

NON-BINDING CONVENIENCE TRANSLATION

Annual Financial Statements as of
December 31, 2009 and Management Report

AGICOA Urheberrechtsschutz-Gesellschaft mbH,
Munich

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Balance Sheet as of December 31, 2009

Assets

	31 Dec 2009		31 Dec 2008	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets				
Software		64.249,41		58.532,33
II. Tangible assets				
Office equipment		8.587,00		15.455,02
III. Financial assets				
Investments		0,00		25.564,59
		72.836,41		99.551,94
B. Current assets				
I. Accounts receivable and other assets				
1. Accounts receivable	1.070.222,84		989.953,22	
2. Accounts receivable due from shareholders	54.607,75		2.415,91	
3. Other assets	92.287,76	1.217.118,35	238.487,43	1.230.856,56
II. Cash on hand and cash in banks		62.115.553,53		39.271.229,79
C. Deferred charges		24.279,32		0,00
		63.356.951,20		40.502.086,35
		63.429.787,61		40.601.638,29

Liabilities and Shareholders' Equity

	31 Dec 2009		31 Dec 2008	
	EUR	EUR	EUR	EUR
A. Shareholders' equity				
Capital subscribed		25.564,59		25.564,59
B. Reserves and accrued liabilities				
1. Pension reserves		88.068,00		79.631,00
2. Reserves for rightholders		61.497.202,68		38.977.586,16
3. Other accrued liabilities		34.600,00		27.600,00
		61.619.870,68		39.084.817,16
C. Liabilities				
1. Accounts payable		1.325.585,46		1.475.193,65
2. Other liabilities		458.766,88		16.062,89
		1.784.352,34		1.491.256,54

Profit and Loss Statement for the year ended December 31, 2009

	2009		2008	
	EUR	EUR	EUR	EUR
1. Revenue cable retransmission	44.660.209,14		2.977.645,57	
2. Other operating income	60.231,24	44.720.440,38	20.917,94	2.998.563,51
3. Personnel expenses				
a) Salaries	-206.806,33		-197.469,49	
b) Social security, pension --thereof for pensions EUR 8.437,00 (p.y. EUR 7.969,00)--	-20.929,26	-227.735,59	-19.802,88	-217.272,37
4. Depreciation and amortization		-34.789,38		-37.486,59
5. Other operating expenses		-1.387.439,08		-396.084,93
6. Interest income		1.791.422,24		1.933.341,13
7. Result from the ordinary operations		44.861.898,57		4.281.060,75
8. Taxes on income		0,00		16,00
9. Provision for reserves for rightholders		-44.861.898,57		-4.281.076,75
10. Net income		0,00		0,00

AGICOA Urheberrechtsschutz-Gesellschaft mbH, Munich

Notes for Fiscal Year 2009

I. Application of the 'Handelsgesetzbuch' [Commercial Code (HGB)] and the 'Urheberrechtswahrnehmungsgesetz [Act relative to the Administration of Copyrights and Neighboring Rights (UrhWG)]

The accounting, audit and publication regulations pursuant to Section 9 (4)-(6) UrhWG and Section 238 et seq. HGB and especially Sections 264 et seq. HGB apply to the Company. In the year under review, the Company was to be regarded as a "medium-sized" corporation within the meaning of Section 267 (1) HGB. Nonetheless, the format of the balance sheet and the profit and loss statement accords with the provisions applicable to a "large" corporation. The Company also supplied the data in accordance with Section 285 (4) HGB in the notes to the financial statements.

II. Accounting and valuation methods

The intangible assets and tangible fixed assets are carried at acquisition cost less scheduled depreciation according to use. Depreciation is recorded straight-line over a useful life of five years, in the year of addition on a pro rata temporis basis. Foreign currency additions were converted at the exchange rates applicable at the time of payment. Financial assets are carried at acquisition cost and/or at the lower value to be assessed.

