



ANNUAL REPORT
FOR **2016**

I. DILIA

DILIA, theatre, literary, audiovisual agency, z.s., (“DILIA”) is an association of authors and other copyright holders. As association [“občanské sdružení”], DILIA was registered with the Ministry of the Interior in the Associations Register, registration date 13 September 1996, reg. no. II/s-OS/1–30 655/96-R. In the years following the registration, the Ministry of the Interior acknowledged amendments to DILIA’s Statutes and, in 2006, an extension of the association’s (DILIA’s) registered name. As of 1 January 2014, DILIA has been registered as a registered association [“zapsaný spolek”] administrated by the Metropolitan Court of Prague [“Městský soud v Praze”] under f. no. L 7695.

Under its Statutes, the authorisation for collective rights management granted by the Ministry of Culture of the Czech Republic (“MCCR”) and the issued trade licences, DILIA conducts business as a collective rights manager for authors and publishers, as its main activity, and operates as an agency and a sheets music publisher (dramatico-musical works), as its subsidiary activity.

The address of DILIA’s registered office is Krátkého 1, 190 03 Prague 9, and DILIA’s ID number is 65401875.

MAIN ACTIVITIES

DILIA’s main activity is collective rights management for authors and publishers (“Collective Management”). DILIA performs the role of a Collective management organisation pursuant to said authorisation by MCCR (as further specified below) in the areas defined by said authorisation with respect to both domestic and foreign entities. Main activity of DILIA is non-profit activity.

In practice, Collective Management mainly includes:

- concluding agreements on voluntary collective rights management with authors and registering authors’ and other copyright holders’ works for Collective Management;

- concluding collective agreements with rights users;
- concluding reciprocal agreements with foreign partners (Collective Management Organisations);
- accounting and distributing royalties and other copyright fees to copyright holders.

SUBSIDIARY ACTIVITIES

DILIA’s subsidiary activities, conducted by DILIA in support of its main activity and economical management of its assets, include:

- acting as an intermediary for trade and services, in particular, but without limitation, the ‘cultural agency’ of representing and acting on behalf of rights holders;
- publishing;
- lease and lending of chattels, especially orchestral materials of dramatico-musical works;
- wholesale and retail activities;
- lease of real estate.

DILIA conducts its subsidiary activities under the relevant trade licenses and performs all these activities vis-à-vis both domestic and foreign entities and, while it specializes, as an agency, in theatre, literature and media (incl. radio and TV broadcasting, internet etc.) and publishing, renting and lending of musical sheets (dramatico-musical works), it is also active in other areas of copyrighted works use.

As at December 31, 2016 DILIA had 336 members.

AUTHORS AND OTHER COPYRIGHT HOLDERS REPRESENTED BY DILIA

Currently, DILIA associates and represents the authors of:

- literary, scientific and cartographic works;
- dramatic works;
- dramatico-musical works;
- choreographic works;
- pantomimic works;
- audiovisual works;
- stage musical works; and
- Czech dubbing of foreign audiovisual works.

The 'other copyright holders', represented by DILIA, are primarily authors' heirs and publishers (further also referred to as "authors" or "copyright holders").

7030 Number of authors/heirs represented by DILIA / registered in DILIA's collective rights management register as at December 31, 2016.

345 Number of publishers registered in DILIA's collective rights management register as at December 31, 2016.

4172 Number of authors represented by DILIA as an agency as at December 31, 2016.

The above numbers do not include foreign authors/copyright holders represented on the basis of reciprocal or other agreements.

MCCR'S AUTHORISATION FOR COLLECTIVE RIGHTS MANAGEMENT AND DILIA'S INTERNAL REGULATIONS

DILIA performs the role of collective rights management organisation under Sec 96 et. seq. of Act No. 121/2000 Sb., on Copyright, as amended ("Copyright Act"), and the authorisation granted by the Ministry of Culture of the Czech Republic.

In 2016, DILIA performed Collective Management on the basis of the following decisions adopted by MCCR:

- ref. no. 380/1/2001 dated 5 November 2001;
- ref. no. 6860/2003 dated 6 May 2003;
- ref. no. 7641/2005 dated 27 May 2005;
- ref. no. 380/2001 dated 3 June 2005;
- ref. no. 5361/1/2005 dated 30 December 2005;
- ref. no. 10334/2006 dated 27 October 2006;
- ref. no. 8881/2006 dated 31 October 2006;
- ref. no. 380/2/2001 dated 6 November 2006;
- ref. no. 12228/2008 dated 18 December 2008;
- ref. no. 18975/2008 dated 18 December 2008,
- ref. no. 4590/2009 dated 14 April 2009;
- ref. no. MK 40252/2011 OAP dated 5 August 2011;
- ref. no. MK 40255/2011 OAP dated 5 August 2011;
- ref. no. MK 40254/2011 OAP dated 11 August 2011.

DILIA's binding internal regulations are:

- DILIA's Statutes – DILIA's constitution last amended by the annual General Meeting on 16 April 2008. All the amendments were acknowledged by the Ministry of the Interior's Register under its decisions ref. no. II/s-OS/1–30655/96-R dated 23 July 1997, 22 April 1999, 18 July 2002, 13 June 2006, 12 July 2007 and 9 June 2008. The amendment to the Statutes is the General Meeting's decision changing DILIA's legal form from an civic association ["občanské sdružení"] to a registered association ["zapsaný spolek"] and the related change of DILIA's registered name to "DILIA, theatre, literary, audiovisual agency, z.s." The new registered name was registered, to comply with the new Civil Code's requirements, in the Register of registered associations administrated by the Metropolitan Court of Prague, section L, file no. 7695, by resolution dated 26 November 2014. A large amendment to DILIA's Statutes was adopted by DILIA's General Meeting resolution dated 4 May 2016 in order to make DILIA's Statutes fully compliant with the new applicable legislation, i.e. Act No. 89/2000 Sb., the new Civil Code.
- Organization Rules specifying DILIA's organizational structure and activities which are regulated under Article 5 of the Statutes and issued by the Executive Director jointly with the Board of Trustees' Chairman after approval by the Board of Trustees.

