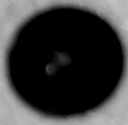
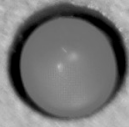
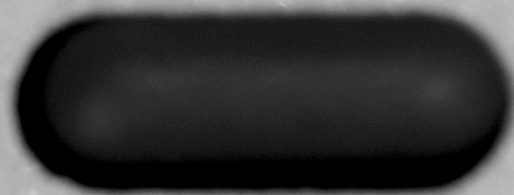
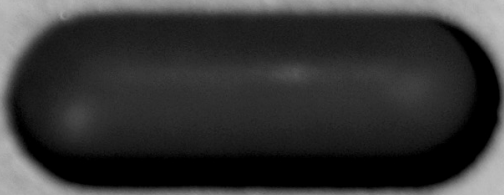
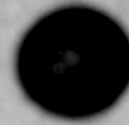


POWER

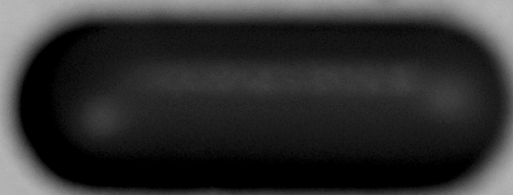


BATT LOW



MIDI/SELECT START/STOP

STANDARD



ANNUAL REPORT 2005

EXTRAORDINARY REVENUES INFLUENCE THE ANNUAL RESULTS

Settlement on payment for movie channels covering many years into the past and the award in the satellite radio case contribute extraordinarily to the result for the year. KODA's managing director sees no reason to rejoice and predicts failing revenues from, for instance, private copying and the revocation of remuneration for music used during church services.

BY MANAGING DIRECTOR NIELS BAK

Even though an increase in the results for the year of 8.8 per cent should make KODA's members rejoice, we must call for circumspection. The increase in the result for the year excluding post-payments for the past only amounts to 3.3 per cent and corresponds more or less to the price index development. Even though the number of rights holders entitled to settlements is increasing and the consumption of their music and lyrics is exploding, we are in reality dealing with an undermining of the remuneration to the individual rightsholder. In this connection, the Danish Broadcasting Corporation (DR) is a good example. DR has increased its consumption of music considerably, not merely on the nation-wide channels, but also via DAB and the Internet. The Director of Radio's wish to broadcast music "to all cracks and crevices" has not been followed by a corresponding willingness to pay. This can be seen clearly from DR's radio settlement on P1-P4, where the average settlement per minute has dropped from DKK 17 in 1998 to DKK 12 in 2004. Correspondingly, the average settlement per minute for DR TV fell by a third from DKK 171 in 1998 to DKK 114 in 2004. To this should be added the lacking compensation for the development in prices.

At the same time, KODA is experiencing intense pressure from politicians as well as users. In a time where the individual's justified demand for unlimited freedom of choice and free access to information, art and culture is characteristic, it is difficult to create an understanding that freedom of choice and free access also have a price. Not least when the demand is made through a monopoly – a so-called collective administration company such as KODA. The users of music and the politicians often forget the advantages and the benefit to society gained from being able to access the entire world repertoire in one location rather than having to shop around with many different composers, songwriters and their music publishing houses. Without collective administration companies such as KODA, which handle both hit-makers and new music-makers coming up from the underground, the amount of music and lyrics written would hardly be large enough to cover the radio directors' insatiable demand for music in all cracks and crevices. In 2005, we have intensified our communication work even more in order to create the necessary understanding. We know

that it takes time to do away with myths and ignorance about KODA, but we also recognise that we are responsible for informing the public about our business. Hopefully, the media will not just focus on the conflicts that are inevitable when we are concluding agreements with and collecting payments from more than 60,000 registered users of music, but also on the fact that more than 11,000 Danish composers, songwriters and music publishing houses are receiving remuneration for their music and lyrics. Furthermore, KODA grants more than DKK 35m per year in collective support to Danish music in the form of scholarships, CD production, support to concerts etc. KODA's total revenues including interest income totalled DKK 475m against DKK 439m in 2004. The music remuneration charged in Denmark increased extraordinarily by 11 per cent due to one-time revenues in connection with the concluded settlement concerning movie channels, which covered a period of many years back in time as well as a concluded tribunal case on satellite radio. Following a marked decrease in 2004 as a consequence of the reduction of the CD remuneration, the blank tape remuneration in 2005 is at the same level as in 2004, but the Danish Minister of Culture Brian Mikkelsen's proposal to reduce the DVD remuneration – without a remuneration on build-in media to be used for home copying – means a slow phasing out of the blank tape remuneration. Minister of Ecclesiastical Affairs Bertel Haarder has decided to terminate a ten-year agreement on remuneration for the use of music in church services, which the Ministry of Ecclesiastical Affairs has paid as compensation for the exemption concerning music used in church services in the Danish Copyright Act (Opretsloven). The Minister of Ecclesiastical Affairs would like to see a renewal of the Danish hymn tradition, but does not want to pay the hymn composers and writers, when their music is used in church services.

KODA's administration costs increased by 5 per cent and make up 10.6 per cent of the total revenues. The low cost percentage is, not least, due to the fact that we – in close co-operation with the other Nordic companies – develop new IT systems on an ongoing basis to automatise manual work routines. It would be impossible to handle the significant increase in the consumption of music and the number of radio and TV channels without the use of IT. There is, however, still a need for improvements, not least in the quality of the reporting from music customers.

NEARNESS BENEFITS BOTH MUSIC USERS AND MUSIC CREATORS

BY THE CHAIRMAN OF KODA'S COUNCIL **HANS DAL**

When we look back on 2005, we can be very pleased about a number of new positive initiatives and good agreements with users of music. At the end of the year, we concluded a new agreement with the commercial local radio stations The Voice and Radio 2. With this agreement, KODA, to a wide degree, accommodated the wishes of music users by creating uniform agreements for the commercial local radio stations, while at the same time ensuring that the rightsholders continue to receive fair payment for their music.

