# ORGANISATION

## MANAGEMENT REPORT

**A. GENERAL CONDITIONS** ............................................. 23
**B. FINANCIAL PERFORMANCE** .................................. 25
**C. REPORT ON EVENTS AFTER THE REPORTING PERIOD** .......... 28
**D. OPPORTUNITIES AND RISK REPORT** .......................... 29
**E. FORECAST AND OUTLOOK REPORT** ............................ 33

# ANNUAL FINANCIAL STATEMENTS

**PROFIT AND LOSS STATEMENT** .................................. 37
**BALANCE AS AT 31ST DECEMBER 2015** .......................... 38
**FIXED ASSETS 2015** .............................................. 40
**RESERVE FUNDS FOR THE DISTRIBUTION 2015** ................. 42
**NOTES TO THE ACCOUNTS** ......................................... 43

# KEY DATA

**DISTRIBUTION TO MEMBERS AND RIGHTSHOLDERS** ............ 52
**MEMBERSHIP NUMBERS AND CATEGORISATION** .................. 52
**ADMISSION OF NEW MEMBERS** .................................. 53
**PARTICIPATION OF GEMA MEMBERS IN THE DISTRIBUTIONS** .... 53
**SOCIAL AND CULTURAL ALLOCATIONS** ............................ 54
**INTERNATIONAL INCOME AND PAYMENTS** ...................... 54
**AUDITORS’ REPORT** .................................................. 55
**PUBLISHING INFORMATION** ......................................... 56
KEY FIGURES 2015

INCOME MILLION EURO
893.8

DISTRIBUTABLE AMOUNT MILLION EURO
748.1

OPERATING COST RATIO PERCENT
13.2
many of us consider it important not just to listen to music but also to hold a piece of it in their hands – in the sense of enjoying the entire work of art: to take a CD out of a lovingly wrapped gift box, place it into a CD player and then indulge in the pleasure of listening to its sounds while flicking through the booklet.

This is why the German music market is an exception when it comes to physical sound recordings such as CDs or, more recently, even vinyl records: Unlike the majority of the rest of the world, Germany is still witnessing significant sales of CDs, DVDs and vinyl records – making up around two thirds of all proceeds from music sales in Germany.

This is also reflected in GEMA’s balance for the financial year 2015: We managed to generate about €110m from licences in the physical sound recording category, a similar result to the previous year. This amount forms part of the total income of €893.8m – thus helping to repeat the exceptionally good financial results of the previous year.

All licensing categories contributed to this result, but particularly income from international royalties which were higher than expected, plus an increase in revenues generated by the regional offices.

The behaviour of music users in the online category does, however, not affect our income adequately at all. While streaming in particular, is rapidly increasing, GEMA collected slightly more than €40m for online usage, and thus just about maintained the previous year’s results, which had been significantly influenced by retroactive payments for past periods. It is now key to continue with an expansion of these results in the coming years, based on the achieved levels, and to achieve a fair remuneration for the use of our members’ repertoire in a market that has become rather internationally organised in the meantime. The joint pan-European licensing in the online category together with our English and Swedish sister societies is intended to contribute towards this goal.
GEMA’s strategic measures, for which the rather significant amount of nearly € 28m has been spent in 2015, include the implementation of said cooperation, but also the modernisation of its IT infrastructure in order to reinforce a sustainable position for our association in the future. We did, on the other hand, considerably lower our operating costs – to € 118m in the past year.

My special thanks goes to all our members of staff without whom it would not have been possible to achieve such excellent annual financial statements in a music market which continues to be characterised by fundamental changes. They need to persist in their special efforts so that we can reach similarly positive results – which is our expectation – in the current financial year as we did in 2015. We are deeply convinced that music has its value and therefore actively support more than 70,000 members and their creative performances. We fight for a copyright that will not be undermined, and a remuneration which is fair and adequate across the board – so that you can live off your music and we can enjoy listening to your music. As Friedrich Nietzsche once said: “Without music, life would be a mistake”. As would be a society.

Dr. Harald Heker
CEO and Chairman of the Managing Committee
**MANAGING COMMITTEE**

**Dr. Harald Heker (° 1958)**  
has been GEMA CEO and Chairman of the Managing Committee since 1st January 2007

He studied law in Munich and did his doctorate in Freiburg im Breisgau. Between 1988 and 1990, he worked as a lawyer and managing director at the Institute for Copyright and Media Law in Munich. From 1990 to 2000, he was the general counsel of the German Publishers and Booksellers Association (Börsenverein) and co-director of the Ausstellungs- und Messe GmbH of the Börsenverein. From 2001 to 2005, he was the managing director of the Börsenverein and since 2003, he has also held the position of speaker for the management committee of the Börsenverein Beteiligungsgesellschaft mbH, an affiliated company to the Börsenverein, under whose umbrella the Börsenverein pools its economic activities such as the organisation of the Frankfurt Book Fair. In 2006, Dr. Harald Heker became a member of the GEMA Managing Committee before he became CEO and chairman of the Managing Committee in 2007.

**Lorenzo Colombini (° 1972)**  
was appointed CFO and member of the Managing Committee of GEMA on 1st July 2012

The graduate in business and commerce (University “Luigi Bocconi”, Milan) has been working as Director for Finance and Accounting since 2009. Before then, Colombini, a native of Milan, had been in charge of financial affairs at the publicly listed Constantin Film AG in Munich from 2002 onwards. Prior to that, he worked for auditing firms KPMG and Ernst & Young.

**Georg Oeller (° 1964)**  
was appointed as a member of the GEMA Managing Committee with effect from 1st August 2009

Oeller, a trained bank clerk and lawyer has been working for GEMA since 1995. He had been Director of the departments Distribution II (Abrechnung II) and International Income and Relations (Ausland) between 2002 and 2009.
Lorenzo Colombini
Member of the Managing Committee

Dr. Harald Heker
CEO and Chairman of the Managing Committee

Georg Deller
Member of the Managing Committee
### SUPERVISORY BOARD

<table>
<thead>
<tr>
<th>Position</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chairman</strong></td>
<td>Prof. Dr. Enjott Schneider</td>
</tr>
<tr>
<td><strong>Deputy Chairmen</strong></td>
<td>Frank Dostal, Karl-Heinz Klempnow</td>
</tr>
<tr>
<td><strong>Members of the Supervisory Board</strong></td>
<td>Burkhard Brozat, Prof. Dr. Rolf Budde, Jörg Evers, Hans-Peter Malten, Micki Meuser, Frank Ramond, Jochen Schmidt-Hambrock, Dagmar Sikorski, Patrick Strauch, Prof. Lothar Voigtländer, Stefan Waggershausen, Dr. Ralf Weigand</td>
</tr>
<tr>
<td><strong>Deputies</strong></td>
<td>Jörg Fukking, Winfried Jacobs, Tobias Künzel, Rudolf Müssig, Hartmut Westphal, Alexander Zuckowski</td>
</tr>
</tbody>
</table>

*As at 31/12/2015*
Prof. Dr. Enjott Schneider
Chairman of the Supervisory Board
(category composers)

Karl-Heinz Klempnow
Chairman (category publishers)

Frank Dostal
Deputy Chairman (category lyricists)
The Supervisory Board held meetings on 14 days during the financial year 2015, namely on 18th/19th March, 4th and 7th May, 1st to 3rd July, 5th, 7th and 8th October, 9th and 26th November as well as 9th/10th December 2015. Moreover, regular meetings of the committees formed by the Supervisory Board (such as tariff committee, distribution plan committee and programme committees) as well as the rating committees, the assessment committee for arrangers and the works committee took place. The Managing Committee provided written and oral reports which formed the basis for the discussions of GEMA’s overall situation, financial performance and business policies during joint meetings with the Supervisory Board.

During financial year 2015, the Supervisory Board’s finance committee held meetings on 17th March, 1st July and 8th December. The relevant results were reported to the Supervisory Board. Furthermore, the finance committee dealt with the Managing Committee’s annual report for 2015 during its meeting on 8th March 2016 and reported the outcome to the Supervisory Board during its meeting on 9th March 2016.

Ernst & Young GmbH, certified public accountants, Munich, GEMA’s appointed annual auditors, examined the annual financial statements for 2015 prepared by the Managing Committee, as well as the bookkeeping and the management report, and issued an unqualified opinion.

The Supervisory Board discussed the auditors’ report in its meeting on 9th March 2016 and raised no objections against the result of the examination and the Managing Committee’s report. It approved the annual financial statements which are herewith endorsed.
The following persons were members of the Supervisory Board during 2015:

For the professional category of composers Klaus Doldinger (until 7th May), Jörg Evers, Micki Meuser (from 7th May), Jochen Schmidt-Hambrock (from 7th May), Prof. Dr. Enjott Schneider, Prof. Lothar Voigtländer, Dr. Ralf Weigand, Hartmut Westphal (from 7th May as a deputy), and as deputies Prof. Manfred Schoof (until 7th May) and Alexander Zuckowski; for the professional category of lyricists Burkhard Brozat, Frank Dostal, Frank Ramond, Stefan Wagggershausen, and as deputies Tobias Künzel and Rudolf Müssig; for the professional category of publishers Prof. Dr. Rolf Budde, Karl-Heinz Klempnow, Hans-Peter Malten, Dagmar Sikorski, Patrick Strauch, and as deputies Jörg Fukking and Winfried Jacobs.

Prof. Dr. Enjott Schneider was chairman, Frank Dostal and Karl-Heinz Klempnow were deputy chairmen.