The accounts receivable, other assets, cash on hand and cash in banks are carried at their nominal value. They contain all claims for which the Company received statements prior to preparing the financial statements and which were performed during the period under review. The deferred charges contain expenses in 2009 which constitute expenditure after the balance sheet date.

The pension reserves correspond to the discount value pursuant to Section 6a EStG [Income Tax Act]. The bases for calculation are the "2005 G guiding tables" of Prof. Dr. Klaus Heubeck. The discount rate is 6 %.

The reserves for rightholders take account of distribution commitments to rightholders and liabilities of still uncertain amount, the latter estimated in accordance with prudent business principles.

The other accrued liabilities comprise all identifiable risks and uncertain obligations in an amount required in accordance with prudent business principles

The liabilities are carried at their repayment amount. They comprise all liabilities for which statements were received with a date prior to the balance sheet date which were paid in the first three months of the fiscal year 2009.

To the extent that revenues were received in foreign currency, they were converted at the exchange rates applicable at the time of receipt.

III. Notes to the financial statements

Balance sheet

The development of the fixed assets is represented in the statement of fixed assets in the Appendix hereto.

The accounts receivable as of December 31, 2009 have been collected in the meantime to a large extent. The other assets relate, besides tax refund claims, to the cash surrender value of a reinsurance and accrued interest. All accounts receivable are due in one or less than one year. The term of the cash surrender value of the reinsurance (EUR 79k) is more than five years; the term of the remaining other assets is one or less than one year.

The capital stock registered in the Commercial Register amounts to DM 50,000. It is fully paid in. The mathematical conversion was made at the fixed conversion rate of 1.95583 DM/EUR. The capital stock has not yet been changed over to EURO.

The reserves for rightholders are obligations to rightholders, including the social fund and the film promotion fund. The other accrued liabilities in the amount of EUR 35k relate mainly to outstanding invoices and financial statements costs.

Accounts payable relate primarily to liabilities owed to rightholders under the settlements (also advance payments) made in 2009 and the preceding years for the periods 1987 until 2008. The full amount of liabilities is due within one year.

The other liabilities are made up of:

	31.12.2009	31.12.2008
	EUR	EUR
Liabilities for taxes	451,264.73	16,062.89
Other liabilities	7,502.15	0.00

Profit and loss statement

Of the revenue cable retransmission, an amount of EUR 44,573k is attributable to cable retransmission rights Germany. An amount of EUR 87k is attributable to countries other than Germany.

Income not relating to the period under review is included in the total revenues at an amount of EUR 27,264k and in the other operating income at an amount of EUR 1k as a result of release of reserves.

The provisions for reserves for rightholders, shown in a separate item of the profit and loss statement, correspond to the addition to reserves for rightholders. An amount of EUR 22,394k has been distributed or paid to the rightholders in the year under review. An amount of EUR 256k has been used for promotion purposes.

IV. Other information

Management

In the year under review, Prof. Dr. Ronald Frohne, Rechtsanwalt [Attorney-at-Law], Berlin, was the managing director holding power of sole representation.

The protective clause pursuant to Section 286 (4) HGB is being applied.

Advisory board

Pursuant to Art. 11 of its statutes, the Company has an advisory board consisting of six (6) persons who represent the interests of the rightholders. The advisory board received no remuneration in the fiscal year.

Employees

The Company had one (salaried) employee besides the managing director in the fiscal year under review.

Shareholding

Shares within the meaning of Section 285 (11) HGB are held in EPI – "Erich Pommer" Institut für Medienrecht und Medienwirtschaft gemeinnützige Gesellschaft mit beschränkter Haftung, Potsdam. The shares of the capital stock of DM 50k (EUR 26k) are fully held by the Company. The provisional financial statements as of December 31, 2009 show a capital stock of EUR 26k and a net income for the year of EUR 0. This shareholding has been sold effective December 31, 2009, 12:00 midnight, according to the notarized contract dated April 08, 2010.

