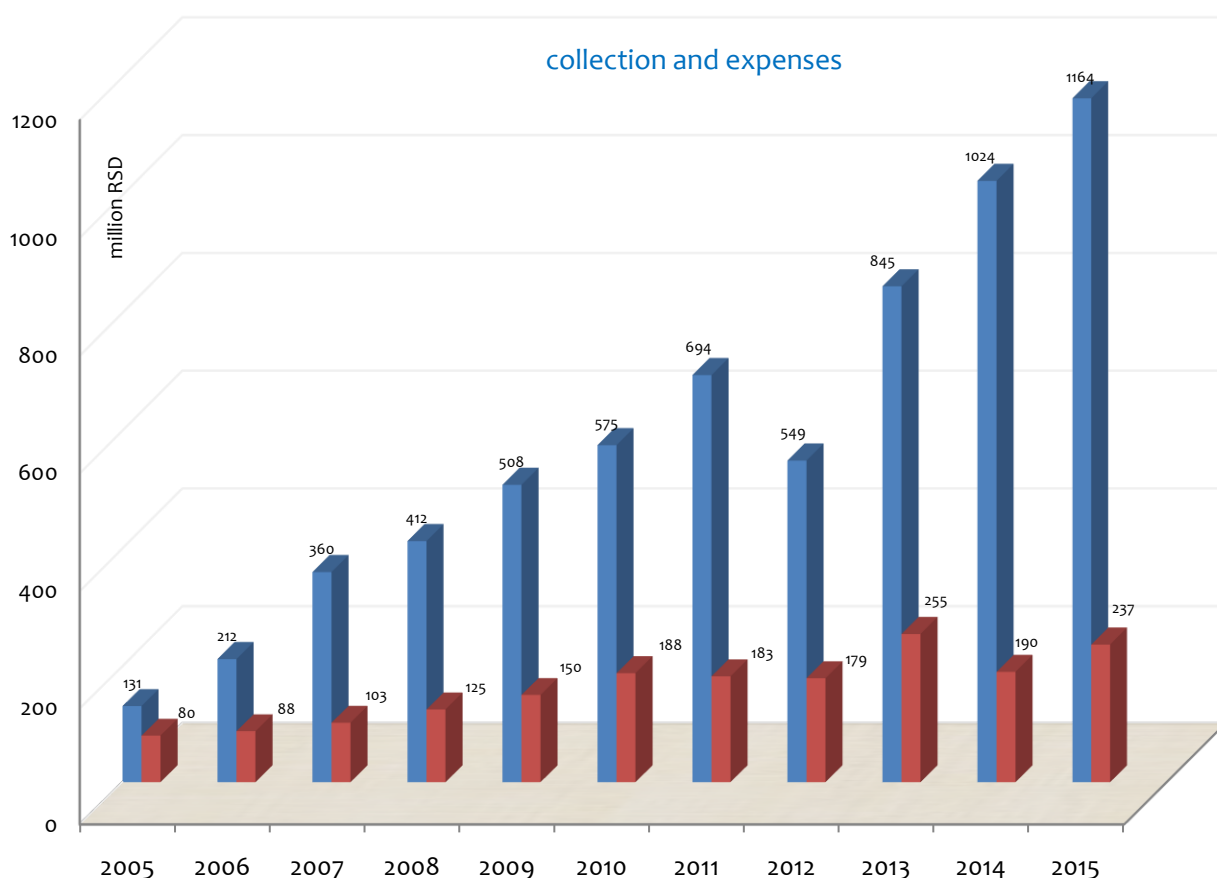


ANNUAL REPORT 2015

Business year 2015. was successful. Collection continues its trend of growth with some increase of expenses, participation of expenses in collection is about 20%. Historic settlement with RTS is in realization, as well as settlements about debt rescheduling with numerous big and small users, collection of remuneration from global digital platforms (Google, YouTube, Deezer), joint collection of remuneration to Sokoj OFPS and PI on the basis of the communication to public has been improved.