- DILIA's Distribution Rules – a collection of basic rules for the distribution and disbursement of the fees collected by DILIA through Collective Management. DILIA's distribution rules were approved by DILIA's General Meeting on 9 April 2003 and amended by subsequent General Meetings dated 6 April 2004, 27 April 2005, 26 April 2006, 25 April 2007, 16 April 2008, 15 April 2009, 21 April 2010, 13 April 2011 and 17 April 2013.

DILIA is registered as a personal data processor under reg. no. 00015991 with the Office for Personal Data Protection in Prague.

ORGANIZATIONAL STRUCTURE

DILIA's organizational structure was altered substantially by the new Statutes adopted on 4 May 2016 by DILIA's General Meeting. The former Board of Trustees, comprising seven members, and the former Supervisory Board, comprising three members, were replaced with a new single governing body – Supervisory Board having ten members. The Supervisory Board is elected for five years.

GENERAL MEETING

The General Meeting is DILIA's supreme body; it consists of DILIA's members of the association and is convened at least once a year. The General Meeting's powers are defined under the Statutes and include, in the main: election of the Supervisory Board, approval of the DILIA's Statutes and relevant amendments, Distribution Rules, annual accounting and distribution of the author remunerations collected through Collective Management, annual financial statements, including use of special purpose reserves, distribution of profit from the subsidiary activities and DILIA's Budget.

BOARD OF TRUSTEES

The Board of Trustees was DILIA's supreme body for a period between General Meetings until 3 May 2016, i.e. the date of the adoption of the above-referenced amendment to DILIA's Statutes ('Amendment'). The Board of Trustees was elected by the General Meeting for three years, it had seven members and two substitute members. The Board of Trustees met regularly once a month, but at least once per two months. The Board of Trustees' powers were defined under DILIA's Statutes before the Amendment. DILIA's last Board of Trustees, incumbent until 3 May 2016, had the following composition:

MEMBERS:

- Vadim Petrov – Chairman
- Šimon Pellar – Vice Chairman
- Jaroslava Šiktancová
- Josef Hanuš
- Vladimír Michálek
- Roman Ráž
- Zdeněk Zelenka

SUBSTITUTE MEMBERS:

- Jiří Hlupý
- Pavel Klener

SUPERVISORY BOARD

The Supervisory Board is DILIA's supervisory body. The Supervisory Board is elected by the General Meeting and, until 3 May 2016, i.e. the date of the adoption of the Amendment, it had three members and two substitute members. The Supervisory Board is newly elected for five years and it has ten members and four substitute members. It elects the Chairman and two Vice Chairmen from among its members. The Supervisory Board is responsible for comprehensive regular supervision of DILIA's activities and management, including, but not limited to: appointment and removal of DILIA's Executive Director, fixing his or her remuneration, including any and all benefits, advantages and other incomes that he or she receives; monitoring of the activities and the discharge of the duties by the Executive Director and other DILIA's executives (incl. checking the implementation of the decisions adopted by the General Meeting); and approval of acquisition, sale or pledging of DILIA's real estate property and approval of other operations with DILIA's assets for which such approval is required under the Statutes, etc.

DILIA's Supervisory Board, incumbent until 3 May 2016, had the following composition:

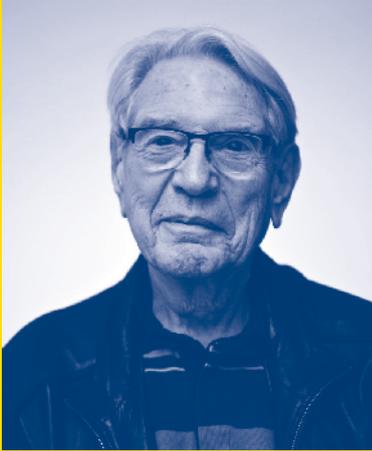
MEMBERS:

- Pavel Weigel – Chairman
- Petr Markov – Vice Chairman
- Jiří Blažek

SUBSTITUTE MEMBERS:

- Petr Pospíchal
- Pavel Cmíral

SUPERVISORY BOARD



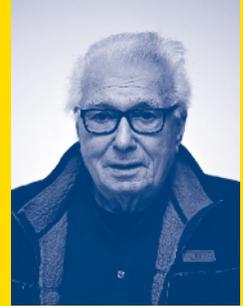
Vadim Petrov



Šimon Pellar



Zdeněk Zelenka



Jiří Blažek



Jiří Srstka



Marek Epstein



Hana Linhartová



Petr Markov



Vladimír Michálek



Roman Ráž



Karel Smyczek

Pavel Weigel, Chairman of the Supervisory Board, died in 2015. Mr Petr Pospíchal was appointed as a Supervisory Board member on 9 December 2015. The Supervisory Board, in its new composition, elected Mr Petr Markov as its new Chairman.

DILIA's General Meeting dated 4 May 2016 elected, in compliance with the Amended Statutes, new Supervisory Board with the following composition:

MEMBERS:

- Vadim Petrov – Chairman
- Šimon Pellar – Vice Chairman
- Zdeněk Zelenka – Vice Chairman
- Jiří Blažek
- Marek Epstein
- Hana Linhartová
- Petr Markov
- Vladimír Michálek
- Roman Ráž
- Karel Smyczek

SUBSTITUTE MEMBERS:

- Edgar Dutka
- Libor Dvořák
- Josef Hanuš
- Jan Vedral

EXECUTIVE DIRECTOR

DILIA's Executive Director is a statutory officer representing DILIA in all affairs. The Executive Director exercises all the powers that are not reserved for the General Meeting or the Board of Trustees and Supervisory Board under DILIA's Statutes. The Executive Director is appointed and removed by the Supervisory Board, and is responsible to the Supervisory Board and the General Meeting.