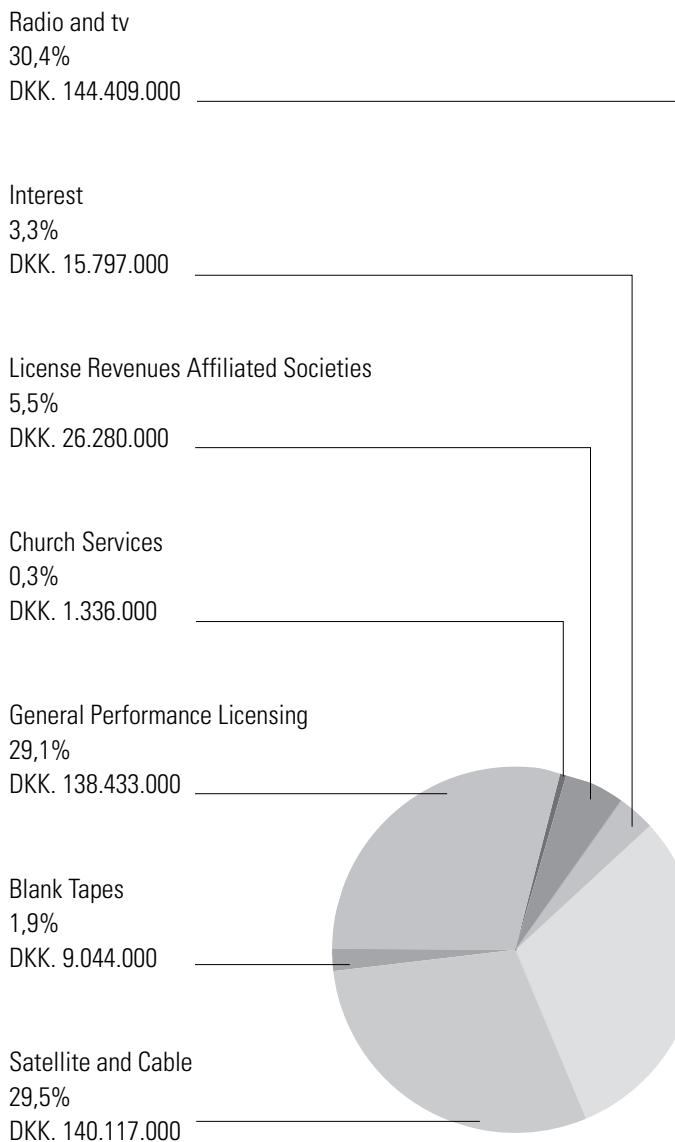
We believe that these new agreements demonstrate that KODA, through dialog with the players in the radio business and understanding of future scenarios which are outlined for the radio sector in Denmark, has been able to find compromises which ensure music production in Denmark and ensure that music users have the easiest possible access to music.

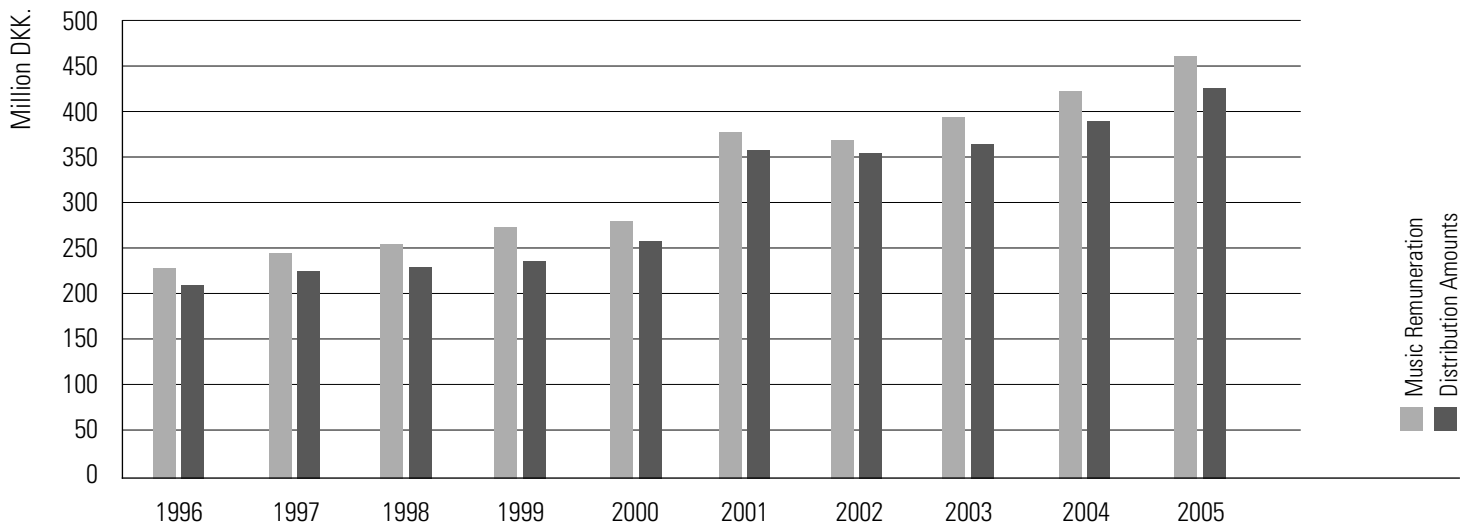
Therefore, the recent years' European Commission initiatives are greatly troubling. The Commission has worked committedly with the idea of creating large multinational administration companies to handle the licensing of the online rights. If they succeed in creating few, large multinational companies that are to administer the online rights, it is very difficult to imagine that the national companies can be continued in the long term. We have been very involved in this debate throughout 2005. This is because we do not believe that a large English or German company will safeguard Danish music given the small size of the Danish market. And we also do not believe that a large multinational company will understand the media and the culture political terms that apply to the Danish players. We are attempting to ensure that music users have easy access to music. With few large pan-European administration companies, Danish commercial local radio stations, for instance, should have agreements with several companies instead of one agreement with KODA, and there would in reality not be anyone to handle the narrow genres, as it would not be financially feasible to administer this type of rights. This will hurt the cultural diversity in Europe. Market considerations will decide the business strategies resulting in more mainstream music and less musical diversity. Seen in this light, we can only wonder that the European Commission in a stroke of foresight adopts the Unesco convention to ensure cultural diversity in Europe while at the same time undermining the national administration of rights which contributes to ensure that the European culture develops in many different directions both across and inside national borders.

