

KODA



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2008 ANNUAL REPORT



A COMPETITIVE BUSINESS PARTNER FOR ALL RIGHTS HOLDERS

BY MANAGING DIRECTOR NIELS BAK

“ Access to the world repertoire of music is crucial to us offline or online - through reciprocity, direct representation contracts or member contracts. Multinational publishers as well as sister societies can create far better results with KODA than alternative ways of administering rights when it comes to music use in Denmark.



Efficiency, transparency, dialogue – and the lowest administration costs in Europe!

KODA is a well-known and consolidated brand in Denmark with a very high market coverage and administration costs kept at an extremely low 10 percent this year. Denmark is a small country and KODA is a small organisation. Therefore we are particularly proud of our cost efficiency. Our office is situated in the centre of Copenhagen with a modern and efficient technology base for our more than 100 highly skilled employees.

Collaboration and new business models equal better revenues

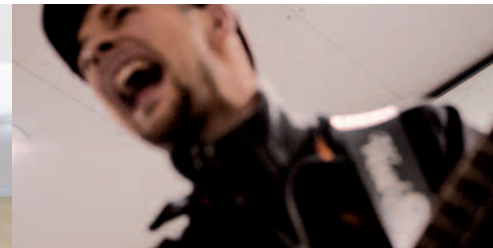
We collaborate a great deal with the rest of the music business, with the political system and with our customers. Collaboration is a conscious strategy on our part; it creates synergy, efficiency and goodwill all around. Furthermore, it creates new business models for music use, and - as a result of this - creates more revenue for our members – the composers, song writers and music publishers. For decades, KODA and the neighbouring rights organisation for record labels and performing artists in Denmark, Gramex, have jointly licensed and collected royalties for recording and publishing rights. This creates new opportunities for the music users as well as easy access to all the relevant rights. This one stop shop approach has proven very valuable for music users and rights holders alike because it creates new business for all parties involved.

Internationally, KODA is an active player in collaborations which optimise our administration and our licensing agreements. We have developed considerable know-how on licensing and a valuable, efficient infrastructure in collaboration with NCB (Nordic Copyright Bureau) for the mechanical rights as well as with our Nordic sister societies in general and Norwegian TONO in particular. We are ready to collaborate with all publishers and rights societies and we do not seek exclusive partnerships. We believe that partnerships and collaborations which make costs low and service efficient are the way towards increased competitiveness.

With the rapid changes in the international music business, the main concern for the collective rights societies is to optimise profits for the rights holders. We believe that new business models are the way forward and that choosing us to administer your music rights is good business!

Five good reasons to choose KODA:

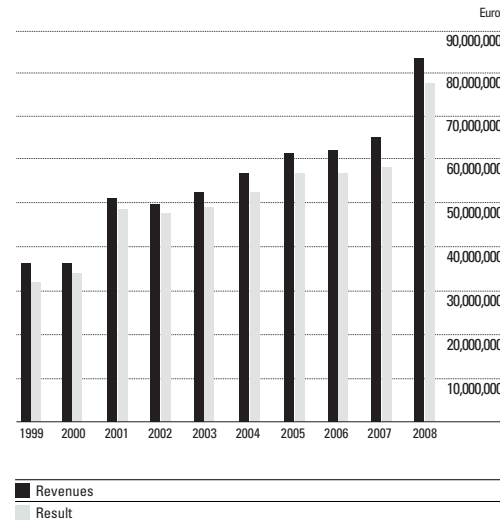
- 1) Very low administrations costs
- 2) Creator of new business models for music use
- 3) Prime mover on online administration
- 4) Efficiency and innovation
- 5) Collaboration nationally and internationally



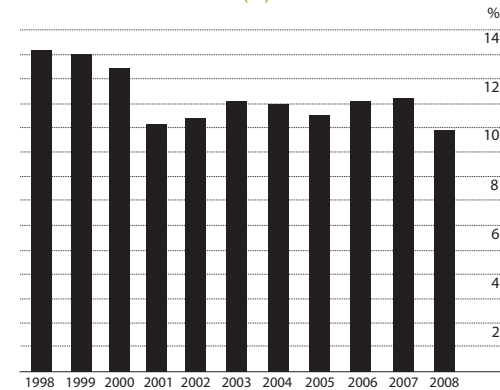
Examples of new business models in 2008 creating revenues for the rights holders:

- The TDC Play licensing agreement giving music users access to “free” music with their phone/broadband subscription. In this agreement, KODA has ensured good revenues for our rights holders as well as a progressive new business model for TDC which has echoed around the world as a great example of a future way to use music.
- A licensing agreement with online music site BandBase.com. This is a new model whereby 40 percent of all generated income at the site which directly or indirectly stems from music is paid to KODA for the use of music.
- The project “Karrierekanonen” (Career Cannon) was initiated by KODA and gathers some of our major customers: the Danish Broadcasting Corporation and the Danish venues and festivals in a joint collaboration on boosting upcoming music with airplay, live exposure and mentoring schemes.
- A longstanding court case with the largest commercial TV channel in Denmark, TV2, ended in favour of our rights holders in late 2008 resulting in a serious boost in this year’s profit and loss account.
- A general licensing scheme for digital add-on service for cable and IP-TV operators which covers a “start over” service and on demand access to TV programmes where cable TV subscribers can restart all running TV programmes. The start over service has been introduced in Denmark as the first country in Europe.

KODA's Licensing Revenues and Result 1999-2008



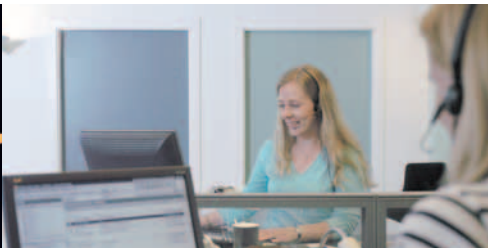
KODA's administration costs (%) 1998-2008



“ We are privileged to live in exciting times and it is our task to change the way rights holders make money, so that they can make a living.

“ KODA is a serious and competitive business partner and we are not afraid to benchmark ourselves internationally.

“ Efficiency, transparency, dialogue – and the lowest administration costs in Europe!



PRIME MOVER IN ONLINE LICENSING AND REGISTRATION

We make it simple for our customers across national borders - and therefore profitable for our members.