Munich, 9th March 2016

Prof. Dr. Enjott Schneider
Chairman of the Supervisory Board
## HONORARY PRESIDENTS AND HONORARY MEMBERS

| Honorary Presidents | Prof. Dr. Reinhold Kreile  
<table>
<thead>
<tr>
<th></th>
<th>Prof. Dr. jur. h. c. Erich Schulze</th>
</tr>
</thead>
</table>
| Honorary Members    | Prof. Harald Banter  
|                     | Prof. Christian Bruhn  
|                     | Klaus Doldinger  
|                     | Dr. Peter Hanser-Strecker  
|                     | Karl-Heinz Klempnow  
|                     | Jo Plée  
|                     | Prof. Dr. Hans Wilfred Sikorski  
|                     | Prof. Karl Heinz Wahren  
|                     | Hartmut Westphal  
|                     | Bruno Balz†  
|                     | Richard Bars†  
|                     | Prof. Jürg Baur†  
|                     | Prof. Werner Egk†  
|                     | Dr. Hans Gerig†  
|                     | Prof. Dr. Dr. h. c. Joseph Haas†  
|                     | Hans Hee†  
|                     | Kurt Hertha†  
|                     | Heinz Korn†  
|                     | Peter Jona Korn†  
|                     | Eduard Künneke†  
|                     | Dr. Willy Richartz†  
|                     | Prof. Dr. Georg Schumann†  
|                     | Günther Schwenn†  
|                     | Dr. Hans Sikorski†  
|                     | Dr. Dr. h. c. Ludwig Strecker†  

## COMMITTEES *

<table>
<thead>
<tr>
<th>Committee</th>
<th>Composition</th>
<th>Deputy</th>
</tr>
</thead>
</table>
| Admission Committee        | **Composers**
    Prof. Georg Katzer  
    Prof. Bernd Wefelmeyer  
|                            | **Deputy**
    Helmut Zapf  |
|                            | **Lyricists**
    Erich Offierowski  
    Peter Zentner  
|                            | **Deputy**
    Tobias Reitz  |
|                            | **Publishers**
    Andreas Meurer  
    Michael Wewiasinski  
|                            | **Deputy**
    Dr. Thomas Sertl  |
| Communications Committee   | **Prof. Dr. Rolf Budde**
    Frank Dostal  
    Jörg Evers  
    Tobias Künzel  
    Hans-Peter Malten  
    Prof. Dr. Enjott Schneider  
|                            | **Deputies**
    Burkhard Brozat  
    Micki Meuser  
    Dagmar Sikorski  |
| Culture Committee          | **Burkhard Brozat**
    Jörg Fukking  
    Winfried Jacobs  
    Frank Ramond  
    Prof. Lothar Voigtländer  
    Dr. Ralf Weigand  
|                            | **Deputies**
    Frank Dostal  
    Prof. Dr. Enjott Schneider  
    Dagmar Sikorski  |
| Complaints Committee       | **Chairwoman**
    Christel Hengst  
    (Presiding judge at the Regional Court Berlin, retired)  
|                            | **Deputy Chairman**
    Prof. Dr. Jan Dirk Harke  
    (Würzburg University)  
    **Specialist**
    Wolfgang Brandenstein  |

*Representatives of the three professional categories*

<table>
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<tr>
<th>Professional Category</th>
<th>Representative</th>
<th>Deputy</th>
</tr>
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<tbody>
<tr>
<td>Composers</td>
<td>Johannes K. Hildebrandt</td>
<td>Prof. Harald Banter</td>
</tr>
<tr>
<td>Lyricists</td>
<td>Michael Arends</td>
<td>Peter Zentner</td>
</tr>
<tr>
<td>Publishers</td>
<td>Dr. Götz von Einem</td>
<td>Karina Poche</td>
</tr>
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* As at 31/12/2015
Radio Committee

**Composers**
Dieter Reith
Dr. Ralf Weigand

**Deputy**
Prof. Bernd Wefelmeyer

**Lyricists**
Erich Offierowski
Stefan Waggershausen

**Deputy**
Klaus Pelizaeus

**Publishers**
Andreas Meurer
Michael Wewiasinski

**Deputy**
Stefan Conradi

Programme Committee

**Sub-committee**
**Serious Music**
Winfried Jacobs
Prof. Dr. Enjott Schneider
Dagmar Sikorski
Prof. Lothar Voigtländer

**Deputies**
Hans-Peter Malten
Jochen Schmidt-Hambrock

**Specialists**
Moritz Eggert
Johannes Hildebrandt
Thomas Tietze

**Sub-committee**
**Light Music, Radio, TV**
Burkhard Brozat
Jörg Evers
Jörg Fukking
Winfried Jacobs
Stefan Waggershausen
Dr. Ralf Weigand

**Deputies**
Hans-Peter Malten
Frank Ramond
Alexander Zuckowski

**Specialist**
Prof. Harald Banter

Statutes Committee

Burkhard Brozat
Prof. Dr. Rolf Budde
Jörg Evers

**Deputies**
Frank Dostal
Prof. Dr. Enjott Schneider
Patrick Strauch

Attendance Allowance
Committee

**Chairwoman**
Christel Hengst
(Presiding judge at the Regional Court Berlin, retired)

**Deputy Chairman**
Prof. Dr. Jan Dirk Harke
(Würzburg University)

Representatives of the three professional categories

**Composers**
Wolfgang Lackerschmid

**Deputy**
Andreas Weidinger

**Lyricists**
Johann-Christoph Busse

**Deputy**
Timothy Touchton

**Publishers**
Peter F. Schulz

**Deputy**
Eckhard Becker
### Tariff Committee
- **Frank Dostal**
- **Jörg Evers**
- **Karl-Heinz Klempnow**
- **Hans-Peter Malten**
- **Frank Ramond**
- **Dr. Ralf Weigand**

### Deputies
- **Jörg Fukking**
- **Prof. Dr. Enjott Schneider**
- **Stefan Waggarshausen**

### Specialist
- **Patrick Strauch**

### Distribution Plan Committee
- **Composers**
  - **Jörg Evers**
  - **Prof. Lothar Voigtländer**
  - **Dr. Ralf Weigand**

- **Deputies**
  - **Jochen Schmidt-Hambrock**
  - **Hartmut Westphal**

- **Lyricists**
  - **Frank Dostal**
  - **Stefan Waggarshausen**

- **Deputy**
  - **Frank Ramond**

- **Publishers**
  - **Dagmar Sikorski**
  - **Patrick Strauch**

- **Deputies**
  - **Prof. Dr. Rolf Budde**
  - **Hans-Peter Malten**

- **Specialists**
  - **Prof. Harald Banter**
  - **Klaus Doldinger**

### Works Committee
- **Composers**
  - **Prof. Martin Christoph Redel**
  - **Dieter Reith**
  - **Hans-Peter Ströer**
  - **Prof. Bernd Wefelmeyer**

- **Lyricists**
  - **Erich Offerowski**
  - **Klaus Pelizeus**

- **Deputies**
  - **Moritz Eggert**
  - **Dr. Anselm Kreuzer**
  - **Alexander von Schlippenbach**
  - **Tobias P. M. Schneid**

- **Deputy**
  - **Jutta Staudenmayer**

- **Supervisory Board Delegate**
  - **Jochen Schmidt-Hambrock**

- **Deputy**
  - **Prof. Lothar Voigtländer**

- **Publishers**
  - **Jan Rolf Müller**

- **Deputy**
  - **Stefan Conradi**
### Rating Procedures Committee for Composers of the Category Serious Music (E)
- **Prof. Dr. h. c. Robert M. Helmschrott**
- **Prof. Martin Christoph Redel**
- **Helmut Zapf**
- **Specialist for Choir Music**
  - Gerhard Rabe
- **Deputies**
  - **Prof. Violeta Dinescu**
  - **Prof. Dr. h. c. Peter Michael Hamel**
- **Delegates of Associate and Affiliated Members**
  - **Mario Wiegand**
- **Supervisory Board Delegate**
  - **Prof. Dr. Enjott Schneider**
- **Deputy**
  - **Prof. Karl Haus**
- **Deputy**
  - **Prof. Lothar Voigtländer**

### Rating Procedures Committee for Lyricists of the Category Serious Music (E)
- **Michael Holm**
- **Erich Offerowski**
- **Klaus Pelizaeus**
- **Delegate of Associate and Affiliated Members**
  - **Timo Peter**
- **Supervisory Board Delegate**
  - **Stefan Wagggershausen**
- **Deputy**
  - **Frank Dostal**
- **Deputies**
  - **Norbert Hammerschmidt**
  - **Jutta Staudenmayer**
  - **Thomas Woitkewitsch**

### Rating Procedures Committee for Publishers of the Category Serious Music (E)
- **Stefan Conradi**
- **Horst Schubert**
- **Deputies**
  - **Dr. Peter Hanser-Strecker**
  - **Dagmar Sikorski**
- **Supervisory Board Delegate**
  - **Stefan Wagggershausen**
- **Deputy**
  - **Frank Dostal**

### Rating Procedures Committee for Light and Dance Music (U)
- **Composers**
  - Thorsten Brötzmann
  - Dr. Rainer Fabich
  - Christoph Rinnert
- **Lyricists**
  - Michael Holm
  - Erich Offerowski
  - Klaus Pelizaeus
- **Publishers**
  - Pamela Georgi-Michel
  - Barbara Krämer
  - Michael Wewiasinski
- **Deputies**
  - **Peter Finger**
  - **Christian Neander**
  - **Michael Reinecke**
  - **Norbert Hammerschmidt**
  - **Jutta Staudenmayer**
  - **Thomas Woitkewitsch**
  - **Ute Lingner**
  - **Dr. Sabine Meier**
  - **Jan Rolf Müller**
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<th>Committees</th>
<th>Delegates of Associate and Affiliated Members</th>
<th>Supervisory Board Delegates</th>
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<tr>
<td><strong>Rating Procedures</strong></td>
<td><strong>Composers</strong></td>
<td><strong>Composers</strong></td>
</tr>
<tr>
<td>Committee for Light and Dance</td>
<td>Stefan Maria Schneider</td>
<td>Dr. Ralf Weigand</td>
</tr>
<tr>
<td>Music (U)</td>
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<tr>
<td>**Delegates of Associate and</td>
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<td><strong>Deputy</strong></td>
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<tr>
<td>Affiliated Members</td>
<td></td>
<td>Jörg Evers</td>
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<tr>
<td><strong>Lyricists</strong></td>
<td><strong>Lyricists</strong></td>
<td>Stefan Waggershausen</td>
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<td><strong>Publishers</strong></td>
<td><strong>Deputy</strong></td>
<td>Frank Dostal</td>
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<tr>
<td>Thomas Ritter</td>
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<tr>
<td>**Assessment Committee for</td>
<td><strong>Deputies</strong></td>
<td>Rolf Kosakowski</td>
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<tr>
<td>Arrangers**</td>
<td></td>
<td>Thomas Rebensburg</td>
</tr>
<tr>
<td>Raimond Erbe</td>
<td></td>
<td>Wolfgang Vetter-Lohre</td>
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<tr>
<td>Prof. Wieland Reissmann</td>
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<tr>
<td>Joachim Schmeißer</td>
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<td>Werner Theisen</td>
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<tr>
<td>Prof. Bernd Wefelmeyer</td>
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<tr>
<td><strong>Finance Committee</strong></td>
<td><strong>Deputies</strong></td>
<td>Prof. Lothar Voigtländer</td>
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<tr>
<td>Prof. Dr. Rolf Budde</td>
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<tr>
<td>Frank Dostal</td>
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<tr>
<td>Micki Meuser</td>
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<td>Prof. Dr. Enjott Schneider</td>
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<td>Dagmar Sikorski</td>
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<td>Stefan Waggershausen</td>
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# GEMA SOCIAL FUND

<table>
<thead>
<tr>
<th>Section</th>
<th>Members</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Composers' Section</td>
<td>Ralf Hoyer, Christoph Rinnert, Rainer Rubbert</td>
<td>Managing Director and Curator</td>
</tr>
<tr>
<td>Lyricists' Section</td>
<td>Erich Offierowski, Klaus Pelizaeus, Ulrich Weigel</td>
<td>Managing Director and Curator</td>
</tr>
<tr>
<td>Publishers' Section</td>
<td>Andreas Meurer, Gabriele Schulze-Spahr, Thomas Tietze</td>
<td>Managing Director and Curator</td>
</tr>
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### INTERNATIONAL ORGANISATIONS

