

“I have no problem saying this out loud: I am convinced that Sena is dedicated to maintaining an honest relationship between musicians and their audience. After all, don't we all find it completely normal to pay for a loaf of bread at the baker's? Or for a bottle of wine at the off-licence? Sena ensures that people who make music are paid for what they do. Which means that I, in turn, will have the money to pay my tailor for a new shirt. We all live in the same world, in which everything is interconnected. When things work as they should, that's flow!”

Eric Vloeimans, jazz trumpet player



Report of the board of directors

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As far as Sena was concerned, 2011 was a year of considerable progress. Within the framework of the process of change initiated in 2010 – Towards a new Sena – many objectives have now been realised. The final element is the introduction of a new governance structure, which is expected to be completed in June 2012. This is an interpretation of Sena's ambition to project an image of itself as a professional, customer-oriented and fair organisation by and for musicians and producers. We review this progress in the accounts for 2011.

As in previous years, in 2011 frequent and constructive consultations were conducted within administrative bodies at Sena. During the financial year the Board of Directors met on six occasions. These meetings were preceded by meetings of the Section Boards every time. The various management committees met 22 times in total. In particular the structuring of, and the decision making on, a new governance structure was a matter to which a lot of time and attention was paid. Other matters dealt with during these meetings were the political developments following the Spearheads Letter 20@20 from State Secretary Teeven and the related debating of the Supervision of Collective Management Organisations Bill, the relationship with the VOI@E sector organisation and the refinement of the distribution process. In addition, the budget was approved and, after auditor BDO had clarified the auditor's report, the annual accounts were adopted.

In the spring of 2011, Markus Bos was appointed Managing Director. His appointment on April 18th coincided with the official opening of the entirely new premises on the Hilversumse Wisseloord site where Sena leases property. Markus Bos has assumed the tasks from Cees van Steijn, who fulfilled the post of Managing Director on an interim basis in the period from June 2010 to April 2011.

Changes in personnel have also taken place at the level of the Board of Directors. For example, Mark Bremer has resigned as board member as a result of his transfer from EMI to Universal. As a consequence of the new composition of the Section Boards as were elected at the Meetings of Affiliates in June 2011, Paul Solleveld and Niek van den Hoven also left the Board of Directors. Both gentlemen had been involved in Sena for a long time. Paul Solleveld had even been involved since Sena was set up.

The new members of the Board of Directors are Anne de Jong, Berry van Sandwijk and Kees van der Hoeven from the Producers Section.

During the year under review Sena was confronted with two important and challenging external factors. First and foremost of these was the general economic stagnation. In addition there was the social unrest regarding the functioning of Music Licensing Companies (MLC's) and the disproportional influence that this has had on the image creation and political decision making in The Hague.

While there initially appeared to be signs of slight economical recovery, the economy stagnated in 2011. The result was substantial numbers of bankruptcies and disappointing company results. Nevertheless Sena managed to achieve growth in the invoiced licence revenues. While the income achieved in 2010 - excluding home copying receipts - was EUR 54.3 million, the reporting year concluded with an income of EUR 57.1 million, an increase of 5.1 percent. In 2011 a net amount of EUR 47.3 million was paid out to Sena rightholders, an increase of 6.4 percent compared to 2010.

At the Meeting of Affiliates of June 2011 it was announced that the withholding percentage would be increased to 15 percent over a period of approximately 8 years, to compensate for the deficit which had resulted from the high costs in 2010.

The CBO Quality Mark imposes new requirements as regards the specification of the distribution debt which showed that additional measures are necessary to ensure that the entire deficit is cleared within the set period of 8 years. The Board of Directors has decided to increase the withholding percentage to 16 percent and also apply it to the music years still open.

In 2011, Intellectual Property (IE) was again regularly the focus of wide-ranging discussions, which frequently resulted in negative publicity, unfortunately often based on incorrect assumptions or driven by incidents.

Although the Netherlands is a European leader as regards the downloading of music, the flow of income generated for rightholders is absolutely out of step. The downloading of music is dominated by the free provisions of illegal download platforms and filesharing services. As a result there is no level playing field. Although there are plenty of legal music services which offer almost the entire worldwide musical repertoire online in return for payment and in a reliable and user-friendly manner, many Dutch people opt to use the free alternative. Although the share of the digital revenues in the total income from the Dutch music industry may have increased from 9 percent to 15 percent, the Netherlands continues to lag a long way behind at international level.

Performers and producers, the Sena rightholders, are as professionals dependant on their source of income which is generated by the provision of music (musical services). In order for professional musicians to earn a reasonable income, other sources of income than the ever-decreasing royalties from cd sales are essential for many. The same applies to producers, for whom the revenue has to be in a realistic proportion to the risks and investments needed for continuing to offer innovations and continuity. As a consequence, a fair reimbursement has to be paid for the use of music. It is entirely unjustified that parties that operate illegally make huge profits from copyright protected music without having to pay a single eurocent.

The parties have different opinions on how to tackle this phenomenon. Different views also exist at Sena between performers and producers regarding the best remedy against free downloading from illegal sources.

In March 2011 the State Secretary for Security and Justice presented his 20@20 Copyright Spearheads Letter. This matter was debated in the Dutch Lower House in November and December 2011. The debates, however, were overshadowed by the attention paid to incidents and positions which were often based on erroneous assumptions. This has led to, among other things, the establishment of the Act on Supervision of Collective Management Organisations for Copyright and Neighbouring Rights (*Wet toezicht collectieve beheersorganisations auteurs- en naburige rechten*) being now dealt with as a priority, a development which Sena has roundly welcomed.

However, one aspect which has been slightly overlooked is that Sena is an organisation governed by private law; by and for performers and producers. Sena is designated by law - 'to the exclusion of others' - as the implementing collecting society and, for that reason, maximum transparency, professional supervision and sufficient appeal possibilities for settling disputes are important requirements. Above all, it is up to the rightholders to determine how the rights vested in them should be used. The fair fee referred to earlier, is the fair fee included in the Neighbouring Rights Act.

Sena does not impose rates on the business community; negotiations are being conducted with representative parties to reach agreement on a fair fee. Since its establishment in 1993, Sena's clear intention has always been to maximise the income for its rightholders. After all, our core task is to protect the rights of performers and producers.

“It is entirely unjustified that parties that operate illegally make huge profits from copyright protected music without having to pay a single eurocent.”

We report to them as well as to the Copyright and Neighbouring Rights Authority.