The Internet has provided new opportunities for music use and as a result, new opportunities for music licensing have arisen. At KODA we are prepared to license any kind of music use, as long as the rights holders receive fair compensation.

Our focus is to ensure efficient working procedures for rights holders, customers and for our administration. This efficiency results in very low administration costs – the lowest in Europe in fact. And this of course means more money for our members – the rights holders.

Efficient online systems have been implemented for fast and service-minded handling of customers as well as members. The systems have been developed by KODA and the Nordic collective rights societies, and we are currently working particularly closely with our Norwegian sister society, TONO, to improve these IT systems.

“ In 2008, 24,413 concerts were registered through our online system MyKODA. This equals 89 percent of all potential concerts for online registration and 68 percent of all reported concerts.

92 percent of our members' song registration is carried out in our online system MyKODA. The system also provides confidential royalty statements for each member.

Making it simple - for our Customers

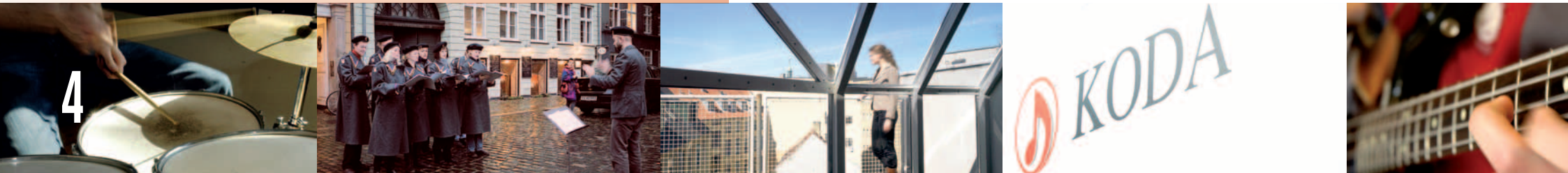
We closely monitor Internet music use by Danish end-users and we have been licensing Internet music use with great efficiency since 1996. Our IT development department supplies us with online systems for customers, and as a result we have implemented an online licensing shop, where customers can easily sign up for the most common Internet music usages. This makes the licensing process simple for our customers and highly cost-effective for KODA.

The Internet only reluctantly respects national borders and the international music users therefore have a great need for cross-border licenses. We always strive to facilitate cross-border online licenses with other societies.

Making it simple - for our Members

At KODA all requested services are available online – for publishers, composers and songwriters alike. Several of these online services have been developed in-house by our own IT staff and are now shared with several other Nordic rights societies and NCB (Nordic Copyright Bureau).

Composers and songwriters can register any new song directly at www.koda.dk in a service called MyKODA and see their own archive of registered songs. Upon signing a contract with a composer/ songwriter, music publishers simply report all new songs electronically at MyKODA. The registration of entire song catalogues in various formats is also an option.

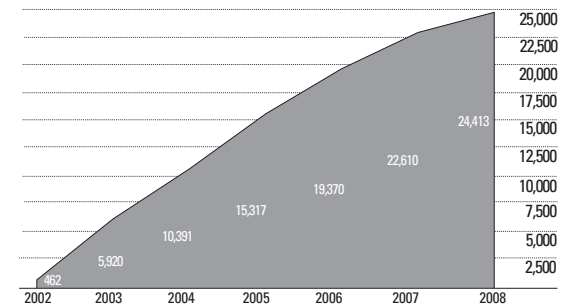


“ As per 1 March 2009, MyKODA has 15,000 unique online users. This is a very high figure compared to the fact that only 12,977 members received remuneration from KODA in 2008.

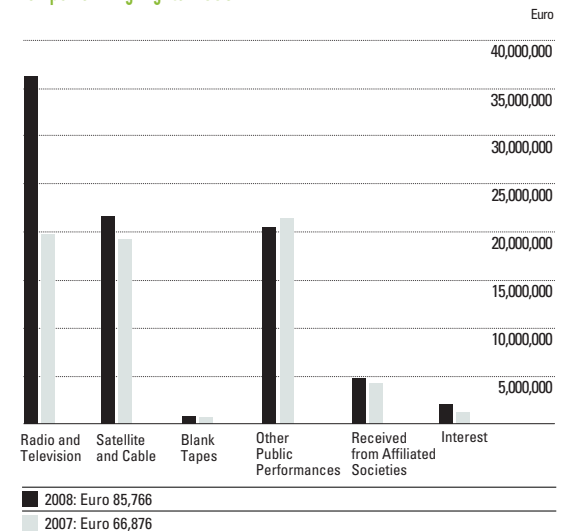
Online services for composers, songwriters and music publishers

- Composers and songwriters can register any new song directly at www.koda.dk in a service called MyKODA and see their own archive of registered songs.
- Upon signing a contract with a composer/songwriter, music publishers simply report all new songs electronically at MyKODA. The registration of entire song catalogues in various formats is also an option.
- When a song is played in public, on TV or radio, the reports are automatically registered online –the accuracy of the reports is naturally checked by our expert staff.
- Live concert are easily registered online for both national and international concerts.
- Payment is made directly to the user’s bank account and all relevant information regarding what songs have been played and how many times is listed on MyKODA.
- The search function in KODA’s song database is accessible to all.

Concert Registrations in MyKODA per year



Breakdown of KODA's total revenues for performing rights 2008



INTERNATIONAL PERSPECTIVES AND COLLABORATIONS

Collaboration and networks

We value and emphasise close collaboration and a sound working relationship with foreign multinational rights holders such as the multinational music publishers as well as with other collective rights management societies around the world. We work closely with the music publishers and other rights holders in order that the commercial users in Denmark can get easy access to the repertoire they need. We experience a huge demand for national licensing covering all relevant rights and we have taken a number of initiatives to show the rights holders that KODA is the best alternative for licensing in Denmark.

Part of this process involved KODA's Head of International Legal Affairs, Jakob Hüttel, who participated as a panellist in this year's International Publishing Summit during MIDEM '09. The topic of the panel was collaboration between publishers, labels and societies, and KODA shared our experiences on extensive collaboration with other categories of rights holders in licensing on the Danish market.