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CISAC</td>
<td>Confédération Internationale des Sociétés d’Auteurs et Compositeurs, Paris</td>
</tr>
<tr>
<td>BIEM</td>
<td>Bureau International des Sociétés gérant les Droits d’Enregistrement et de Reproduction Mécanique, Paris</td>
</tr>
<tr>
<td>GESAC</td>
<td>Groupement Européen des Sociétés d’Auteurs et Compositeurs, Brüssel</td>
</tr>
<tr>
<td>FAST TRACK</td>
<td>The Digital Copyright Network SAS, Paris</td>
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<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
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</thead>
<tbody>
<tr>
<td>German Member of the Board of Directors</td>
<td>Dr. Harald Heker</td>
</tr>
<tr>
<td>German Member of the “International Council of Creators of Music” (CIAM)</td>
<td>Jörg Evers</td>
</tr>
<tr>
<td>German Member of the “Legal Committee”</td>
<td>Dr. Tobias Holzmüller</td>
</tr>
<tr>
<td>Member of the “Common Information System Supervisory Board” (CSB)</td>
<td>Thimo Prziklang</td>
</tr>
<tr>
<td>Honorary Presidents</td>
<td></td>
</tr>
<tr>
<td>Prof. Dr. Reinhold Kreile</td>
<td></td>
</tr>
<tr>
<td>Prof. Dr. jur. h. c. Erich Schulze</td>
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</tr>
<tr>
<td>Prof. Dr. Hans Wilfred Sikorski</td>
<td></td>
</tr>
<tr>
<td>President of the Management Committee</td>
<td>Georg Oeller</td>
</tr>
<tr>
<td>Vice-President of the General Assembly</td>
<td>Karl-Heinz Klempnow</td>
</tr>
<tr>
<td>German Delegates for the General Assembly</td>
<td>Frank Dostal</td>
</tr>
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<td>Prof. Dr. Enjott Schneider</td>
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<tr>
<td>German Member of the Board of Directors</td>
<td>Dr. Harald Heker</td>
</tr>
<tr>
<td>German Member of the Executive Committee</td>
<td>Thimo Prziklang</td>
</tr>
<tr>
<td>German Member of the Board of Directors</td>
<td>Dr. Harald Heker</td>
</tr>
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</table>
A. GENERAL CONDITIONS

1. OVERALL ECONOMIC DEVELOPMENT

According to a report by the Federal Ministry for Economic Affairs and Energy, the global economy grew at a slower pace than expected. Demand from within emerging markets, in particular, was less dynamic than originally anticipated. The low price level for oil and raw materials put a strain on emerging markets exporting raw materials, such as Russia and Brazil. The economic development in industrialised countries and the Eurozone, however, appeared relatively robust. The OECD expects growth in the Eurozone region of 1.5% for 2015.

The German economy achieved real growth of 1.7% in 2015. Important factors for such a robust development were the continued positive labour market as well as the low oil prices; moreover, the favourable exchange rate for the Euro resulted in economic support for the export industry.

Throughout the year 2015, the labour market exhibited a continued positive trend with the number of employed persons rising by 688,000 to a new high of 43.5m. Moreover, jobs attracting social security contributions were further increased; the unemployment rate settled at 6.0%.

Throughout 2015, the price environment developed at an almost constant rate. The inflation rate of 0.3% was noticeably lower than the medium-term target rate set by the ECB (European Central Bank). The relatively low inflation rate was particularly due to the price decline of petroleum products.

In light of the hesitant economic recovery within the Eurozone, the monetary policy set by the European Central Bank (ECB) remains expansionary. Since 2014, the interest rate for main refinancing operations has stayed at 0.05%, while the deposit rate has been negative at −0.30%. On top of that, the ECB is implementing special monetary measures in order to provide the market with additional liquidity.

2. MUSIC INDUSTRY DEVELOPMENTS

As a collection society for musical works, GEMA depends on the overall trends and developments within the music industry.

According to the Bundesverband der Musikindustrie (Federal Association of the Music Industry), an overall increase in revenues across all sectors (CDs, vinyl, downloads and music streaming) of 3.9% could be realised in 2015. It was particularly the streaming category which witnessed a very positive development during the financial year; it nearly managed to double the market size compared to the previous year. This strong growth more than balanced out the decline in the categories physical sound recordings (−4.2%) and music downloads (−2.6%).

2015 was another year emphasising the exceptional nature of the German marketplace; while business from physical sales had rapidly fallen in the majority of countries in the space of only a few years, CDs and vinyl records still made up approx. 70% of German sales last year.

Our national repertoire in particular has been subject to a very positive trend in 2015, with eight of the top ten albums in the official German annual charts being in German.
The level of music use on radio and TV remains high. To retain the appeal of modern TV and radio programmes, it is essential that music continues to be used commercially. Finally, music use in the live music sector also continued its development at a very stable pace.

3. LEGAL CONDITIONS

On 17th June 2015, the Federal Ministry of Justice and Consumer Protection (BMJV) published a draft bill to implement Directive 2014/26/EC on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market as well as to change the process relating to levies on devices and media storage products. Based on the opinions given by the relevant associations and institutions, certain passages of the draft bill have been revised and were enacted by the Federal Government on 11th November 2015. The new Collecting Societies Act (VGG) is likely to enter into force in spring 2016; it shall replace the current Copyright Administration Act (UrhWG) and implement the specifications of the EC Directive into national law.

This rather comprehensive amended piece of legislation drafted by the government is made up of 139 sections. The basic principles of the UrhWG shall continue to form the legal framework for the activities of German collecting societies. With regards to issuing multi-territorial licensing of rights in musical works for online use, the new law will provide GEMA with more flexibility in order to facilitate competition between European collecting societies and to foster international cooperation. Another new feature is the introduction of a faster and more efficient process to determine the levies on devices and media storage products. Some new provisions which do not stem from the specifications of the European legislator or go beyond the respective Directive regulations, seem to be problematic when it comes to the practical implications for rights owners and administrators. GEMA is going to counter these emerging risks as much as is possible by adapting its rules; on top of that, its administrative practices will also require some substantial changes.

Against a background of increasing digitisation, intensive discussions are held at European level on the nature and the scope of the measures to redesign material copyright which had been announced for a long time. On 9th December 2015, the European Commission presented a draft for the modernisation of copyright. It highlights the importance of a functional market for works protected by copyright and the safeguarding of a fair remuneration for the rights owners, but also asserts that the examination of the roles and responsibilities of online platforms is one of the most important tasks. Aside from that, the Commission announces that it intends to deal more extensively with possibilities for the improvement of cross-border content access – also with a view to the Satellite and Cable Directive, with the extension of the limitations on copyright in various areas of public interest, such as education and research, and with matters relating to the fight against piracy. Taking the results from various public consultations into account, this agenda is expected to be implemented into specific suggestions for regulations and political initiatives in the first semester 2016.
GEMA had a very successful financial year in 2015. Its total income reached record levels at € 893,842,000 (previous year: € 893,601,000), with growth resulting in particular from an increase in income generated by the regional offices as well as higher international income.

Operating expenses (without strategic measures for bolstering the sustainability of GEMA’s long-term competitiveness) amounted to € 118,227,000 and were thus under the previous year’s level of € 126,001,000. The actual operating cost rate could be improved from 14.1% to 13.2% compared to the previous year. Total expenditure including strategic measures amounted to € 145,777,000. GEMA’s administration cost rate including all expenses reached 16.3% (previous year: 15.4%).

Due to its positive financial performance, GEMA decided in 2015 to undertake special strategic measures. These affect mainly the restructuring of GEMA’s sales force as well as a transfer of a part of the pension obligations some of which had and some of which had not previously been reflected in the balance sheet (so-called previous commitments) into a newly founded subsidiary company, the GEMA Unterstützungskasse GmbH [pension fund], headquartered in Munich.

GEMA also acquired a 33.3% stake in the International Copyright Enterprise Services AB, Stockholm, Sweden, during financial year 2015, as well as in the International Copyright Enterprise Services Limited, London, UK, and granted loans to these jointly run enterprises (ICE Joint Venture) of € 5,710,000. By providing such a financial commitment to the ICE Joint Venture, in collaboration with the British PRS for Music, London and the Sveriges Tonsåttares Internationella Musikbyrå (STIM), based in Stockholm, Sweden, GEMA continues to strengthen its leading role among the collecting societies in Europe.

1. REVENUE SITUATION

Total income, split into the relevant income and collection categories, was as follows: see T.02

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2014</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income *</td>
<td>875,424</td>
<td>893,842</td>
<td>243</td>
</tr>
<tr>
<td>Regional Offices</td>
<td>356,689</td>
<td>333,039</td>
<td>24,977</td>
</tr>
<tr>
<td>Reproduction</td>
<td>110,237</td>
<td>109,000</td>
<td>1,346</td>
</tr>
<tr>
<td>International income</td>
<td>71,342</td>
<td>66,813</td>
<td>4,530</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>280,630</td>
<td>287,243</td>
<td>-6,614</td>
</tr>
<tr>
<td>Online</td>
<td>40,276</td>
<td>44,654</td>
<td>-4,339</td>
</tr>
<tr>
<td>Royalty claims</td>
<td>16,250</td>
<td>33,008</td>
<td>-16,758</td>
</tr>
<tr>
<td>Other collection categories</td>
<td>0</td>
<td>12,244</td>
<td>-12,243</td>
</tr>
<tr>
<td>Amounts per categories</td>
<td>875,424</td>
<td>893,842</td>
<td>243</td>
</tr>
</tbody>
</table>

* Income from copyright exploitation and royalty claims
enue by € 243,000 compared to the previous year stems mainly from the growth in collections by the regional offices.

Other reasons for growth were increased tariffs and augmented collections due to a higher number of big concerts as well as the conclusion of an agreement with VG Media governing small communication rights.

There were, however, also some areas of decline, e.g. broadcasting and online collections and royalty claims. Income in the reproduction rights category has been subject to a steady development. The downturn in broadcasting and online collections is due to a collection of extraordinary effects relating to the past during financial year 2014.

Royalty claims decreased due to the lack of the one-off gain which occurred in the previous year in the form of a payout by the Zentralstelle für private Vervielfältigungsrechte (ZPÜ, Central Collection Agency for private copying rights) for the distribution period 2011–2013.

Other income was subject to a slight decline compared to the previous year. It mainly consists of the cost-replacement component of damages, service income as well as profit distributions of subsidiaries.

GEMA’s total expenditure and cost rates for financial year 2015 were: see \*T.03\*

To increase its long-term competitiveness, GEMA has increased the deployment of strategic measures from financial year 2012 onwards; Apart from measures for a realignment of its IT infrastructure, these are essentially strategic measures in the context of international collaborations with other collecting societies (€ 11,346,000) as well as the restructuring of GEMA’s sales force (€ 7,860,000) and the outsourcing and transfer of pension commitments into the newly founded Unterstützungskasse [pension fund] (€ 8,300,000).