The debate with the European Commission has taken up a lot of KODA's time in the past year and it will continue to take up much time in the year to come. We have nothing against changing the way rights are administered, but such changes should result in lower costs, not higher costs. It is

also important to look out for the interests of other composers and text writers that just the few superstars. We also do not believe that it will benefit copyright in the long term to take music users hostage.

DISTRIBUTION OF KODA'S REVENUES 2005





GOOD DIALOG WITH THE MEMBERS

A good and close dialog with the members coupled with an efficient and seamless administration of member rights are vital to KODA. We still experience great satisfaction from our members while at the same time making an effort to accommodate criticism from the members in order to improve our service. We believe that the personal contact to our members is of vital importance. That is why we still arrange members' meetings. Not merely to inform members about KODA's work and to advise them about their options. We also do this to get advice from our members so that we can keep getting better. Furthermore, we also find it important that these meetings can act as a forum in which members can meet each other and get inspiration.

Our administration must be both service-oriented and financially conscious. These are not necessarily contradictory objectives. More and more members are using KODA's online features for registering works, finding payment information etc. This does not only save administration costs, it also means increased flexibility and the possibility that each individual member can approach KODA at any time.

We handled a total of 2.2 million different musical presentations. 197,641 different works were included in our settlements to rightsholders. 34,780 were settled for the first time in 2005.

WHAT MEMBERS EARNED IN 2005

Many KODA members dream of being able to make a living from their music, but very few of them are able to land a decent annual pay. Of our 30,000 members, only 11,573 received a payment from KODA in 2005.

As can be seen from the below, only 1823 of these 11,573 members received an amount exceeding DKK 10,000 from KODA.

THE AGES OF KODA'S MEMBERS

Under 30 years: 19 per cent.
 30 to 40 years: 33 per cent.
 40 to 50 years: 25 per cent.
 Over 50 years: 23 per cent.

Illustration: Pie chart

THE MEMBERS AND THEIR WORKS IN 2005

At the end of January 2006, KODA registered member no. 30,000.

The members registered 36,118 new works in 2005. 24,792 of these registrations were made online. 11,326 of the new works were registered using paper forms forwarded to KODA.

In 2005, KODA received 33,786 KODA lists and concert programmes. 17,394 of them were submitted online via Mit KODA (My KODA) on the website.

KODA SUPPORTS DANISH MUSIC

KODA'S COLLECTIVE BLANK TAPE FUNDS AND FUNDS FOR CULTURAL PURPOSES

KODA's primary task is to ensure, through good agreements with the users of music, that the rightsholders receive a fair payment when their music is used in public. But it is also our task to ensure decent conditions for composers and songwriters. We therefore support a number of areas which benefit Danish music in different ways. In this way, we hope to be able to safeguard a diverse, exciting music scene in constant development.

KODA's support to Danish music comes from the funds for cultural purposes.

KODA'S COLLECTIVE BLANK TAPE FUNDS. THE LARGEST SUPPORT TO CD PRODUCTIONS

The blank tape funds are primarily distributed as support for productions of new CDs and are of vital importance to a dynamic development in the production of music. In 2005, DKK 3.2m was distributed for, among other things, support for CDs.

The funds come from the compensation scheme which was introduced in the early 90's, when the illegal home copying of music on tapes became widespread. In the last couple of years, build-in media such as MP3 players have become more and more widespread, and as build-in media are not covered by the compensation scheme, Danish music rightsholders are missing out on millions of kroner. The blank tape scheme is currently being evaluated with a view to reducing the duties on these blank media. Unless the government can find a scheme, which ensures that the Danish artists receive fair compensation for the losses connected with the illegal copying of music to blank media and build-in media, Danish music will lose a considerable support for the growth layers and the development of new Danish music.

FUNDS FOR CULTURAL PURPOSES: AN INVALUABLE SUPPORT TO DANISH MUSIC

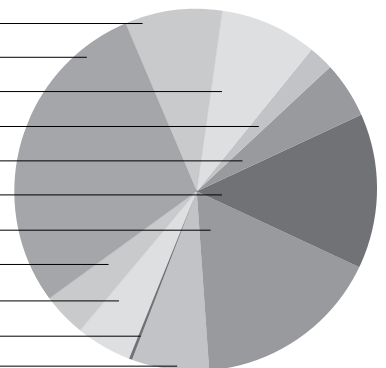
The members have decided that ten per cent of the net proceeds shall be used for the support of Danish music and contribute to ensuring that composers and songwriters are organised in a good manner. These ten per cent are called the funds for cultural purposes and in 2005, these funds amounted to DKK 34.9m. Both Danish and foreign rightsholders contribute to the funds for cultural purposes.

KODA distributes the lion's share of these funds to the Danish Society for Jazz, Rock and Folk Composers (DJBFA), the Danish Music Publishers' Association (DPA), the Danish Composers' Society (DMFF) and the Danish Songwriters' Guild (DKF). In 2005, KODA distributed DKK 31.1m to these four associations. The member associations subsequently distribute the support to their members on behalf of KODA. KODA distributes a small part of the funds for cultural purposes to associated members, meaning members who are not organised with DJBFA, DPA, DMFF or DKF and therefore cannot apply for support from them.

THIS IS HOW THE FUNDS FOR CULTURAL PURPOSES WERE USED IN 2005

► TOTAL DKK. 34,9 M

| | | |
|------|-----------|---|
| DKK. | 3.031.305 | Scholarship Housing |
| DKK. | 9.929.385 | Work, Study and Travel Scholarships |
| DKK. | 2.957.764 | Concert Activities |
| DKK. | 796.925 | Honorary Scholarships, Prizes and Similar Awards |
| DKK. | 1.712.835 | Courses etc. |
| DKK. | 4.935.817 | PR activities etc. |
| DKK. | 5.848.360 | Organisation Work and Other Administration Costs (max. 20%) |
| DKK. | 1.348.891 | Production of Sheet Music |
| DKK. | 1.784.301 | Production, Publishing and/or Distribution of Phonogrammes/Videogrammes |
| DKK. | 150.255 | Elderly and Badly off Members (Transitional Benefit) |
| DKK. | 2.395.917 | Other Purposes |



CLOSER TO THE CUSTOMERS

THE CUSTOMERS: CONCERTS AND MUSIC AT RESTAURANTS, SHOPS ETC.

