
<b>Grand Total</b>	<b>21.860</b>	<b>25.265</b>	<b>-13.48</b>

### Audio Products

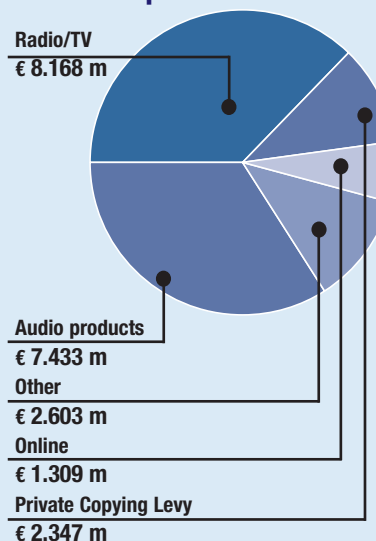
Financial statements for 2013 report royalties from sales in the second half of 2012 and the first half of 2013. Licence fees collected by austro mechana

directly were at € 3.275 million, down 9.05 % compared to 2012.

Roughly 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 showed a decline of 12.19 % in 2013 versus the preceding year.

### Revenue Split



Receipts for sales of sound carriers in Austria from both areas together were down 10.59 % compared to 2012.

### Radio / TV

In 2013, licence income from the Austrian public broadcaster ORF came to € 5.480 million, an increase of 0.98 % compared to last year's income of € 5.427 million.

Total revenue in Private Radio / Private Television reached € 1.604 million in 2013. This represents an increase of 1.26 % from the preceding year's result of € 1.584 million.

### Private Copying Levy

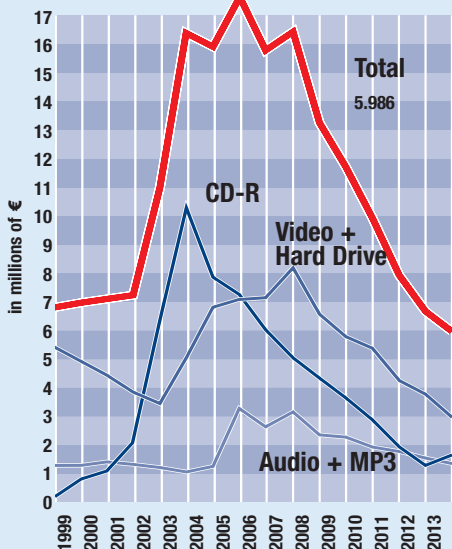
austro mechana negotiates and collects the remuneration for private copying on behalf of all participating right holders organisations. What follows is a breakdown by media source and the share of austro mechana:

	2013 (€ m)	2012 (€ m)	Change (%)
AUDIO analogue	0.023	0.033	-29
AUDIO digital	0.102	0.080	28
Computer CD-R	1.664	1.290	29
VIDEO	0.000	0.176	-100
DVD	1.982	2.066	-4
MP3/Jukebox	0.580	0.921	-37
Hard drive in DVD- recorders / Sat- receivers	0.962	1.535	-37
USB-Sticks	0.673	0.517	30
<b>Total</b>	<b>5.986</b>	<b>6.618</b>	<b>-10</b>
<b>Share of austro mechana</b>	<b>2.100</b>	<b>2.237</b>	<b>-6</b>

The continued decline is almost entirely attributable to the shift of consumer behaviour from recordable products such as CD-R and DVD-R to products with inte-

gral hard disks. Considering their high storage capacities, the levies on these devices appear relatively low. Since negotiations on tariffs for storages in mobile phones capable of playing music or computer hard disks with the Chamber of Commerce were never started, several lawsuits were started and are still pending. In 2013, the European Court of Justice and the Austrian Supreme Court issued two ground-breaking decisions, giving eventually room for a binding levy on computer hard disks and music-playing mobile phones on the one hand and a verdict against one of the biggest global direct sellers, who refuses to pay any and all levies since almost a decade. Those important lawsuits are now expected to be finished in 2015 at the earliest.

**Private Copying Levy  
1999 - 2013**



**Online**

At € 1.184 million, licensing income in the field of online business was 35.22 % above last years total. The increase in revenue is mainly due to subsequent settlements for prior periods.

**International**

In the year under review total income from sister societies abroad was down 2.91 % versus the preceding year, reflecting the continued downward trend of the international recording business.

**DISTRIBUTION**

More than 22,000 composers, lyricists and music publishers have entrusted austro mechna with the administration of their mechanical rights.

The amount available for distribution to our direct members in 2013 came to € 14.593 million.