Executive Director: Jiří Srstka

DILIA'S APPARATUS

DILIA's Apparatus comprises of the following departments: Collective Management, Agency, Accounting Department and Legal Department. The Organizational Board chart is attached as Schedule to this Annual Report.

DILIA'S EMPLOYEES

The average adjusted number of employees in 2016: 47 people
Average unadjusted number of employees (physical entities) in 2016: 53 people.

In 2016, the Employee Remuneration System prescribed by DILIA's internal regulations was adhered to. The bonuses paid out to employees make them directly interested in the collection rate accomplished by DILIA. The human resources base is rather stable. In 2016, changes in the human resources were minor and concerned mainly working time.

EXPERT COMMITTEES

Under Article 18 of the Statutes (and Article 14 of the Amended Statutes), DILIA currently has three formed and operating expert committees:

- Distribution Committee
- Creative Committee for Audiovisual Works
- Creative Committee for Audio and Printed Works

DISTRIBUTION COMMITTEE

The Distribution Committee is composed of the Board of Trustees' Members, or the Supervisory Board's Members Chairman in accordance with the Amended Statutes, with an ad hoc authorisation by the Board of Trustees (or the Supervisory Board), the Executive Director and the Collective Management Director; its main activity consists in performing a check of works submitted for registration to DILIA's Collective Management and deliberating related disputes.

In 2016, the Distribution Committee had two meetings to deliberate and decide disputes concerning inclusion of works submitted for registration to DILIA's Collective Management.

CREATIVE COMMITTEE

The Creative Committees are composed of members appointed by the Board of Trustees' Chairman, or the Supervisory Board's Chairman in accordance with the Amended Statutes, and the Executive Director, who are authors in the relevant creative fields, and they participate in the preparation of the proposed Distribution Rules for the General Meeting.

In 2016, no changes to the Distribution Rules were proposed, so the Creative Committee was not convened.

FOREIGN ACTIVITIES

In 2016, DILIA is a member of the below non-governmental international umbrella networks for copyright protection organizations:

- CISAC (Confédération Internationale des Sociétés d'Auteurs et Compositeurs);
- IFRRO (International Federation of Reproduction Rights Organisations); and
- SAA (Société des Auteurs Audiovisuels).

In the performance of Collective Management and in its Agency activities, DILIA cooperates with foreign partner organizations. This cooperation is based on reciprocal agreements on representation of copyrights and rights related to copyright made between DILIA and its foreign partners.

Under the reciprocal agreements, DILIA is entitled to collect fees and grant licences for the use of foreign authors' works represented by the partner organizations. In practice, this means an increase in the repertoire of the works managed by DILIA in the Czech Republic, and thus an increase in the total number of authors represented by DILIA. Another merit is that domestic copyright holders represented by DILIA are assured that their copyrights will be taken care of, protected and enforced in the partner organizations' countries.

Number of reciprocal agreements executed as at December 31, 2016: 29 countries (43 Collective Management Organizations).

The list of foreign partner organizations is available at www.dilia.cz.

2016 NEWS AND ACTIVITIES

Following the approval of the "DILIA's Statutes Amendment Principles" by the General Meeting held on 22 April 2015, DILIA's General Meeting held on 4 May 2016 approved the first part of the anticipated comprehensive amendment of its Statutes. This first amendment was necessitated by the change of the legal form from a civic association ["občanské sdružení"] to

a registered association ["zapsaný spolek"] in accordance with the requirements of the new Civil Code. A proposed second amendment of the Statutes, as necessitated and required by Directive 2014/26/EU of the European Parliament and of the Council on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market ("Collective Management Directive"), will be presented after the effective date of the amendment to the Copyright Act implementing the said Directive to DILIA's General Meeting to take place on 25 April 2017.

D DAY

The fourth DILIA DAY EVENT took place at the headquarters of DILIA on 8 June 2016. The DILIA Supervisory Board's Chairman, Vadim Petrov, awarded DILIA Plaques in appreciation of artistic achievements to Hana Kofránková, Marcela Pittermannová, Alfred Strejček, Tomáš Töpfer and Ivan Misař. The Evald Schorm Awards, granted to theatre school students for an original theatrical play or radio drama, dramatization or translation, were also announced at the EVENT. DILIA has been granted the Evald Schorm Award since 2005. The first prize of CZK 10,000 was awarded to Magdalena Mikulová for her theatrical play "Il Duetto".

OTHER DILIA'S ACTIVITIES (AWARDS, HONOURS & SPONSORSHIP)

DILIA's Board of Trustees, or the Supervisory Board, supported the following projects:

- Josef Jungmann Award granted jointly with the Czech Literary Translators' Guild was awarded to Iveta Mikešová for her translation from Polish of the Joanna Bator's novel 'Pískový vrch'.
- DILIA and Association of Czech Cinematographers Lifetime Achievement Award awarded to Jiří Macháně at the Award Ceremony held on 24 February 2016 in Lucerna Cinema.
- DILIA co-sponsored Magnesia Litera Awards, in particular the "DILIA – Litera Debut of the Year Award".
- DILIA awarded (for the third time) DILIA Literary Grant for Czech publishers in an effort to support book publishing of yet-unpublished unique literary work of a Czech author with

outstanding artistic merit. One half of the DILIA Literary Grant goes to the publisher to cover part of the production cost, and the other half goes directly to the author. In 2016, the DILIA's Supervisory Board decided to award Literary Grant and the sum of 60,000 CZK to Karel Richter's book "Voják první linie" to be published in the publishing house Naše vojsko, the DILIA Literary Grant and the sum of 20,000 CZK to Jan Vedral's book "DRAMA(tik) a DRAMA(turg)" to be published in Větrné mlýny and the DILIA Literary Grant and the sum of 20,000 CZK to Stanislav Beran's book "Spolek levobočků" to be published in Host.