In the past two years, staff and material costs including the strategic measures were as follows: see \*T.04\*

Staff costs for 2015 include restructuring measures following the decision to close the regional office Dortmund.

The extraordinary expenditure in the past financial year is a result of creating the GEMA Unterstützungskasse GmbH [pension fund] and the ensuing transfer and derecognition of previous pension commitments shown in the balance sheet amounting to € 48,499,000, while simultaneously allocating an actuarial reserve of € 56,799,000 from GEMA’s own resources into it. The respective extraordinary expenditure from 2014 had been entirely neutralised by an amount in kind.

**TOTAL EXPENDITURE AND COST RATES**

<table>
<thead>
<tr>
<th></th>
<th>Income in € ’000s</th>
<th>Expenditure in € ’000s</th>
<th>Cost rate in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without strategic measures</td>
<td>893,842</td>
<td>118,227</td>
<td>13.2</td>
</tr>
<tr>
<td>With strategic measures</td>
<td>893,842</td>
<td>145,777</td>
<td>16.3</td>
</tr>
</tbody>
</table>
2. ASSETS, LIABILITIES AND FINANCIAL POSITION

GEMA’s assets mainly consist of liquid assets of € 710,944,000 (87%, previous year: 88%), a major share of which consists of cash and cash equivalents, fixed-term deposits, and marketable securities (€ 460,267,000; previous year: € 526,286,000). The respective decline is attributable to the one-off allocation of funds to the GEMA Unterstützungskasse GmbH of € 56,799,000.

Fixed assets in the reporting year amounted to € 102,515,000 (previous year: € 99,020,000).

Intangible fixed assets (€ 20,515,000; previous year: € 15,896,000) reflected GEMA’s software development activities. The most important software capitalisations related to the distribution system (Trinity) as well as SAP.

Shares in the GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich, amounting to € 30,848,000 and the newly acquired stakes in the International Enterprise Services AB of € 3,000,000 made up the majority of GEMA’s fixed assets. Another expenditure included the acquisition of a stake in the International Copyright Enterprise Services Limited amounting to € 142,000 during the reporting year. In addition to the above, loans of € 5,710,000 were granted to the two aforementioned ICE joint enterprises.

GEMA’s financial position is characterised by reserves for the distribution of € 636,199,000 (2014: € 637,938,000); these reserves are fully covered by short-term fixed assets. Liquidity planning, a major part of GEMA’s overall financial planning procedures, is based on liquidity flows that primarily result from anticipated licensing income, expenditure on staff and materials, as well as royalty distributions to members and affiliated societies. GEMA’s proactive financial controls guarantee that surplus liquidity is invested at prevailing market rates and conditions and that short-term liquidity needs can be satisfied by GEMA’s own resources.

The level of receivables increased compared to the previous year: (€ 250,677,000; previous year: € 241,322,000). This increase was mainly due to a rise in receivables for the categories members, foreign societies and music promoters.

By capitalising on the synergies and strengths of GEMA, PRS for Music, STIM and ICE, GEMA continues to prepare for the dynamic market developments and the resulting changes in music user behaviour. In future, members will benefit from simplified yet more efficient rights management and online data processing via a central European database.

Other reserves mostly consist of pension reserves of € 30,901,000 (previous year: € 81,335,000) and other accruals amounting to € 21,725,000 (previous year: € 22,015,000).

The significant decrease in pension reserves stems from the foundation of the GEMA Unterstützungskasse GmbH as a wholly-owned subsidiary during financial year 2015. Recognised and unrecognised balance sheet pen-
sion commitments, as well as financial assets amounting to € 56,799,000 were transferred to the Unterstützungskasse.

Due to the transfer of pension commitments previously reflected in the balance sheet, GEMA derecognised the respective amount of € 48,499,000. The excess amount from the simultaneous allocation of an actuarial reserve of € 56,799,000 to the pension fund was recognised during the reporting year as a balance of € 8,300,000 in the section for extraordinary results.

Liabilities decreased by € 4,472,000 to € 81,569,000 compared to the previous year which primarily resulted from reduced liabilities toward members and affiliated foreign collecting societies.

3. STAFF

At the end of its financial year 2015, GEMA had 891 employees (previous year: 937 employees). Staff fluctuation has not changed significantly over the last three years.

C. REPORT ON EVENTS AFTER THE REPORTING PERIOD

No events that would have been of special significance for the evaluation of GEMA’s assets, finances and revenue situation occurred after closure of the financial year or prior to the compilation of the annual financial statements.
1. RISK MANAGEMENT

The primary objective of GEMA’s risk management is not to avoid all risks, but to manage risks in a controlled and effective manner in the company’s day-to-day business. To this end, significant risks are identified bi-annually and summarised in a report for the Managing Committee. A direct report featuring all risks is also provided to the Supervisory Board each year.

Another objective of risk management is to raise risk awareness among all of GEMA’s employees and to thus ensure long-term success for the company.

2. RISK REPORT

Essential opportunities and risks which might have a considerable impact on GEMA’s assets, finances and revenue situation, are shown in the following risk report. It comprises four risk areas: Finances, business processes, industry sectors and the legal environment.

2.1 FINANCES

Changes in interest rates imply both opportunities and risks for GEMA. Opportunities present themselves when interest rates rise and lead to a higher interest revenue in the future. Risks consist of sinking interest rates resulting in a lower interest revenue in the future. In the case of rising interest rates, the market value of fixed interest investment portfolio decreases. Such risks can be limited by applying a long-term investment strategy and by holding on to investments until their final maturity.

Further risks for GEMA in the financial area originate from a potential shortfall in issuers of bonds and securities. GEMA endeavours to keep risks as low as possible by following a conservative investment strategy consisting almost exclusively of gilt-edged financial investments, applying a systematic selection process, distributing risks, and continually monitoring the issuers. Due to the high level of market uncertainty resulting from the ongoing European debt crisis as well as the general risks arising from this situation for the European common currency, the EURO, and the general banking sector, risk assessments generally remain high.

Furthermore, there is a risk for GEMA in the event of a shortfall of receivables, should customers no longer be able to meet their financial obligations when they are due. In order to effectively control risks involved with open receivables, GEMA has introduced a monitoring process. Apart from an intensive debt collection process, larger financial items are continuously monitored.

In addition, there is the risk that investments made during reporting year 2015 into the ICE joint enterprises might not realise the targeted objectives. Finally, there is an exchange rate risk to some extent related to the loans granted to these enterprises which could lead to a depreciation of the loans in the event of a deteriorating exchange rate.
2.2 BUSINESS PROCESSES

GEMA considers the optimisation and control of business processes as a central and ongoing task. The risk is minimised by means of internal controls (e.g. dual control principle), as well as by a defined approval process. In addition, the internal control system (IKS) of the respective business processes is tested by an independent internal review on a regular basis.

GEMA’s business processes are, just like every modern service company, influenced and supported by information technology to a great extent. Even though there are resulting gains in efficiency, risks do arise: Due to a systems malfunction and the associated adverse effects on business processes, risks arise from unauthorised access, or the loss or deletion/manipulation of company information. Using modern hardware and software technologies ensures uninterrupted data availability and protection from unauthorised access. Regular data backups also decrease the risk of a major data loss. Potential threats arising from the internet to the operational reliability of the company’s systems is countered by deploying security measures (firewalls) using state-of-the-art technology. Since financial year 2012, GEMA has been increasingly investing in a redesign of its existing IT infrastructure in order to safeguard its long-term competitiveness.

2.3 INDUSTRY SECTORS

As a collection society, GEMA depends on the overall trends and developments within the music sector. In addition to the developments in the sound recording and online markets, these include the developments of live music used for commercial purposes. Risks also arise particularly from a further slow-down in the sound recordings market and the fact that the online market has not offset this decline in a sustainable manner. Opportunities could, however, arise for GEMA, through pushing back online piracy and a steady increase in the associated income.

Opportunities and risks for GEMA can result from new publishing repertoires being transferred or existing publishing repertoires being withdrawn. Being one of Europe’s largest collecting societies and taking its economic strength into consideration, GEMA regards the above scenario fundamentally as an opportunity to acquire new and interesting repertoire.

Furthermore, GEMA entered into a Joint Venture (ICE), together with the British PRS for Music and the Swedish STIM during reporting year 2015. The international joint venture is intended to provide a simpler and more efficient framework for music rights management by the three participating collecting societies in the online sector, in order to facilitate the licensing of musical works and to ensure rights owners receive a faster and more precise distribution of their royalties. The joint venture permits a pooled licensing of a hitherto fragmented rights management and thus reduces the bureaucratic obstacles and entry barriers into the market for online usage.

2.4 LEGAL ENVIRONMENT

The legal environment poses enduring risks and creates potential opportunities at the same time. Apart from changes to the law passed by legislature, risks emerge from ground breaking court decisions. GEMA actively monitors any relevant developments and is constantly in touch with the responsible governmental offices in order to guarantee an optimum consideration of its interests. The most important proceedings before European Courts, the German Federal Court of Justice and German regional courts are covered in the following section.
2.4.1 EUROPEAN COURT OF JUSTICE (ECJ)

“Reprobel” – Participation of publishers in levies on media storage products and devices

The European Court of Justice has ruled in the course of a preliminary ruling procedure on 12th November 2015 that a statutory regulation which would grant publishers a share of the statutory remuneration claim from levies on media storage products and devices is not compatible with European Law if it were at the expense of the authors’ share. In connection with the above, proceedings are pending with the German Federal Court of Justice against the collecting society Wort (VG Wort) which also asserts the inadmissibility of a publishers’ participation. In contrast to the ECJ ruling, a publishers’ participation is not based on a legal provision but on the distribution plan of the collecting society.

As early as 2014, the Regional Court Berlin had rejected the legal action by two authors in its entirety in a similar legal case against GEMA. An appeal before the Court of Appeal is currently pending. In this context, publisher’s participation is based on individual contractual agreements in GEMA’s case.

Due to the current court review of publishers’ participation in the collecting societies’ distributions, GEMA’s practice to pay out to its members on a provisional basis continued in 2015. GEMA is consistently monitoring the payouts against the background of the pending court review.

2.4.2 GERMAN FEDERAL COURT OF JUSTICE (BGH)

“Trassenfieber” – Liability of the event organiser for contributing to a performance infringing copyright

In its decision on 12th February 2015, the BGH ruled in response to the action filed by GEMA that those persons who have organisational and financial responsibility for an event shall be held liable as organisers as defined by section 13b UrhWG for public performances of works protected by copyright, even if they do not have any influence on the contents of the programme and do not immediately benefit from the revenues generated by ticket sales. In the present case, the BGH considered it to be sufficient that the defendant provided the catering services for the event guests and therefore participated in the commercial success of the performance. The court did not consider any further organisational services or ticket sales as a necessary requirement.