The number of employees have been increased, new server and IT equipment have been purchased and implemented in production, new server room has been equipped in accordance with IT ISO standards, in business building fourth floor has been completely renovated and new space for documentation storage has been provided. Since 2015. Sokoj has been actively presented on social networks.



Following financial results have been achieved:

- ✓ **collection** of RSD **1.164.249.595,96** is **13,69%** increased comparing with the year 2014. and **5,11%** less of **planned** collection for 2015;
- ✓ **Expenses** of RSD **236.579.856,22**, respectively **24,43%** more than in 2014. and **2,56%** more than planned expenses for 2015;
- ✓ **Participation of the expenses in income is 20,32%**;
- ✓ Difference between income and expenses, i.e. **amount for distribution** to authors and right holders is RSD **927.669.739,74**, which is an increase of **11,24%** comparing with the year 2014.

In accordance with the law and agreements with OFPS and PI, Sokoj has, on behalf of organizations OFPS and PI, on the basis of joint collection of remuneration from communication to the public and special compensations:

- ✓ collected and paid the amount of RSD **91.989.207,87** as remuneration to those organizations,

- ✓ withheld the amount of RSD **32.138.053,54** on the account of expenses of those organizations (total costs of performing the activity have been paid in the amount of RSD **268.717.909,76**).

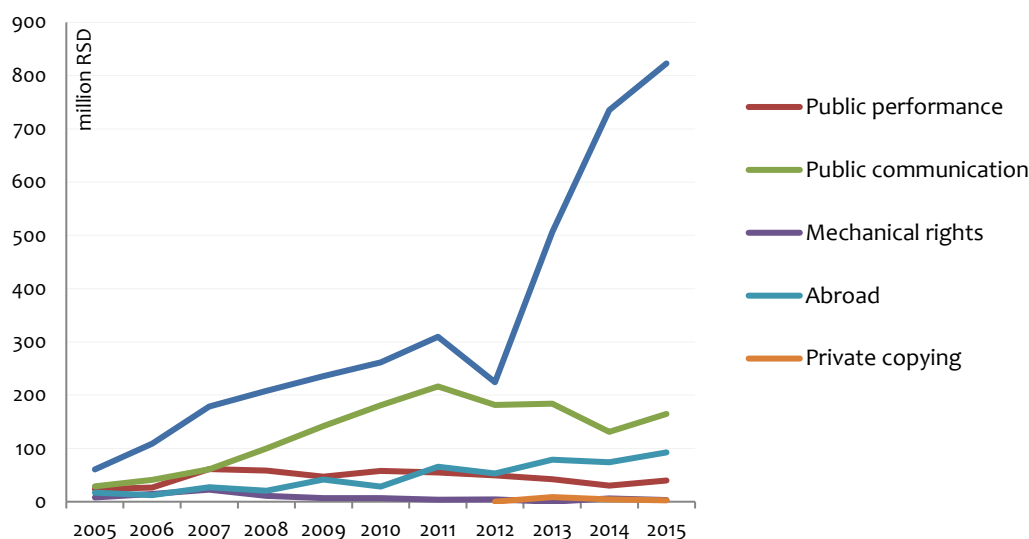
Collection and expenses per class of collection/distribution:

Class of collection/distribution	collection 2015		expenses 2015		distribution 2015
	RSD	%	RSD	RSD	
I Collection of remuneration in the country	1.071.683.241,13	21,21	227.323.220,74	844.360.020,39	
1) Broadcasting	822.867.849,54	18,96	156.017.350,13	666.850.499,41	
A Radio Broadcasting	79.075.706,66	15,00	11.861.356,00	67.214.350,66	
1) National coverage	23.791.757,11	15,00	3.568.763,57	20.222.993,54	
PTC 2006-2014 (paid amount)	12.654.961,80	15,00	1.898.244,27	10.756.717,53	
PTC 2006-2014 (reserved amount)	1.421.670,22	15,00	213.250,53	1.208.419,68	
other	9.715.125,09	15,00	1.457.268,76	8.257.856,33	
2) Regional/Provincial coverage	22.612.131,24	15,00	3.391.819,69	19.220.311,55	
3) Local	32.671.818,31	15,00	4.900.772,75	27.771.045,56	
B TV Broadcasting	435.235.883,63	18,94	82.444.742,29	352.791.141,34	
1) National coverage	343.187.194,82	20,00	68.637.438,96	274.549.755,86	
RTS 2006-2014 (paid amount)	113.894.656,21	15,00	17.084.198,43	96.810.457,78	
PTC 2006-2014 (reserved amount)	12.795.031,94	15,00	1.919.254,79	10.875.777,14	
other	216.497.506,68	22,93	49.633.985,74	166.863.520,93	
2) Regional/Provincial coverage	82.771.720,48	15,00	12.415.758,07	70.355.962,41	
3) Local	9.276.968,33	15,00	1.391.545,25	7.885.423,08	
C Cable retransmission	308.556.259,25	20,00	61.711.251,85	246.845.007,40	
2) Public performance	39.882.303,94	16,55	6.600.173,56	33.282.130,38	
A Concerts of classical music	3.593.344,32	0,00	0,00	3.593.344,32	
B Concerts of popular music	13.152.367,29	15,00	1.972.855,09	11.179.512,20	
C Restaurants with live music	20.654.772,23	20,00	4.130.954,45	16.523.817,78	
D Other public manifestations	2.481.820,10	20,00	496.364,02	1.985.456,08	
3) Public communication	164.761.651,53	34,09	56.172.215,40	108.589.436,13	
A Cinema					
B Other users	164.761.651,53	34,09	56.172.215,40	108.589.436,13	
4) Production and distribution of sound/image carriers	3.008.055,81	10,00	300.805,58	2.707.250,23	
5) Interactive making available of the works to the public	2.389.624,25	20,00	477.924,85	1.911.699,40	
A Download					
B Streaming					
1) Live streaming					
2) Streaming on demand					
3) Streaming in the narrow sense					
C Webcast	310.199,99	20,00	62.040,00	248.159,99	
1) Radio program	310.199,99	20,00	62.040,00	248.159,99	
2) TV program					
D Ringtone	61.946,21	20,00	12.389,24	49.556,97	
E Simulcast	2.017.478,05	20,00	403.495,61	1.613.982,44	
F Podcast					
G Background					
6) Private copying	2.374.246,15	20,00	474.849,23	1.899.396,92	
7) Other incomes	36.399.509,91	20,00	7.279.901,98	29.119.607,93	
II Collection of remuneration from abroad	92.566.354,81	10,00	9.256.635,48	83.309.719,33	
Total:	1.164.249.595,94	20,32	236.579.856,22	927.669.739,72	



III Collection for related rights, as per contracts	Collection 2015		Expenses 2015		Paid to OFPS and PI
	RSD	%	RSD	RSD	
Public communication	120.565.892,18	26,07	31.425.779,70	89.140.112,48	
Private copying	3.561.369,23	20,00	712.273,84	2.849.095,39	
Total:	124.127.261,41	25,89	32.138.053,54	91.989.207,87	

I COLLECTION



In 2015 Sokoј issued a total of 96,267 invoices to its users, amounting to RSD 1,989,920,217.98 including VAT. Out of this amount, Sokoј received **RSD 1,164,249,595.94** (VAT excluded) which included unpaid receivables from previous periods, as well as **RSD 124,127,261.41** (VAT excluded) for OFPS and PI, according to the contract, including fees from previous periods.

Throughout 2015 Sokoј concluded agreements with public broadcasters RTS and RTV, which made the following contractual arrangements: **Tariff Agreement on Remuneration Based on the Grounds of Broadcasting Music Works on the Radio and Television Programs of RTS** (Government Gazette of the Republic of Serbia, no. 23/2015), and **Tariff Agreement on Remuneration Based in the Grounds of Broadcasting Music Works on the Radio and Television Programs of RTV** (Government Gazette of the Republic of Serbia, no. 29/2015).