Number of board members increased by one

In 2008, KODA started a modernisation process of our bylaws. An important outcome of the discussions was that KODA changed the composition of the Board by extending the number of publishers from two to three, thus increasing the total number of Board members from eight to nine.

KODA welcomes this development and we value the involvement of highly dedicated and business-minded people in the top management of KODA. In addition, this move is part of KODA's implementation of the joint declaration on "management of online copyrights in music works & governance in collective management societies" which was adopted by the umbrella organisations ICMP and GESAC.

The CISAC statement of objections

In the so-called CISAC case, the European Commission argued that the collective rights management societies in Europe had – deliberately or not – arranged the rights flow between the societies in a way that made it very easy to obtain a national license for all repertoire in the public performance field but cumbersome to obtain a pan-European license (concerning satellite, cable and Internet use). A decision that went against all the European performing rights societies was issued.

As many as 23 out of the 25 rights societies involved as well as CISAC, the world wide umbrella organisation, have appealed the decision. Nevertheless, we have all been forced to implement the decision and carry out bilateral discussions regarding the territorial scope of our reciprocal representation agreements in order to comply with the decision. While the appeal process is carried out, KODA will continue to build and expand our international collaboration with other rights societies and multinational music publishers.





PR photo

“ We are very proud to be on the top 10 once again and we rejoiced when we heard the news. Being a member of KODA is a gift to us artists. KODA does a great job to ensure that we get money when our music is used.
Lina Rafn, *Infernal* (on top 10 most played artists abroad in 2007, 2006 and in 2005)

“ I am extremely happy and proud that people like my music here in Denmark as well as abroad. My KODA membership is crucial to me because my music gets played all around the world and the payments from KODA are always fast, efficient and accurate.
Enur



PR photo



“ KODA is security to me, because I know KODA makes sure that I get paid when my music is used all around the world.
Ida Corr

Top 10 - Most frequently played Danish compositions abroad (based on 2007 registration)

NO.	TITLE	COMPOSER/SONGWRITER	ARTIST
1	CALABRIA	ENUR, NATASJA	ENUR FEATURING NATASJA
2	DESTINATION CALABRIA	ENUR, A. GAUDINO, S. M. LINN, S. SCARPELLINI	ALEX GAUDINO FEATURING CRYSTAL WATERS
3	SUPERSTAR	REMEE, MICH HANSEN, JOE BELMAATI	JAMELIA/CHRISTINE MILTON
4	SOMETHING ABOUT YOU	JAMELIA, PETER BIKER, SOULSHOCK	JAMELIA
5	LET ME THINK ABOUT IT	IDA CORR, MOTRACK, BURHAN G	IDA CORR VS FEDDE LE GRAND
6	FROM PARIS TO BERLIN	PAW LAGERMANN, LINA RAFN, ADAM POWERS	INFERNAL
7	TANGO JALOUSIE	JACOB GADE	VARIOUS ARTISTS
8	PLAYED ALIVE	UFFE SAVERY, MORTEN FRIIS, MICHAEL PARSBERG	SAFRI DUO
9	THE CREEPS - REMIX	CAMILLE JONES, GAUZZ	CAMILLE JONES VS FEDDE LE GRAND
10	SUNSHINE REGGAE	JOHN GULDBERG, TIM STAHL	LAID BACK

Photo: Lars Svankjær



NATIONAL COLLABORATION AND JOINT LICENSING

KODA holds a unique position in the Danish market because we have proved that we are able to collaborate and develop new business models, not only with other music rights holders (for instance neighbouring rights holders), but also with rights holders in completely different areas of the industry (for instance in the film and acting industries).

We have been co-licensing our performing rights along with NCB's (Nordic Copyright Bureau) mechanical rights for many years, and this gives the music users easy access to the complete set of performing and mechanical rights, in particular in the online field. We are also engaged in business development with other music rights holders, for instance regarding the rights held by performing artists and record labels. For decades, KODA and the Danish collective rights management organisation for performing artists and record companies, Gramex, have licensed and collected royalties jointly. Together we create new opportunities for the music users as well as easy access to all the relevant rights. This one stop shop approach has proven very valuable for music users and rights holders alike because it creates new business for all parties involved.

Collaboration creates groundbreaking licensing

In 2008 the Danish Broadcasting Corporation (DR) launched a new on-demand service, which gave the public access to TV and radio recordings from its archives, some of which dated as far back as the 1920s. DR, of course, had not acquired the necessary rights for

online on-demand use of programmes that dated back to times before the Internet was invented. This made it particularly tricky for DR to launch the new service, because DR would have to acquire licenses from the entire creative industry.

KODA assisted in facilitating the agreement as a driving force behind a joint licensing scheme, which involved more than 25 Danish collective management societies and trade unions. The goal was to make one single licensing agreement with DR on the one side and all of the rights holder organisations as signatories on the other side. The end result made it possible for DR to acquire the rights in one single package and of course at the same time ensured that adequate royalties were paid for the online use of the archives. Had it not been for the joint licensing scheme, it is very unlikely that DR had succeeded in obtaining all the necessary rights, but with this single agreement the rights were made available for DR to the great benefit of end-users and rights holders alike.

2008 was also the year when KODA established general licensing schemes for digital add-on service for cable and IP-TV operators. This brand new agreement covers a central "start-over" service and on demand access to TV-programs where cable TV subscribers can restart TV-programs while they are being broadcast. The central start-over service has been introduced in Denmark as the first country in Europe.

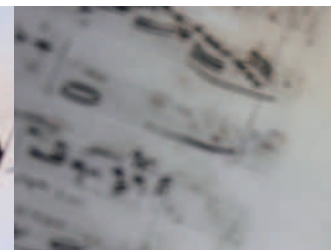




Photo: Mads Flummer

“ Denmark has a strong tradition for composing music. Music is of great importance to our cultural heritage. I believe it is very important that composers and songwriters have strong protection of their rights and are paid for the use of their works. At the same time, it is very important that the music is easily available to users and consumers at a reasonable price. KODA plays an extremely important role to society in that respect. Denmark has strong traditions for collective copyright administration in music which we, in the Ministry of Culture, have sanctioned since 1935. KODA's work is crucial for the composers, songwriters and music publishers as well as for the music users who have easy and legal access to the world music repertoire.