Website blocking

In response to a legal action filed by GEMA against Deutsche Telekom, the German Federal Court of Justice ruled in its decision of 26th November 2015 that internet access providers are fundamentally obliged to block access by their customers to websites which serve the purpose of illegally disseminating works protected by copyright. Priority should, however, still be given to bringing claims against the infringer and the hoster of the website. The actual blocking of a website should only be considered if the aforementioned alternatives prove to be without success.

Background music in dental practices

Against the background of the decision taken by the ECJ on music usage in dental practices (SCF ./. Del Corso) on 15th March 2012, the BGH’s decision dated 18th June 2015 rejected a royalty claim brought by GEMA against a dentist due to a lack of the public aspect of such a ‘communication to the public’. In order for the claim to be valid, European regulations stipulate that the broadcast in
a dentist’s waiting room addresses an indeterminate number of potential listener and “quite a few” people. The ECJ had, however, considered in the matter of SCF / Del Corso that dental patients consist of a “largely stable” group of people and that the number of persons present in the practice at the same time is, in general, very limited. The court emphasised that each case needed an individual assessment based on the criteria developed by the ECJ. It would therefore not be possible to simply draw general conclusions for other legal situations.

“Ramses” Cable retransmission by a homeowners’ association

In its decision dated 17th September 2015, the BGH rejected GEMA’s legal action against a homeowners’ association for the payment of a fee due to the retransmission of the broadcast signal to 343 connected residential units due to the lack of the public aspect of the retransmission. The court initially clarified that the retransmission of broadcast signals is a technical process which differs from the process of the original broadcast and therefore should be classified as an autonomous act of use. Unlike in the general situation for cable retransmission, the court did, in this specific legal situation, not consider the communication to be ‘to the public’ in the sense of European jurisdiction.

The court’s division argued that the particularity of the case consists of the fact that the cable network is run by the homeowners’ association itself and the circle of potential viewers was therefore restricted to the homeowners. Specific characteristics would define this circle of “special persons” which were part of a “private group”.

Provision of TV sets with indoor aerials in hotel rooms

In its decision on 17th December 2015, the BGH ruled that hotel operators which provide TV sets in their rooms with which hotel guests can only receive digital terrestrial TV programmes (DVB-T), do not have to pay a licence fee to GEMA for the use of the contained works. The supporting arguments by the court were that the mere provision of technical devices enabling the reception of a programme – in contrast to the retransmission of broadcast signals via a splitter system to the TV sets in the guest rooms – should not be considered as an autonomous use of the relevant works via broadcast, playback of broadcasts or any other communication to the public as defined by section 15 German Act on Copyrights and Related Rights (UrhG).

2.4.3 HIGHER REGIONAL COURTS (OLG)

Higher Regional Court Hamburg – YouTube liability

July 2015, YouTube is subject to obligations arising from the so-called secondary liability due to a notice relating to rights infringements. Upon notice, the internet provider therefore must take the works down from its platform without delay and prevent that the same works, irrespective of their work version, from being made available again in future. Extensive filtering measures are required to fulfil these obligations. YouTube has to install word filters, for example. Furthermore, the court stipulates the use of a content ID software which is intended to help with the identification of work versions, even if the files have been altered.

The court did, however, dismiss a liability of a tortfeasor, just like the Regional Court Munich did in an action for damages. The judgement is not legally binding. The proceedings are currently pending before the German Federal Court of Justice.
1. FORECAST FOR GEMA’S OVERALL ECONOMIC DEVELOPMENT

The German government estimates a 1.7% increase of the gross domestic product in 2016. Germany’s domestic economic momentum is primarily sustained by the robust rise in income and the continuing employment creation. A prerequisite for this scenario is, however, that both the financial sector and the global economy continue to develop in a stable manner.

Only a slight improvement is anticipated for the labour market in 2016, while private consumption is expected to continue its positive trend. Based on an estimated inflation rate of 1.0%, and Germany thus meeting the target range set by the ECB of less than 2.0%, a significant increase in the general level of interest rates is not expected.

2. OUTLOOK FOR THE MUSIC INDUSTRY

The prognosis for the music industry is that the trends of the past few years continue, including a further decline in the sales and turnover figures for sound recordings, and a positive outlook for live music. It is also expected that the online sector, in particular streaming, continues to grow further, although the scope of said music exploitation still does not allow music authors an adequate participation in the respective economic results.

Through a multitude of negotiations, arbitration proceedings and court cases, GEMA is striving to enforce its members’ rights to receive an adequate remuneration in this sector.

3. FORECAST FOR GEMA’S BUSINESS DEVELOPMENT

Despite some positive non-recurring effects in 2015, GEMA anticipates a stable development of income for financial year 2016. It also expects that the market sector for sound recordings will continue its negative trend both domestically and internationally, which might be offset by a revenue increase for the live music and online sector. GEMA expects that the development of its expenditure will abate in the coming financial year.

Munich, 16th February 2016.

Dr. Harald Heker
Lorenzo Colombini
Georg Oeller

The Managing Committee
### PROFIT AND LOSS STATEMENT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER

<table>
<thead>
<tr>
<th>Description</th>
<th>Note No.</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Income from copyright exploitation and royalty claims</td>
<td>23</td>
<td>875,424</td>
<td>873,757</td>
</tr>
<tr>
<td>of which income from collection mandates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Other operating income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Staff costs</td>
<td>24</td>
<td>−66,151</td>
<td>−68,573</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Wages and Salaries</td>
<td></td>
<td>−51,876</td>
<td>−51,663</td>
</tr>
<tr>
<td>b) Social benefits and expenses for social security plans and support programmes</td>
<td></td>
<td>−14,275</td>
<td>−16,910</td>
</tr>
<tr>
<td>of which pension scheme payments</td>
<td></td>
<td>−6,134</td>
<td>−8,076</td>
</tr>
<tr>
<td>4. Amortisation of immaterial assets in fixed assets and tangible assets</td>
<td></td>
<td>−5,495</td>
<td>−6,987</td>
</tr>
<tr>
<td>5. Other operating expenses</td>
<td>25</td>
<td>−65,567</td>
<td>−60,908</td>
</tr>
<tr>
<td>6. Income from holdings</td>
<td>26</td>
<td>985</td>
<td>120</td>
</tr>
<tr>
<td>of which holdings in related companies</td>
<td></td>
<td>865</td>
<td>0</td>
</tr>
<tr>
<td>6. Income from securities and bonds</td>
<td></td>
<td>225</td>
<td>533</td>
</tr>
<tr>
<td>7. Other interest income and similar income</td>
<td></td>
<td>1,363</td>
<td>3,118</td>
</tr>
<tr>
<td>8. Interest paid and similar expenditure</td>
<td>25</td>
<td>−138</td>
<td>−185</td>
</tr>
<tr>
<td>9. Results from ordinary business activities</td>
<td></td>
<td>756,628</td>
<td>756,947</td>
</tr>
<tr>
<td>10. Extraordinary items</td>
<td>27</td>
<td>−8,300</td>
<td>0</td>
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<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) extraordinary income</td>
<td></td>
<td>0</td>
<td>20,024</td>
</tr>
<tr>
<td>b) extraordinary expenditures</td>
<td></td>
<td>−8,300</td>
<td>−20,024</td>
</tr>
<tr>
<td>11. Tax on income and revenue</td>
<td></td>
<td>0</td>
<td>−734</td>
</tr>
<tr>
<td>12. Other taxes</td>
<td></td>
<td>−263</td>
<td>−287</td>
</tr>
<tr>
<td>13. Allocations to distribution reserve funds</td>
<td>19</td>
<td>−748,065</td>
<td>−755,926</td>
</tr>
<tr>
<td>14. Surplus/Deficit for the year</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
## BALANCE AS AT 31ST DECEMBER 2015
(82ND FINANCIAL YEAR)

### A. Assets

<table>
<thead>
<tr>
<th>in € '000s</th>
<th>Note No.</th>
<th>As at 31/12/2015</th>
<th>As at 31/12/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Intangible Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Operating licences, industrial property rights, similar rights and values, as well as licences on such values and rights</td>
<td></td>
<td>4,365</td>
<td>6,489</td>
</tr>
<tr>
<td>2. Prepayments made</td>
<td></td>
<td>16,150</td>
<td>9,407</td>
</tr>
<tr>
<td><strong>II. Tangible Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Properties, leasehold rights and buildings, including buildings on sites not owned by GEMA</td>
<td></td>
<td>32,555</td>
<td>33,481</td>
</tr>
<tr>
<td>2. Other assets, office and business equipment</td>
<td></td>
<td>1,810</td>
<td>1,299</td>
</tr>
<tr>
<td><strong>III. Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shares in related companies</td>
<td>12</td>
<td>34,200</td>
<td>33,375</td>
</tr>
<tr>
<td>2. Holdings</td>
<td>13</td>
<td>4,677</td>
<td>1,985</td>
</tr>
<tr>
<td>3. Loans to holdings</td>
<td></td>
<td>5,710</td>
<td>0</td>
</tr>
<tr>
<td>4. Fixed asset securities</td>
<td>14</td>
<td>2,985</td>
<td>12,985</td>
</tr>
<tr>
<td>5. Other loans</td>
<td></td>
<td>63</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>102,515</td>
<td>99,021</td>
</tr>
</tbody>
</table>

### B. Current assets

<table>
<thead>
<tr>
<th>in € '000s</th>
<th>Note No.</th>
<th>As at 31/12/2015</th>
<th>As at 31/12/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Receivables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Membership prepayments</td>
<td></td>
<td>64,414</td>
<td>61,072</td>
</tr>
<tr>
<td>2. Affiliated foreign collecting societies</td>
<td></td>
<td>58,634</td>
<td>54,668</td>
</tr>
<tr>
<td>3. Sound recordings and audiovisual media</td>
<td></td>
<td>9,336</td>
<td>8,984</td>
</tr>
<tr>
<td>4. Broadcasters</td>
<td></td>
<td>33,045</td>
<td>29,732</td>
</tr>
<tr>
<td>5. Online providers</td>
<td></td>
<td>16,857</td>
<td>21,800</td>
</tr>
<tr>
<td>6. Music promoters</td>
<td></td>
<td>43,823</td>
<td>36,154</td>
</tr>
<tr>
<td>7. Related companies / holdings</td>
<td></td>
<td>2,743</td>
<td>2,505</td>
</tr>
<tr>
<td>8. Companies with which an investment relation exists</td>
<td></td>
<td>1,899</td>
<td>270</td>
</tr>
<tr>
<td>9. Others</td>
<td></td>
<td>19,927</td>
<td>26,136</td>
</tr>
<tr>
<td><strong>II. Marketable securities</strong></td>
<td></td>
<td>10,000</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>III. Cash at bank</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Fixed-term deposits</td>
<td></td>
<td>192,680</td>
<td>397,274</td>
</tr>
<tr>
<td>2. Others</td>
<td></td>
<td>257,572</td>
<td>113,991</td>
</tr>
<tr>
<td><strong>IV. Cash in hand</strong></td>
<td></td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total Current assets</strong></td>
<td></td>
<td>710,944</td>
<td>767,608</td>
</tr>
</tbody>
</table>