In 2005, we conducted a survey which indicated that our customers generally find that it is fair that they have to pay KODA and most of them know what KODA stands for. The survey started a long-time effort to create a closer and better contact with our customers. The survey also indicated that a part of our customers lack knowledge about where the money goes. On the basis of this analysis, we will target our communication towards the customers and spend more time on explaining that KODA is a non-profit membership association where all the funds go to the people who have created the music.

WE CONSIDER THE NEEDS OF THE INDIVIDUAL CUSTOMER

We have a large and differentiated circle of customers. Among our approx. 60,000 customers within the area "General Performance Licensing" there are, for instance, large restaurants, retail chains, sole traders, cinemas, fitness centres and work places. And quite naturally, they do not need the same kind of information. Through increased personal contact with the customers and targeted information, we are working to create a better contact with all our customers. And it is not only in the service area that we are making a special effort. Through more differentiated agreements which have been created to meet the needs of the individual customer groups, we want to create flexibility in order for the individual customers to be certain that they pay for precisely the music they are using.

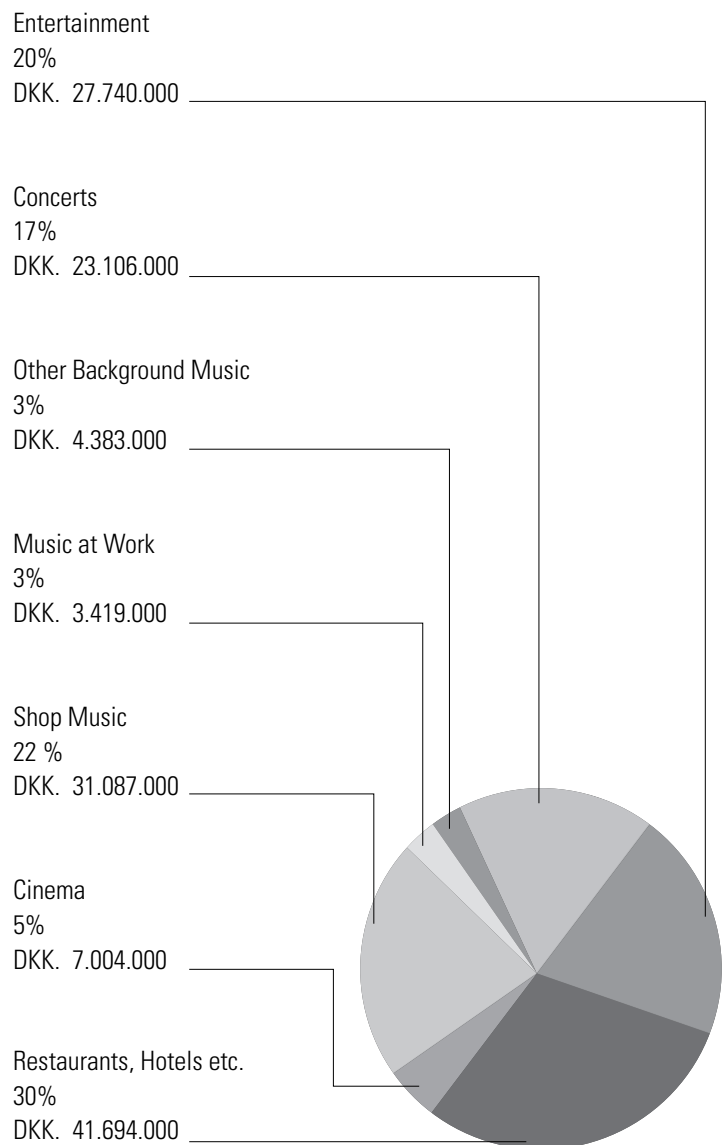
REVENUES FROM CONCERTS AND MUSIC IN RESTAURANTS, SHOPS ETC.

Within the area "General Performance Licensing", revenues increased compared with 2004 by a total of 8 per cent to DKK 137.6m. In general, this increase in revenues can be attributed to improved market coverage coupled with an increasing use of music. Furthermore, KODA collected DKK 57.9m on behalf of Gramex. These funds are distributed via Gramex to performing artists and record producers.

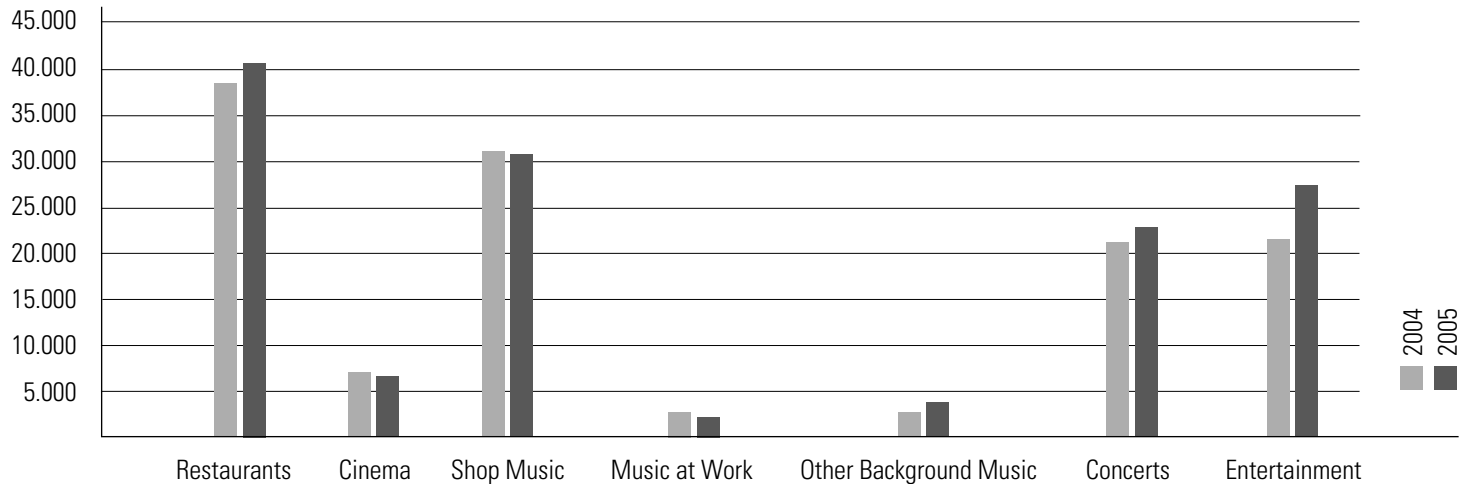
DISTRIBUTION OF REVENUES IN THE AREA "GENERAL PERFORMANCE LICENSING"

THE ILLUSTRATION SHOWS THE ACTUAL REVENUES IN THE INDIVIDUAL AREAS.