In anticipation of the draft Act on Supervision of Collective Management Organisations for Copyright and Neighbouring Rights, a great deal has already been achieved in 2011 through self-regulation. An important role was assigned to sector organisation VOI@E, within which Sena plays an active role. Matters that deserve a mention are the CBO Quality Mark that was awarded to Sena in November 2011 by the Certification Institute and the setting up of an independent disputes committee. The Pastors Working Group has initiated an intensive negotiation process between CBOs on the one hand and the business community, represented by VNO-NCW and MKB-Nederland, on the other. In 2011 the mijnlicentie.nl website became operational. This offers entrepreneurs the possibility of arranging and managing their music licence at one central point, and using just one invoice. Lastly, the Good Management and Integrity Guidelines (*Richtlijnen Goed Bestuur en Integriteit*) help to make the supervision and the management of CBOs more professional. Significant efforts were made in connection with this latter item in 2011. On February 2nd 2012, two Special Meetings of Affiliates took place at which Sena's intended governance structure and related amendments to the Articles were presented. In the new structure the Board of Affiliates is the highest body. The members are representatives of performers and producers (section delegates) elected by the Meeting of Affiliates. Performers and producers have an equal vote on the Board of Affiliates. The Supervisory Board consists of six people (two appointed by the Performers Section delegates, two by the Producers Section delegates plus seats for an independent financial expert and an independent chair).

The two-man directorship under the articles of association (Managing Director and Financial Director) are supervised by the Supervisory Board. All important decisions must be adopted by the Board of Affiliates after approval of the Supervisory Board.

As regards the policy on social and cultural purposes and the spending and amendment of the distribution regulations, the Meetings of Affiliates have a voting right. This creates a good balance between execution and supervision and, within that, between protecting interests and supervision of content. The new governance structure is expected to come into effect shortly.

The European Commission is also working on a guideline for supervision of collective management organisations. It goes without saying that these developments require our attention, all the more so because a large portion of the collection revenues and through-payments by Sena relate to foreign parties. European Directives are ultimately the guiding principle for the legislation of the Member States. The extension of the protection period for neighbouring rights - from fifty to seventy years after the first 'release date' - is one example of this. Although the Dutch government is not an advocate of this change, the European Council of Ministers decided in November 2011 that the Member States must adopt this extension within two years, that is before November 2013.

The importance of our (copyrights and neighbouring) rights is increasing all the time. Limits are becoming blurred and rightholders are able to join any organisation they choose. In short, the field of work is changing and the online developments are offering more and more opportunities and possibilities, although they are also confronting us with complex issues. The government supervision must not result in a limitation of Sena's optimal European competitive position.

Sena has a strong reputation beyond our national borders but, with the above-mentioned issues in the back of our heads, the question arises as to what the world will expect from us in five or ten years' time. What role are we willing and able to play? What will our (European) work environment look like in the near future? My initial predictions are that there will be a significantly reduced number of European rights organisations, with even more of an emphasis as well as pressure on mutual cooperation. How that is to be developed depends on a wide range of factors, but I firmly believe that Sena will have to stay extremely alert at European and even global level!

The results achieved in 2011 command respect, certainly after a hectic period from an organisational point of view, and are cause for confidence in the future. Sena has shown itself to be an organisation which is able to combine professionalism with flexibility and resilience. Even in an environment which is turbulent and constantly changing, the plans for the future exude ambition. The results achieved in 2011 are reason to look to the future with confidence.

On behalf of the Board of Directors,

E.H.T.M. Nijpels MA
Chairman
Hilversum, June 4th 2012



“Music is an essential part of our lives. If the radio isn’t playing loud enough when we get to work in the morning, we turn it up. Our favourite station is 3FM. It’s guaranteed to wake you up!”

Chassan Tawfil Haid and Bas Runhaar, warehouse employees at Auping B.V.

Management report

“Music represents a value. It is therefore perfectly normal that money has to be paid to the music makers.”

Management report

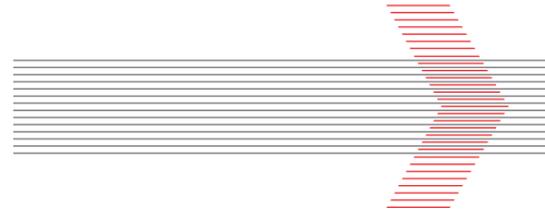
In 2010, that is still before the year under review, measures were taken as a prelude to a new Sena which is ready for the future. The receivables position was cleared, the collection policy was reviewed, bold choices were made regarding IT and the cooperation within the Copyright and Neighbouring Rights Service Centre was significantly intensified. The start of this new phase was marked symbolically by the opening of the new premises on the Catharina van Renneslaan on April 15th 2011. All the advances paid in 2009 were set off in the first half of the year under review. A new governance structure was created on the basis of mutual consultation between the Section Boards and the Board of Directors.

The results achieved in 2011 are in line with the expectation expressed during the Meetings of Affiliates on June 29th of that year. The cash income amounted to EUR 55.7 million, and the costs decreased dramatically to EUR 6.2 million. The net payments passed on amounted to EUR 47.3 million.

Compared to 2010, the cash income dropped, while the invoiced turnover rose. That appears to be illogical, but can be explained quite easily. In 2010 a considerable amount in revenues was collected which relate to previous years (EUR 9.5 million). In 2010 the cash income was consequently higher than the turnover invoiced in that year. These arrears have been cleared. As a result the cash income for 2011 is in a usual proportion to the invoiced turnover. Adequate credit management certainly contributed to this.

Although the costs decreased considerably, it was decided in 2010 to increase the withholding percentage on through-payments from 11 percent to 15 percent. In this way the extra costs incurred in 2010 and the devaluations are compensated in subsequent years. For a proper comparison one must, therefore, take account of the fact that the through-payments in 2011 are subject to a withholding percentage of 15 percent, as opposed to 11 percent in 2010.

A more detailed analysis of the difference between the distribution obligation of the Dutch cash income (the sum of the amounts to be paid out in the future, at the end of 2011) and the distribution debt (the reserve created so that this obligation can be fulfilled) has revealed that a deficit arose in previous years. The withholding percentages used at the time were insufficient to cover the costs incurred during those years. During that period account was taken of a continuing significant increase in the collections as a result of which the deficit would be compensated, as well as with more slowly declining interest income.



The adapted collections policy in combination with worsening economic circumstances means one has to assume a more conservative estimate of the collections growth. With a view to compensating the deficit - that was largely caused by the one-off special expenditure in 2010 - within a foreseeable period, a decision was taken to increase the withholding percentage for both the open and future years to 16 percent. For the open years this concerns both the payments already carried out and those still to be carried out. In addition the unclaimed remunerations over closed years will, until further notice, be added to the distribution debt. These changes will mean that the deficit on the distribution debt will have been cleared within a period of between 5 and 7 years. This additional measure has no effect on the results for 2011.