### C. Accruals and deferred income

<table>
<thead>
<tr>
<th>in € '000s</th>
<th>Note No.</th>
<th>As at 31/12/2015</th>
<th>As at 31/12/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accruals and deferred income</strong></td>
<td></td>
<td>204</td>
<td>80</td>
</tr>
</tbody>
</table>

### D. Trustee receivables

<table>
<thead>
<tr>
<th>in € '000s</th>
<th>Note No.</th>
<th>As at 31/12/2015</th>
<th>As at 31/12/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trustee receivables</strong></td>
<td>17</td>
<td>1,636</td>
<td>1,766</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>815,299</td>
<td>868,475</td>
</tr>
<tr>
<td>Liabilities Section</td>
<td>Note No.</td>
<td>As at 31/12/2015</td>
<td>As at 31/12/2014</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------</td>
<td>----------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>A. Capital and reserves</strong></td>
<td></td>
<td>18</td>
<td>0</td>
</tr>
<tr>
<td><strong>B. Reserve funds for distribution</strong></td>
<td></td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>I. From performing rights (live music, rec. music, films), broadcast rights and royalty entitlements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Domestic income</td>
<td>18</td>
<td>384,693</td>
<td>367,142</td>
</tr>
<tr>
<td>2. Collection mandates</td>
<td></td>
<td>19,657</td>
<td>23,715</td>
</tr>
<tr>
<td>3. International income</td>
<td></td>
<td>49,088</td>
<td>55,924</td>
</tr>
<tr>
<td>II. From reproduction rights and royalty claims</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Domestic income</td>
<td></td>
<td>164,682</td>
<td>175,556</td>
</tr>
<tr>
<td>2. Collection mandates</td>
<td></td>
<td>7,736</td>
<td>5,306</td>
</tr>
<tr>
<td>3. International income</td>
<td></td>
<td>10,343</td>
<td>10,294</td>
</tr>
<tr>
<td><strong>C. Other reserves</strong></td>
<td></td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>1. Reserves for pensions and similar obligations</td>
<td></td>
<td>30,901</td>
<td>81,335</td>
</tr>
<tr>
<td>2. Tax accruals</td>
<td></td>
<td>0</td>
<td>909</td>
</tr>
<tr>
<td>3. Other accruals</td>
<td></td>
<td>21,725</td>
<td>22,014</td>
</tr>
<tr>
<td><strong>D. Obligations</strong></td>
<td></td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>1. From distributed royalties to members</td>
<td></td>
<td>13,261</td>
<td>16,431</td>
</tr>
<tr>
<td>to affiliated foreign collecting societies</td>
<td></td>
<td>12,940</td>
<td>18,856</td>
</tr>
<tr>
<td>2. From advances to music promoters</td>
<td></td>
<td>1,125</td>
<td>2,606</td>
</tr>
<tr>
<td>3. To related companies / holdings</td>
<td></td>
<td>4,233</td>
<td>2,180</td>
</tr>
<tr>
<td>4. To companies with whom investment relations exist</td>
<td></td>
<td>90</td>
<td>67</td>
</tr>
<tr>
<td>5. Others</td>
<td></td>
<td>49,920</td>
<td>45,901</td>
</tr>
<tr>
<td><strong>E. Accruals and deferred</strong></td>
<td></td>
<td>22</td>
<td></td>
</tr>
<tr>
<td><strong>F. Trustee obligations</strong></td>
<td></td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

**Total Liabilities:**

815,299

868,475
### FIXED ASSETS 2015

#### ASSETS: A. FIXED ASSETS

<table>
<thead>
<tr>
<th>in € '000s</th>
<th>As at 01/01/2015</th>
<th>Inflows</th>
<th>Transfers</th>
<th>Outflows</th>
<th>As at 31/12/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Intangible Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Operating licences, industrial property rights, similar rights and values, as well as licences on such values and rights</td>
<td>66,566</td>
<td>108</td>
<td>1,854</td>
<td>0</td>
<td>68,527</td>
</tr>
<tr>
<td>2. Prepayments made</td>
<td>9,407</td>
<td>8,597</td>
<td>-1,854</td>
<td>0</td>
<td>16,150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>75,973</td>
<td>8,705</td>
<td>0</td>
<td>0</td>
<td>84,678</td>
</tr>
<tr>
<td><strong>II. Tangible Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Properties, leasehold rights and buildings, including buildings on sites not owned by GEMA</td>
<td>55,262</td>
<td>0</td>
<td>0</td>
<td>-520</td>
<td>54,741</td>
</tr>
<tr>
<td>2. Other assets, office and business equipment</td>
<td>2,785</td>
<td>1,055</td>
<td>0</td>
<td>-1,516</td>
<td>2,324</td>
</tr>
<tr>
<td>3. Prepayments made and assets under construction</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Low-value assets</td>
<td>112</td>
<td>222</td>
<td>0</td>
<td>-112</td>
<td>222</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58,159</td>
<td>1,277</td>
<td>0</td>
<td>-2,149</td>
<td>57,287</td>
</tr>
<tr>
<td><strong>III. Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shares in related companies</td>
<td>33,375</td>
<td>825</td>
<td>0</td>
<td>0</td>
<td>34,200</td>
</tr>
<tr>
<td>2. Holdings</td>
<td>1,985</td>
<td>3,142</td>
<td>0</td>
<td>-450</td>
<td>4,677</td>
</tr>
<tr>
<td>3. Loans to holdings</td>
<td>0</td>
<td>5,710</td>
<td>0</td>
<td>0</td>
<td>5,710</td>
</tr>
<tr>
<td>4. Fixed asset securities</td>
<td>12,985</td>
<td>0</td>
<td>-10,000</td>
<td>0</td>
<td>2,985</td>
</tr>
<tr>
<td>5. Other loans</td>
<td>0</td>
<td>63</td>
<td>0</td>
<td>0</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63,345</td>
<td>9,741</td>
<td>0</td>
<td>-25,450</td>
<td>47,635</td>
</tr>
<tr>
<td><strong>Sum total</strong></td>
<td>197,477</td>
<td>19,723</td>
<td>0</td>
<td>-27,599</td>
<td>189,600</td>
</tr>
</tbody>
</table>
## Fixed Assets 2015

### Assets: Fixed Assets

<table>
<thead>
<tr>
<th></th>
<th>As at 01/01/2015</th>
<th>Inflows</th>
<th>Transfers</th>
<th>Outflows</th>
<th>As at 31/12/2015</th>
<th>As at 31/12/2015</th>
<th>As at 31/12/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Intangible Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Operating licences, industrial property rights, similar rights and values, as well as licences on such values and rights</td>
<td>66,566</td>
<td>108</td>
<td>1,854</td>
<td>0</td>
<td>68,527</td>
<td>60,077</td>
<td>4,086</td>
</tr>
<tr>
<td>2. Prepayments made</td>
<td>9,407</td>
<td>8,597</td>
<td>‒ 1,854</td>
<td>0</td>
<td>16,150</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>75,973</td>
<td>8,705</td>
<td>0</td>
<td>0</td>
<td>84,678</td>
<td>60,077</td>
<td>4,086</td>
</tr>
<tr>
<td><strong>II. Tangible Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Properties, leasehold rights and buildings, including buildings on sites not owned by GEMA</td>
<td>55,262</td>
<td>0</td>
<td>0</td>
<td>‒ 520</td>
<td>54,741</td>
<td>21,781</td>
<td>926</td>
</tr>
<tr>
<td>2. Other assets, office and business equipment</td>
<td>2,785</td>
<td>1,055</td>
<td>0</td>
<td>‒ 1,516</td>
<td>2,324</td>
<td>1,486</td>
<td>926</td>
</tr>
<tr>
<td>3. Prepayments made and assets under construction</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Low-value assets</td>
<td>112</td>
<td>222</td>
<td>‒ 112</td>
<td>222</td>
<td>222</td>
<td>112</td>
<td>222</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58,159</td>
<td>1,277</td>
<td>0</td>
<td>‒ 2,149</td>
<td>57,287</td>
<td>23,380</td>
<td>1,409</td>
</tr>
<tr>
<td><strong>III. Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shares in related companies</td>
<td>33,375</td>
<td>825</td>
<td>0</td>
<td>0</td>
<td>34,200</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Holdings</td>
<td>1,985</td>
<td>3,142</td>
<td>0</td>
<td>‒ 450</td>
<td>4,677</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3. Loans to holdings</td>
<td>0</td>
<td>5,710</td>
<td>0</td>
<td>0</td>
<td>5,710</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Fixed asset securities</td>
<td>12,985</td>
<td>0</td>
<td>‒ 10,000</td>
<td>0</td>
<td>2,985</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5. Other loans</td>
<td>0</td>
<td>63</td>
<td>0</td>
<td>0</td>
<td>63</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63,345</td>
<td>9,741</td>
<td>0</td>
<td>‒ 25,450</td>
<td>47,635</td>
<td>83,456</td>
<td>0</td>
</tr>
</tbody>
</table>

**Sum total** | 197,477 | 19,723 | 0 | ‒ 27,599 | 189,600 | 83,456 | 5,495 | ‒ 1,866 | 87,086 | 102,515 | 114,021 |
## RESERVE FUNDS FOR THE DISTRIBUTION 2015

**LIABILITIES: B. RESERVE FUNDS FOR THE DISTRIBUTION**

<table>
<thead>
<tr>
<th></th>
<th>As at 01/01/2015</th>
<th>Payouts in 2015 for previous years and advance payout 2015</th>
<th>Allocations 2015</th>
<th>As at 01/01/2015</th>
<th>As at 01/01/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. From performing, broadcasting and communication to the public rights as well as royalty claims</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Domestic income</td>
<td>367,142</td>
<td>350,939</td>
<td>368,490</td>
<td>384,693</td>
<td></td>
</tr>
<tr>
<td>2. Collection mandates</td>
<td>23,715</td>
<td>121,181</td>
<td>117,124</td>
<td>19,657</td>
<td></td>
</tr>
<tr>
<td>3. International income</td>
<td>55,924</td>
<td>61,994</td>
<td>55,157</td>
<td>49,088</td>
<td>453,438</td>
</tr>
<tr>
<td><strong>II. From reproduction rights and royalty claims</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Domestic income</td>
<td>175,556</td>
<td>161,089</td>
<td>150,215</td>
<td>164,682</td>
<td></td>
</tr>
<tr>
<td>2. Collection mandates</td>
<td>5,306</td>
<td>41,559</td>
<td>43,988</td>
<td>7,736</td>
<td></td>
</tr>
<tr>
<td>3. International income</td>
<td>10,294</td>
<td>13,041</td>
<td>13,090</td>
<td>10,343</td>
<td>182,761</td>
</tr>
<tr>
<td><strong>Sum total</strong></td>
<td><strong>637,938</strong></td>
<td><strong>749,803</strong></td>
<td><strong>748,065</strong></td>
<td><strong>636,199</strong></td>
<td><strong>636,199</strong></td>
</tr>
</tbody>
</table>
GOVERNING STATUTORY REGULATIONS

1. The annual financial statements for 2015 were prepared according to the accounting regulations for collecting societies pursuant to section 9 of the Act on the Administration of Copyright and Related Rights (Copyright Administration Act, UrhWG). In addition to the annual financial statements — consisting of a balance sheet, a profit and loss statement, and the notes to the accounts — a management report was compiled. The financial accounting applied to the annual financial statements remains unchanged compared to previous years; it complies with the provisions of the German Commercial Code (as at the implementation of the Accounting Directives Act) at the time of the adoption of section 9 of the UrhWG, in so far as the specific characteristics of the functions of a collecting society are not to be taken into consideration.