► TOTAL DKK. 138.433.000



REVENUES FROM THE AREA GENERAL PERFORMANCE LICENSING 2005 COMPARED WITH 2004

**HOTELS AND RESTAURANTS**

Revenues increased by approx. 10 per cent. The increase was, among other things, due to improved market coverage as well as the escalation scheme which was agreed with the trade organisation HORESTA in 2004.

CINEMA AND FILM PERFORMANCES

Revenues decreased by approx. 2 per cent which was generally attributable to a decreasing sale of tickets in the cinema sector

BACKGROUND MUSIC IN TRADES AND SALES ROOMS

Revenues decreased by approx. 3 per cent. This small decrease follows several years of stable or increasing revenues. In the years to come there will be focus on KODA's customer contact to shops etc. This is to create increased satisfaction among customers and to obtain increased market coverage.

CONCERTS AND ENTERTAINMENT EVENTS

There is an increasing level of activity in the live music scene. More live music events are held and furthermore, we have obtained better market coverage. This increased level of activity is reflected in an increase of 13 per cent.

OTHER ENTERTAINMENT

This area includes, among other things, fitness centres, dance schools, gymnasiums, theme parks and theatre music. Here, revenues rose by a total of approx. 18 per cent. This is due to the fact that there are more players in the area, that we have created improved market coverage and finally that new agreements in a number of areas have an effect in the 2005 accounts.

INNOVATION IN THE RADIO AREA

THE CUSTOMERS: RADIO, TV, ONLINE ETC.

After a number of years with negotiations, KODA and by far the largest part of the commercial radio stations have in 2005 signed agreements which consider the commercial radio stations' financial situation, are easier for the music users to administer and ensure that the rightsholders get a fair payment for their work. At the beginning of the year, KODA concluded an agreement with all the newspaper-owned local radio stations. At the end of the year, KODA concluded a similar agreement with SBS Radio, which included the two largest and most widely used media in the local radio market, The Voice and Radio 2. To this should be added that similar agreements have been concluded with a number of stand-alone local radio stations and that the new agreement principles have been incorporated into the agreement with Sky Radio. This means that most of the commercial radio area is covered.

For many years, commercial radio stations have paid remuneration according to a tariff typically stating that they were to pay 6.2 per cent of the revenues. There was, however, a minimum amount to be paid depending on the number of broadcasting hours and the size of the area covered. As a consequence of the fact that the Danish radio commercial area has for many years been far below the European average, almost all radio stations have paid this minimum remuneration.

The new agreements are based on innovation as KODA has met the local radio stations' demand for significant reductions of minimum prices. The radio stations have on the other hand accepted that the revenue-based remuneration is increased in proportion to the reduction of the minimum remuneration. This means that, in total, the minimum prices have been reduced by approx. 30 per cent, whereas the typical revenue-based remuneration amounts to 8 per cent. Popularly speaking, the changed risk sharing means that KODA's members are to a higher degree paid in accordance with the financial success of the commercial radio stations.

The new agreements, which constitute the largest changes of radio tariffs in more than 20 years, provide the radio stations with improved opportunities to expand their businesses, and the new tariffs make it easier to start up new radio stations. Everything to the benefit of both the music industry and the radio stations.

The new agreements lighten the financial burden for the commercial radio stations with resulting lower revenues to KODA. However, 2005 has also been characterised by different extraordinary revenues in the radio area. This is due to that fact that in May 2005, the Danish Copyright License Tribunal (Ophavsretslicensnævnet) found for KODA in a case about satellite radio, which resulted in post-payments of DKK 6.5m. The close-down of Sky Radio has only to a limited extent affected the 2005 accounts as the close-down took place towards the end of the year.

The new forward-looking agreements in the radio area also mean that KODA has settled a number of court and arbitration cases which were pending concerning the size of the radio stations' payments. The only remaining case concerns Radio 100 FM who has rejected to discuss the new principles concerning changed risk sharing.

DANISH BROADCASTING CORPORATION – DR

In 2005, DR and KODA entered into new negotiations about the conclusion of a forward-looking agreement. Over the last couple of years, DR has increased its consumption of music considerably both in DR TV and DR Radio. To this should be added that the new digital platforms such as DAB, Internet radios and online streaming have really gained ground. This means that the individual artists get a lower payment as the amount DR pays for the music has to be distributed among more artists. On this background, KODA has entered into negotiations with DR. On the other hand, DR would like to see that a new agreement to a much higher degree considers the many new distribution channels which are used by DR and that a long-term agreement is concluded so that DR is able to realise some of the many new exciting initiatives which DR has got planned for the years to come. Even though we are dealing with complicated negotiations, KODA is optimistic as regards the possibilities of obtaining a result. These negotiations have also shown us that KODA and DR have a common interest in ensuring easy access to the clearing of music rights.

COMMERCIAL TV

The TV market in Denmark is doing well, and the TV stations are making unprecedented amounts of money. TV 2 has become more dominating in the TV market than previously, partly as a consequence of TV 2 Zulu, TV 2 Charlie and TV 2 Film. The significantly increased offer of television has resulted in a virtual explosion of rightsholders which are having their works presented in TV 2's shows, and therefore KODA has negotiated with TV 2 throughout 2005 to get a new agreement in place. These negotiations have not resulted in agreement, and the parties have therefore decided that the case should be presented before the Danish Copyright License Tribunal.

SATELLITE AND CABLE

The cable TV area has been characterised by stability. The area has experienced smaller growth primarily caused by the fact that the cable operators get more subscribers as well as a larger selection of programmes. IP TV is a growth area, but the activities in 2005 have not been of a volume of great significance.