A detailed explanation of the results in 2011 in comparison to 2010 can be found in the Notes to the results from page 20 onwards.

Music works!

The fact that music users are sometimes wary of us means Sena has to adopt a professional attitude. On the basis of that attitude, however, we will continue to stress the fact that music is valuable. This has been additionally underlined by various types of research. For customers and employees, in stores and supermarkets, cafes and restaurants and fitness centres, as well as in waiting rooms or car parks. Music works! Music encourages sales, increases productivity, reduces stress, improves the atmosphere and creates a feeling of security. Music represents a value. It is therefore perfectly normal that money has to be paid to the music makers, that is the artists, studio musicians, vocalists (performers) and record producers. Making and marketing of music is a creative process. It requires talent, perseverance, creativity and inventiveness. The eventual product is the song, the album or, in terms of the Neighbouring Rights Act, the *commercial phonogram*. In order to make a living from music and to continue to exist as a company in the music industry, income has to be generated. Over the years, neighbouring rights as a source of income has become increasingly important.

Nevertheless, paying for music is regularly interpreted as a cost item. However music is a raw material, an instrument for businesses to operate successfully. It is not regarded as an investment which generates a return. The licence fee is regarded as a levy and quite often the perceptions on how the money should be spent are incorrect. We see it as our task to provide clarity about what we collect the money for on behalf of artists and music companies, what costs we incur and to whom we pass

on the money. Our aim is to ensure complete transparency about the two hundred thousand or so licences which we issue each year. The same applies for the through-payments to more than twenty thousand affiliates for the more than two hundred thousand tracks played. We are open and fair. We continually strive to improve ourselves and are more than willing to have our performance assessed by the appropriate parties.

Rates are drawn up on the basis of negotiations with representative parties within the various different sectors, both in the profit and non-profit sectors. Sena has a very detailed rates structure which is attuned to specific usage situations. All the rates are published on the Sena website and licence calculations can be made very easily on the mijnlicentie.nl portal. It is a misconception to think that Sena can unilaterally impose rates and rate increases.

Although Sena does not receive any money from the government, we are fully aware that - in view of the fact that the government has designated us as the exclusive party for issuing licences - we are accountable to both users (payers) and affiliates (beneficiaries). In 2012, therefore, an investigation was carried out to have the quality of our services assessed by our stakeholders. We aim to use the feedback we received to continue improving.

The Copyright and Neighbouring Rights Authority (CvTA) was set up to carry out supervision on behalf of the Minister of Security and Justice. The legal framework is provided by the Act on Supervision of Collective Management Organisations for Copyright and Neighbouring Rights.

By means of self-regulation at the VOI@E sector organisation, initiatives were also implemented in 2011 which go beyond what the Act prescribes. For example, on November 23rd, Sena was awarded the CBO Quality Mark by Jan-Willem Holtslag, the chairman of the Copyright and Neighbouring Rights Authority. The quality mark criteria were drawn up by a Commission of Interested Parties, in which representatives of users (appointed by VNO-NCW and MKB-Nederland) have 50 percent of the votes. The quality mark criteria are assessed annually by an independent certification institution (the Quality Mark Institute). Having a Quality Mark is a condition for membership of the VOI@E sector organisation.

Coordinated by VOI@E, delegations from Sena, Buma, Videma and Reprorecht held a large number of discussions in 2011 with the Copyrights Platform of VNO-NCW and MKB-Nederland.

In accordance with the recommendations of the Pastors Working Group to create greater transparency, efficiency and more clarity for users, agreements have, for example, been made with the Platform regarding a uniform indexation method, the introduction of what is referred to as registration discount and the application of a modular reimbursement scheme for the services of sector organisations.

Although the initial round of meetings was concluded with a result, there are still plenty of points for discussion on the table for 2012. The collective management organisations are prepared to continue the dialogue with the business community in order to make additional far-reaching agreements.

Collective agreements

The licence revenues from trade and industry are generated at Sena from agreements with sector organisations or individual licence issuing to individual entrepreneurs and organisations. In 2012 the agreements made with the Copyrights Platform formed the basis for entering into new partnerships with sector organisations. From 2013 onwards these are to be effectively applied and converted into new agreements. This is in line with our wish – in collaboration with all stakeholders – to draw up fair and effective arrangements without delay. Sena continues to be an advocate of a positive cooperation with representative (sector) organisations but will, in accordance with the agreements made, work to translate the negotiating agreement achieved into practice.

Licences for individual organisations

All licences which are not covered by a collective licence agreement, are processed together with the Buma licences via the Copyright and Neighbouring Rights Service Centre. It is not inconceivable that administrative irregularities will occur during the combined processing of such quantities (approximately 120,000 invoices, often with multiple licensing rules). These may be caused by the automatic matching of data files, as well as by an erroneous statement by the music user. Even if the margin of error is just tenths of a percent, each error is one too many and Sena's aim is to deal with every complaint as quickly as possible. Procedural agreements and deadlines have also been laid down on this matter in the CBO Quality Mark.

One noticeable improvement is the central basic registration (a single joint database of all users/companies); a thorough and reliable basis with which the above-mentioned administrative irregularities can be kept to a minimum.

The cooperation with Buma at the service centre is going well and has been rapidly extended. For example the field staff of Buma and Sena

have in 2011 been converted into one joint field organisation which is coordinated via the service centre. Written communication with new companies is now also a combined Buma/Sena activity which is arranged by the service centre.

During the year under review a new portal became operational (www.mijnlicentie.nl) where users can manage their licences at any time they wish, while they are also offered the option of receiving licence invoices per e-mail (E-invoice). That possibility is, of course, linked to electronic payment.

The service centre is capable of taking care of the administrative process and the invoicing requirements of Buma and Sena, both jointly and separately.

Media and online licences

The economic developments have a direct influence on Sena's collection volume because, when licensing the commercial media, a percentage of the commercial income is charged. This is an internationally accepted criterion.

The television advertising expenditure initially showed clear growth, but then fell behind during the last quarter. On an annual basis, the Television Advertising Promotion Foundation (*Stichting Promotie Televisiereclame (SPOT)*) reported a growth in the net expenditure of 4 percent, thereby exceeding the limit of 1 billion euros (EUR 1,017 million).

This trend also applied to a certain extent to the commercial spending on radio, although the growth was more limited and was evident primarily in the second half of the year. The Radio Advice Bureau (*Radio Advies Bureau (RAB)*) reported a growth in the net expenditure of 1 percent to EUR 233 million. The remunerations that were collected in 2011 are to be made available for distribution after all the 2011 playlists have been processed (starting in March 2012).