Carina Christensen, The Danish Minister for Culture

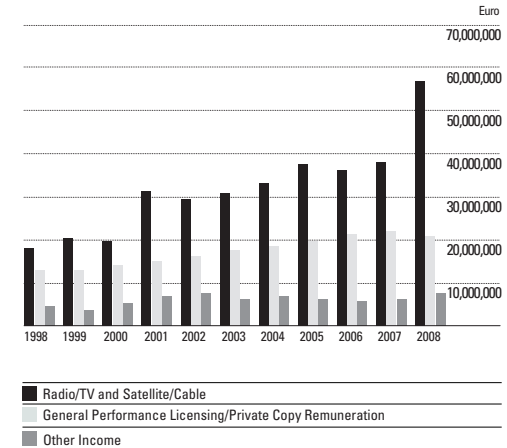


Photo: Lars Svinnkjær

“ KODA is definitely the most efficient rights organisation. We are played as much on English and French radio as we are on Danish radio, but the money we get from England and France are “dimes” compared to what we receive from KODA. Big up to KODA – respect!

WhoMadeWho

KODA's profits 1998-2008



MUSIC PAYS

When music is used strategically, it adds value to any given product and place. Therefore music means money to the vast majority of our customers and one of our tasks is to help them use the music in the most profitable way. We collaborate with our customers on new ways to use music in order to make the entire market for music grow.

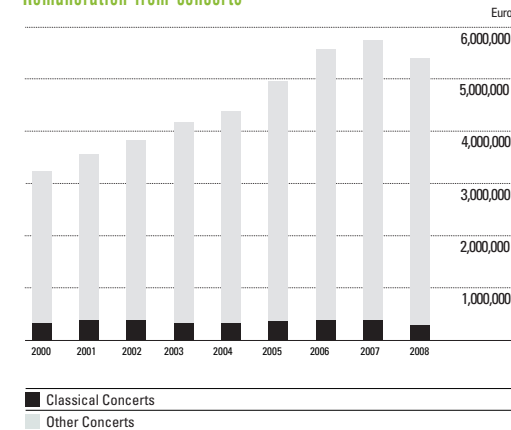
In 2008, KODA implemented its new market strategy which focuses on collaboration with customers, consulting services on strategic use of music and on the development of new business models. We believe that strong customer relations increase the incentive to pay for music use as well as increase the understanding of our customers that music pays.

The number of debt collection cases at KODA has dropped dramatically during the past two years as a result of our new customer strategy. And we have managed to turn our customers' focus away from the level of tariffs towards the actual product they are paying for: Music! During the past year, we have organised events and conferences for our customers, offering them expert knowledge about music use in shops and chain stores. We have also arranged VIP meetings where our key customers in the creative industries have met some of the big commercial companies among our customers. These meetings have, among other things, resulted in new collaborations which use music in innovative ways.

At KODA, we collect knowledge on the value of music from scientific research and private surveys. We communicate summaries about this research at our website, in pamphlets etc. and we offer our customers consultancy services free of charge about how they can use music in the most optimal way. We call this campaign: "Music Pays" and the core messages in the campaign are gathered in the following 10 pointers:

We will continue to launch new business collaborations with our customers and the ones listed on page 11 are just a taste of what to come.

Remuneration from concerts



10 pointers on how to use music strategically:

- Consider which function you wish the music to have in your shop, restaurant etc.
- Let the music create your image
- Play music which "fits" your customers
- The music pace influences the flow of customers
- Let the music suit the goods and the service you are selling
- Play music that goes with the rhythm of the day and the week
- You lose influence on the choice of music if you play radio
- Play music that your employees enjoy
- Use a music centre of good quality
- Consider and test a suitable music volume





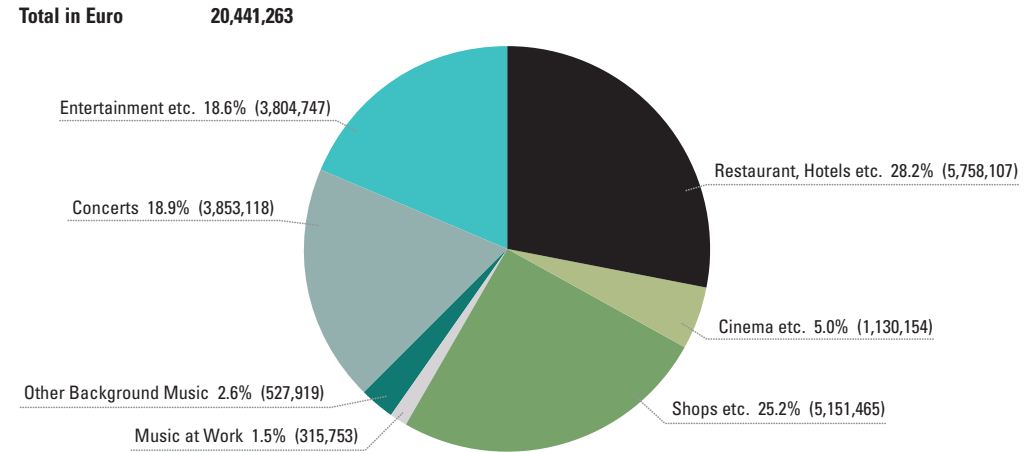
“ Our contract with KODA means, that we can offer the Danish population a far more varied selection of music on radio as well as on TV and new media in the coming years. In DR, we are pleased with the collaboration with KODA because it benefits the music makers as well as our listeners and viewers. In this way, the artists are ensured correct and efficient payment for their music and DR – like other radio and TV stations - has access to play the music we wish.

Kenneth Plummer, CEO Danish Broadcasting Corporation (DR)

Selected new business models in 2008:

- The TDC Play licensing agreement giving music users access to “free” music with their phone/broadband subscription. In this agreement, KODA has ensured good revenues for our rights holders as well as a progressive new business model for TDC which has been echoed around the world as a great example of a future way to use music.
- A licensing agreement with the online music site BandBase.com. With this new model, 40 percent of all generated income at the site which directly or indirectly stems from music is paid to KODA for the use of music.
- The project “Karrierekanonen” (Career Cannon) is initiated by KODA and gathers some of our major customers: the Danish Broadcasting Corporation and the Danish venues and festivals in a joint collaboration on boosting upcoming music with airplay, live exposure and mentoring schemes.
- In late 2008 a longstanding court case with the largest commercial TV channel in Denmark, TV2, ended in favour of our rights holders resulting in a serious boost for this year’s profit and loss account.
- A general licensing scheme for digital add-on service for cable and IP-TV operators. The scheme covers a “start-over” service and on demand access to TV programmes enabling cable TV subscribers to restart all running TV programmes. The start-over service will soon be introduced in Denmark as the first country in Europe.