Transactions with sister societies abroad provided the following picture in 2013 (€ m):

	AUME abroad	From abroad to AUME		AUME abroad	From abroad to AUME
GEMA / Germany	3.785	1.988	HARRY FOX / USA	0.020	0.007
SDRM / France	0.164	0.355	JASRAC / Japan	0.004	0.019
SUISA / Switzerland	0.162	0.178	SABAM / Belgium	0.032	0.059
MCPS / England	0.171	0.092	ARTISJUS / Hungary	0.003	0.053
SIAE / Italy	0.170	0.072	OSA / Czech Republic	0.040	0.052
STEMRA / Holland	0.079	0.050	ZAIKS / Poland	0.003	0.008
NCB / Scandinavia	0.153	0.025	Others	0.070	0.066
SGAE / Spain	0.026	0.021	<b>Total</b>	<b>4.882</b>	<b>3.045</b>

**ASSETS**

**A. Fixed Assets**

	December 31, 2013		December 31, 2012	
	€	€	€	€
I. Intangible assets				
1. IT software	778,878.63		2,136.75	
2. Advance payments	82,659.00	861,537.63	442,598.00	444,734.75
II. Tangible assets				
1. Land and buildings on third party land				
a. Land value	31,365.38		31,365.38	
b. Building value	134,682.33		144,484.14	
c. Advance payments	32,175.00		24,196.00	
2. Other equipment, operating and office equipment				
a) Office furnishings	43,275.27		55,367.82	
b) Office equipment	6,070.37		13,859.81	
c) Vehicle fleet	0.00	247,568.35	10,552.50	279,825.65
III. Financial assets				
1. Shares in companies	169.90		169.90	
2. Long-term securities	26,350,000.00	26,350,169.90	26,357,680.00	26,357,849.90
		<u>27,459,275.88</u>		<u>27,082,410.30</u>

**B. Current Assets**

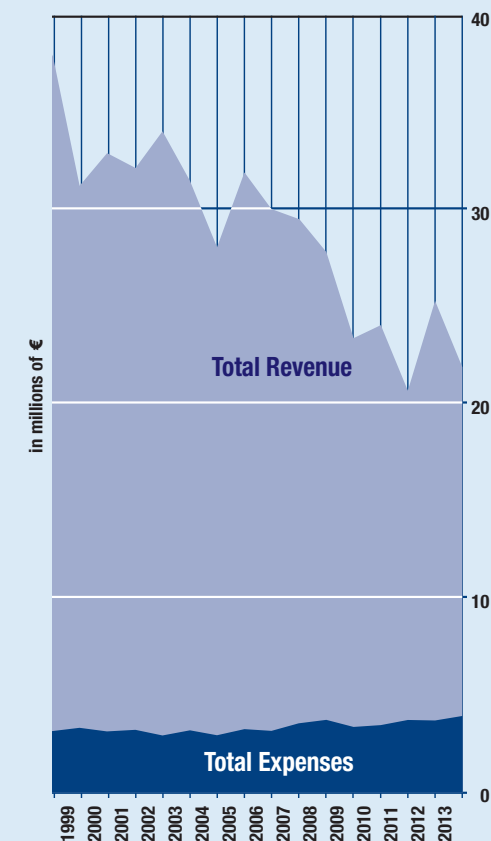
I. Receivables and other assets				
1. Advances and down-payments	264,226.08		219,881.40	
2. Receivables from license fees	3,072,994.02		3,594,158.68	
3. Other receivables and assets	444,231.20	3,781,451.30	77,391.35	3,891,431.43
II. Cash, bank accounts		9,367,866.18		17,011,331.45
		<u>13,149,317.48</u>		<u>20,902,762.88</u>
		<u>40,608,593.36</u>		<u>47,985,173.18</u>

	December 31, 2013		December 31, 2012	
	€	€	€	€
<b>A. Equity</b>				
1. Common stock	36,336.45		36,336.45	
Outstanding capital contributions	-18,168.30		-18,168.30	
2. Investment reserve	260,000.00		260,000.00	
3. Other reserve	<u>260,000.00</u>	538,168.15	<u>0.00</u>	278,168.15
<b>B. Accruals</b>				
1. Accruals for severance costs	369,180.00		518,340.00	
2. Accruals for pensions	122,394.00		128,323.00	
3. Other accruals	<u>2,930,534.98</u>	3,422,108.98	<u>3,175,342.14</u>	3,822,005.14
<b>C. Liabilities</b>				
1. Accounts payable	117,654.79		164,865.46	
2. Payables due to domestic and foreign parties				
a) Not yet cleared	25,830,755.73		29,664,007.76	
b) Cleared	1,252,144.47		1,287,755.31	
3. SKE payables	4,638,118.54		3,221,836.70	
4. Other payables	<u>4,809,642.70</u>	36,648,316.23	<u>9,546,534.66</u>	43,884,999.89
Tax-related € 9,662.53, (2012: € 34,555.73)				
Social security-related € 41,001.00 (2012: € 96,164.46)				
		<u><u>40,608,593.36</u></u>		<u><u>47,985,173.18</u></u>

## OPERATING COSTS

austro mechana acts as a trustee and may not make any profit. austro mechana's operating costs have to be covered by the income from commission fees. At the end of 2013, austro mechana had 27 employees. Personnel expenses amounted to € 2.052 million, a slight increase compared to the previous year. Total expenditure in 2013 accounted for € 3.917 million.