Together with Buma and other collective management organisations, Sena devoted a lot of time and energy in the year under review in the Rights Consultation on the Distribution of Audiovisual Producers (*Rechtenoverleg Distributie Audiovisuele Producenten*). The objective of this consultation was to create one front office at which all applicable rights and obligations are dealt with by producers, broadcasters and distributors.

In view of the large number of parties involved and the wide-ranging interests, it is no easy task to achieve a negotiated result which is acceptable for all those involved. All the same a lot of time and energy is invested in making progress.

The relatively new forms of broadcasting via the Internet require a lot of attention from

our organisation. In particular in the case of webcasting (broadcasting/publication exclusively via the Internet) the process of licensing the market, which consists of lots of relatively small players, and collecting the applicable fee continues to be time-consuming.

The licensing of dance activities is a frequently discussed issue within the Copyrights Platform. An attempt has been made to reach a compromise with the various partners in this sector on the basis of sound consultation. Unfortunately this has not produced a result. Fewer and fewer options are available for achieving agreement on a fair fee for this sector.

The provision of content via the various platforms increased again in 2011. This concerns not only transmission, digital or otherwise, via the traditional platforms such as radio and television, but also via the various mobile networks and IP platforms.

With a view to safeguarding its media/new media licence revenues in the coming years, it is important that Sena continues to remain closely involved in these developments and adapts to them adequately.

International income

The growth in international income in 2011 was very substantial. In the past year licence revenues reached an unprecedented level of EUR 9.3 million.

In recent years progress was again made as regards the professionalisation of (international) cooperation and the correct compliance with the agreements entered into. However, there is still a great deal to be done.

Sena has an international focus. The open nature of our economy and our focus on foreign countries means we expect the same from our foreign sister organisations. Certainly in countries in which neighbouring rights have not yet acquired a position of any importance we are still confronted by an excessive domestic focus. We will continue to do our utmost to get rid of these barriers wherever possible.

As far as Sena is concerned proper international cooperation is an absolute 'must', partly in view of the proportion of the foreign repertoire used in the Netherlands, which is around 75 percent. In addition we represent the repertoire of a large group of European major artists, which confirms the position of Sena as a leading music licensing company.

Sena applies a withholding percentage that is very low in comparison to most sister organisations. The international activities for foreign intermediaries are covered by a commission percentage for intermediaries.

Organisation

In 2011 Sena carried out a lot of work to translate the policy decisions taken in 2010 into practice. More selective written communication with companies has resulted in a more specific collection process and a significant decrease in the number of organisations approached that do not use music. However, given that tens of thousands of new companies are established each year it is inevitable that Sena approaches entrepreneurs who do not use any music. In addition we have the obligation vis-à-vis the payers of the music to check whether music is indeed not, or no longer being used, and whether information has been issued on which the correct licence fee can be based. In 2011, these field activities were also accommodated within the Copyright and Neighbouring Rights Service Centre. In the years to come too, clearly a close eye will have to be kept on where additional increases in scale benefits can be achieved through cooperation with other collective management organisations.

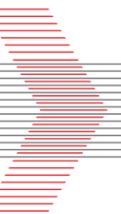
Following the enormous clearing operation whereby more than two hundred thousand invoices had to be credited, a clear structure was applied to the administrative management in 2011. This involved a switching to a report based on actual cash receipts, with plenty of attention for a proactive accounts receivable policy and a structured report to the Board. The outstanding accounts receivable balance, one of the largest bottlenecks in the past, is a high priority and is now manageable.

Sena operates in an environment which is constantly changing due to media consumption behaviour on the one hand and changing legislation at national and European level on the other. In the knowledge that the revenues which we generate for our affiliates are increasingly important, we hope that, in the future, our affiliates will support us in defending this position where necessary and reinforcing it where possible. Sena employees did their utmost in 2011 to protect the interests of our stakeholders as well as possible and they did so with pleasure.

Markus Bos
Managing Director
Hilversum, June 4th 2012

“Our band has been together for 50 years this year – a real milestone. Sena may not be as old as our band, but that doesn’t detract from their importance to us. We’re glad they look out for our rights, leaving us free to get on with other things.”

Golden Earring



Notes to the results 2011

Last year it was decided that the focus of the report into Sena's financial performance should be on the fees actually collected rather than the invoiced turnover. As regards the through-payments the emphasis is placed on the net distribution payment, that is after deduction of the withholding percentage. These are the amounts which are actually passed on to the rightholders.

At the time the withholding percentage was set at 15 percent. Although the actual cost level is lower, a higher withholding percentage will be applied in the years ahead to compensate for debits from the distribution debt. This deduction from the addition to the distribution debt was considered essential with a view to the extraordinary expenditure in 2010, which is connected to the Sena innovation process. From an international perspective, however, the withholding percentage is still very low, certainly in view of the fact that Sena collects fees as well as arranges distributions.

As explained in the management report, the distribution obligation of the Dutch cash income is higher than the reserved distribution debt. This difference came about in previous years due to the deduction of a lower cost percentage than necessary to cover the former cost level of the Sena organisation. In order to balance the distribution debt and the distribution obligation, it was decided to increase the withholding percentage, including for the open years, to 16 percent. In addition it was proposed via an amendment to distribution regulations to add the unclaimed remunerations from closed years to the distribution debt. This additional measure has no effect on the results for 2011.

Although this method of presentation substantially increases transparency, the comparison of the results in 2011 and 2010 is complicated by the fact that substantial amounts were still collected in 2010, of which the invoices related to 'older years' (the years prior to the year under review). This was caused by a receivables management which, up to that point in time, had been of insufficient quality. The same applied to the distribution payments. In 2010 a relatively large amount was passed on for recordings relating to years further in the past (2008 and older). This so-called 'work in progress position' has been reduced to a basic minimum (in view of the time required to obtain and process playlists and the peak in the payments from abroad just before the year end). Now that this work in progress position has been updated, less was passed on in 2011 for 'older years' than in 2010.

From a certain perspective 2011 can therefore be regarded as the first full year that can be used as a basis for comparison for the future.