- DILIA awarded DILIA's Honours for DILIA's members, this year it was deducted to the heirs – represented right holders for their helpful and diligent cooperation. The Honours were conferred at the Christmas Time Authors Meeting in DILIA on 8 December 2016 to Jana Seiffertová, Prokop Pitter and Josef Lada.
- DILIA contributed to projects organized by the Agency such as "Translation Workshop", "8@8" project or "3D" project, i.e. projects intended to support primarily new young authors.

The costs of the above listed activities are covered from DILIA Board of Trustees' Special Purpose Fund, i.e. funds gradually created from distributed net income from the Subsidiary Activities (after taxation).

DILIA'S WEBSITE

Detailed and updated information about DILIA's activities as well as downloadable documents related to Collective Management and the Agency, separately for authors and copyrighted works users, can be found at www.dilia.cz. The website is bilingual (Czech / English) and contains a separate section for DILIA's members.

Registered authors and copyright holders can avail themselves of the Authors & Copyright Holders Portal where they can communicate electronically with the Collective Management Department, especially submit works for registration, as well as update their basic data.

DILIA'S PUBLICATIONS

DILIA publishes a quarterly NEWSLETTER for copyrighted works users (AGENCY) presenting news about dramatic, dramatico-musical and literary works, including translations of foreign synopses, and staff contact details.

DILIA publishes a semi-annual BULLETIN for DILIA's members and represented authors including an assortment of news from copyright law, celebrity profiles and member contributions about DILIA.

II. MANAGEMENT AND ECONOMIC RESULTS IN 2016

DILIA's activities, as well as its accounting system and tax regime, are divided into two separate segments that are transparently set apart:

- main activity – collective rights management performed under the MCCR's authorisation as a non-profit activity;
- subsidiary activity – for-profit activities, in particular the agency activities including publisher activity and lease of non-residential premises.

The annual accounts for 2016 have been prepared in accordance with the applicable rules and in accordance with the accounting principles set out in Sec 18 of Act No. 563/1991 Sb., On Accounting, in accordance with Decree No. 504/2002 Sb., as amended, and in accordance with CAS for accounting entities whose main activity is not commercial.

COLLECTIVE MANAGEMENT

The collection of fees in 2016 was performed in the areas and within the extent as regulated by the applicable laws and the MCCR's authorisation, separately in several categories on the basis of whether the fees relate to the use of rights under mandatory or voluntary Collective Management, the manner of use of the copyrighted works and the accuracy of identification of the copyright holders.

This categorization is important for both collection and distribution of the fees to the authors and right holders in compliance with the Distribution Rules.

As far as the accounting and disbursement of the fees is concerned, the most important factor is how accurately the copyright holder has been identified at the time of the copyright protected work's use. According to the accuracy of the identification, the authors/copyright holders' remuneration is categorized as follows:

A. Identifiable fees (specific remuneration)

Collected fees are linkable to the use of specific works, on the basis of information provided by the users, and their authors are thus accurately identified. The remuneration belongs to identified authors/copyright holders of specific works. These are primarily fees for the use of works via radio broadcast and identifiable fees received from foreign collective management organisations.

B. Unidentifiable fees (non-specific remuneration)

Collected fees are non-linkable to the use of specific works. These are, for example, fees for the use of works via cable retransmission in the Czech Republic, fees received from the importers of copiers and printers etc. These are distributed in accordance with the Distribution Rules of DILIA.

In general, the remunerations based on unidentifiable fees are distributed among the copyright holders separately by income categories based on fee source, i.e. according to the kind of the collectively managed right and, where applicable, according to the type of the copyrighted works, under the following rules:

-
- a. on the basis of point rating for the use of works, as defined in Schedule 2 to the Distribution Rules, as amended, the point rating of every submitted and used work is calculated per category and all the points are added up;

-
- b. the sum of the fees appropriated for distribution in each income category is divided by the sum of the points which determines the financial value of one rating point per category;
-
- c. the remuneration is calculated for each submitted and used work by its point rating and the financial value of one rating point;
-
- d. the sum of the remunerations for works of the copyright holder used in all applicable income categories equals to the total remuneration of the copyright holder for the disbursement period.

ECONOMIC RESULTS OF COLLECTIVE MANAGEMENT

FEES COLLECTED UNDER MANDATORY COLLECTIVE RIGHTS MANAGEMENT IN 2016

A. Fees for the use of works retransmitted via cable TV in the Czech Republic

Fees collected from the operators of cable TVs.
GROSS COLLECTION: CZK 29,548,404.00

B. Fees from the manufacturers and importers of copiers and printers

Compensation fees collected from manufacturers and importers of copiers and printers on the basis of the copyright holders' right to fair remuneration with respect to reproduction of printed works for private use. The collected fees are distributed in accordance with Sec 104(2) Copyright Act as follows:

- 45% to authors of published literary works, incl. scientific and cartographic works
- 15% to authors of graphic art works
- 40% to publishers of published works

In accordance with the cited law provision, 15% of the collected fees are transferred for graphic art works' copyright holders to collective management organisation OOA-S on the basis of semi-annual accounts and in accordance with the agreement between DILIA and OOA-S. GROSS COLLECTION: CZK 23,269,591.00