An arrangement was concluded to reschedule the debt of RTS for the period between December 1, 2006 and June 30, 2014 with a payment period of five years.

The Protocol on Cooperation between Sokoј and Anem (Government Gazette of the Republic of Serbia, no. 37/2014) enabled the public broadcasters to enjoy a 50 percent discount on the minimal remuneration on the settled tariffs, which is still in force.

Other discounts and partial write-offs of interests and debt payments according to the decision of the steering committee (for broadcasters and all user categories) were enabled throughout 2015.

In 2015 Sokoј worked with 395 registered broadcasters (signed contracts with 381 broadcasters).

A new **Tariff of Fees of Cable Re-broadcast of Music Works from the Sokoј Repertoire** (Government Gazette of the Republic of Serbia, no. 55/2015) was adopted, which is in force since July 1, 2015.

In 2015 Sokoj worked with 73 registered re-broadcasters, out of which 33 with a contract according to the new tariff.

After unsuccessful negotiations, with the approval of the Intellectual Property Office a new **Tariff of Fees Charged by Sokoj on the Basis of Publishing Musical Works over the Internet and Mobile Services** was adopted (Government Gazette of the Republic of Serbia, no. 78/2015).

Contracts were signed with the global internet platforms Google (YouTube) and DEEZER. Due to a very complex procedure of charging the fees and previously identified repertoire, remunerations from YouTube began during the end of the year, mentioned in the *Inflows from Abroad*.

Income from abroad in 2015 consists of payments of 41 foreign societies and Google:

Ord.N.	Society	Territory	Currency	Income	in EUR	in RSD
1	ACUM	Israel	USD	1.715,34	1.490,09	182.788,00
2	AKM	Austria	EUR	62.082,39	62.082,39	7.474.430,32
3	AMCOS	New Zeland	EUR	371,11	371,11	45.067,66
4	APRA	Australia	EUR	812,48	812,48	98.336,47
5	ARTISJUS	Hungary	EUR	115.789,04	115.789,04	14.035.316,07
6	ASCAP	USA	USD	10.062,93	8.660,45	1.059.112,14
7	AUSTROMEHANA	Austria	EUR	4.724,10	4.724,10	567.151,92
8	BMI	USA	USD	944,92	836,13	100.842,35
9	BUMA	Holland	EUR	2.511,86	2.511,86	301.527,54
10	CASH	Hong Kong	USD	97,69	89,24	10.722,12
11	GEMA	Germany	EUR	46.615,79	46.615,79	5.627.232,83
12	HDS	Croatia	EUR	166.816,65	166.816,65	20.230.571,39
13	IMRO	Ireland	EUR	197,80	197,80	23.836,64
14	JASRAC	Japan	EUR	2.480,31	2.480,31	299.705,81
15	KODA	Denmark	EUR	2.650,77	2.650,77	319.633,29
16	MCPS	Great Britain	GBP	1.151,98	1.554,51	188.786,43
17	MESAM	Turkey	EUR	1.337,64	1.337,64	162.060,84
18	MUSICAUTOR	Bulgaria	USD	9.928,03	9.928,03	1.203.932,72
19	NCB	Denmark	EUR	1.815,71	1.758,36	212.816,56
20	OSA	Czech Rep.	EUR	865,60	865,60	104.313,43
21	PAM CG	Montenegro	EUR	67.411,37	67.411,37	8.091.888,54
22	PRS	Great Britain	GBP	2.089,51	2.852,18	342.797,91
23	RAO	Russia	USD	905,14	824,95	100.402,29
24	SABAM	Belgium	EUR	1.642,93	1.642,93	197.395,30
25	SACEM	France	EUR	39.056,15	39.056,15	4.688.847,49
26	SAMRO	South Africa	EUR	5.259,32	5.259,32	639.358,75
27	SAZAS	Slovenia	EUR	19.530,06	19.530,06	2.344.050,53
28	SDRM	France	EUR	5.193,42	5.193,42	624.504,84
29	SGAE	Spain	EUR	8.119,75	8.119,75	1.002.526,86
30	SIAE	Italy	EUR	19.006,99	19.006,99	2.280.541,35
31	SOCAN	Canada	EUR	1.360,23	1.360,23	163.940,15
32	SOZA	Slovakia	EUR	552,99	552,99	66.421,34
33	SPA	Portugal	EUR	908,56	908,56	109.665,35
34	STEMRA	Holland	EUR	809,48	809,48	98.489,41
35	STIM	Sweden	SEK	57.911,06	6.239,89	758.152,75
36	SUISA	Switzerland	CHF	73.958,25	68.157,75	8.188.129,07
37	TEOSTO	Finland	EUR	4.634,26	4.634,26	559.123,01
38	TONO	Norway	NOK	18.115,39	1.886,98	227.280,34
39	UCMR-ADA	Romania	EUR	11.917,62	11.917,62	1.432.863,79
40	ZAIKS	Poland	USD	7.447,14	6.807,76	824.126,30
41	ZAMP SKOPJE	Macedonia	EUR	62.899,91	62.899,91	7.591.019,03
42	GOOGLE	YouTube*	EUR	3.151,01	3.151,01	382.265,37
			Total:		769.795,91	92.961.974,30
					(Returned to Sokoj from foreign societies:)	-395.619,49
						92.566.354,81