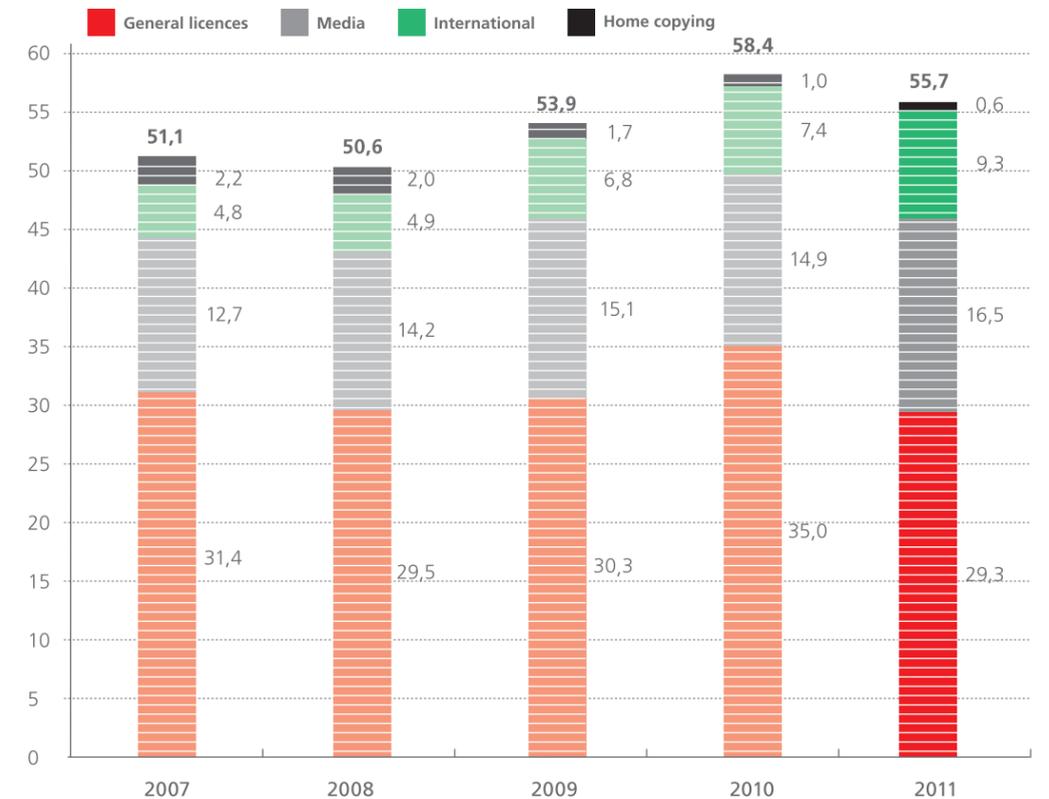
The set goals for 2011 as expressed in the Meetings of Affiliates (dated June 29th 2011) have been achieved. The actual collections amount was EUR 55.7 million and the net distribution amount was EUR 47.3 million, including an interim distribution payment of EUR 1.8 million in January 2011.

Income

The cash receipts (Sena rights) 2011 amounted to EUR 55.7 million, a decrease of EUR 2.7 million (2010: EUR 58.4 million). To place this in the correct context, one should note that, when clearing the receivables portfolio in the period 2009/2010, a lot of invoices from previous years were collected in 2010. This is illustrated well by the fact that the invoiced turnover in 2010 (EUR 55.5 million) was as much as EUR 2.9 million lower than the collections actually received in 2010 (EUR 58.4 million). The incomes from previous years primarily concerned revenues from General, individual, licences.

If the cash receipts in 2010, which were related to invoices for collection year 2010 (EUR 40.4 million) are compared with the cash revenues for 2011 which were related to invoices for use of music in 2011 (EUR 41.7 million), one can conclude that the cash receipts grew by 3.2 percent. The invoiced turnover, including home copying fees, rose in 2011 by EUR 2.2 million to EUR 57.7 million, an increase of 4 percent.

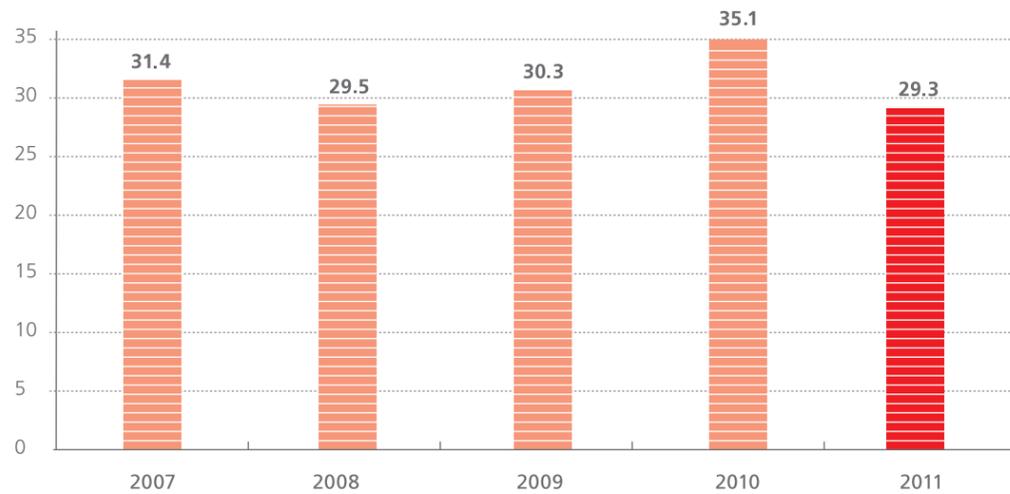
Cash income Sena 2007-2011 (in millions of EUR)



General Licences

In the year under review the cash receipts amounted to EUR 29.3 million, compared to EUR 35.1 million in 2010 (2011: 83.5%). However this gives a distorted view. As indicated above, significant amounts were collected in 2010, amounts which related to previous years. A comparison on the basis of invoiced turnover reveals a consolidation: EUR 31.4 million in both 2010 and 2011.

Cash income General Licences Sena 2007-2011 (in millions of EUR)

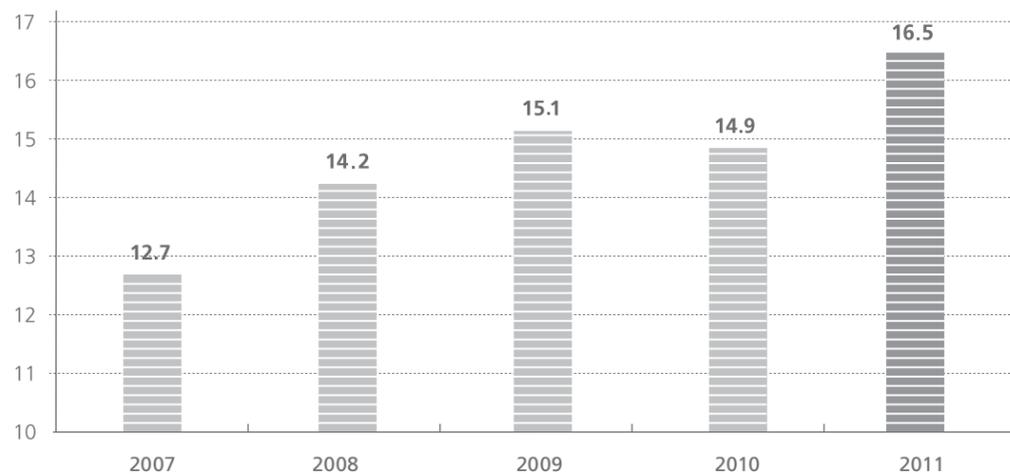


Media / New Media

As a consequence of a stagnation in the growth in commercial income (the basis for the fee for commercial broadcasters) the income was under pressure for a number of months. However, over the year as whole, healthy growth was achieved within the Media / New Media segment. The cash receipts in 2011 amounted to