In relation to premium TV channels, an agreement has been concluded with TV 1000 on payments for the past. The agreement includes a significant post-payment which has significantly impacted KODA's 2005 revenues in the radio/TV area. The good financial results for 2005 are thus attributable to supplementary payments from TV 1000 and SBS Radio and not to generally higher payments from radio and TV stations.

PROMISING DEVELOPMENTS IN THE ONLINE AREA

In 2005, the sale of online music really got off to a good start. Revenues are still relatively small, but more well functioning online music stores have meant that music users to a much higher degree are buying music on

the Internet. KODA's members have a vested interest in ensuring that the legal market for the sale of music on the Internet becomes more professional. Therefore, KODA has, over the last year, made an effort to co-operate with many of the new players in the market. A fixed tariff structure with fair minimum rates ensures the satisfaction of the providers in the market, while at the same time ensuring that the rightsholders get a fair payment for their music. The remuneration to our members amounts to 12 per cent of the sales price with a minimum tariff of DKK 0.76 per song. This is easy for the customer and fair to the rightsholders! The minimum price has, however, been reduced temporarily (from DKK 1.52) with a view to kicking off the online market, which is under intense pressure from piracy services and a waging price war.

THE LEGAL AREA

CHALLENGES FROM THE EUROPEAN COMMISSION

In 2005, the legal area has been relatively calm for KODA, with few large changes in Danish law. We have, on the other hand, seen several initiatives from the EU, which may be very significant for KODA and our sister companies and thus for Danish composers and text writers.

In October 2005, the European Commission made a recommendation concerning cross-border collective administration of music rights on the Internet. The European Commission's intention is that in the long term, all music rights for online exploitation are to be gathered with a few European administration companies in order to facilitate rights clearing for the few providers who offer pan-European music services on the Internet.

The changes that are being proposed will strengthen the position of the individual rightsholders. But the problem is that the European Commission's plans will make the strong rightsholders such as multinational music publishing houses even stronger and the composers and the text writers whose works are used all the time across Europe will lose influence and receive smaller payments. To this should be added that the annual approx. DK 35m in funds for cultural purposes which is, among other things, granted as support, work scholarships, publication of music CDs and scholarship housing will disappear or will be significantly limited.

The European Commission's initiatives will also be to the detriment of Danish music users as they risk having to conclude agreements with several companies in order to get access to the entire music repertoire. There will also be certain rights which some of the administration companies cannot make a profit from administering and therefore there will be music to which it will be practically impossible to clear the rights. This will harm the diversity. Popularly speaking, the security of supply will be impaired and the transaction costs will increase. Therefore, KODA will work closely together with DR to avoid a change of the existing structures.

Another EU initiative in 2005 was the implementation of the law enforcement directive in the Danish Copyright Act (Ophavsretsloven). The directive should be seen as a step in the harmonisation of member state rules on enforcement of copyrights and other intellectual property rights. The amending act's provisions concern in particular provisions on damages and provisions on confiscation and destruction of illegal material. As a new part of the provisions on damages, the violator's profit from the copyright infringement must be included in the calculation of damages, something which is perfectly reasonable seen from KODA's point of view. The adopted proposal does not lead to any fundamental changes to the Danish Copyright Act.

THE SERVICE DIRECTIVE

The much disputed service directive may also be of great significance to the clearing of rights in Denmark. As a non-political organisation, KODA has no position on the service directive, but KODA is working to ensure that the directive will not cover administration companies. We are doing this because the service directive would create unequal conditions for administration companies as Danish administration companies are subject to intense regulation based in the Danish Copyright legislation. The directive would also undermine the well-functioning Danish license schemes in, for instance, the cable area and thus impair the security of supply. The question of payment to artists and easy access for music users to the rights is also a cultural-political question, which should be discussed and handled nationally.

The value of record sales in Denmark fell by 5.4 per cent in 2005 to DKK 610m (compared with 7 per cent in 2004), and the number of sold units fell by 2.8 per cent. During the years 2001-2003, the annual decrease in turnover amounted to 16-17 per cent, so the reduction in 2005 is not as marked as has been the case in previous years.

It is, however, good news that despite the decrease in total sales, the sale of Danish music has increased – modestly, however – by 3 per cent compared with 2004 and now totals 7 per cent of total sales.

NCB cashed DKK 100.5m in Denmark in 2005 – which is basically the same level as in 2004, and the settlement to Danish members amounted to DKK 46.4m. The sale of audio products (CDs etc.) amounts to 80 per cent of turnover, whereas online sales in Denmark is still at a relatively modest level below 2 per cent.

Even though we are dealing with a significant growth in this area, certain online providers have talked about on-account payments until the final agreement falls into place. Therefore, NCB has not been able to pay out all amounts cashed in in Denmark with settlement in December 2005. NCB administers settlements in the online area for both KODA and NCB and is facing new challenges, not least when it comes to the number of reports made.

Even though the online area only makes up 2 per cent of the turnover, the number of reporting lines in the online area amounted to 39 per cent of the total number of reporting lines which NCB received in the last half of 2005.

NCB adjusts its business on an ongoing basis to the market development and after a reduction in the staff, the property at Frederiksgade has been sold, and NCB is expected to move to new leased premises around 1 September 2006.

For further information on NCB, please refer to www.ncb.dk.

KODA AND OTHER COUNTRIES

KODA makes an effort to ensure that Danish composers and songwriters receive payment for their music when it is played internationally. In the same way, KODA ensures that international rightsholders receive payment when their music is played in Denmark.

KODA's international sister companies send money to KODA when our members' music is presented internationally. KODA distributes this money to its members.

KODA RECEIVED THE FOLLOWING AMOUNTS FROM OTHER COUNTRIES IN 2005:

From the Nordic countries DKK 10,566,137

From EU countries DKK 11,420,434 (excluding Sweden and Finland)

From the US 1,550,806

From other countries DKK 2,742,747

KODA received a total of DKK 26.2m from other countries.

GREENLAND AND THE FAROE ISLANDS

In 2005, KODA has made a special effort to improve our contact to the music users in the Faroe Islands and increase the understanding that KODA looks out for the interests of Faroese music, so that the progressive music environment in the islands can continue its development. In May, we held a members' meeting and information meeting for the Faroese customers in Thorshavn and we have prepared new campaign material in Faroese designed to contribute to make the Faroese customers feel better updated. Furthermore, we have concluded a new agreement with the Nordic House. KODA's revenues from the Faroe Islands decreased by 5 per cent to DKK 2.1m.