## Development of Income – Expenditures



## ORF minute values

The following values per minute have been applied for the distribution of mechanical royalties generated from ORF broadcasts in 2012 which have been distributed in 2013:

Radio		
Hook-up broadcast	€	1.42
Local broadcast	€	0.47
Television		
Hook-up broadcast	€	7.85
Local broadcast	€	2.62

## Statistics

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

Authors			Publishers		
	2013	2012		2013	2012
More than € 100,000	5	4	More than € 1 million	2	2
€ 50,000 to € 100,000	8	2	€ 100,000 to € 1 million	12	12
€ 10,000 to € 50,000	87	85	€ 10,000 to € 100,000	45	42
€ 1,000 to € 10,000	625	543	€ 1,000 to € 10,000	119	112
Less than € 1,000	12,996	11,033	Less than € 1,000	404	370
<b>Total</b>	<b>13,721</b>	<b>11,667</b>	<b>Total</b>	<b>582</b>	<b>538</b>

**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 funds of SKE. From these funds **austro mechana** promotes Austrian copyrights on the one hand by subsidising 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 2013, the SKE Fund was allocated as follows (amounts in Euro):

<b>Social allowances</b>	
Allowances for securing a basic standard of living	6,000.00
Allowances for extraordinary costs	15,200.00
Allowances for health insurance	8,316.68
Allowances for pension insurance	1,849.99
Allowances for social insurance	14,447.46
Retirement benefits - authors	570,832.00
Retirement benefits – music publishers	61,980.00
<b>Total</b>	<b>678,626.13</b>

<b>Cultural subsidies</b>	
General subsidies	45,040.13
Project funding for serious music	239,450.00
Project funding for popular music	352,800.00
<b>Total</b>	<b>637,290.13</b>



The annual report about SKE's activities in 2013 as well as SKE guidelines and other relevant information are published on the web-site [www.ske-fonds.at](http://www.ske-fonds.at).

**ORGANISATION**

On 11 June 2013, **austro mechana's** General Assembly decided to assign all corporate shares to the sister society AKM. In the new, leaner and more dynamic organisational structure the Board of directors of AKM serves as General Assembly of **austro mechana**, an Advisory Council on mechanical rights has been formed and Gernot Graninger, General Director of AKM, was appointed new CEO of **austro mechana**.

The Advisory council for mechanical rights is composed of the following persons:

- Dieter Kaufmann: composer – serious music
- Marion von Hartlieb: publisher
- Alf Krauliz: songwriter
- Kurt Brunthaler: composer – popular music
- Erwin Kiennast: composer – popular music
- Christian Kobel: publisher
- Fritz Schindlacker: songwriter

	2013		2012	
	€	€	€	€
1. Revenue				
License fees	21,860,637.84		25,265,883.37	
Allocation for distribution	-21,108,000.66	752,637.18	-24,539,866.18	726,017.19
Revenue from previous periods		2,657,461.63		2,251,132.78
Change in the accrual of commission income		-266,000.00		387,000.00
		<u>3,144,098.81</u>		<u>3,364,149.97</u>
2. Other operating income				
a) Income from disposal of fixed assets		2,965.00		0.00
b) Income from release of accruals		79,004.64		7,420.49
c) Miscellaneous		1,023,964.69		955,467.92
		<u>1,105,934.33</u>		<u>962,888.41</u>
3. Personnel expenses				
a) Salaries		-1,525,966.39		-1,386,239.36
b) Expenses for severance pay and payments to benefit provision fund		-41,462.97		-141,380.71
c) Expenses for pensions		-60,435.48		-70,601.04
d) Expenses for statutory social contributions and payroll-related taxes		-414,640.50		-369,677.29
e) Other social benefit-related expenses		-9,236.04		-8,457.57
		<u>-2,051,741.38</u>		<u>-1,976,355.97</u>
4. Depreciation on intangible assets and tangible assets		-35,037.15		-36,849.21
5. Other operating expenses		-1,984,026.39		-1,938,185.33
<b>6. Subtotal of 1 - 5</b>		<b><u>179,228.22</u></b>		<b><u>375,647.87</u></b>
7. plus change in SKE-related liabilities contained in subtotal of 1 - 5		80,398.15		155,261.06
<b>8. Subtotal of 6 and 7</b>		<b><u>259,626.37</u></b>		<b><u>530,908.93</u></b>
9. Income from securities and investments		790,500.00		813,151.07
10. Other interest and similar income		62,764.37		202,674.72
11. Expenses from financial assets		-15,172.73		-12,743.82
12. Interest and similar expenses		-169,391.60		-79,795.28
<b>13. Subtotal 9 -12</b>		<b><u>668,700.04</u></b>		<b><u>923,286.69</u></b>
14. less change in SKE-related liabilities contained in subtotal of 9 – 12		-5,520.79		-56,230.54
<b>15. Subtotal 13 and 14</b>		<b><u>663,179.25</u></b>		<b><u>867,056.15</u></b>
<b>16. Total of 8 and 15</b>		<b><u>922,805.62</u></b>		<b><u>1,397,965.08</u></b>
17. Allocation for investment reserve		0.00		-260,000.00
18. Allocation for retained income		-260,000.00		0.00
19. Beneficiary claims		-662,805.62		-1,137,965.08
<b>20. Annual surplus = net profit</b>		<b><u>0.00</u></b>		<b><u>0.00</u></b>