EUR 16.5 million compared to EUR 14.9 million in 2010; an increase of 10.7 percent. This result was caused by, on the one hand, continued growth in the number of digital subscriptions plus an increase in the transmission of the number of foreign channels via the cable, and on the other hand, the activities within the new media / online segment.

Cash income Media Sena 2007-2011 (in millions of EUR)



International

The income from abroad has exhibited constant growth over a number of years. In 2011 growth of no less than 25.7 percent was reported. A very significant part of this income is being realised with mandates from a small number of agents. This harbours a certain amount of risk.

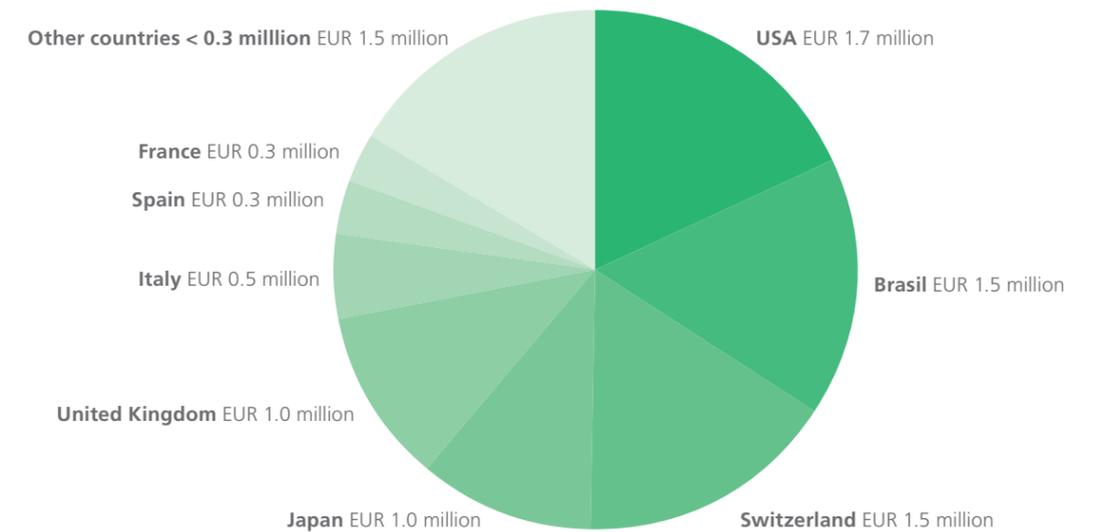
The payments may relate to multiple music years. Despite the high revenue level, there are a number of countries for which results in 2011 were still disappointing. Neighbouring countries such as Germany and Belgium belong in this category, as does Italy. In a large number of countries the volume of revenues for Public Use is excessively low in Sena's view. What is more the necessary sister organisations do not have the right IT infrastructures and domestic rightholders receive preferential treatment.

By pursuing a very active international policy - with intensive communication and data exchange - Sena ensures the right attention as regards the setting of priorities for our rightholders. We also help sister organisations to achieve a higher degree of professionalism, with the ultimate goal being the realisation of the highest possible return for our rightholders.

In Germany the Gesellschaft zur Verwertung von Leistungsschutzrechten (GVL), has drastically changed its basis for through-payments, partly as a result of pressure from Sena, to a 'played track' system. This switch required a huge effort and explains why GVL is (temporarily) lagging behind with the passing on of funds to its sister organisations. Eventually this fairer distribution method will have led to a higher yield for the Sena rightholders from Germany.

Sena actively participates in international umbrella organisations and consultations with societies for Performers (SCAPR, IPD, VRDB) as well as Producers (IFPI/PRC). Besides increased international collections, more international cooperation must lead to a reduction in the costs by benchmarking and cross-border IT projects.

Cash income International Sena 2007-2011 (EUR 9.3 million in total)



Home copying

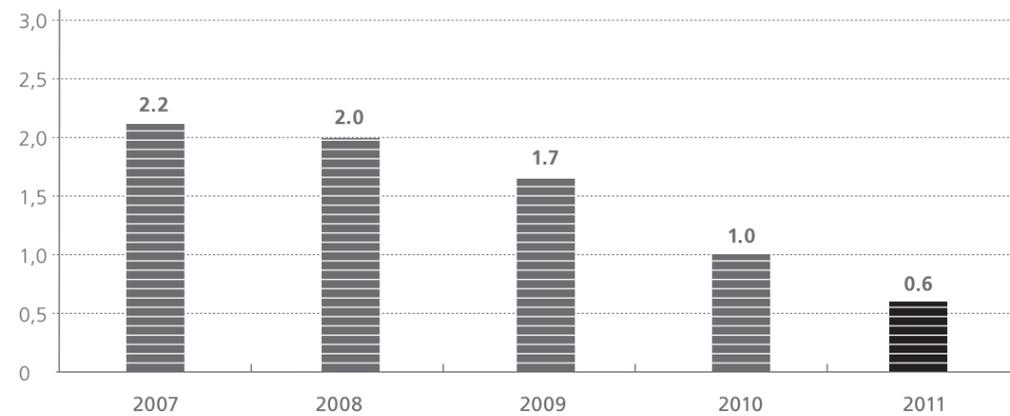
As regards the income from home copying Sena does not play a collecting role and therefore has no direct influence on the amount of the income. Sena and its systems are activated to pass on the money to the rightholders. The fact is that this income is under serious pressure and has been subject to a decreasing trend for many years.

Stichting de ThuisKopie has been involved in a legal conflict with the government for some time now concerning the freezing of the home copying system. As a consequence no home copying levy is applied in the Netherlands to MP3/4 players, hard disc recorders, mobile telephones and other copying and storage devices. The Netherlands is in a unique position at European level. The development of this equipment means the sale of tapes, DVDs and CDs is structurally decreasing, as are the revenues from the home copying system.