C. Fees from the operators of paid-for copy services in the Czech Republic

Compensation fees collected from providers of paid-for copy services on the basis of the copyright holders' right to fair remuneration with respect to reproduction of printed works for private use. The collected fees are distributed in accordance with Sec 104(2) Copyright Act as follows:

- 45% to authors of published literary works, incl. scientific and cartographic works
- 15% to authors of graphic art works
- 40% to publishers of published works

Per the cited law provision, 15% of the collected fees is transferred for graphic art works' copyright holders to collective management organisation OOA-S on the basis of semi-annual accounts and in accordance with the agreement between DILIA and OOA-S. GROSS COLLECTION: CZK 3,072,494.42

D. Fees from manufacturers and importers of audio and audiovisual devices that can be used for copying of works and manufacturers and importers of blank record carriers

Compensation fees collected from the above entities on the basis of the copyright holders' right to fair remuneration with respect to reproduction of works recorded on audio or audiovisual carriers for private use. These fees are collected for the copyright holders represented or registered by DILIA by collective management organisation OSA. The Gross Collection transferred by OSA equalled in 2016 to a total of CZK 22,660,928.05 divided as follows:

- audio recording devices and carriers CZK 3,238,165.29
- audiovisual recording devices and carriers CZK 13,845,180.71
- other recording devices and carriers CZK 5,577,582.05

E. Fees from the entities obliged to pay a charge for renting out originals or copies of audio visually recorded works

Fees collected from video/DVD rental shops. These fees are collected for the copyright holders represented or registered by DILIA by the collective management organisation OSA on the basis of the agreement dated 11 December 2008, as amended.

GROSS COLLECTION: CZK 2,848.48

F. Fees for public lending of originals or copies of published works

These fees are paid, on behalf of the obliged persons listed in Sec 37(1) Copyright Act (libraries, archives, museums, galleries, schools, universities and other not-for-profit schooling and educational institutions), by the State via National Library of the Czech Republic once per year. GROSS COLLECTION: CZK 14,694,304.88

G. Fees from mandatory collective rights management from foreign partners

Fees collected for the use of Czech authors' works abroad and transferred to DILIA by its foreign partners on the basis of reciprocal agreements. The total sum received from abroad in 2016 was CZK 5,893,589.89.

FEES COLLECTED UNDER VOLUNTARY COLLECTIVE RIGHTS MANAGEMENT IN 2016

A. Fees for the use of works via radio broadcast

Royalties (specific remuneration) collected for the use of previously published works via radio broadcast stations (spoken word) which DILIA has collective agreements with.

B. Fees for electronic reproduction and online streaming

Royalties (specific remuneration) collected primarily for the use of previously published works via Czech Radio ["Český rozhlas"] by online streaming. Czech Radio and DILIA have made a collective agreement for this type of use.

The Gross Collection for the use of works via radio broadcast and streaming was CZK 9,080,145.62 and the Gross Collection from internet radio stations was CZK 237,131.04.

C. Fees for making works available to the public through TV sets at publicly accessible places

Fees collected from entities that use copyrighted works within their premises via TV broadcast (restaurants, hotel common spaces, train/bus stations etc.). These fees are collected for the copyright holders represented or registered by DILIA by the collective management organisation OSA on the basis of the agreement dated 17 December 2007, as amended. The Gross Collection for this type of TV broadcast was CZK 32,043,349.90.

D. Fees for public lending of audio recordings

Fees (non-specific remuneration) collected on behalf of collective management organisations OSA, DILIA and INTERGRAM by INTERGRAM on the basis of the collective agreement between said collective management organisations and the National Library ("NL CR") dated 2 January 2004. The Gross Collection transferred by INTERGRAM was CZK 503,453.76.

E. Fees for live non—theatrical performance of literary works

Fees for the use of literary works by live non-theatrical performance which does not aim at achieving a direct or indirect economic or business benefit collected from the National Library and the Czech Centres for their public readings of copyright protected works. GROSS COLLECTION: CZK 81,350.00

F. Fees for electronic reproduction and making works available to the public via the Internet and/or electronic mail

Royalties (specific remuneration) for the use of works via digital document delivery (DDD) service provided by libraries collected from libraries that provided this type of service in 2016 on the basis of a collective agreement between DILIA and the National Library. GROSS COLLECTION: CZK 22,897.00

In the disbursement accounting process, DILIA, as a collective rights manager, abides by its statutory duties to create statutory reserves pursuant to Sec 100 of Act No. 121/2000 Sb., which serve as a fund to compensate the claims of authors that can prove that their copyrighted works were used within three preceding years after-the-fact.

CZK 8,868,236.51 was transferred to the Collective Management statutory reserves in 2016, in compliance with the approved regular distribution for 2015 (executed in May 2016), as follows (categorized by income source):

Cable retransmission, TV broadcast, 85% video devices+carriers	CZK 3,008,661.41
Reprography/author	CZK 3,315,345.97
Reprography /publisher	CZK 589,394.84
Audio devices+carriers	CZK 501,063.05
National Library of the Czech Republic – lending	CZK 1,325,240.50
15% video devices+carriers	CZK 88,749.37
Public readings, DDD	CZK 39,781.37
TOTAL	CZK 8,868,236.51

THE TOTAL COLLECTIVE MANAGEMENT STATUTORY RESERVES AS AT DECEMBER 31, 2016 ARE REPORTED TO BE CZK 35,647,743.83.