ACCOUNTING AND EVALUATION PRINCIPLES

2. Intangible assets were activated at their acquisition costs and a straight-line depreciation method was applied over their ordinary useful lives.

3. Tangible assets were evaluated at their acquisition or production costs. The loss in value will be captured based on a scheduled straight-line depreciation. Low-value assets (up to € 410) are written off in full in the year they were acquired.

4. With regards to the financial assets, shares and securities are usually recognised at their acquisition costs or lower attributable costs, and loans at their nominal value.

5. The assessment of receivables was carried out using the nominal amount; possible shortfall risks were taken into consideration by applying an accumulated depreciation. Receivables arising from the collection categories reproduction, international income, broadcasting and online contained cautious estimates for uses that had occurred in the financial year, but for which no collections had yet been made. These estimates were based on empirical values from the past. The revenues were actualized on the date of the performance delivery or use.

6. The assessment of marketable securities, as well as cash in hand and cash at bank was performed using the nominal value.

7. Active accruals and deferred income were set up for prepaid amounts as long as they constitute expenditure for a certain period after the financial statement date.

8. The allocation of the remaining reserves takes into account all identifiable risks and uncertain liabilities, and was performed according to the principles of reasonable commercial evaluation.

Reserves and accruals for pension plans, staff anniversaries, and partial retirement were calculated based on actuarial principles, taking into account the 2005 G Guideline Tables by Dr. Klaus Heubeck.

The assessment of the pension accruals was carried out according to the German entry age normal method (“Teilwertverfahren”) with an assumed interest rate of 6%. The assessment of accruals for anniversary bonuses and partial retirement accruals was based on an assumed interest rate of 5.5%.
As at the financial statement date, there was an obligation arising from previous pension commitments of € 5,096,000 (previous year: € 17,231,000) that was not reported in the balance sheet due to the fact that the option for accrual (i.e. whether or not to recognise the amounts in the balance sheet) had been exercised. The decrease resulted from the foundation of the GEMA Unterstützungskasse GmbH, Munich, and the ensuing transfer of pension commitments to it. As a consequence, indirect pension commitments of € 64,470,000 exist for the first time as at the financial statement date, 31st December 2015.

9. Liabilities were assessed in the repayment amount.

10. Deferred accruals and income were created for income received before the financial statement date as long as the income in question related to a certain period after the financial statement date.

11. The receivables and liabilities in foreign currency were valued using the exchange rate on the settlement day, in other words, using the lower / higher exchange rate on the financial statement date.

DETAILS ON BALANCE SHEET ITEMS

12. The development of individual items relating to fixed assets is reflecting the depreciation during the financial year and is shown in the schedule of movements in fixed assets.

Shares in related companies are as follows: see \[ T.10 \]

In the reporting year, GEMA transferred a part of its recognised and unrecognised pension commitments (the so-called previous commitments) into a newly founded subsidiary, the GEMA Unterstützungskasse GmbH.

13. Shares in holdings are as follows: see \[ T.11 \]

In financial year 2015, GEMA entered into the Joint Venture International Copyright Enterprise (ICE), consisting of PRS for Music, London, UK, and the Svenska Tonsättarens Internationala Musikbyrå (STIM), Stockholm, Sweden. The acquisition of stakes in the International Copyright Enterprise Services AB as well as the International Copyright Enterprise Services Limited followed from the above.

GEMA is furthermore an associate of the Zentralstelle für private Überspielungsrechte GbR, Munich (Central Organisation for Private Copying Rights).

14. GEMA usually holds fixed asset securities to maturity.

15. The receivables fall due within a year. Receivables from related companies amount to € 2,743,000 (previous year: € 2,505,000),

SHARES IN RELATED COMPANIES/HOLDINGS \[ T.10 \]

<table>
<thead>
<tr>
<th>Share quota</th>
<th>Equity Capital in €’000s</th>
<th>Annual surplus in €’000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAECOL GmbH, Munich **</td>
<td>100.0%</td>
<td>757</td>
</tr>
<tr>
<td>ARESA GmbH, Munich **</td>
<td>100.0%</td>
<td>671</td>
</tr>
<tr>
<td>ZPU-Service GmbH, Munich **</td>
<td>100.0%</td>
<td>622</td>
</tr>
<tr>
<td>IT4IPM GmbH, Munich **</td>
<td>100.0%</td>
<td>2,623</td>
</tr>
<tr>
<td>GEMA Immobilien GmbH, Munich **</td>
<td>100.0%</td>
<td>28</td>
</tr>
<tr>
<td>GEMA Immobilienverwaltung wirtschaftlicher Verein &amp; Co. KG, Munich **</td>
<td>99.9%</td>
<td>31,628</td>
</tr>
<tr>
<td>GEMA Unterstützungskasse GmbH, Munich * **</td>
<td>100.0%</td>
<td>25</td>
</tr>
</tbody>
</table>

* Company newly established in 2015
** Only preliminary annual reports available
with € 983,000 (previous year: € 0) outstanding from GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, with € 7,500 (previous year: € 1,101,000) outstanding from ARESA GmbH, with € 1,453,000 (previous year: € 922,000) outstanding from IT4IPM GmbH and with € 299,000 (previous year: € 341,000) outstanding from ZSG GmbH.

Receivables from companies with whom GEMA entertains investment relations amount to a total of € 1,898,000 (previous year: € 270,000) consisting of € 1,692,000 (previous year: € 270,000) outstanding from SOLAR MRM GmbH and € 206,000 (previous year: € 0) outstanding from International Copyright Enterprise Services AB.

16. Holdings in marketable securities in the amount of € 10,000,000 (previous year: € 15,000,000) consist exclusively of fixed interest securities, which serve as a temporary investment vehicle for cash reserves.

17. Trustee receivables, or trustee obligations, amounted to € 1,636,000 (previous year: € 1,766,000); they relate to transitory items from the licensing fees that GEMA collects and administers as a trustee until the distribution to the beneficiaries as well as security deposits from the producers of sound recordings.

18. In terms of accounting, GEMA does not have equity capital or reserve assets. All proceeds are distributed to those eligible for remuneration (members, and other beneficiaries and rights owners) after expenditures have been defrayed.

19. The amount of € 636,199,000 (previous year: € 637,938,000) was available for distribution. The amount distributed in 2015 for previous years and the reporting year was € 749,803,000 (previous year: € 752,964,000). The amount allocated for 2015 was € 748,065,000 (previous year: € 755,926,000).

The development of reserve funds for the distribution is shown in the accruals and provisions schedule.

20. Other reserves amount to a total of € 52,627,000 (previous year: € 104,258,000) and primarily consist of reserves for pensions and similar obligations of (€ 30,901,000; previous year: € 81,335,000) for staffing (€ 12,333,000; previous year € 8,538,000); for legal expenses (€ 408,000; previous year: € 508,000) as well as for the costs relating to the annual financial statements and tax advice (€ 194,000; previous year: € 214,000). Reserves were established for income adjustments in the following categories: online (€ 1,861,000; previous year: € 3,813,000), broadcasting (€ 4,096,000; previous year: € 5,799,000) and sound recordings and audio-visual recordings (€ 1,950,000, previous year: € 2,350,000).

21. There are no liabilities with a residual maturity in excess of one year. Other liabilities are primarily due to the Gesellschaft zur Verwertung von Leistungsschutzrechten mbH,
Berlin (GVL), to the Verwertungsgesellschaft Wort, Munich (VG WORT), to the Gesellschaft zur Verwertung der Urheber- und Leistungs- schutzrechte von Medienunternehmen mbH, Berlin (VG Media), to the Zentralstelle für Videovermietung, München (ZWF) and to the VG Musikedition, Kassel from collection mandates amounting to € 30,725,000 (previous year: € 26,354,000) as well as to tax authorities from financial transactions of € 528,000 (previous year: € 404,000).

 Deferred income included accrued membership fees, accrued proceeds from regional offices, and accrued online revenues.

 Details on Profit and Loss Statement Items

Income from the usage category performing and broadcasting rights exhibited an almost constant development compared to the previous year. There were, however, shifts between categories U and R and FS. The increase in income in category U is primarily due to an increase in the number of big concerts, compared to which the income in categories R and FS was lower during the financial year. This was due to the non-recurrence of extraordinary effects of the previous year. The previous year included a one-off gain due to the payment by the Central Organisation for Private Copying Rights (ZPÜ) for distribution years 2011–2013. In addition, another one-off financial item arose from the agreement that was reached with the public service broadcasters (ARD and ZDF) relating to tariffs from 2009.

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Deferred income included accrued membership fees, accrued proceeds from regional offices, and accrued online revenues.
Revenue in the online usage category relate to the following usage categories: € 10,592,000 (previous year: € 12,684,000) to MOD Streaming, € 26,791,000 (previous year: € 29,392,000) to MOD Downloading and € 5,306,000 (previous year: € 4,881,000) to other usage categories.

As part of exercising its collection mandate, GEMA received income on behalf of other collecting societies (such as GVL, VG WORT) and forwarded the respective revenue to these societies after deducting a commission. By taking on the administration of “small communication rights” as of 1st January 2015, GEMA managed to positively influence its financial performance in the financial year.

24. Staff costs
Staff costs amounted to € 66,151,000 (previous year: € 68,753,000) and includes € 7,887,000 (previous year: € 2,433,000) for restructuring costs. Expenditure on pension plans reached € 6,134,000 (previous year: € 8,076,000) and € 8,140,000 (previous year: € 8,833,000) for social programmes respectively, totalling € 14,274,000 (previous year: € 16,910,000). The number of permanent employees decreased from 848 as at 31st December 2014 to 826s as at 31st December 2015.

The expenditure on pension plans consists of pension payments amounting to € 8,069,000 (previous year: € 7,810,000) and the use of pension reserves amounting to € 1,935,000 (previous year: allocations of € 266,000). The average number of employees was 913 for the 1st quarter 2015, 905 for the 2nd quarter 2015, 902 for the 3rd quarter 2015, and 896 for the 4th quarter 2015.