A number of traders in blank carriers is of the opinion that a decision by the European Court should show that no levy may be charged on carriers which are intended for professional use. Although Stichting de ThuisKopie is convinced that it has strong arguments why traders in blank carriers should not be repaid, it regards it as essential, from the point of view of administrative care, to build up a certain reserve in the event that the judge decides otherwise.

It was consequently decided to suspend payments temporarily as from the fourth quarter of 2011. That (partly) explains why Sena's home copying collections decreased even more in 2011. The revenue in 2011 was EUR 0.6 million, compared to EUR 1.0 million in 2010.

Cash income Home copying Sena 2007-2011 (in millions of EUR)



Through-payments

Distribution

Successful licensing is, of course, extremely important, but it is still only one of Sena's core tasks. A second and equally important task is to pay our rightholders as quickly, correctly and with as few costs as possible. In 2011 through-payments amounted to EUR 47.3 million. In 2010 that was EUR 44.5 million, an increase of 6.3 percent. The last part of the advance payments from 2009, which had to be settled, was adjusted in the first six months of 2011. This concerned an amount of EUR 2.7 million.

Sena's eventual through-payment percentages are some of the highest in the world. After the closure of the 'open years', that is since 2009, three years after collection had taken place, the rightholders of more than 98 percent of the tracks played have been identified and paid. Of course the aim remains to get closer to 100 percent. The through-payment percentage of the most recent music year (in other words the through-payment of money which was collected in 2010) was 89.4 percent in 2011. This is a slight decrease compared to 2010 (91.4 percent).

The processing of playlists was temporarily delayed in the fourth quarter of 2011 due to the extra work required to analyse the dance repertoire. This involved 15,000 tracks being entered into Sena's distribution system.

Net payments passed on per financial year Sena 2007-2011 (in thousands of EUR)



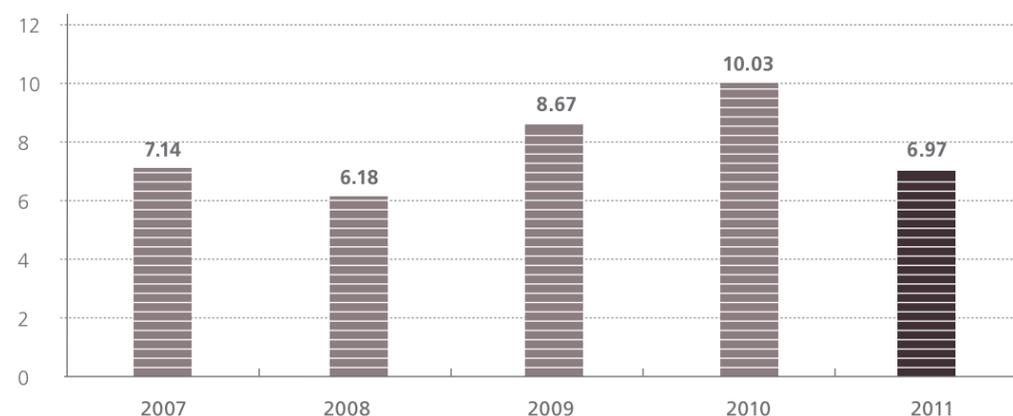
Operations

As regards the previous year there was a significant reduction in costs in 2011. Whereas the costs in 2010 were still EUR 9.3 million, in 2011 the total costs dropped by 33 percent to EUR 6.2 million. If we ignore the financial result (for 2011 EUR 0.8 million), Sena is therefore under the cost level of 2007.

This decrease in costs was achieved by, among other things, close monitoring of the costs budget issued for 2011 and a number of one-off revenues. One of the greatest cost savings concerned the collection and mailing costs. Here we see a drop of EUR 3.3 million in 2010 to EUR 1.5 million in 2011.

The year 2010 was devoted to clearing old outstanding debtors items. This resulted in extra collection costs being incurred. These costs were not incurred in 2011. A more selective approach was taken to sending mailings to manage licences or have them managed. This marketing activity was carried out by the Copyright and Neighbouring Rights Service Centre for both Sena and Buma, so as to achieve a cost benefit. The costs of the service centre are charged on proportionately to Sena and are therefore included under Sena's operations.

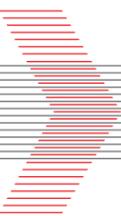
Costs exclusive of financial result and extraordinary expenditure (in thousands of EUR)





**“Radio without music
simply isn’t radio.
Music says everything,
especially on Radio 2.”**

Kees Toering, broadcasting manager at Radio 2



About Sena



About Sena

In 1993, the government appointed Sena - which stands for the Dutch name *Stichting ter Exploitatie van Naburige Rechten* - to manage the remuneration rights for the publication of music by all artists and record producers on the basis of the Neighbouring Rights Act (*Wet op de naburige rechten (WNR)*). Sena does this in the Netherlands on an exclusive basis, meaning that no-one other than Sena is entitled to collect or distribute these fees. Sena represents not only all Dutch artists and record producers but leading international acts as well. Our mission statement therefore reads:

Sena collects fees on behalf of (inter)national artists and producers, and passes these on to the rightholders as quickly, correctly and with as few costs as possible.

Sena has two core tasks. The first is to grant licences on behalf of the rightholders to companies or organisations that use music, and to collect the associated fees. Sena carefully monitors and registers where, how and with what purpose music is played in the commercial sector, and which licences are applicable.

Sena's second task is to ensure that the fees are correctly distributed among the artists and record producers. To make this possible, Sena first registers rightholders' details, including the repertoire they have worked on or produced.

The next step is to calculate who is entitled to what. This is achieved using information such as playlists from radio and television stations. Sena also uses the results of a large-scale market research study that it conducts in conjunction with Buma, which produces an overview of listening behaviour within the Dutch commercial sector.

Lastly, Sena issues payments to the rightholders. Through-payment takes place four times a year.

Sena arranges the through-payment of the collected fees for both music played in the Netherlands, and music played abroad. These fees are collected via the music licensing companies that operate abroad with which Sena has entered into agreements.

Distribution

Sena allocates the collected fees on the basis of its distribution regulations.

On the basis of cost revenue considerations at the moment Sena only processes playlists of radio and television stations, which have more than 1% market share and also pay a fee to Sena of at least EUR 50,000 per year. On the basis of SKO (*Stichting Kijk Onderzoek*) and CLO (*Continu Luister Onderzoek*) and the collection figures, 35 broadcasting stations fulfil this criterion. In practice this means that the playlists of almost all national and regional commercial and public RTV stations are processed. Local broadcasters do not fulfil the set criteria.

Playlists from around 650 to 800 cafés and bars, as well from background music suppliers, such as Alcas, DMX and Mediatools, are also processed.