Appropriation of net income

In accordance with the object and purpose of a collecting society, the Company showed no net income in the year under review. The amounts not yet distributed to rightholders or the like are included in the reserves established for this purpose (see above).

Munich, May 28, 2010

AGICOA Urheberrechtsschutz-Gesellschaft mbH
Management Board

Prof. Dr. Ronald Frohne

Statement of Fixed Assets in Fiscal Year 2009

	At cost				Accumulated depreciation				Net book value	
	1 Jan 09	Additions	Disposals	31 Dec 2009	1 Jan 09	Depreciation fiscal year	Disposals	31 Dec 2009	31 Dec 2009	31 Dec 2008
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets										
Software	1.176.082,35	33.638,44	0,00	1.209.720,79	1.117.550,02	27.921,36	0,00	1.145.471,38	64.249,41	58.532,33
II. Tangible assets										
Office equipment	24.060,81	0,00	0,00	24.060,81	8.605,79	6.868,02	0,00	15.473,81	8.587,00	15.455,02
III. Financial assets										
Investments	25.564,59	0,00	25.564,59	0,00	0,00	0,00	0,00	0,00	0,00	25.564,59
	1.225.707,75	33.638,44	25.564,59	1.233.781,60	1.126.155,81	34.789,38	0,00	1.160.945,19	72.836,41	99.551,94

AGICOA Urheberrechtsschutz-Gesellschaft mbH, Munich Management Report 2009

Preamble

During the fiscal year 2009, the activities of the Company comprised, as in the past, the administration of cable retransmission rights in Germany in compliance with the statutes.

Course of business

In the period under review, the Company recorded revenue cable retransmission of EUR 44,573k for the area cable retransmission in Germany and EUR 87k for the area overspill of German TV-stations in Denmark. In addition, there has been an interest income of EUR 1,791k and other income of EUR 51k.

These revenues and income compared with expenses of AGICOA Urheberrechtsschutz-Gesellschaft mbH of EUR 1,650k after offsetting of income from increase of the cash surrender value of the reinsurance (EUR 9k) and the release of reserves for outstanding invoices and costs of the annual financial statements (EUR 1k). The remaining amount of EUR 44,862k has been allocated to the reserves for rightholders, i.e. for distribution to rightholders so that a net income for the year of zero is reported in compliance with the statutes.

The received remuneration is invested at interest until distribution to the rightholders.

As reported in previous years, the global cable agreement between the cable network operators and the rightholders – without private broadcasting stations – dated November 21, 1991 entered into force again for the period from January 1, 2003 to December 31, 2006 with a fixed remuneration of EUR 49 million per annum having been agreed upon. The film collecting societies received a share of EUR 17.85 million out of the annual fixed remuneration. The terms of the distribution of the remuneration for 2003 through 2006 internally as between the film collecting societies have been agreed upon at the end of 2004/at the beginning of 2005. The distribution largely corresponded to the distribution made so far.

In April 2009, the following understanding has been reached on the cable agreement: A fixed remuneration of EUR 49 million has been agreed upon with the ANGA cable network operators for 2007. For 2008 through 2012, the amounts to be finally paid will be determined after submission of the audited revenue cable retransmission of the cable network operators (3.3% and 3.1% respectively of the revenue cable retransmission) with a minimum remuneration of EUR 52 million per annum being intended for 2009 through 2011. Subject to settlement with TWF (see below), the distribution between and among the film collecting societies will probably be made in almost the same proportion as in the previous years.

Therefore, in the fiscal year 2009, the agreed amounts for the cable retransmission rights 2007 (EUR 13,348k) and 2008 (EUR 14,353k) have subsequently been received and also those for the cable retransmission rights 2009 (EUR 13,959k) have been received. Until the clarification of claims, if any, of the collecting society TWF, GEMA, as collection agent, withheld a pro rata amount of

EUR 394k for the broadcasting years 2007 through 2009 from the 2009 remuneration to which AGICOA is entitled.

The collecting societies AGICOA, GÜFA, GWFF, VG Bild-Kunst, VFF and VGF formed ZWF. The purpose of ZWF is the management of the rights of secondary exploitation of films – administered by the individual shareholders of ZWF – as far as the operator of a distribution system simultaneously makes the receivers available to the users (e.g. hotel TV systems, hospitals, prisons). The revenue cable retransmission 2009 includes payments by ZWF for the period 2009 in the amount of EUR 3,195k.

In the fiscal year 2009, after receipt of the respective amounts, it has been possible to prepare the final cable retransmission statements for the broadcasting year 2007 and the statement for the broadcasting year 2008. In addition, in 2009, payments on account of solved double registrations and late claims for 1987 through 2006 have been made. After reserves for films not yet registered have been set aside and after the allocations to the social fund and the film promotion fund, a total of EUR 22,394k has been paid to the rightholders. An amount of EUR 256k has been spent for promotion purposes.

Within the framework of the statements, the reserves for films not yet registered, for the social fund and for the film promotion fund have been set aside as prescribed by law and by the articles of association.

AGICOA efficiently fulfills the tasks required by law through a small staff. The Company has only one (salaried) employee in addition to the management and arranges for the performance of the work also by employees of the affiliated collecting society GWFF, which has the required know-how, thereby realizing synergies and cost saving.

Promotion in 2009

In accordance with the resolutions adopted by the advisory board, it will be continued to finance the EPI - "Erich-Pommer" Institut für Medienrecht und Medienwirtschaft gemeinnützige Gesellschaft mit beschränkter Haftung, Potsdam, which has been formed by the Company, out of the promotion fund. The Erich Pommer Institut (EPI) goes back to an initiative of the state government of Brandenburg which is aimed at making the provision of practice-oriented further training a special feature of the Babelsberg location. The EPI has acquired an excellent scientific reputation. It provides substantial scientific contributions in the field of film copyright law and offers also great support regarding the education and further training of young producers and authors in the film and television industry by organizing common lectures etc.

In 2008, negotiations have been taken up with the Film and TV University "Konrad Wolf", Potsdam, and with the University of Potsdam with the aim to enlarge the group of shareholders of EPI and thus the financing basis. At the end of the fiscal year 2009, AGICOA transferred its shares in the Erich Pommer Institut to the Film and TV University "Konrad Wolf", Potsdam, and promised to finance the EPI or further two (2) years. The University, on its part, promised to continue it until at least 2014.

Financial and earnings situation

The earnings situation of the Company is determined by its statutory status as non-profit organization as prescribed by law for collecting societies. Furthermore, it is inherent in the system that most of the revenue cable retransmission is relating to different periods because the amounts to be distributed are received, and passed on to the Company, by the administering institutions for different periods and the Company then issues the respective statements to the rightholders with time-lag. The balance arising from all income and expenditure in a fiscal year is, as provision for reserves for rightholders, shown in full as reserves for rightholders in accordance with the statutes.

As a result of the requirements of the law, the balance sheet and thus the financial situation of the Company are determined by items channeled through. The balance sheet is thus characterized by high cash amounts and receivables from the institutions administering the funds while the fixed assets and the remaining current assets are of secondary importance. The main item on the liabilities side are the reserves for rightholders while the remaining reserves and accrued liabilities, liabilities and also the subscribed capital are secondary items.

Material risks and chances

Since in April 2009 a new cable agreement has been concluded with the cable network operators for the broadcasting years from January 1, 2007 to December 31, 2012 inclusive, remuneration for the broadcasting years up to and including 2012 can be expected. Hence, there is no risk of loss of income in this regard. However, there is a risk of the Company's share being reduced as a result of the additional new collecting society TWF which alleges to represent the claims of advertising film producers.

The main risk inherent in the business operation of the Company is still the possibility of a change in the legal outline conditions regarding the remuneration claims for cable retransmission over the medium or long term.

The management still notes with concern the heavy lobbying of the cable operators to remove the cable retransmission remuneration at the national and European levels as well as the attempts of foreign broadcasters to acquire the cable retransmission rights directly from the producers. The Company endeavors to counter these attempts with arguments both at the national level and at the EU level. In addition, the management is concerned that Section 20b UrhG might not cover further forms of retransmission such as IPTV, ADSL or retransmission via satellite platforms. The Company vehemently advocates a "functional" interpretation of Section 20b UrhG and endeavors to bring about a respective clarification by the legislator.

The possibility of the producers presently represented by the Company choosing to be represented by other collecting societies cannot be excluded. However, the Company succeeded in persistently enlarging the group of rightholders in the last years; no change is expected in this respect.

The chance of the Company consists primarily in the extension of its scope of administration to cover also further forms of cable transmission. e.g. IPTV, ADSL etc.

Presumable development

It is intended to make the distributions to the rightholders as soon as possible also in the years to come. For 2010, the Company plans to distribute the amounts for the broadcasting year 2009.

Material events after completion of the fiscal year

The Federal Supreme Court issued a judgment on the so-called hotel-TV after the balance sheet date. The Federal Supreme Court held that hotels are not obligated to pay a remuneration pursuant to Section 20b UrhG in any case if they adopt without change the program supplied by the cable operator. This decision has an impact on the proceeds of the ZWF; however, the extent of this impact is not clear yet.

Audit Opinion

I issued the following unqualified audit opinion:

I audited the annual financial statements – consisting of the balance sheet, the income statement and the notes – including the accounting records and the management report of AGICOA Urheberrechtsschutz-Gesellschaft mbH, Munich, for the fiscal year January 1 to December 31, 2009. The accountings as well as the preparation of the annual financial statements and the management report in accordance with the German commercial law provisions and the supplementary regulations contained in the statutes are the responsibility of the management of the company. My function is to give an opinion on the annual financial statements including the accounting records and on the management report on the basis of my audit.

I performed my audit of the annual financial statements pursuant to Section 317 HGB [German Commercial Code], in accordance with the generally accepted German auditing standards established by the Institut der Wirtschaftsprüfer (IDW) [Institute of German Certified Public Accountants]. According to this provision, the audit must be planned and performed in such a manner that any incorrectness or violation which has a material impact on the view of the net worth, financial position and results conveyed by the annual financial statements in accordance with the generally accepted accounting principles and by the management report will be identified with sufficient certainty. The knowledge of the business activity and of the economic and legal environment of the company as well as expectations regarding possible sources of error are taken into account when determining the audit acts. Within the framework of the audit, the effectiveness of the internal accounting control system as well as the supporting documents for the information contained in the accounting records, the annual financial statements and the management report are primarily assessed on a sample basis. The audit includes an assessment of the applied accounting principles and of the essential estimations of the management as well as an appreciation of the overall picture conveyed by the annual financial statements and the management report. I am of the opinion that my audit constitutes a sufficiently secure basis for my assessment.

My audit has not led to any reservations.

In my judgment based on the findings obtained within the framework of the audit, the annual financial statements are in compliance with the statutory regulations and the supplementary provisions of the statutes and present, in compliance with the generally accepted accounting principles, a true and fair view of the net worth, financial position and results of AGICOA Urheberrechtsschutz-Gesellschaft mbH. The management report is consistent with the annual financial statements, conveys overall a correct picture of the position of the company and correctly presents the chances and risks of the future development.

I, pursuant to Section 9 (5) UrhWG, also issue the unqualified audit certificate provided for therein in the following form:

The accounting records, the annual financial statements and the management report comply with the law and the statutes according to my properly performed audit.

Lindau, June 2, 2010

(Seal of Karl-Christian Bay)

(Signature)

Karl-Christian Bay
Wirtschaftsprüfer
[Certified Public Accountant]