COLLECTIVE MANAGEMENT ECONOMIC DATA (TABLES)

COLLECTIVE MANAGEMENT (“CM”) – COSTS AND REVENUES FOR 2015 AND 2016 (THOUSAND CZK)

Item costs	2015	2016
Consumption of raw materials	202	207
Power consumption	131	161
Repair and maintenance of property	37	19
Travel	100	61
Representation	6	11
Service	1,729	1,322
Staff costs	12,807	12,874
Social costs	223	228
Taxes and fees	29	-38
Other operating expenses	63	228
Depreciation	300	231
Other financial expenses	54	106
Contributions to international organizations	220	230
EXPENSES	15,901	15,640
INCOME	2,896	2,573
COST OF PERFORMANCE CM (non-spec.)	13,005	13,062

CM DISTRIBUTION FOR 2016 – SUMMARY APPROVED BY DILIA'S GENERAL MEETING (CZK)

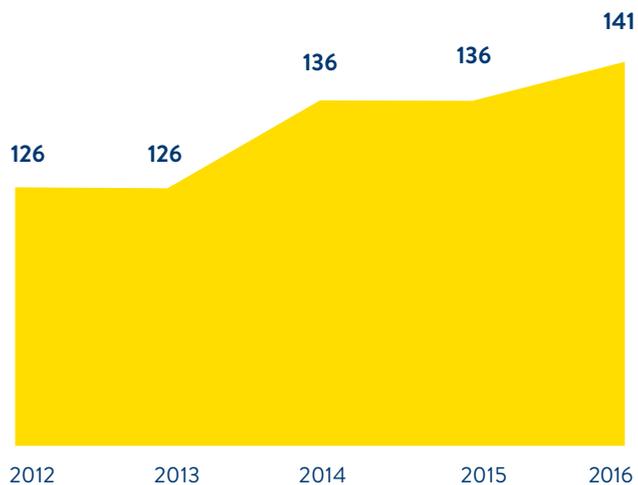
Gross collection for distribution	122,185,439.72
CM expenses	-13,061,772.60
VAT on CM expenses	-2,742,972.25
Collection for 2016 – net for distribution	106,380,694.87
Statutory provisions per Act no. 121/2000 Sb.	-8,234,312.65
Collection for 2016 – for Disbursement	98,146,382.23
Clearing of unused provisions	3,953,444.95
Net remunerations for disbursement for 2016	102,099,827.18

CM – COLLECTION FOR 2016 (CZK)

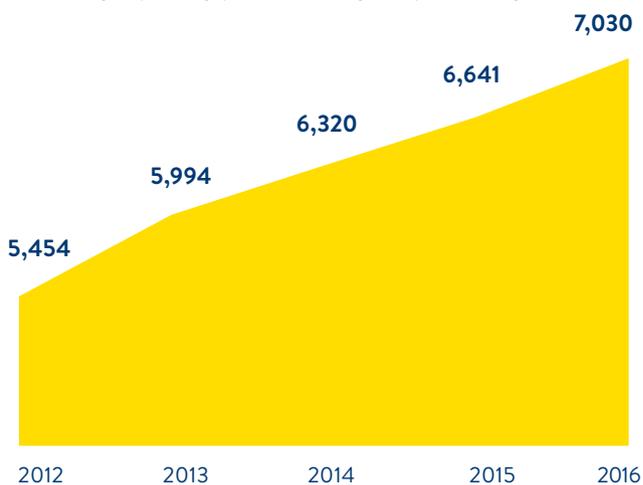
Income – cable TV	29,548,404.00
Income – reprography	23,269,591.00
Income – paid-for copy services	3,072,494.42
Income – audio devices, carriers	3,238,165.29
Income – video devices, carriers	13,845,180.71
Income – other recording devices, carriers	5,577,582.05
Income – audio carriers rental	503,453.76
Income – video rental shops	2,848.48
Income – lending in libraries (NL CR)	14,694,304.88
Income – public readings (NL CR)	81,350.00
Income from abroad	5,893,589.89
Income – TV broadcast	32,043,349.90
Income – DDD	22,897.00
Income – internet radio stations	237,131.04
Income – specific remuneration-radio	9,080,145.62
DILIA's CM – Total Collection for 2016	141,110,488.04

COLLECTIVE MANAGEMENT ECONOMIC DATA AND DATA ON REPRESENTED AUTHORS (CHARTS)

CM COLLECTION OVER THE LAST 5 YEARS



AUTHORS AND OTHER COPYRIGHT HOLDERS REPRESENTED OVER THE LAST FIVE YEARS



CM EXPENSES OVER THE LAST 5 YEARS



AGENCY

The Agency is a substantial and important DILIA's subsidiary activity, in addition to Collective Management, and consists in the licensing of copyrighted works (for so-called 'grand rights') that DILIA traditionally represents on the basis of contracts of mandate with right holders acting on their behalf.

The Agency focuses primarily on:

- representing copyright holders under agency agreements where DILIA, as the agent, represents the copyright holders, as the principals-at-law, in the granting of authorizations to the use of their copyrighted works (licensing);
- representing mainly copyright holders of dramatic, literary, dramatico-musical and audiovisual works, including audio visually used works; however, DILIA's representation is in no way limited by the type of the work;
- representing performing artists under agency agreements, mostly in the field of live theatrical performance and audio vision;
- acting as a publisher of musical materials (sheet music) for dramatico-musical works which it leases for live performances, or other uses, and brokering the hire of musical materials (sheet music) from other publishers from the Czech Republic and from abroad.

As DILIA's Organizational Board shows, representation and other activities are divided by the type of work and the Agency is structured into specialized departments:

- Literary Department
- Media Department
- Theatre Department
- Music Department

In 2016, the Agency focused on raising the number of represented authors and the number of executed licence agreements, thus increasing the collection of relevant fees.

No small part of the Agency success is focusing on young dramatic both domestic and foreign authors. The agenting is financed from a special purpose reserve gradually created from the Agency's net income, after taxation.