We have also held information meetings in Greenland. We attempt to overcome the great distances and stay in touch with the music users in Greenland through our consultants. Also in 2005, KODA's Greenland Award was presented in connection with a TV-transmitted gallsow in Katuaq and through a number of events we have supported the music scene in Greenland. In Greenland, revenues fell by 3 per cent to DKK 2m.

KODA supports the music scene in Greenland and the Faroe Islands with the funds for cultural purposes. In 2005, we thus supported the development in the music environment in Greenland and the Faroe Islands with DKK 262.200.

NUMBER OF EMPLOYEES AT KODA

At the end of 2005, KODA employed 103 people.

5 people are employed in KODA's board of management and communications department

29 people work with contact to and advisory services for customers

3 people work with contact to and advisory services for the media

49 people provide advice to members and handle the registration of works and settlement hereof

17 people work in KODA's departments for IT, administration and finance

KODA IN THE DIGITAL WORLD

In order to raise the service level and increase the efficiency of the administration, it is of vital importance to develop new digital tools on an ongoing basis. Both online service options and the underlying management of the huge data material are important preconditions for efficient administration. KODA places a very high priority on this and has throughout the last couple of years developed operating systems for joint Nordic administration of the total Nordic music repertoire. KODA has a joint Nordic database of works together with the Nordic companies. When for instance a work has been registered by Norwegian TONO, KODA does not have to create this work in its system as well. KODA has over the last couple of years further developed this system so that also registrations of where the works are performed go through the same database. This means that we can now automatically couple the work documentation with the registration of where the work was performed and get an automatic payment on this background. The Nordic countries use the same system and this means increased efficiency and lower costs.

In the years to come, KODA will direct its focus towards digitising the commercial part of the administration: meaning the contact to KODA's more than 60,000 customers.

KODA is short for Komponistrettigheder i Danmark (Composers' Rights in Denmark). KODA represents Danish and international copyrights for composers, songwriters and music publishing houses when their music is played in public in Denmark, Greenland and the Faroe Islands.

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2005

| Note | | 2005 | 2004 |
|------|---|--------------------|--------------------|
| 1 | License Revenues, Denmark | 420.263.020 | 377.962.098 |
| | License Revenues, Blank Tapes | 9.044.028 | 8.909.625 |
| | License Revenues, the Faroe Islands | 2.069.746 | 2.174.193 |
| | License Revenues, Greenland | 1.961.758 | 2.020.950 |
| 3 | License Revenues, Affiliated Societies | 26.280.125 | 29.988.427 |
| | | 459.618.677 | 421.055.293 |
| 2 | Administration Costs | 50.292.007 | 48.083.003 |
| | Results before Interest etc. | 409.326.670 | 372.972.290 |
| | Net Income from Interest | 15.797.458 | 17.730.037 |
| | Results before tax | 425.124.128 | 390.702.327 |
| | Company Tax | — | — |
| | Results | 425.124.128 | 390.702.327 |
| 3 | The distribution is made up as follows: | | |
| | License Revenues Affiliated Societies | 26.280.125 | 29.988.427 |
| | Funds for Social and Cultural Purposes | 38.330.832 | 34.491.434 |
| | Collective Blank Tape Remuneration | 2.956.893 | 3.034.186 |
| 7 | Balance for Distribution | 357.556.278 | 323.188.280 |
| | | 425.124.128 | 390.702.327 |

BALANCE SHEET AS AT 31. DECEMBER 2005

| Note | | 2005 | 2004 |
|--------------------|--|--------------------|--------------------|
| ASSETS | | | |
| | Liquid Funds | 146.319.604 | 99.007.091 |
| | Accounts Receivable | 1.868.322 | 3.684.656 |
| 4 | Bonds | 62.000.000 | 62.906.440 |
| 4 | Unit Trust Certificates | 215.099.686 | 207.072.198 |
| 5 | Property | 54.334.345 | 71.434.345 |
| 6 | Operating Equipment | 1.706.012 | 1.989.182 |
| | Accrued Interest | 2.561.610 | 121.690 |
| | Accrued Income and Deferred Expenses | 778.640 | 849.488 |
| | Total Assets | 484.668.219 | 447.065.090 |
| LIABILITIES | | | |
| | Funds for Social and Cultural Purposes | 40.440.589 | 35.599.051 |
| | Collective Blank Tape Remuneration | 6.278.738 | 6.749.410 |
| | Other Collective Purposes | 1.389.860 | 1.214.343 |
| | License Revenues Affiliated Societies | 6.100.085 | 8.057.323 |
| | Non-distributed Amounts etc. | 52.585.120 | 48.094.925 |
| | Mortgage Debt | — | 194.314 |
| | Accrued Expenses and Deferred Income | 6.625.547 | 6.128.725 |
| | Other Accounts Payable | 7.365.250 | 9.742.948 |
| 7 | For Distribution | 363.883.030 | 331.284.051 |
| | Total Liabilities | 484.668.219 | 447.065.090 |
| 8 | Contingent Liabilities etc. | | |