KODA's income 2008 - other public performances



Market facts

- 40,000 active customers and more than 200,000 current and former customers in our database (– a very high number considering the fact that we are only five million people in Denmark).
- Our consultants visit approx 45 customers daily all over the country.
- We have 550 online agreements with customers regarding use of music on the Internet.
- We sign approx 70 new agreements per week
- The number of debt collection cases has dropped to a third (from 2,000 to 600 in 2008).



CULTURAL CONTRIBUTIONS

- A TOOL FOR NATIONAL BRANDING, LEADING TO GOOD REASONABLE TARIFFS

Each year, 10 percent of KODA's net profit is allocated to Cultural Contributions. The sum is invested in national upcoming artists in Denmark – a small country and a “small” language. The end result is more money for all rights holders, national as well as international. KODA invests in Danish music culture through Cultural Contributions that supports the image of copyright and increases user willingness to pay for music.

Thus, Cultural Contributions is an investment that strengthens our national image and – in particular – ensures and strengthens the political support for our cultural function in society. This acceptance, in effect, enables us to ensure reasonable tariffs for our members.

Big international rights holders make money due to our Cultural Contributions. Why?

- Our support for the national music culture shows legal and political authorities that we are a democratic organisation with great significance for Danish culture. If we were instead perceived as a commercial organisation, the general acceptance of paying for music would decrease significantly.
- The money allocated for national upcoming artists is partly recycled in the “system” because the ventures made possible by Cultural Contributions are given tariffs which would otherwise not exist.
- Supporting national music increases musical diversity internationally. This diversity is important for the development of the music business as a whole. We earn more money per capita than the majority of collective rights management societies, in particular than the societies without Cultural Contributions. This is again, due to the national acceptance of our function.

Facts:

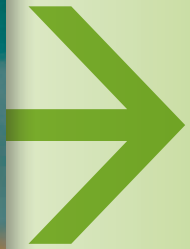
- Our Cultural Contributions are provided for cultural purposes only, and not for social purposes, pensions or the like.
- We provide full transparency in our accounts, also regarding our Cultural Contributions. No Cultural Contributions are deducted from online sale when substituting physical sale.

In 2008, our Cultural Contributions amounted to 5.3 million Euros. The money went to direct member support e.g.

Concerts and tours, scholarships, promotion material, courses and workshops as well as events supporting national music and festivals, for example:

- An annual one day festival for Danish music “Spil Dansk Dagen”
- A stage for upcoming Danish jazz music at Copenhagen Jazz Festival
- A two day festival for upcoming bands, SPOT Festival
- Workshops and seminars for songwriters



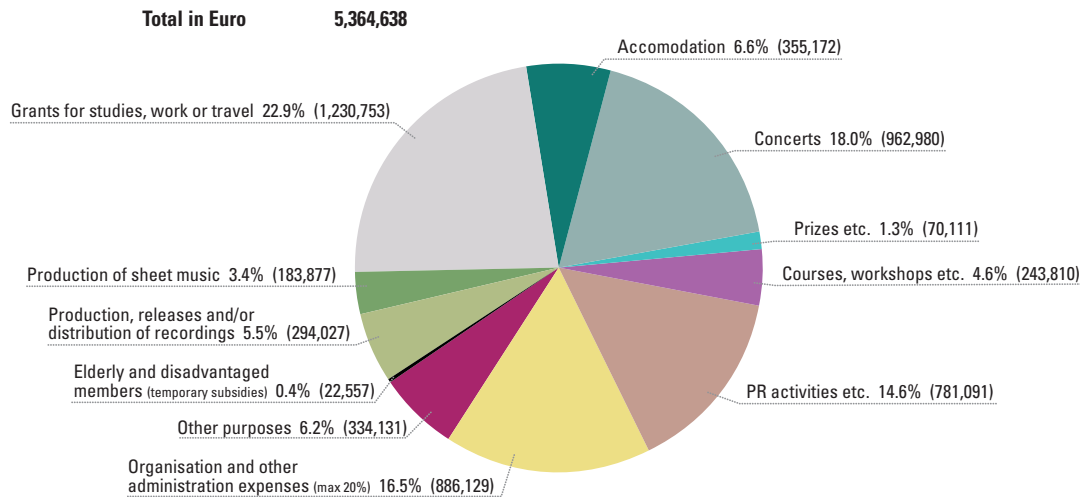


The 17 year-old rapper, Ali Negash, received support from KODA for his debut album in 2008. He has now signed a recording contract with Playground Music and plays concerts all over Denmark in 2009.



DJ and Composer Katrine Ring received support from KODA's cultural contributions in 2008 for a project where she interprets works from a Danish classical composer, Vagn Holmboe: "It has great practical and psychological significance for me to receive this support from KODA. I am very grateful for this help," says Katrine Ring.

How KODA's 2008 cultural contributions was spent



IN 2008 KODA PAID MORE THAN 24.7 MILLION EUROS OUT OF DENMARK

A music importing country – with a strong music culture and close collaboration on copyright protection

On average, each and every Dane listens to music more than 2.5 hours a day – and music therefore plays an important role in our society. Our national music is very popular, and the most frequently played songs are often Danish. Copyright protection is high in Denmark and rights holders enjoy much respect in our political life.

This strong music culture is reflected in the large group of KODA-members, numbering more than 32,000. A very high number compared to Denmark's population of only 5 million. However, only about one third of our members are active and productive and, thus, receive payment from KODA each year.

Import much greater than export

Even though music is popular in Denmark, we remain a music importing country. This is reflected in our financial review in the distribution of remunerations in Denmark and abroad. In 2008, KODA sent just over 24.7 million Euros to rights holders outside Denmark, equalling approx 59 percent of the total remuneration. In the past few years, the foreign share has increased slightly as a result of the growth that has taken place primarily in areas with a high share of foreign repertoire.