25. Miscellaneous business expenditures, miscellaneous interest paid, and other similar expenses consist of the following items: see \( \rightarrow T.13 \)

The increase in IT services is due to intensified strategic measures for the realignment of its IT infrastructure. Further increases resulted from the outsourcing of IT activities to the IT4IPM GmbH. Compared to the rise in costs for that area, GEMA now benefits from lower direct staff costs. Moreover, the expenditure for office equipment decreased due to the outsourcing of the IT activities. The ancillary costs from collection activities consisted of inspection costs of € 7,981,000 (previous year: € 9,112,000) as well as legal costs of € 4,082,000 (previous year: € 3,214,000).

26. Income from holdings
Income from holdings primarily relate to the profit realisation for the same period from the holdings in the GEMA Immobilienverwaltung wirtschaftlicher Verein & Co. KG, Munich, of € 865,000 (previous year: € 0).

Due to the amounts in question being so low, this item had been included under other operational income in the previous year.
27. The extraordinary expenditure of €8,300,000 in 2015 is a result of creating the GEMA Unterstützungskasse GmbH and the ensuing transfer and derecognition of previous pension commitments shown in the balance sheet amounting to €48,499,000, while simultaneously allocating an actuarial reserve of €56,799,000 from GEMA’s own resources into the Unterstützungskasse.

28. Contingencies as defined by section 251 of the German Commercial Code (HGB) result from providing collaterals for liabilities amounting to €1,823,000. Furthermore, there are miscellaneous financial liabilities arising from payment obligations from long-term rental contracts and non-called up equity contributions of subsidiary companies amounting to €16,703,000.

29. The total fee for the independent auditing firm in financial year 2015 came to €665,000, of which €198,000 was charged for auditing services, €380,000 for tax consultancy and €87,000 for other services.

30. The members of the Managing Committee in the reporting year were Dr. Harald Heker (Chairman), Lorenzo Colombini and Georg Oeller. Their salaries amounted in 2015 to €619,000 for Dr. Harald Heker, €312,000 for Lorenzo Colombini, and €361,000 for Georg Oeller.

Contractual pension payments to previous members of Managing Committee amounted to €700,000. €1,383,000 were set aside for pension plan entitlements of previous members of the Managing Committee.

31. The Supervisory Board consists of 15 members in accordance with Article 13(1) of GEMA’s Statutes. Two representatives can be elected for every professional category in accordance with Article 13(1), clause 2, of the Statutes.

A new Supervisory Board was elected during GEMA’s AGM on 7th May 2015. The election of the Chairman and two Vice Chairmen took place at the Supervisory Board’s meeting on 7th May 2015.
The Supervisory Board thus comprised the following members in 2015:

<table>
<thead>
<tr>
<th><strong>Composers</strong></th>
<th><strong>Lyricists</strong></th>
<th><strong>Publishers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof. Dr. Enjott Schneider</td>
<td>Frank Dostal</td>
<td>Karl-Heinz Klempnow</td>
</tr>
<tr>
<td>Klaus Doldinger</td>
<td>Burkhard Brozat</td>
<td>Prof. Dr. Rolf Budde</td>
</tr>
<tr>
<td>Jörg Evers</td>
<td>Frank Ramond</td>
<td>Hans-Peter Malten</td>
</tr>
<tr>
<td>Micki Meuser</td>
<td>Stefan Waggershausen</td>
<td>Dagmar Sikorski</td>
</tr>
<tr>
<td>Jochen Schmidt-Hambrock</td>
<td>Tobias Künzel</td>
<td>Patrick Strauch</td>
</tr>
<tr>
<td>Prof. Lothar Voigtländer</td>
<td>Rudolf Müssig</td>
<td>Jörg Fukking</td>
</tr>
<tr>
<td>Dr. Ralf Weigand</td>
<td></td>
<td>Winfried Jacobs</td>
</tr>
<tr>
<td>Hartmut Westphal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prof. Manfred Schoof</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alexander Zuckowski</td>
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</tbody>
</table>

The members of the Supervisory Board receive expense allowances. During financial year 2015, this amounted to a total of € 469,000 (previous year: € 473,000).

Munich, 16th February 2016

Dr. Harald Heker

Lorenzo Colombini

Georg Oeller

The Managing Committee
KEY DATA

DISTRIBUTION TO MEMBERS AND RIGHTSHOLDERS .......................................................... 52
MEMBERSHIP DEVELOPMENT AND CATEGORISATION ........................................... 52
ADMISSION OF NEW MEMBERS ..................................................................................... 53
PARTICIPATION OF GEMA MEMBERS IN THE DISTRIBUTIONS .................................. 53
SOCIAL AND CULTURAL ALLOCATIONS ..................................................................... 54
INTERNATIONAL INCOME AND PAYMENTS .................................................................. 54
AUDITORS’ REPORT ......................................................................................................... 55
PUBLISHING INFORMATION .............................................................................................. 56
DISTRIBUTION TO MEMBERS AND RIGHTSHOLDERS

Performing, broadcasting and communication to the public rights and royalty claims

- Domestic income: €368,491, 72%
- Collection mandates: €117,124
- International income: €55,157

Reproduction rights and royalty claims

- Domestic income: €150,215, 28%
- Collection mandates: €43,988
- International income: €13,090

Sum total: €748,065, 100%

MEMBERSHIP DEVELOPMENT AND CATEGORISATION

Composers und Lyricists

- Full: €6,165, 6%
- Extraordinary: €6,218
- Affiliated: €51,646

Publishers

- Full: €552
- Extraordinary: €230
- Affiliated: €4,497

Legal successors

- Full: €18
- Extraordinary: €3
- Affiliated: €4,330

Total: €70,714
Admission of New Members

Admission of New Members

Authors (Composers and Lyricists) 2015 2014
2,723 2,760
Publishers 121 86
Total 2,844 2,846

Membership totals increased by 916, as compared to 2,844 new admissions. The difference between the increase and the number of new admissions is a result of membership terminations and members’ early withdrawals.

Participation of GEMA Members in the Distributions

Participation of GEMA Members in the Distributions

<table>
<thead>
<tr>
<th></th>
<th>in € ’000s</th>
<th>in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full members</td>
<td>239,717</td>
<td>67</td>
</tr>
<tr>
<td>Extraordinary members</td>
<td>12,420</td>
<td>4</td>
</tr>
<tr>
<td>Affiliated members</td>
<td>82,174</td>
<td>23</td>
</tr>
<tr>
<td>Legal successors</td>
<td>21,307</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>355,618</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
SOCIAL AND CULTURAL ALLOCATIONS

In financial year 2015, a total of €48,952,000 (previous year: €46,470,000) was set aside for social and cultural allocations. These funds are made up of the 10% deduction of €34,901,000 (previous year: €33,209,000) on the one hand, and from interest income, administration fees and other undistributable revenues of financial year 2015. In accordance with section 1 (4a) of the Distribution Plan, the Supervisory Board and the Managing Committee made funds available to GEMA's Social Security Fund amounting to €7,550,000 (previous year: €7,392,000). From the remaining €41,402,000 (previous year: €39,078,000), a total of €12,449,000 (previous year: €11,751,000) was allocated to the rating procedures in category E (serious music), €24,291,000 (previous year: €22,927,000) was allocated to the rating procedures in category U (light and dance music), €1,805,000 (previous year: €1,704,000) was allocated to the assessment procedures for arrangers and €2,857,000 (previous year: €2,696,000) was allocated for pension plans.

INTERNATIONAL INCOME AND PAYMENTS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from affiliated foreign collecting societies</td>
<td>71,329</td>
<td>66,812</td>
</tr>
<tr>
<td>Payouts to affiliated foreign collecting societies</td>
<td>120,902</td>
<td>129,248</td>
</tr>
<tr>
<td>Payments to sub-publishers' separate accounts</td>
<td>96,892</td>
<td>98,030</td>
</tr>
</tbody>
</table>
AUDITORS’ REPORT

Based on the results of our examination of the annual financial statements and the management report, we hereby grant the following unqualified opinion:

“We have examined the annual financial statements – consisting of the balance sheet, profit and loss statement, as well as the notes to the accounts – including the bookkeeping and management report of GEMA, Society for Musical Performing and Mechanical Reproduction Rights, Berlin, for the financial year from 1st January 2015 to 31st December 2015. The bookkeeping and compilation of the annual financial statements and the management report were done according to the German Commercial Code in the version valid at the time of the adoption of section 9 of the Copyright Administration Act (UrhWG) via the Accounting Directives Act, as well as the supplementary regulations of the Statutes, and are the responsibility of the legal representatives of the association. It is our responsibility to express an opinion on the annual financial statements based on our audit of the bookkeeping and the management report.

We examined the annual financial statements pursuant to section 9 of the Copyright Administration Act (UrhWG) and the provisions in section 317 of the German Commercial Code (HGB) and in adherence to the German guidelines set by the Institute of Private Auditors in Germany (IDW, Institut der Wirtschaftsprüfer). According to these guidelines, the audit is to be planned and executed so that inaccuracies and infringements which materially affect the image of the net assets, financial position, and income situation – as conveyed by the annual financial statements, duly regarding the guidelines of correct bookkeeping and the management report – can be detected with sufficient certainty. During the determination of the auditing procedures, information on the association’s activities and its economic and legal position, as well as the possibility of errors, are taken into consideration. In the course of the examination, the effectiveness of the in-house control system for financial reporting and accounting, as well as documentary evidence of the bookkeeping entries, annual financial statements and management report are evaluated chiefly based on sample audits. The audit consists of an evaluation of the guidelines for compiling the balance sheet and the legal representatives’ basic estimates, as well as the assessment of the overall depiction of the annual financial statements and the management report.

We believe that our examination forms a reasonable basis for our opinion.

Our audit did not result in any reservations. In our opinion, based on the results of our examination, the annual financial statements are in line with legal regulations and additional provisions from the Statutes and were created duly regarding the correct bookkeeping guidelines and therefore reflect an accurate image of the actual circumstances of the association’s net assets, financial position and income situation. The management report is in line with the annual financial statements, and conveys an overall correct image of the association’s position and correctly represents the opportunities and risks for the future development of the association.

In accordance with section 9(5) of the Copyright Administration Act (UrhWG), we confirm that the bookkeeping, the annual financial statements and the management report correspond to the law and Statutes.”

Munich, 16th February 2016

Ernst & Young GmbH
Certified Auditing Company

Dr. Napolitano             Franke
Chartered accountant      Chartered accountant
PUBLICATION DETAILS

EDITOR

GEMA
Gesellschaft für musikalische
Aufführungs- und mechanische
Vervielfältigungsrechte

Head Office (Generaldirektion) Berlin
Bayreuther Straße 37
10787 Berlin
Telephone  +49 30 21245-00
Telefax  +49 30 21245-950
E-Mail  gema@gema.de

Head Office (Generaldirektion) München
Rosenheimer Straße 11
81667 Munich
Telephone  +49 89 48003-00
Telefax  +49 89 48003-969
E-Mail  gema@gema.de

www.gema.de

CONCEPTION AND DESIGN

RED
Branding Design Communication
www.red.de

PHOTOGRAPHY

Florian Jaenicke

PRINTING

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TRANSLATION SERVICES

Sabine Jones, SJ Consultancy, UK