Copenhagen, 7 March 2005

BOARD OF MANAGEMENT / NIELS BAK

| | 2005 | 2004 | | 2005 | 2004 |
|--|---------------------------|---------------------------|---|---------------------------|---------------------------|
| 1 LICENSE REVENUES, DENMARK | | | 3 LICENSE REVENUES AFFILIATED SOCIETIES | | |
| Radio and TV | 277.577.764 | 245.472.334 | License Revenues from Cable Retransmission of Danish Radio and TV Abroad | 247.642 | 1.507.159 |
| Internet | 3.703.062 | 3.513.077 | Other Revenues Affiliated Societies | 26.032.483 | 28.481.268 |
| Cinema and Film Performances | 6.972.477 | 7.110.461 | License Revenues Affiliated Societies | 26.280.125 | 29.988.427 |
| Restaurants, Hotels and Ships | 41.301.817 | 37.469.374 | 4 BONDS AND UNIT TRUST CERTIFICATES | | |
| Background music in trades and sales rooms | 30.973.602 | 31.911.358 | Cost Price as at 1 January | 267.673.309 | 254.881.159 |
| Music at Work | 3.419.242 | 3.506.759 | Additions in the year | 9.687.092 | 74.792.150 |
| Music in Aeroplanes | 1.484.242 | 1.206 | Disposals in the year | — | -62.000.000 |
| Music in Coaches | 722.283 | 774.476 | Cost Price as at 31 December | <u>277.360.401</u> | <u>267.673.309</u> |
| Miscellaneous | <u>2.176.377</u> | <u>2.625.350</u> | Revaluations and Write-Downs as at 1 January | 2.305.329 | 3.166.529 |
| Background Music | 38.775.746 | 38.819.149 | Revaluations and Write-Downs for the Year | -2.566.044 | -1.134.000 |
| Concerts | 27.292.292 | 23.560.260 | Revaluations and Write-Downs concerning Disposals | — | 272.800 |
| Indoor Entertainment <200 Persons | 2.200.924 | 2.311.393 | Revaluations and Write-Downs as at 31 December | <u>-260.715</u> | <u>2.305.329</u> |
| Outdoor Entertainment >200 Persons | 5.590.271 | 4.814.219 | Book Value as at 31 December | <u>277.099.686</u> | <u>269.978.638</u> |
| Outdoor Entertainment | 1.025.926 | 1.013.079 | Unit trust certificates are an allocating unit trust where the underlying portfolio only consists of bonds. | | |
| Associations | <u>660.907</u> | <u>872.371</u> | 5 PROPERTY | | |
| Single Events | 36.770.319 | 32.571.322 | Cost Price as at 1 January | 71.596.960 | 71.596.960 |
| Exhibitions/Fairs | 194.416 | 201.200 | Disposals in the year | <u>-17.100.000</u> | <u>0</u> |
| Sports Events | 4.863.057 | 4.618.358 | Cost Price as at 31 December | <u>54.496.960</u> | <u>71.596.960</u> |
| Amusement Parks | 3.067.628 | 2.202.725 | Depreciation as at 1 January | -162.615 | -162.615 |
| Circus | 281.778 | 299.037 | Depreciation for the year | <u>0</u> | <u>0</u> |
| Music in Theatres | 2.469.660 | 2.024.454 | Depreciation as at 31 December | <u>-162.615</u> | <u>-162.615</u> |
| Schools and High Schools | <u>2.949.442</u> | <u>2.346.875</u> | Book Value as at 31 December | <u>54.334.345</u> | <u>71.434.345</u> |
| Other entertainment | 13.825.981 | 11.692.649 | Cash Property Value as at 1 January | <u>75.000.000</u> | <u>70.300.000</u> |
| Church Services | 1.335.853 | 1.313.732 | 6 OPERATING EQUIPMENT | | |
| License Revenues, Denmark | <u>420.263.020</u> | <u>377.962.098</u> | Cost Price as at 1 January | 17.062.086 | 17.873.432 |
| 2 ADMINISTRATION COSTS | | | Additions in the year | 649.413 | 691.302 |
| Staff Costs | 40.233.028 | 38.270.325 | Disposals in the year | <u>-8.153.634</u> | <u>-1.502.648</u> |
| Fees: | | | Cost Price as at 31 December | <u>9.557.865</u> | <u>17.062.086</u> |
| Council | 1.244.292 | 1.210.832 | Depreciation as at 1 January | -15.072.904 | -16.068.008 |
| Evaluation Committee | 20.695 | 38.172 | Disposal | 7.588.544 | 1.430.499 |
| Legal Assistance | 1.544.699 | 1.392.256 | Depreciation for the year | <u>-367.493</u> | <u>-435.395</u> |
| Audit Audit | 264.780 | 249.079 | Depreciation as at 31 December | <u>-7.851.853</u> | <u>-15.072.904</u> |
| External Consultants | 414.084 | 272.982 | Book Value as at 31 December | <u>1.706.012</u> | <u>1.989.182</u> |
| Control and PR Costs | 1.013.425 | 1.341.623 | 7 FOR DISTRIBUTION | | |
| Travel and Representation etc. | 1.384.967 | 1.651.044 | For Distribution according to the Profit and Loss Account | 357.556.278 | 323.188.280 |
| Premises | 939.471 | 415.269 | Unplaceable Remuneration as at 1 January 2005 | 3.467.707 | 4.343.685 |
| Office Expenses: | | | Refunds Danish Authors' Association 2004 | — | 1.075.264 |
| Office Supplies, Printed Matters etc. | 1.683.263 | 1.411.243 | Shares in Public Domain | <u>2.859.045</u> | <u>2.676.822</u> |
| Telephone and Telegrammes | 331.795 | 467.036 | For Distribution | <u>363.883.030</u> | <u>331.284.051</u> |
| Transportation | 80.129 | 11.217 | 8 CONTINGENT LIABILITIES ETC. | | |
| Bank Charges | 34.472 | 79.920 | — The estimated capitalised value of pension commitments amounts to DKK 1,998,000 | | |
| Postage | 1.679.429 | 1.755.446 | — Lease contracts concerning computer equipment have been concluded. | | |
| Insurance | 191.583 | 164.801 | The commitment amounts to DKK 377,000 spread out over the following three years. | | |
| Subscriptions (CISAC etc.) | 699.426 | 629.430 | — Holiday allowance commitment for salaried staff amounts to DKK 4,430,000. | | |
| External Registers | 343.729 | 527.716 | — Commitments concerning rental property: | | |
| IT, Operating Costs re. Entries | 275.814 | 323.891 | Indoor maintenance concerning rental property amounts to DKK 87,000. | | |
| IT, Operating Costs | 2.050.097 | 1.850.320 | — A lease has been concluded which is non-terminable until 1 May 2008. | | |
| IT, Systems and Installation etc. | 424.862 | 1.077.818 | Rent commitments amount to DKK 681,000. | | |
| Maintenance of Equipment and Minor Purchases | 331.289 | 174.217 | | | |
| Miscellaneous | 16.256 | 12.295 | | | |
| Depreciation and Amortisation | 932.583 | 507.544 | | | |
| Cost Reduction | <u>-5.842.161</u> | <u>-5.751.473</u> | | | |
| Administration Costs | <u>50.292.007</u> | <u>48.083.003</u> | | | |