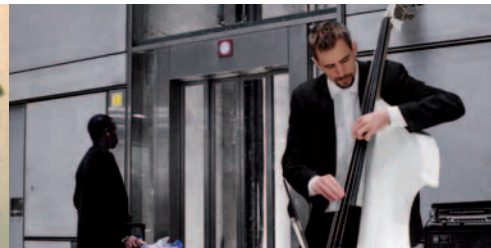
As seen in the table to the right, KODA paid 24,650,989 Euros to foreign rights holders while receiving only 4.7 million Euros. In the next few years, we expect an increase in revenues from abroad, partly because of a handful of very successful Danish songwriters/bands and partly because of the international success of Danish feature films.

Number of Danish musical works in KODA's database

2000	2001	2002	2003	2004	2005	2006	2007	2008
373,519	399,359	418,999	446,911	478,095	539,970	576,160	610,533	646,625

Payments to and from abroad

	EURO		EURO	
	Received 2008 from	2007-2008 + / - %	Distributed 2008 to	2007-2008 + / - %
STIM, SWEDEN	983,151	16%	9,560,453	6%
PRS, UK	479,809	0%	4,897,255	-5%
ASCAP, USA	150,524	33%	3,186,980	-9%
BMI, USA	104,519	105%	2,365,628	-23%
GEMA, GERMANY	554,809	20%	1,544,504	7%
SACEM, FRANCE	395,300	29%	841,343	-30%
TONO, NORWAY	510,029	11%	525,247	-21%
SOCAN, CANADA	34,552	-1%	335,227	-23%
SIAE, ITALY	158,788	-25%	189,701	-29%
APRA, AUSTRALIA	99,134	49%	180,087	-11%
SESAC, USA	-	0%	155,651	-30%
TEOSTO, SUOMI	294,421	-11%	124,836	34%
SGAE, SPAIN	608	-99%	98,547	8%
BUMA, NEDERLAND	164,287	17%	98,040	-18%
SABAM, BELGIUM	96,756	-2%	97,280	55%
AKM, AUSTRIA	63,583	21%	78,517	11%
IMRO, IRELAND	32,934	-8%	67,481	11%
SUISA, SWITZERLAND	47,567	8%	50,349	-19%
STEF, ICELAND	-	-100%	46,170	39%
JASRAC, JAPAN	146,509	51%	31,289	-18%
UBC, BRASILIA	40,579	112%	23,846	100%
SAMRO, SOUTH AFRICA	23,078	13%	22,095	8%
SADAIC, ARGENTINA	9,605	8%	17,952	-51%
OSA, TJEKKIET	14,202	60%	13,061	-40%
ZAIKS, POLEN	91,884	-8%	12,836	-32%
RAO, RUSSIA	16,127	-38%	9,467	-55%
MESAM, TURKEY	4,135	211%	7,998	9%
ACUM, ISRAEL	7,598	43%	6,921	6%
SUBTOTAL	4,524,486	10%	24,588,764	-5%
Others	221,882	32%	62,225	-37%
TOTAL	4,746,368	10%	24,650,989	-5%



THE ANTI-PIRACY GROUP

- A COLLABORATION TO PROTECT COPYRIGHTS

KODA collaborates with the Danish Anti-Piracy Group (APG) in its work against illegal copying and distribution of music and film.

We participate actively in the fight against piracy because it is in the long-term interest of our rights holders. The Danish Anti-Piracy Group (APG) is the most successful in Europe. It has successfully reduced traffic on several of the widely known illegal file sharing services.

Cases 2008

In late 2008, the two Danish High Courts decided on four different civil cases against users of the peer-to-peer network Direct Connect. In three of the cases the owners of the IP addresses were acquitted since the High Court stated there was not enough evidence pointing to the owners as the actual infringers. In the fourth case the High Court was satisfied with the evidence established by the Danish APG and decided that the owner of the Internet connection was guilty of massive copyright infringement. This last case has now been appealed to the Supreme Court by the owner of the Internet connection. These cases prove that an IP address is not enough when rights holders want to hold copyright infringers responsible for internet piracy. More evidence or elements are needed.

The Danish APG has launched a significant and intensive effort to bring the major Danish ISPs to the table to discuss cooperation against Internet piracy, and the government has even established a work group with the purpose of addressing these threats to copyrights and neighbouring rights. Currently, it seems that there might be willingness from the side of the ISPs to cooperate with rights holders. The Danish APG has also concluded several important agreements with owners of auction sites and link sites, making it possible for APG to quickly address infringements taking place on these sites.

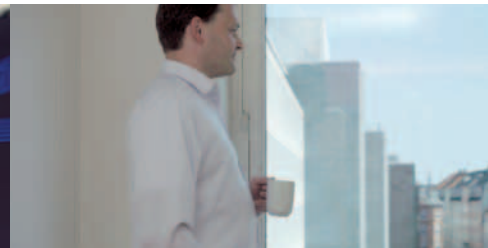
Who is APG?

The members of the Danish Anti-Piracy Group are artists, the recording industry, the film industry and KODA/NCB. We believe that the formal participation of composers, songwriters and musicians in APG is of the utmost importance. We are certain that the best way to combat piracy is by joining forces with all aspects of the music industry. Our prime task is to support the living conditions of the rights holders. The voice of the composers and musicians within this project gives credibility to us all and therefore it is our strategy that KODA's spokespersons on anti-piracy are always well-known artists with a strong credibility.

Money returned to its rightful owners

One of our focus areas in our collaboration with APG is to ensure that the money from illegal file sharing is returned to the people who have lost their rightful income – the rights holders. Therefore, a crucial element in the group's work and rules is to ensure that the artists, who lose earnings as a result of piracy, get their share of the money that APG obtains through lawsuits.

In 2006, to ensure this, APG established a charitable trust, which channels funding to new artistic projects within music and film. APG works strictly within the legal system and their cases are relevant to and focused on seriously damaging file sharing. This is of great importance for KODA.



STATEMENTS FROM KODA'S CHAIRMAN IVAN PEDERSEN

In 2008, we fulfilled all planned business strategies and even exceeded our own expectations in many areas. Still, we continue to set up new targets for the improvement of skills and knowledge within our line of work and regarding the continual modernisation of our collective rights society.