AGENCY'S / OTHER SUBSIDIARY ACTIVITIES' ECONOMIC DATA

All the revenues and expenses are monitored in accordance with the Agency's organizational structure:

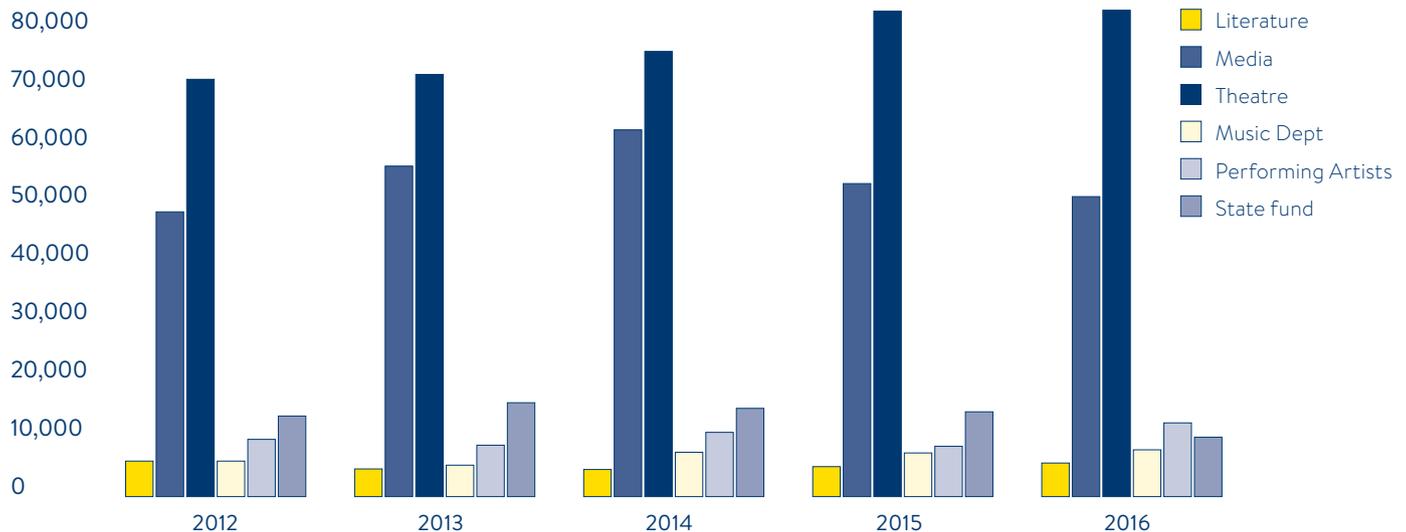
- Literature
- Media
- Theatre
- Music Department
- DILIA's Management, other overhead

The total fees collected from domestic activities and activities abroad in 2016 was reported to be CZK 172,308,556.67, largely for the representation of both domestic and foreign authors and copyright holders in relation to theatrical productions, and the representation of authors of audiovisual works and works used in the production or broadcast, or otherwise, of audiovisual works.

The Total Collection Target of Agency, CZK 174,000,000 approved by DILIA's General Meeting in May 2016, was reached at 99.03%.

The fees collected for the represented copyright holders are disbursed to them on an ongoing basis. DILIA charges an agency authorisation ranging from 5 to 15% under the executed agency agreements. The revenues from the lease of musical sheets (dramatico-musical works) are included in the total collections.

DILIA – THE AGENCY COLLECTIONS OVER THE LAST FIVE YEARS- (IN THOUSAND CZK)



**DILIA – THE AGENCY’S COLLECTIONS FOR 2016
(PER DEPARTMENTS/ACTIVITIES IN CZK)**

Department/Activity	Collections in 2016 (CZK)
Literature	5,790,713.39
Media	83,807,773.55
Theatre	51,691,129.67
Music Department	8,066,194.83
Rep. of performing artists	12,709,640.77
Films – State Fund	10,243,104.46
TOTAL	172,308,556.67

THEATRE
83,807,773.55

FILMS – STATE FUND
10,243,104.46

REP. OF PERFORMING ARTISTS
12,709,640.77

LITERATURE
5,790,713.39

MUSIC DEPARTMENT
8,066,194.83

MEDIA
51,691,129.67

DILIA'S NET INCOME – THE AGENCY AND OTHER COMMERCIAL ACTIVITIES FOR 2016 (IN THOUSAND CZK)

Item	TOTAL in 2015	TOTAL in 2016
Consumption of raw materials	443	367
Consumption of energy	213	260
Repair and maintenance	446	343
Travel	56	27
Representation	67	74
Service	1,740	1,632
Staff costs	17,885	17,612
Social costs	392	382
Taxes and fees	86	85
Foreign exchange losses	212	117
Other costs	699	709
Legal provision formation		
Net value of assets disposed of		
Depreciation	737	1,084
Corporate income tax	62	68
TOTAL COST	23,028	22,760
Revenues from services	20,528	19,689
Theatrical texts	1	1
Rent	368	380
Proceeds from the bank account	516	349
Revenue from TV	216	183
Foreign exchange gains	633	925
Other financial income	1,931	2,260
Legal provision clearing		
Subsidies and contributions received	50	
Revenues from assets disposed of		2
TOTAL REVENUES	24,243	23,789
NET INCOME	1,215	1,029

DILIA'S NET INCOME IN 2016 (CZK) AND ITS DISTRIBUTION

Net income in 2016 before taxes:	1,097,312
Income tax	68,400
Net income in 2016 after taxes	1,028,912

DISTRIBUTION TO DILIA'S RESERVES (CZK):

Statutory reserves	200,000
Special purpose reserve	771,912
Collective Management reserve	57,000

STATE OF DILIA'S RESERVES AFTER FISCAL YEAR 2016 DISTRIBUTION IN CZK:

	Reserves as at 31 DEC 2016	Reserves after 2016 distribution
Statutory reserves	9,300,000.00	9,500,000.00
Special purpose reserve	2,466,212.95	3,238,124.95
Collective Management reserve	95,173.85	152,173.85

The Agency's revenues and expenses, the use of special purpose reserves and the distribution of Net Income 2016 were presented and approved by the General Meeting on May 4, 2016. All the approved documents are available in the form of a notarised deed.