(amounts in EUR and RSD are given at average rate of the received currency, EUR and RSD on the day of income in foreign currency)



Based on the Production and distribution of sound carries and/or images (**mechanic rights**) fees from 8 phonogram producers was charged with a total of 2,039 music editions.

Survey of societies with whom Sokoj has reciprocal representation agreements:

ABRAMUS+ Brasil	COMPASS ++ Singapore	CASH ++ Hong Kong	MCPS + Great Britain	SACEM/SDRM ++ France	SINE QUA NON ++ Bosnia & Herzegovina
ACDAM ++ Cuba	EAU + Estonia	MUSICAUTOR ++ Bulgaria	SADAIC ++ Argentina	SACM ++ Mexico	SOCAN + Canada
ACUM ++ Israel	GEMA ++ Germany	NASCAM + Namibia	SAMRO + South Africa	SOZA ++ Slovakia	TONO + Norway
AEPI ++ Greece	HDS ++ Croatia	NCB + Scandinavia	SAS ++ Georgia	SPA ++ Portugal	UCMR-ADA ++ Romania
AGADU ++ Uruguay	IMRO + Ireland	ONDA ++ Algeria	SAZAS ++ Slovenia	STEMRA + Holland	UACRR ++ Ukraine
AKKA-LAA + Letonia	JASRAC ++ Japan	OSA ++ Czech Rep.	SBAT + Brasil	STIM + Sweden	ZAIKS ++ Poland
AKM + Austria	ASCAP + USA	PAM CG ++ Montenegro	ARTISJUS ++ Hungary	SUISA ++ Switzerland	ZAMP ++ Macedonia
ALBAUTOR ++ Albania	AUSTRO-MECHANA Austria+	KAZAK ++ Kazakhstan	PRS + Great Britain	MESAM ++ Turkey	TEOSTO + Finland
AMCOS + Australia	BELAT ++ Belorussia	KODA + Denmark	RAO ++ Russia	SESAC ++ USA	AAS ++ Azerbaijan
APRA + Australia	BMI + USA	LATGA-A + Latvia	SABAM ++ Belgium	SGAE ++ Spain	
AsDAC ++ Moldova	BUMA + Holland	MCSC + China	SACEM + France	SIAE ++ Italy	+ performing rights + mechanical rights

II EXPENSES

For Sokoj year 2015. was the year of big investments, and with regards to defined business politics, in 2015. year it was posible to invest in staff, equipment and software development, renovation of business space at the same time. All quoted investments are significant investments for the future which will provide increase of collection, decrease of expenses and more precise amount of distribution, as well as an increase of Sokoj's reputation in country and abroad.

Expenses in year 2015. are RSD 236.579.856,22, participation of the expenses in income is 20,32%.

Necessary IT equipment has been purchased with regards to renewal of current IT equipment (server 9 years old, work stations an average of 6 years) and necessary equipment and resources for recording and storage data for monitoring purpose.

Business space at IV floor of business building has been thoroughly renovated due to quite poor condition.

Server room has been moved and adapted in accordance with ISO Standards and modern fire protection station has been installed.

Main effect of these investments in year 2015. is an increase of work effectiveness, rational use of resources and necessary technological improvement.

III DISTRIBUTION

At the meeting held on May 24, 2015 Assembly of Sokoj adopted a new **Distribution Plan**. New documentation forms were settled and data basis were adapted according to the plan. A new **Rule book on Music Playlists** was also adopted.

About 15,300 hours of program were monitored on random samples including 48 television and 8 radio stations for accounting year 2015. Most broadcasters fixed their Music liners afterwards, while TV Melos and TV Belle Amie did not fix them and according to Article 10 of the Distribution Plan they were excluded from the accounting as unreliable.

On calculation and distribution of royalties for accounting year 2015 appropriate provisions of Sokoj's Statute of March 10, 2010 and of Distribution Plan of May 24, 2015 have been applied.

At the meeting held on May 12, 2016 on the basis of the Article 28 of the Statute of Sokoj and Article 13.1 of the Distribution Plan, Managing Board of Sokoj established General Settlement of royalties on the basis of broadcasting, public performance, communication to the public and using music works on the internet (performing rights) for the year 2015.

Total Distribution Fund for the year 2015 on the basis of **performing rights** is 14,34% larger in relation to 2014 and it amounts to RSD 776.047.856,28:

Class	RSD	No. of entered works	Value of the point/factor
1 Broadcasting and rebroadcasting			
A Radio Broadcasting			
1) National coverage	47.949.077,82	750.454	0,16813445
2) Regional/Provincial coverage	45.020.240,61	1.002.245	0,13930354
3) Local	39.836.747,51	1.314.349	0,09585530
B TV Broadcasting			
1) National coverage	234.578.439,47	223.925	8,46521502
2) Regional/Provincial coverage	195.413.219,98	374.143	2,67910290
3) Local	13.257.054,45	126.799	0,38550661
C Cable retransmission			
– distribution per playlists/works	25.373.511,35	357.434	0,36435712
– part for foreign societies	29.035.193,24		
– part for domestic sub-publishers	4.717.763,97		
2 Public performance			
A Concerts of classical music	3.558.928,32	558	3,47570092
B Concerts of popular music	4.321.200,82	2.927	0,58382148
C Restaurants with live music	1.523.817,78	8.328	1,28398718
D Other public manifestations	1.985.456,08	1.425	3,96499124
5 Interactive making available of the works to the public			
B1 Webcast radio program	248.159,99	2.578	0,43121654
G Ringtone	15.082,52	4.084	
Payments effected 1A1 (RTS 2006-2014)	10.756.717,53		
Reserved funds 1A1 (RTS 2006-2014)	1.208.419,68		
Payments effected 1B1 (RTS 2006-2014)	96.810.457,78		
Reserved funds 1B1 (RTS 2006-2014)	10.875.777,14		
Payments effected 2B concerts of popular music	7.241.817,14		
Reserved funds for concerts without playlists 2A	34.416,00		
Reserved funds for concerts without playlists 2B	1.492.123,89		
Part 5G for distribution per „mechanical rights“	34.474,45		
Part 6 for distribution per „mechanical rights“	759.758,76		
Total:	776.047.856,28		



Average royalty of domestic authors and right holders on the basis of performing rights for the year 2015 amounts to **RSD 52.597,33** what is an increase of **5,67%** in comparison to the previous year. The total of **4.169.249** uses of music works were noted what is an increase of **14,70%** in comparison to the previous year.