KODA now has a total of three publishers on our Board and thus, we have implemented the joint declaration agreed upon by ICMP/CIEM and GESAC ("On management of online copyrights in music works & governance in collective management societies"). Throughout 2008, KODA has held meetings with many of the major publishers in Europe to communicate how we work and to demonstrate the great financial results of our efforts here in Denmark.

Transparency and dialogue

We strive towards complete transparency and to continuously work to make this the state of the art within collecting societies. Our administration costs are the lowest in Europe, and at the same time we deliver one of the best market penetrations in the world - if not the best. During the past year, KODA has once again managed to improve our collecting procedures, to grow new markets, to upgrade business policies and maintain dialogue with decision makers. At the same time, we meet the demands of the EU Commission, as we - while writing this - are close to having negotiated new agreements with all the societies we cooperate with internationally.

Music facilitator

Our strategy of being "the inventive music facilitator" is a great success. Surveys among customers, members as well as the media

show that KODA is now highly respected and recognised as an organisation "in the know" about the music business, an organisation that facilitates collaboration in the music business, and last but not least - an organisation that helps customers to find the best way to use music. We offer solutions for every kind of music usage and our customer partnerships have resulted in a radical dive in the number of problematic court cases as well as in the number of debt collections from customers.

New business models

KODA is a first mover in the facilitation of new music platforms. We have launched new business models for online music such as the now renowned TDC Play agreement. Furthermore, we have facilitated the opening of our major national TV-broadcaster's online archive.

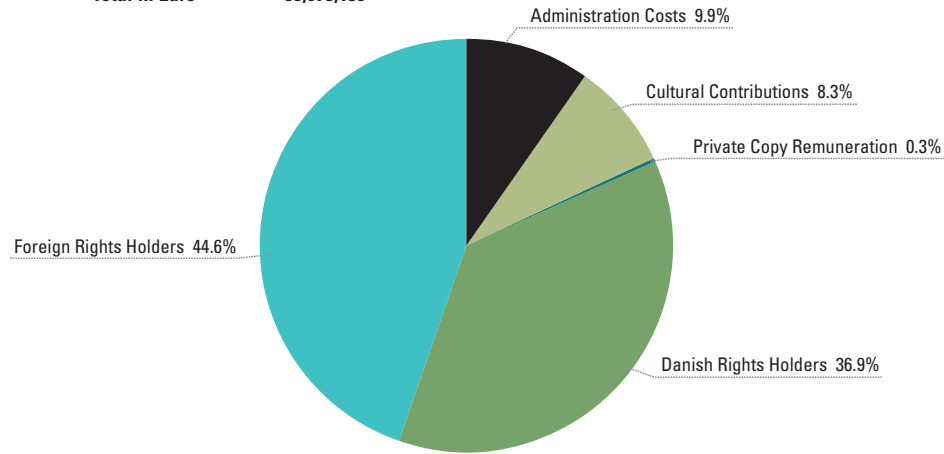
All in all, KODA is a very important player on the Danish/Nordic music scene. We are present in every aspect of cultural life involving music as a highly respected partner and facilitator. KODA is more than ready to offer our services and to compete with anyone in order to facilitate the handling of your repertoire in our part of the world.

“Efficiency, transparency, dialogue
– and the lowest administration costs in Europe!

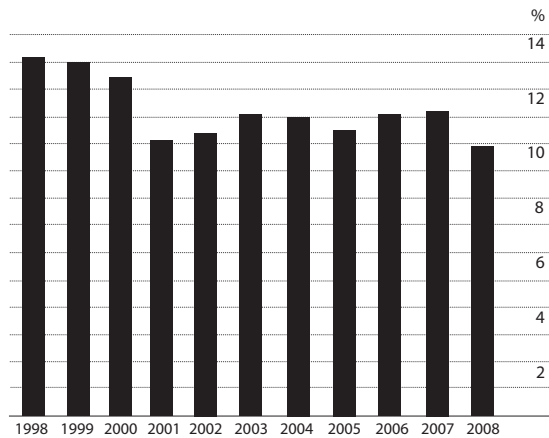


KODA's Allocation of Revenues for 2008

Total in Euro 85,673,139



KODA's administration costs (%) 1998-2008



“ We are top notch performers in our area offering a first class economic performance and complete transparency in our conduct. The world repertoire is the key to all our achievements in this small but well administered corner of Europe – and maintaining this repertoire is our most important goal.

**Ivan Pedersen,
Chairman of the Board**



Financial review for the year 2008, in Euro

Note		2008	2007
1	Music Remuneration, Denmark	68,526,825	59,212,381
	Music Remuneration, Denmark, payment in arrears for former years	8,867,821	
	Music Remuneration, Copying	739,990	861,181
	Music Remuneration, Faeroe Islands	340,076	355,794
	Music Remuneration, Greenland	371,436	289,266
4	Music Remuneration, from abroad	4,745,035	4,297,684
		83,591,183	65,016,306
2	Administration Expenses	-8,455,902	-7,517,467
	Result before interest etc,	75,135,282	57,498,839
3	Net Interest Income	2,081,956	1,295,767
	Result before Tax	77,217,237	58,794,606
	Corporation Tax	0	0
	Result for the year	77,217,237	58,794,606
	<i>Settled as follows:</i>		
4	Remuneration Affiliated Societies	4,745,035	4,297,684
	Contributions for National Cultural Purposes	7,129,788	5,364,638
	Collective Private Copy Remuneration	251,239	284,154
8	Remainder for Distribution	65,091,175	48,848,130
		77,217,237	58,794,606

Balance as of 31st December 2008

Assets			
Note	2008	2007	
	Liquid Funds	40,930,798	14,236,184
	Debtors	1,997,778	7,259,555
5	Securities	43,665,798	45,065,950
6	Property	14,229,813	13,804,257
7	Fixtures and Fittings	509,213	535,551
	Accrued Interest	156,477	31,676
	Accruals	122,584	138,625
	Other receivables	152,446	0
	Total Assets	101,764,907	81,071,799
Liabilities			
	Contributions for National Cultural Purposes	7,413,477	5,576,873
	Collective Private Copy Remuneration	654,248	801,257
	Other Collective Purposes	152,227	137,662
	Remuneration Affiliated Societies	1,595,282	1,391,600
	Un-distributed Amounts	17,787,421	9,660,868
	Provisions for Write-up and Property	5,811,883	5,811,883
	Accruals	0	5,733,838
	Other Creditors	2,183,161	1,841,602
8	For Distribution	66,167,209	50,116,216
	Total Liabilities	101,764,907	81,071,799
9	Contingencies etc.		