The Financial Statements have been audited by Radmila Špišková, independent auditor based in Jabloňová 35, 106 00 Prague 10, certif. no. KA1326. The Independent Auditor's Report is attached as Schedule to this Annual Report.

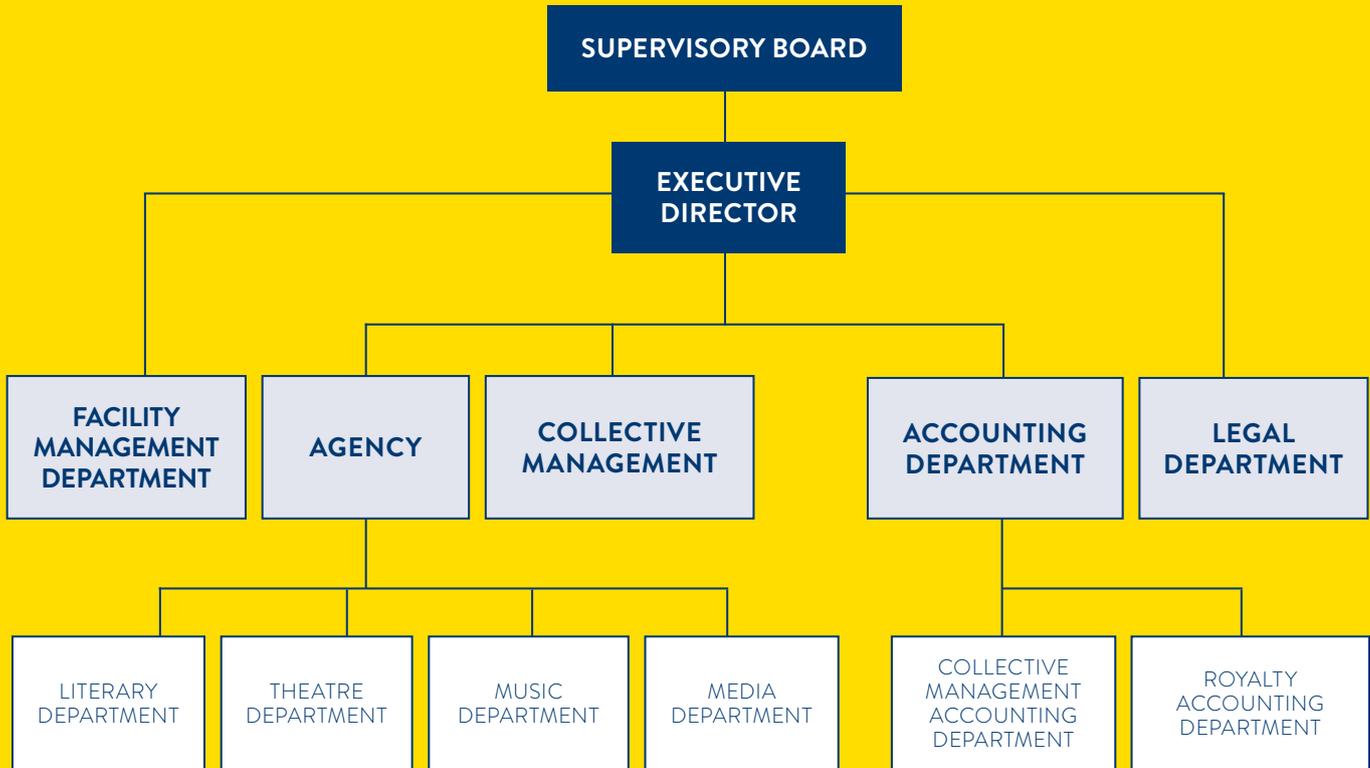
In Prague on 20 April 2017.

This Annual Report is presented by:



Jiří Srstka
Executive Director

DILIA'S ORGANIZATIONAL BOARD



AUDITED ANNUAL REPORT

INDEPENDENT AUDITOR'S REPORT: ON THE AUDIT OF THE FINANCIAL STATEMENTS

Ing. Radmila Špišková,
106 00 Praha 10, Jabloňová 35,
tel.: 604899209; E-mail: radmila.spiskova@seznam.cz
Oprávnění Komory auditorů o zápisu do seznamu auditorů č. 1326

INDEPENDENT AUDITOR'S REPORT

Auditor's report for the members of DILIA, Theatre, Literary, Audiovisual Agency, Association,
with its registered office at: Praha 9, Krátkého 1, PSČ 190 03, Company Registration Number:
65401875

Opinion

We have audited the accompanying financial statements of DILIA, Theatre, Literary, Audiovisual Agency, Association of Authors (hereinafter also the "Association") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2016, and the income statement for the year then ended 31.12.2016 (statement of changes in equity and statement of cash flows for the year then ended 31.12.2016) and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Association, see Note 1. to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of DILIA, Theatre, Literary, Audiovisual Agency, Association as at 31 December 2016, and of its financial performance for the year then ended 31. 12. 2016 in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.



Responsibilities of the statutory representatives for the Financial Statements

The statutory representatives of DILA are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

(The Supervisory Board is responsible for overseeing the Association's financial reporting process.)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above-mentioned laws and regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Date of issue: 20. 4.2017, in Prague
Responsible auditor: Ing. Radmila Špišková
Number of registration of the auditor: 1326
Head office: Praha 10, Jablůňová 35, 106 00





www.dilia.cz