In the distribution on the basis of performing rights for the year 2015 participate **8.453** domestic authors and right holders (3.552 of them with temporary code), as well as **53.441** foreign authors and right holders through **57** contracting societies and **38** non-contracting societies.

Foreign repertoire (performing rights) used in 2015

Code	Society	Total in RSD	Code	Society	Total in RSD
001	ACUM	437.548,98	089	TEOSTO	1.186.845,58
003	AEPI	2.661.004,46	090	TONO	243.713,28
004	AGADU	1.309,75	094	RAO	847.856,93
005	AKM	1.286.517,13	097	ZAIS	89.092,14
008	APRA	955.147,42	101	SOCAN	1.604.348,22
009	ARTISJUS	1.336.077,58	103	ACDAM	1.229,40
010	ASCAP	18.861.440,21	106	COMPASS	62,65
021	BMI	14.939.700,61	110	LATGA-A	46.440,07
023	BUMA	1.297.937,72	111	HDS-ZAMP	24.776.322,75
026	CASH	700,91	112	SAZAS	956.285,66
035	GEMA	10.824.367,52	115	UCMR-ADA	397.493,94
038	JASRAC	168.411,90	116	EAU	8.807,76
039	MUSICAUTOR	74.846,26	117	MESAM	2.634.893,72
040	KODA	561.558,38	119	MCSC	3.116,89
049	ONDA	3.821,58	122	AKKA-LAA	11.150,56
050	OSA	96.316,84	127	ALBAUTOR	274,58
052	PRS	19.920.325,02	128	IMRO	203.944,15
055	SABAM	963.953,27	136	ZAMP	2.480.941,26
058	SACEM	11.783.968,56	140	UACRR	20.326,13
059	SACM	197.343,98	177	KAZAK	2.844,31
061	SADAIC	1.326.686,01	201	ABRAMUS	39.900,81
062	SADEMBRA	1.518,98	202	ASDAC	1.580,31
063	SAMRO	28.627,47	204	GCA	6.788,66
066	SBACEM	41.377,50	216	SQN	719.176,82
067	SBAT	60,79	249	PAM CG	1.210.941,98
069	SPA	375.125,06	Total contracting societies:		137.412.465,77
071	SESAC	681.204,48	Non-contracting societies (total):		2.792.708,82
072	SGAE	3.846.238,85	Cable retransmission (foreign):		29.035.193,24
074	SIAE	2.893.157,66	Domestic sub-publishers:		
079	STIM	3.281.036,21	circular:		10.978.860,98
080	SUISA	957.910,61	Block funds (foreign):		42.777,21
085	SOZA	112.845,51	Total:		

The distribution of RSD 3,008,055.81 based on the production and distribution of sound/image bearers (**mechanic rights**) is realized according to the regulation 13.2.3 of the Distribution Plan. On the grounds of registered production and documentation data of Sokoj, after the deduction of administrative expenses, it is allocated among the authors and rights holders. Local authors and rights holders receive 82 percent of the income, while international societies receive 18 percent of the remuneration for sound bearers produced in Serbia. For the first time in the allocation, a payoff was conducted on internet radio webcasts, where local authors and rights holders received 62 percent, whereas international authors were represented with around 37 percent.



In Belgrade on May 22, 2016

Head of Tariff, Licensing and Payment
Department
Jovan Milošević

Head of Finances and Bookkeeping,
Mara Rudić

Chief Information Officer,
Andrija Mitrović

Head of Documentation and Distribution
Department,
Srećko Barbarić

Head of Legal Department,
Milica Reljić

Head of Development Department,
Tomislav Jovanović

Manager,
Aleksandar Kovačević