Copenhagen, 4th March 2009

Management
Niels Bak

KODA's Board:

Ivan Pedersen (Composer, KODA's Chairman)
Susi Hyltdgaard (Composer)
Klaus Ib Jørgensen (Composer)
Pia Raug (Composer)
Niels Rosing-Schow (Composer)
Jacob Morild (Songwriter)
Tine Birger Christensen (Music Publisher)
John Rasmussen (Music Publisher)
Ole Dreyer Wogensen (Music Publisher)



Account notes

	2008	2007
1 Music Remuneration, Denmark		
Radio and TV	47,284,163	37,749,795
Internet	1,025,600	619,135
Cinema and Film Showings	1,027,290	1,070,644
Background Music in Restaurants, Hotels and Ships	5,655,577	6,467,072
Trading and Sales Premises	5,129,051	5,025,005
Music in Work Spaces	315,753	349,285
Music in Airplanes	144,554	184,277
Music in Coaches	82,767	90,713
Miscellaneous	300,597	292,860
Background Music	5,972,723	5,942,140
Concerts	4,300,093	4,459,435
Indoor Entertainment <200 persons	288,432	298,841
Indoor Entertainment >200 persons	560,327	693,403
Outdoor Entertainment	98,092	112,228
Association Agreements	113,588	99,350
One-off Events	5,360,533	5,663,257
Exhibitions/Conferences	14,675	26,887
Sports Events	739,949	784,071
Amusement Parks	413,056	425,849
Circus	39,468	44,945
Theatre Music	615,177	535,433
Schools and High Schools	430,463	395,028
Other Entertainment	2,252,787	2,212,213
Provisions for debtor loss	-51,847	-511,876
Music Remuneration, Denmark	68,526,825	59,212,381

	2008	2007
2 Administration Costs		
Staff Expenses	6,495,168	5,874,485
<i>Fees:</i>		
Board	199,046	173,437
Various committees	4,029	1,474
Legal Assistance	248,431	135,674
Auditors Fees	51,458	35,870
Consultancy Fees	51,757	106,687
Control and PR Costs	235,112	155,906
Travel and Representation etc.	272,790	214,640
Cost of Premises	326,527	333,490
<i>Office Expenses:</i>		
Stationery and Printed Matters	195,325	200,311
Telephone and broadband	68,486	71,193
Transportation	1,084	2,273
Bank Costs	5,974	4,355
Postage	224,697	237,671
Insurances	36,548	30,244
Subscriptions	100,391	107,372
External Registers	73,059	22,807
IT, Operation Costs for Entries	27,917	33,386
IT, Operation Costs	393,107	260,018
IT, System Development and Installation etc.	87,574	88,951
Inventory, Maintenance and New Purchases	57,122	65,930
Miscellaneous	2,526	10,957
Depreciation	204,933	190,267
Cost Reductions	-907,162	-839,931
Administration Costs	8,455,902	7,517,467

	2008	2007
3 Interest Incomes, net		
Realised loss due to sold Securities	-854,964	-399,933
Unrealised loss, securities	-2,396,339	-1,134,477
Returns, Securities	2,346,662	1,788,527
Bank- and Giro Accounts	1,278,539	789,683
Interest Rate Compensation	1,430,757	
Debtors etc.	277,301	251,968
Interest Incomes, net	2,081,956	1,295,767
	2008	2007
4 License Revenues Affiliated Societies		
Music Revenues from Cable Distribution of		
Danish Radio and TV programmes Abroad	217,398	276,349
Other Revenues Affiliated Societies	4,527,637	4,021,335
License Revenues Affiliated Societies	4,745,035	4,297,684
	2008	2007
5 Bonds and Investment trust certificates		
The holding consists of unit trust bonds in distributing unit trusts with portfolios consisting of bonds and shares.		

	2008	2007
6 Property		
Cost Price 1 January	7,314,439	7,314,439
Increase during the Year	425,555	0
Year Start	0	0
Cost Price 31 December	7,739,994	7,314,439
Appreciation 1 January	6,511,644	6,511,644
Appreciation for the Year	0	0
Appreciation 31 December	6,511,644	6,511,644
Depreciation 1 January	-21,826	-21,826
Depreciation for the Year	0	0
Depreciation 31 December	-21,826	-21,826
Accounting Value as of 31 December	14,229,813	13,804,257
Cash Value of Property as of 1 January	16,240,303	16,240,303
	2008	2007
7 Fixtures and fittings		
Cost Price 1 January	1,031,635	1,382,522
Additions in the Year	179,218	560,813
Losses in the Year	-283,169	-911,700
Cost Price 31 December	927,683	1,031,635
Depreciation 1 January	-496,084	-1,027,575
Disposals	247,351	709,801
Depreciation of the Year	-169,738	-178,309
Depreciation 31 December	-418,470	-496,084
Accounting Value as of 31 December	509,213	535,551

	2008	2007
8 For distribution		
For distribution according to the profit and loss account	65,091,175	48,848,130
Unplaceable Remuneration 1 January	825,520	949,490
Free Portion	250,514	318,596
For Distribution	66,167,209	50,116,216

9 Contingent liabilities etc.

The European Commission has launched a complaint against KODA and the other European collective rights management companies regarding their observance of the EU competition rules. The Case is suspended, but not yet decided.

The estimated capitalised value of pension obligations is EUR 281,856

Contracts have been entered for the lease of computer equipment. The obligation constitutes EUR 2,819 distributed between the next year.

Obligations regarding rental property: Interior maintenance in connection with lease is EUR 11,006

A lease has been signed for the address: Landemærket 27, 2nd and 3rd floor. The lease is irrevocable until June 1st 2010, and the obligatory rent is EUR 151,940



KODA: Always at your service!



Contact us to hear more...

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KODA Management:

