

**GRAMEX
ANNUAL
REVIEW
2017**

1967→

Gramex turned 50 this business year.
The slogan of the anniversary was “Long live music”.

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52 070

Rightsholder client agreements

31 000 +

Locations using music

23.9 M€

Remunerations collected during the business year

1.3 million

Phonograms in Gramex's phonogram database

15.5 M€

Remunerations paid to rightsholders

- 10.1 million to Finnish clients

- 5.4 million to foreign clients

11 277

Rightsholders received remunerations. 10 378 of them had a client agreement as performers, 2 549 as producers, and some as both.

12 000 +

Also over 12 000 payments to performers through foreign organisations



YEAR 2017 IN NUMBERS

“Gramex enters the new business year at speed and in high spirits.”

50 and on fire

In the year of its anniversary, Gramex has remained dynamic and flexible. Gramex’s look and approach has been rejuvenated excellently.

The remuneration collected remained at a good level after the previous year’s record result. In fact, 2017 was even better when considering that the record of 2016 was boosted by a couple of million in retroactive remunerations.

During the jubilee year, we were particularly delighted about the successful introduction of the Apollon rightsholder management system. Apollon did what it was supposed to – in some respects even more efficiently than we had dared to hope. The introduction of the new system did also involve some delays and imprecisions in the distribution schedule, though, which was partly due to the fact that the system was first tested when it was first used.

Our other large project, GT Musiikkiluvat (GT Music Licences Ltd), also advanced when its operations truly kicked off during the year. The setting up of the operation drew attention away from the development of operations, and the joint venture was not as efficient in developing its business as it was in deploying systems. A working one-stop shop system was nonetheless established during the year.

Our international remuneration proceeds were on the increase as well. One of our goals for the coming years is to increase the remunerations received from abroad by our Finnish rightsholders.

On an international level, there are some ongoing joint projects with the aim of developing the speed and accuracy of the payment of international remunerations. The progress of these projects in practice is slower than the visions and possibilities might suggest, however, which is probably typical of most multinational projects. These projects are nonetheless very important considering the soaring amounts of music data. Our ability to process that data and communicate about it across borders is crucial for the speed and accuracy of the payments.

Gramex enters the new business year at speed and in high spirits.

ILMO LAEVUO
Managing Director

**MANAGING DIRECTOR'S
REVIEW**



More media licensing remunerations accrued than the year before, and both agreements and licence products were developed with important cooperation partners.

Strong year for media licensing

The amount of collected remunerations increased. Media licensing remunerations totalled EUR 12.2 million, out of which radio and television use amounted to approximately nine million and Internet and network use to 2.6 million. In 2016, the accumulated remuneration was EUR 11.2 million.

Finnish Broadcasting Company. Contractual activity between the Finnish Broadcasting Company (Yleisradio) and Gramex was developed in cooperation, aiming for longer agreements which result in better predictability and allow for changes in the media sector.

Commercial radio. Advertising revenue of commercial radio stations was increasing, which was also reflected in the remunerations collected by Gramex. An agreement was concluded with RadioMedia (Association of Commercial Radios) to enable the provision of the Radio.fi service and other similar on-demand services.

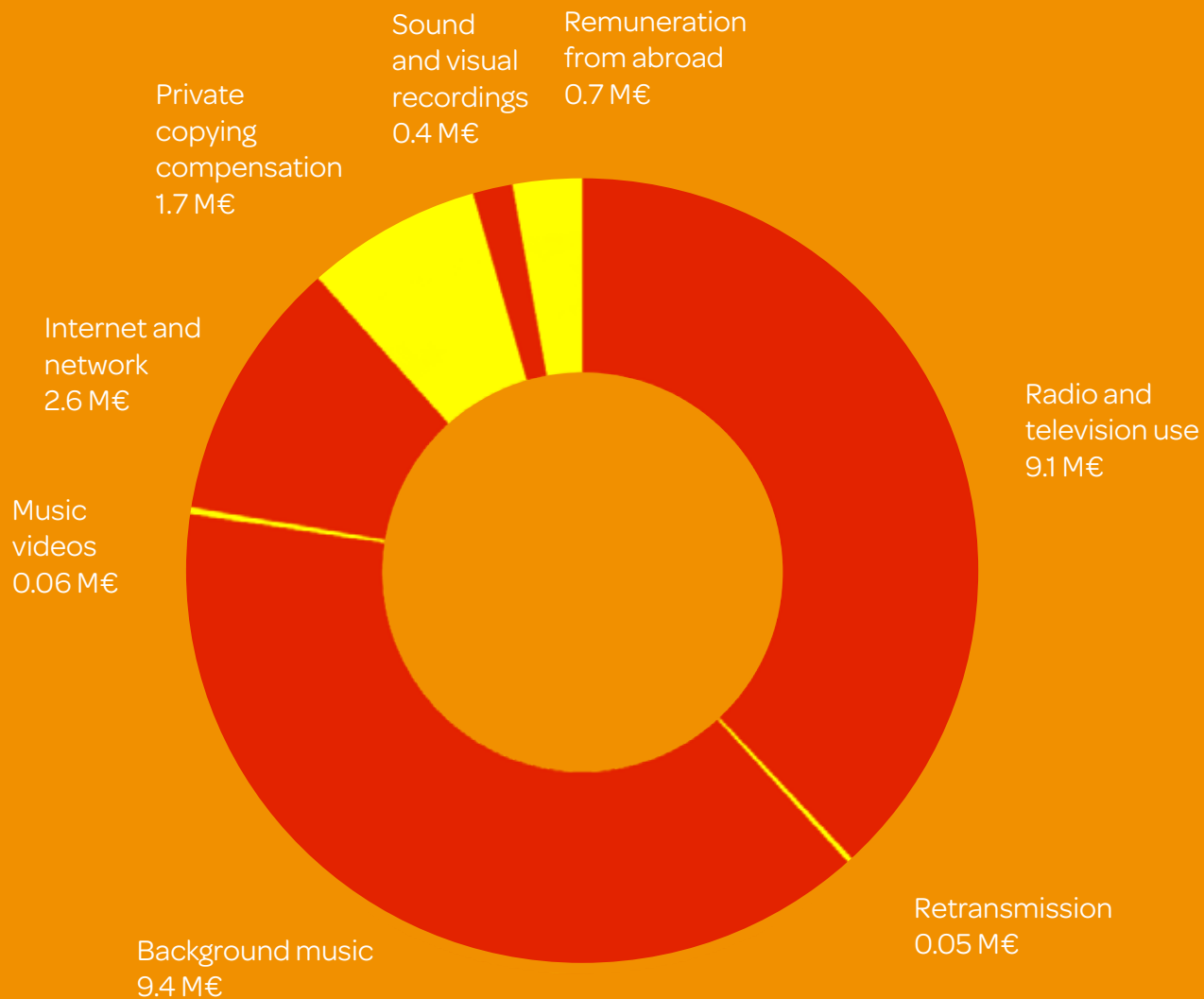
Network personal video recorder service. The amounts of consumer users of network personal video recorder services remained at a satisfactory level, as did the corresponding licensing proceeds.

TV Plus catalogue. Gramex developed a new licence for AV producers. It allows the use of Finnish phonogram music in TV programmes which are also available on paid on-demand services, such as Netflix. The licence covers the use of over 200 000 Finnish top tracks.



"The time for posturing is over for good. It's no longer enough to just stand around on stage, no matter how well you sing. The singer has to put their soul into it and maintain the intensity throughout the entire show."

Waltteri Torikka
Gramexpress 3/2017



Copyright revenue 2017

Radio and television use	9 080 923 €
Retransmission	53 635 €
Background music	9 369 466 €*
Music videos	63 946 €
Internet and network	2 567 325 €
Private copying compensation	1 717 610 €
Sound and visual recordings	389 690 €
Remuneration from abroad	677 424 €
<hr/>	
Total	23 920 019 €



* The MEUR 9.4 of background music includes, in addition to performing right royalties, royalties amounting to MEUR 0.6 for mechanical reproduction for background music uses.

In 2017, Gramex's and Teosto's joint venture GT Music Licences Ltd began to run the sales of the background music products of Gramex and Teosto.

Background music markets in the midst of change

Development of remunerations. Remunerations from background music amounted to EUR 9.4 million, which is slightly less than the previous year. This is because some of the users have switched to playing library music instead of real music, even though it has a smaller effect on customer comfort.

The field of background music operators is going through a time of change. Background music operators are responsible for a significant proportion of the background music used by large chains. Throughout the year, they were trying to regain their footing and looking for their place after Spotify entered the market in 2016. Spotify has caused an observable decrease in market prices, and the markets have been redistributed between current operators.

By the end of 2017, GT Music Licences Ltd was taking care of the sales of Gramex's and Teosto's background music products. Adjustments were made in the company, and the focus of the operations was shifted to the active increasing of sales and the goal-driven management of sales operations. Harri Kaasinen, former CBO of the company, was appointed CEO in the end of the year.

Gramex rights expanded. The introduction of the nationality criterion expanded the amount of music protected under Gramex in 2015. Negotiations were conducted with the most significant trade associations on how it will be taken into account in background music remunerations. Remunerations will consequently be revised during the years 2018 and 2019. Background music customers were informed of the change in the autumn in cooperation with trade associations.

"I believe that if
you're being genuine
and passionate about
what you do, it will
shine through."

Evelina
Gramexpress 1/2017



Right music is good for you

Studies show that it really does matter what kind of background music is played in customer premises. A study conducted in Sweden in 2017 indicated that correctly chosen music increased sales by 4.8 per cent (*Daunfeldt, HUI-Research and Sound Track Your Brand, 2017*).

The positive effect of background music is especially clear when the customer recognises and likes the music being played (*Garlin & Owen 2006; Grewal et al., 2003*). Music is an effective way of decorating a space.

Decorate with the right music

The idea of decorating with music has already been around since the 1970s. Philip Kotler published his ground-breaking analysis according to which the atmosphere of the shop – from sounds to decoration and smells – is a total package which affects the consumer's comfort and behaviour (*Atmosphere as a Marketing Tool, Journal of Retailing 49, 1973*).

Customer feels more comfortable and stays for longer

This is proven by several studies. An American study (*Burleson, 1979*) found that 70 per cent of customers said they prefer stores with background music and 63 per cent said they'd be more likely to buy more from them.

It is important to choose the style and tempo of the music correctly. Ronald E.

Milliman conducted a nine-week piece of research in a supermarket in the 1980s. It showed that calm background music got customers to stay in the store for longer and spend more money. A quiet environment and fast-tempo music had the opposite effect.

A study by Yalch & Spangenberg (Washington University, 2000) also showed that the type of background music affects how long a customer stays in a store and how long they feel like they've been in the store.

A Swedish study yielded similar results. When a Swedish home electronics retail store played Christmas music in December, the customers stayed an average of eight minutes longer and spent SEK 910 more than when no background music was playing (*Andersson, 2012*).

It's the entirety that counts

The atmosphere of a shop is a combination of various elements. It is worth it to plan it with care while keeping the customers' taste in music and the store's own brand in mind. Carefully chosen music brings back memories and appeals to emotions.

Spangenberg, Grohman & Spratt (2005) discovered that it is important that different elements match: when Christmas music was used together with a Christmassy scent, the customers' reviews of the store were the most favourable.

Young consumers want to hear young people's music. Yalch & Spangenberg (1988) discovered that young customers reported having used more money when background music was playing.

Affects purchase decisions

Atmosphere affects people's behaviour. When music supports the desired brand, it increases and steers sales.

Areni & Kim (1993) found in their study that people bought more expensive wines when classical music was playing.

Another study discovered that French music increased the sales of French wines and German music the sales of German wines. Interviews revealed that the customers were not aware of the music affecting their purchase decision and that it instead affected them subconsciously (*Adrian North & David Hargreaves, 1999*).

Research carried out in a shopping centre indicated that background music affected e.g. the customers' enjoyment and enthusiasm, which in turn affected their willingness to buy (*El Sayed, Farrag & Belk, 2003*).

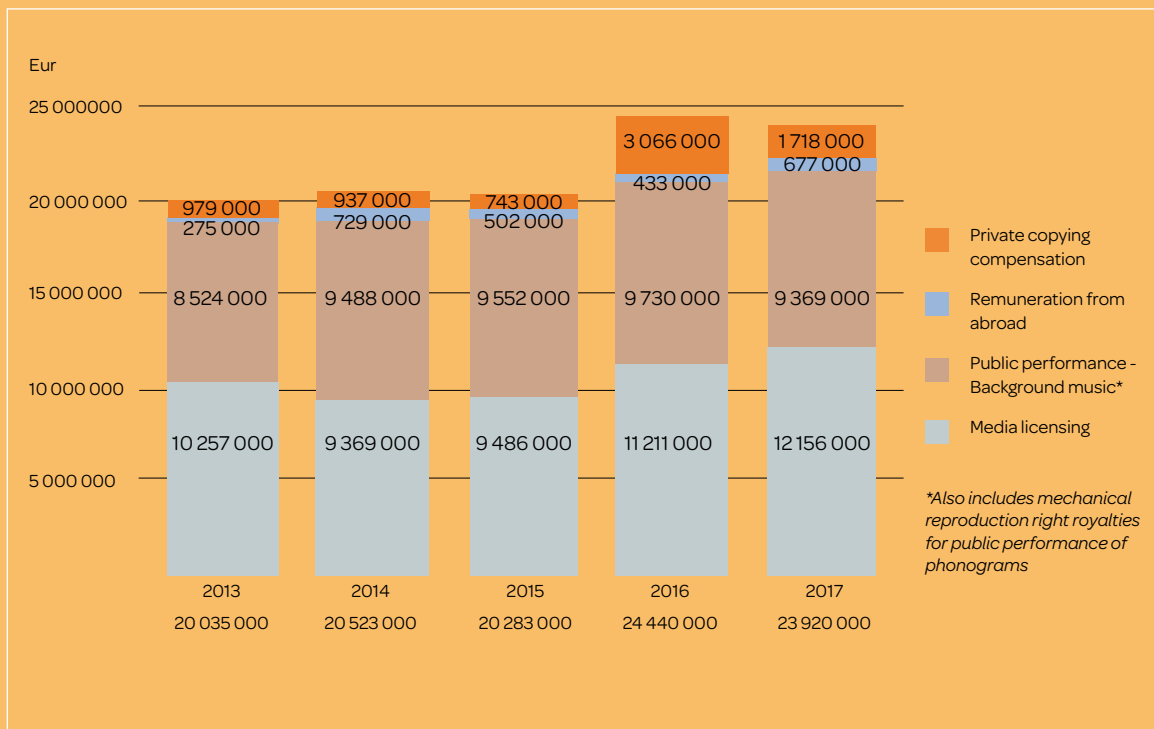
All this shows that it is not irrelevant what kind of background music is used in a store and in customer premises. The best effects are achieved through music which supports the intended brand, strengthens the mood and is recognised by the customers.

French background music made customers buy French wine. (Adrian North & David Hargreaves, 1999)

Correct background music during Christmas made customers spend an average of SEK 910 more in a Swedish shop. (Andersson, 2012)

Gramex's remunerations collected 2013-2017

The amount of remuneration proceeds collected by Gramex has varied over time, but their long-term trend has been ascending. Two years are competing for the position of the year with most remuneration collected: 2016 and 2017. The total remuneration collected was at its highest in 2016, but it then included two years' worth of the new compensation for the reproduction of a work for private use. Because of changes in the system used in Finland for compensation paid for such reproduction, an additional retroactive compensation of one year was received (see orange column). Year 2016 also retroactively included new remuneration for network personal video recorder services. If these retroactive items are removed from the comparison, 2017 wins the title of record year.



A black and white portrait of Pekka Ruuska, an older man with short, light-colored hair and a goatee. He is wearing a dark, textured jacket over a dark V-neck shirt. The background is dark, and the lighting is dramatic, highlighting his face.

“It’s been like an earthquake, half of the turnover of the business disappeared. But already for a few years now the music business has grown supported by streaming services, with the growth expected to continue and even accelerate. Now is a good time to be operating in the music business.”

Pekka Ruuska commented on the tumultuous time in the music business.

Gramexpress 4/2017

Gramex's rightholder department made significant reforms. The MyGramex rightholders' service portal and the new Apollon rightholder management system were introduced.

Apollon taken into use

Year of reformation. During the business year, Gramex's rightholder unit took into use the new rightholder management system Apollon as well as the rightholders' service portal MyGramex. With the new system, the aim is to distribute remunerations and royalties even faster in the coming years.

Distributions with a new system. The new Apollon system was introduced in March. Three rounds of remuneration distributions and payments were carried out using the system. A total of EUR 15.5 million was distributed in remuneration, EUR 10.1 million to Finnish clients and EUR 5.4 million to foreign clients. Direct remunerations were received by 11 277 clients, in addition to which over 12 000 remunerations were distributed through foreign copyright organisations. Distribution of remunerations amounting to EUR 1.1 million was, due to technical reasons related to payment, transferred to the next financial period. Remunerations in the amount of 4.9 million, mainly for foreign phonograms whose rightholders are being determined, are likewise transferred.

MyGramex portal was opened. In August, the long-developed clientservice portal was introduced. Rightholders can see their phonogram and distribution data in the portal. Both the Apollon system and the MyGramex portal aroused plenty of interest in international organisations.

Development of global phonogram database. For years now, Gramex has participated in the development of the global recordings database (VRDB2) with its sister organisations. Its aim is to develop and speed up the allocation of remunerations. This topic was discussed when the international performers' copyright organisation SCAPR held a meeting in Helsinki in November as Gramex's guest.

Client agreement renewed. A new client agreement in line with the Act on Collective Management of Copyright was introduced in mid-October.



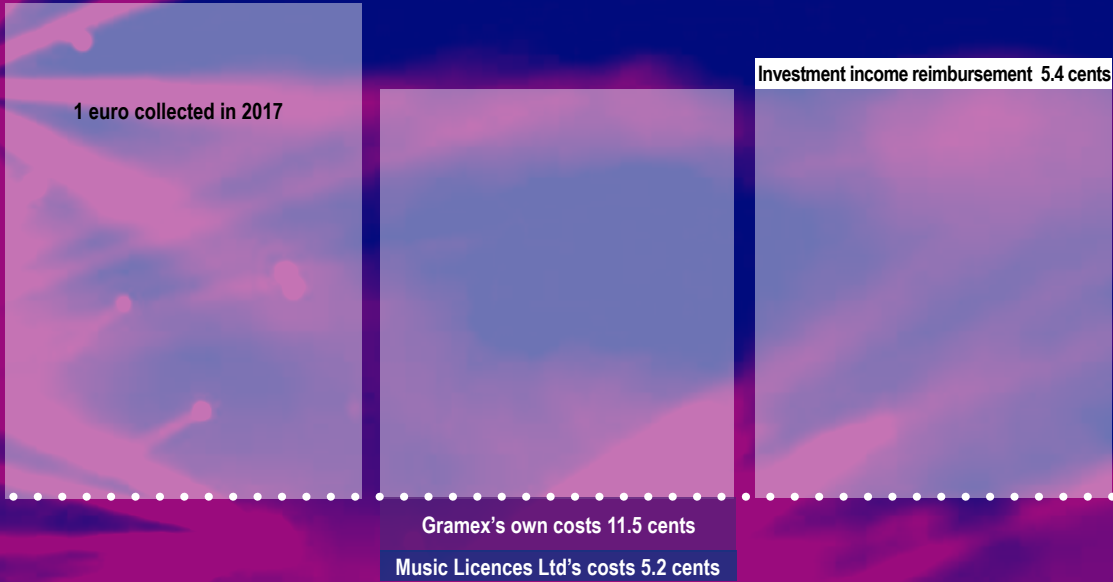
“Ever since I was little, I’ve learned that you have to work hard if you want to achieve something. Determination originates from home. I graduated from high school last spring. My friends got summer jobs, I founded a company.”

Arttu Lindeman
Gramexpress 1/2017

EFFICIENT DISTRIBUTION

In 2017, Gramex collected EUR 23.9 million in remunerations. Gramex's operating expenses were EUR 3.9 million. This includes a little under EUR 1.2 million of GT Music Licences Ltd's operating expenses. Since Gramex primarily distributes the remunerations in the year following their collection, remunerations are invested safely. This generates investment income. Gramex's investment income was approximately EUR 2 million in 2017. In Gramex's distribution, costs are entered as administration expenses deduction and investment income as investment income reimbursements .

The page on the right shows the simplified distribution of one euro collected in 2017. When Gramex distributes one euro collected in 2017, the administration expenses deduction is 16.7 cents and the added investment income reimbursement is 5.4 cents, meaning that the rightsholder receives 88.7 cents.



1 collected euro - administration expenses deduction 16.7 cents + investment income reimbursement 5.4 cents = approximately 89 cents to a rightsholder entitled to remuneration in 2018.

Ellinoora performed at the Winter Season Opening event accompanied by Samuli Sirviö.

Financial administration and IT were developed

General. System renewal was carried out in the financial administration, and preparations were made to produce the new transparency report required under the Act on Collective Management of Copyright. The new system is highly automated and enables integration with other systems, such as webstores.

Transparency report. Copyright organisations jointly prepared consistent terminology and table of contents for the first transparency report to be drafted.

Investment operations. Gramex's investment operations yielded approximately two million euros in 2017. A new investment scheme was adopted for Gramex, and portfolio management was simultaneously tendered out.

Gramex's IT operations continued developing systems and renewing equipment. During the business year, the power and capacity of the new server platform was increased, IT operations were centralised and old functions were transferred to the new server platform ('virtualisation'). IT support was outsourced to NSF, telecommuting solutions were developed, and extensive data protection and security projects were commenced.

In 2017, we got ready for the preparation of the new transparency report and continued the renewal of IT systems and equipment.

A yellow Post-it Note on the cover of Gramexpress indicates that the magazine contains information which is particularly important to rightsholder customers.



Year of the 50th anniversary and changes

Year of renewal and celebration. The year was marked by Gramex's anniversary, the renewal of Gramex's visuals, home page and communication strategy, development of social media and network communication, as well as extensive customer communications projects. Gramex's communication and marketing strategy was updated, and the coordination of communications was developed. Both the commencement of GT Music Licences Ltd's operation and the requirements of the new Act on Collective Management of Copyright were taken into account in the renewals.

Visuals, social media, home page. During the business year, new visuals were introduced and leaflets and Gramex's home page renewed. In addition, a new Facebook page was opened for Gramex and a digital version of the customer magazine Gramexpress launched.

Interest groups were met during the anniversary year. Focus was shifted to stakeholder relations during Gramex's 50th anniversary. Gramex partnered with many events, such as Musiikki & Media, Emma Gala and Radio Gala, and invited guests to various concerts. A concert tour was also organised together with the Finnish Musicians' Union and city orchestras, and the commemorative volume "50 vuotta yhtä soittoa" came out.

Customer communication projects. Gramex carried out three extensive customer information projects. Rightsholder customers were informed of the renewal of the customer contract, changes brought about by the Act on Collective Management of Copyright and the renewal of the distribution system. User customers were informed of the extension of Gramex rights and the resulting adjustment of prices.

Cooperation and lobbying. In addition to the organisation's regular communication, we participated in the development of GT Music Licences Ltd's communications. Interests were supervised partly by ourselves and partly within the Lyhty network and the Copyright Information and Anti-piracy Centre. Emphasis was placed on the Value Gap programme, on piracy issues and on strengthening the promotion of the creative sector in Business Finland.

Gramex's 50th anniversary book edited by Heimo Hatakka was well received.



TRANSPARENCY REPORT

The tiniest details

The new Act on Collective Management of Copyright requires all copyright organisations to prepare a transparency report. Gramex's transparency report was prepared in connection with its financial statements. It describes, inter alia, the organisation's management, decision-making and distribution of the collected remunerations.

EUR 15.5 million distributed

Altogether EUR 15.5 million was distributed in remunerations. EUR 10.1 million went to Finnish and EUR 5.4 million to foreign performers and producers.

Remunerations were paid to 10 378 performers and 2 549 producers. 1 650 of them received remunerations as both performers and producers. Gramex had both Finnish and foreign clients. Additionally, over 12 000 remunerations were distributed to foreign artists through foreign CMOs.

Foreign challenges

Delivering foreign remunerations can sometimes be challenging. There are several reasons for this. Remunerations are paid both directly and through foreign CMOs. Gramex wants to make sure that the money paid for the use of a phonogram reaches the correct recipients. There may be many kinds of deficiencies in the data of the phonogram or the

recipient, and filling in the gaps is not always an easy task.

Such phonograms are said to be in "placeholder mode". The amount of remuneration belonging to the individual track is known, but the payment cannot yet be made to the rightsholders of the phonograms. Approximately EUR 4.9 million's worth of remunerations were in such a mode at the end of the year 2017.

The majority of these phonograms were foreign. A Finnish phonogram in practice ends up in placeholder mode only when its phonogram report has been neglected altogether.

Undistributed remunerations

CMOs seriously apply themselves to identifying the correct rightsholders. Some matters are easily revealed, some questions may take years to answer, and sometimes the information cannot be obtained.

The new Act on Collective Management of Copyright sets out for how long and in what ways the investigations are pursued. If the remunerations cannot be paid, it is question of 'undistributed fees'.

CMOs around the world have different ways of using such funds for purposes set out in law and their own inhouse rules. The money can, for example, be used to finance general promotion of culture through foundations. They can also be

distributed to other recipients of remuneration by adding them to the distributed remunerations.

Gramex employs both of these methods. Gramex's annual meeting has decided that a certain part of these funds will be allocated to a foundation established to promote music and a certain part of them will be distributed to the rightsholders in connection with the regular distribution.

Investment income and administration expenses

Gramex's administration expenses were EUR 3.9 million last year. This also includes GT Music Licences Ltd's remuneration administration expenses amounting to slightly under EUR 1.2 million.

Gramex collected EUR 23.9 million in remunerations last year. Because Gramex primarily distributes the collected remunerations in the year following their collection, the collected funds have to be invested safely and preferably also profitably. This means that Gramex also accrues investment income.

In 2017, income from investments and financing activities was approximately EUR 2 million. This income will be distributed to rightsholders in connection with remunerations.

Read the entire transparency report here (in Finnish) : www.gramex.fi/fi/avoimuus-raportti

Pirkko Mannola's picture is
Alvar Kolanen's illustration for
Gramex's commemorative
volume "50 vuotta
yhtä soittoa - Gramexin
vuodet 1967-2017".



FINANCIAL STATEMENTS

1.1. - 31.12.2017

PROFIT AND

LOSS STATEMENT (EUR)

	2017	2016
Revenue		
Other revenue	250 000,00	11 084,67
Total revenue	250 000,00	11 084,67
Expenses		
Personnel expenses	-1 688 701,96	-2 098 635,50
Depreciations	-191 418,87	-172 860,43
Other expenses	-2 251 494,17	-1 474 361,54
Total expenses	-4 131 615,00	-3 745 857,47
Administration expenses deduction	3 881 615,00	3 734 772,80
Promotion activities		
Transfer from investments and financing activities	33 719,14	56 311,81
Statute-barred remuneration liabilities	1 690 588,63	0,00
Other expenses related to promotion activities	-1 757 016,09	-2 597 319,09
Total expenses for promotion activities	-32 708,32	-2 541 007,28
Covered by promotion activities reserve	32 708,32	2 541 007,28
SURPLUS/DEFICIT	0,00	0,00
Separate project activities		
Revenue	0,00	76 166,00
Expenses	0,00	-67 178,81
Surplus	0,00	8 987,19
Transfer from the previous financial period	0,00	29 283,47
Total	0,00	38 270,66
Transfer to the following financial period	0,00	-11 675,92
Transfer to support activities	0,00	-26 594,74
Separate project activities total	0,00	0,00
Investment and financing activities		
Revenue	1 978 545,74	981 109,62
Transfer to remuneration payments	-1 260 608,62	-924 797,81
Transfer to later conclusion	-684 217,97	0,00
Transfer to the promotion activities reserve	-33 719,14	-56 311,81
	0,00	0,00
SURPLUS (DEFICIT) FOR THE FINANCIAL PERIOD	0,00	0,00

BALANCE SHEET

(EUR)

	31.12.17	31.12.16		31.12.17	31.12.16
ASSETS			EQUITY AND LIABILITIES		
FIXED ASSETS			EQUITY		
Intangible assets			Promotion activities reserves	622 205,44	654 913,76
Other long-term expenditure			OBLIGATIONS AND PROVISIONS		
IT systems	315 873,47	302 703,03	Long-term obligations	623 466,58	585 348,06
Major improvements	48 609,36	35 738,96	TOTAL OBLIGATIONS AND PROVISIONS	623 466,58	585 348,06
Intangible assets total	364 482,83	338 441,99	LIABILITIES		
Tangible assets			Short-term		
Machinery and equipment	199 275,83	203 983,70	Unpaid remuneration liabilities		
Other tangible assets	550,00	550,00	Remuneration for performances	20 989 608,36	22 732 292,30
Tangible assets total	199 825,83	204 533,70	Remuneration for phonograms	5 036 971,79	3 737 053,20
Investments			Private copying levies	1 971 514,20	1 503 760,55
Shares in real estate companies	433 100,03	433 100,03	27 998 094,35	27 973 106,05	
Shares in holdings	50 000,00	50 000,00	Accounts payable	88 451,54	196 733,96
Shares in equity funds and index funds	4 333 911,22	5 090 723,09	Other remuneration liabilities	12 138 101,22	6 806 160,54
Bond funds	21 712 770,25	13 894 420,84	Other short-term liabilities	763 166,12	312 521,80
Bonds	1 197 228,00	5 624 770,36	Accrued expenses and liabilities	334 643,52	221 388,06
Real estate funds	2 119 210,34	2 108 369,21	TOTAL LIABILITIES	41 322 456,75	35 509 910,41
Total investments	29 846 219,84	27 201 383,53	TOTAL EQUITY AND LIABILITIES	42 568 128,77	36 750 172,23
TOTAL FIXED ASSETS	30 410 528,50	27 744 359,22			
CURRENT ASSETS					
Receivables					
Short-term receivables					
Short-term investments	156 116,09	1 223 180,27			
Loan receivables	1 250 000,00	1 250 000,00			
Accounts receivable	3 362 077,51	1 107 225,73			
Accrued income	3 420 451,13	2 152 659,48			
Total short-term receivables	8 188 644,73	5 733 065,48			
Bank and cash	3 968 955,54	3 272 747,53			
TOTAL CURRENT ASSETS	12 157 600,27	9 005 813,01			
TOTAL ASSETS	42 568 128,77	36 750 172,23			

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles:

The financial statements have been drawn up in accordance with the provisions of Government Decree (1753/2015) on the information presented in the financial statements of a small undertaking and micro-undertaking.

1) Valuation of tangible and intangible assets. Fixed assets are capitalised on balance sheet at direct acquisition cost less planned depreciation. Planned depreciation for tangible assets has been calculated as reducing balance depreciation and depreciation for intellectual property rights has been calculated as straight-line depreciation. Planned depreciation is calculated in accordance with the legislation on taxation of income of business activity.

2) Reserves. The promotion activities reserves are made up of statute-barred remuneration liabilities and the proportion of investment income that has been transferred to the reserves. The use of funds in reserves and their realised yield are allocated to the capital of the reserve. Transfers to reserves and the use of reserves are presented in the financial statements as a separate line item before the line item for surplus/deficit for the financial period.

3) Remuneration liabilities. The accrued and paid remunerations have been entered directly as an increase or decrease in short term liabilities.

Revenue and expenses in profit and loss statement and transfer of funds

	2017	2016
Total revenue	6 110 160,74	4 803 133,09
Total expenditure	-4 164 323,32	-6 363 030,75
Use of the promotion activities reserve	32 708,32	2 541 007,28
Transfers of investment income to remuneration payments, reserves and later closed items	-1 978 545,74 0,00	-981 109,62 0,00
1. Personnel expenses		
Wages and salaries	1 420 662,35	1 721 474,07
Pension expenses	236 020,35	309 890,21
Other social security expenses	32 019,26	67 271,22
Total	1 688 701,96	2 098 635,50

Average number of employees

Regional representatives	0	3
Office	23	29
Total	23	32

2. Material items in other expenses

Other personnel expenses	81 612,25	124 331,77
Professional services and other outsourced services	1 367 212,42	377 650,35
Travel costs and car expenses	69 350,54	142 720,06
Communication activities	196 371,29	209 943,99
ICT expenses	93 449,86	131 682,42
Rents	164 940,00	254 120,57
Other expenses	278 557,81	233 912,38
Total	2 251 494,17	1 474 361,54

3. Revenue and expenses related to special purpose activities

3.1 Promotion activities

Other promotion activities total	-32 708,32	-2 541 007,28
Covered by promotion activities reserve	32 708,32 0,00	2 541 007,28 0,00

3.2 Lyhty project

Revenue	0,00	76 166,00
Expenditure	0,00 0,00	-67 178,81 8 987,19

4. Investment and financing activities

Income/expenses	219 705,63	391 673,40
Profit/loss on realisation	1 740 569,16	630 070,94
Increase/decrease in value	18 270,95	-40 634,72
Transfer to remuneration payments	-1 260 608,62	-924 797,81
Transfer to later conclusion	-684 217,97	0,00
Transfer to the promotion activities reserve	-33 719,14 0,00	-56 311,81 0,00

Notes on balance sheet items

5. Intangible and tangible assets

5.1. Long-term IT expenses

Straight-line depreciation/ 25% depreciation		
Acquisition cost 1 January	2 065 122,60	1 911 912,60
increase	123 778,00	153 210,00
Acquisition cost 31 December	2 188 900,60	2 065 122,60
Accumulated depreciation	-1 762 419,57	-1 667 880,23
	426 481,03	397 242,37
Depreciation 31 December	-110 607,56	-94 539,34
Balance sheet value 31 December	315 873,47	302 703,03

5.2. Major improvements

Straight-line depreciation (5 years)		
Acquisition cost 1 January	122 520,86	77 847,16
increase	27 256,43	44 673,70
Acquisition cost 31 December	149 777,29	122 520,86
Accumulated depreciation	-86 781,90	-76 455,38
	62 995,39	46 065,48
Depreciation 31 December	-14 386,03	-10 326,52
Balance sheet value 31 December	48 609,36	35 738,96

5.3. Machinery and equipment

Reducing balance depreciation 25%		
Acquisition cost 1 January	1 064 110,23	936 379,42
increase	61 717,41	127 730,81
Acquisition cost 31 December	1 125 827,64	1 064 110,23
Accumulated depreciation	-860 126,53	-792 131,96
	265 701,11	271 978,27
Depreciation 31 December	-66 425,28	-67 994,57
Balance sheet value 31 December	199 275,83	203 983,70

5.4. Other tangible assets

No depreciation		
Acquisition cost 1 January	0,00	0,00
increase	550,00	550,00
Acquisition cost 31 December	550,00	550,00

5.5 Depreciation for the financial period

Equipment	-66 425,28	-67 994,57
Major improvements and long-term expenditure	-124 993,59	-104 865,86
	-191 418,87	-172 860,43

6. Investments in fixed assets

Shares in real estate companies	433 100,03	433 100,03
Shares in holdings	50 000,00	50 000,00
Equity funds	4 333 911,22	5 090 723,09
Bond funds	21 712 770,25	13 894 420,84
Bonds	1 197 228,00	5 624 770,36
Real estate funds	2 119 210,34	2 108 369,21
29 846 219,84	27 201 383,53	

6.1. Other holdings

Yhtiön om. GT Music Licences Ltd, Helsinki	osuus 50%	Yhtiön om. osuus 50%
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7. Short-term receivables

7.1. Short-term investments

Bonds	149 191,50	993 935,94
Other short-term investments	6 924,59	229 244,33
156 116,09	1 223 180,27	

7.2. Loan receivables

Partnership loan receivable	1 250 000,00	1 250 000,00
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7.3. Investment securities

Replacement cost	30 727 180,05	30 183 571,27
Book value	29 519 235,90	27 941 463,77
Difference	1 207 944,15	2 242 107,50

8. Material items in accrued income

Interest receivables	29 741,96	137 895,36
Administration expenses deduction	2 938 527,80	1 835 723,53
Other accrued income	77 181,37	179 040,59
3 045 451,13	2 152 659,48	

9. Promotion activities reserves

Balance 1 January	654 913,76	3 195 921,04
Statute-barred remuneration liabilities	1 690 588,63	0,00
Transfer from investment income reimbursement provisions	682 990,16	
Transfer to remuneration payments	-539 461,94	0,00
Transfer from investment income	33 719,14	56 311,81
Donations to music promotion activities	-1 783 974,28	-2 412 906,34
Other promotion activities	-116 570,03	-184 412,75
622 205,44	654 913,76	

10. Long-term obligations

Balance 1 January	585 348,06	639 880,43
Transfer to remuneration liabilities	-42 352,22	-106 027,26
Other change	80 470,74	51 494,89
Total	623 466,58	585 348,06

11. Unpaid remuneration liability

11.1. Awaiting payment process

Remuneration for performances	11 776 317,73	13 266 293,60
Public performance protection	8 622 620,04	8 829 939,01
Foreign remuneration for performances	376 398,61	467 434,74
Other remunerations	214 271,98	168 624,95
Remuneration for phonograms	5 036 971,79	3 737 053,20
Private copying levies	1 971 514,20	1 503 760,55
27 998 094,35	27 973 106,05	

11.2. Undergoing payment process

Performers	8 798 918,63	5 043 328,57
Producers	3 339 182,59	1 762 831,97
12 138 101,22	6 806 160,54	

12. Material items in accrued charges and deferred credits

Holiday pay liabilities	209 867,00	175 881,34
Other accrued charges and deferred credits	124 776,52	45 506,72
334 643,52	221 388,06	

13. Liabilities

Rent liabilities		
Payments to be made in the next financial period	166 660,80	165 480,00
To be paid later	333 321,60	496 440,00
Total	499 982,40	661 920,00



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