The Dance income will be passed on on the basis of fingerprint data from DJ Monitor from around or near 20 large-scale events.

The fees collected from General Licences are largely passed on on the basis of the Intomart research which Buma and Sena commission twice a year. This research involves calling 2,400 addresses to ask whether music is listened to. If the question is answered with a yes, it is possible to indicate which broadcaster is listened to.

The income from new media is paid out on the basis of legal download data.

Based on the above methods, Sena registers which music is performed publicly in a particular year. The fees are then allocated among the rightholders of this music, on the basis of an apportionment key laid down in the distribution regulations:

- Half the reserved fees per title are paid out to the record producers, while the other half is paid to the performing artists.
- The allocation of money per phonogram/title takes place as follows:
 - a) The total amount that is available for distribution on behalf of performing artists or record producers is divided by the total number of minutes of actual use of repertoire which is subject to fee per collection source.
 - b) This amount per minute is multiplied by the number of minutes played per title and results in an amount that is available per title for allocation among the performing artists, who have cooperated as such on the title in question, or among the record producers.

- In the case of popular repertoire it applies that the performing artists divide the amount that is available for the title(s) they have worked on in accordance with the following valuation:
 - band members ('the artist') / soloist: 5 points
 - orchestra leader: 3 points
 - studio musicians / other performers:
 - 1 point per instrument, with a maximum of 3 points and on the understanding that, in the event that studio musicians have worked on the recording, the amount to be divided under the studio musicians will not exceed 50 percent of the total amount available per title.
- In the case of classical repertoire it applies that the performing artists divide the amount that is available for the title(s) they have worked on in accordance with the following valuation:
 - soloist: 5 points
 - conductor: 3 points
 - other performers: 1 point.

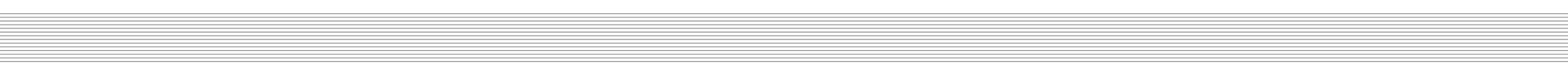
A cost percentage is deducted from the collected fees and 3 percent is reserved for social and cultural objectives on behalf of the performing artists. The cost percentage for covering the costs of the Sena organisation was set at 15 percent for 2011.

New governance structure

In 2011 Sena started preparing changes to its governance structure and the related amendment to the Articles. This was a response to recent developments in collective management, such as the CBO Quality Mark and the related Good Management and Integrity Guidelines. The aim of this Quality Mark is to improve the transparency and customer orientation, both as regards rightholders and music users.

The change is expected to take effect in mid-2012. The intended Sena management structure is to be adapted from a structure with a board and management to a structure with a Supervisory Board, a Board of Affiliates and a Board of Directors appointed in accordance with the articles of association.

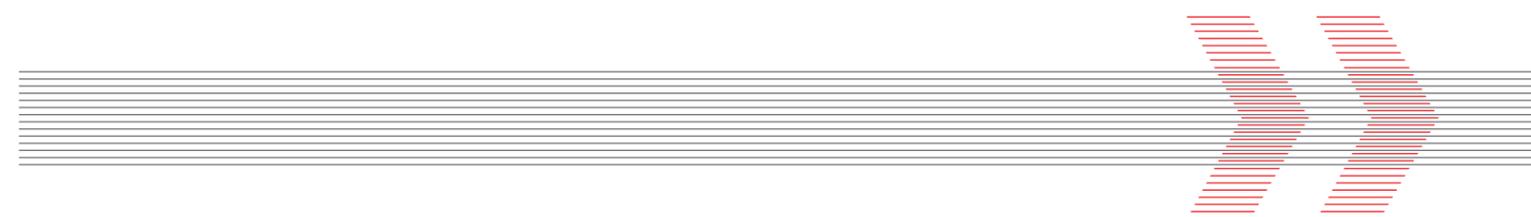
Annual accounts 2011



Cash flow statement 2011

(in thousands of euro)	2011		2010	
	€	€	€	€
INVOICED TURNOVER	57.699		55.483	
Less: Higher item at year-end	(2.025)			
Add: Lower item 'accounts receivable' at year-end			2.873	
TOTAL REVENUES		55.674		58.356
THESE REVENUES CAN BE ITEMISED AS FOLLOWS				
Netherlands	45.812		49.897	
Foreign countries	9.266		7.413	
Total Sena rights – Section 7 of the WNR	55.078		57.310	
Home Copy	596		1.046	
TOTAL LICENCE REVENUES		55.674		58.356
OPERATING EXPENSES				
Salaries (1)	(2.913)		(3.142)	
Collection costs	(1.520)		(3.261)	
Other operating costs (2)	(2.696)		(3.433)	
Sundry income	470		387	
Depreciation of tangible fixed assets	(246)		(521)	
Expenses of the Board of Directors	(67)		(63)	
Financial result	752		700	
		(6.220)		(9.333)
Add: Depreciation of tangible fixed assets		246		521
AMOUNTS CHARGED AND ADDED TO:				
Investments in tangible and intangible fixed assets	(466)		(1.149)	
Lower / higher accrued income (received / paid)	(35)		1.257	
Restructuring provision	(884)		(811)	
Provision for social and cultural purposes	(545)		(633)	
Lower / higher current liabilities (paid / received)	(496)		(651)	
		(2.426)		(1.987)

(in thousands of euro)	2011		2010	
	€	€	€	€
DISTRIBUTION EXPENSES				
Netherlands	(37.669)		(35.386)	
Foreign countries	(8.642)		(7.968)	
Home Copy	(989)		(1.101)	
TOTAL DISTRIBUTION PAYMENTS		(47.300)		(44.455)
Other movements	(136)		(115)	
		(47.436)		(44.570)
MOVEMENT IN CASH RESOURCES		(162)		(2.987)



Balance sheet as at December 31st 2011

ASSETS

(in thousands of euro)	31 december 2011		31 december 2010	
	€	€	€	€
FIXED ASSETS				
Intangible fixed assets (3)	357		275	
Tangible fixed assets (4)	332		194	
		689		469
CURRENT ASSETS				
Debtors				
Accounts receivable (5)	3.589		1.581	
Accrued income (6)	941		906	
		4.530		2.487
Cash resources (7)		34.967		35.129
TOTAL ASSETS		40.186		38.085

LIABILITIES

(in thousands of euro)	31 december 2011		31 december 2010	
	€	€	€	€
Equity		-		-
Provisions				
Restructuring provision	136		1.020	
Provision for claims relating to prior years (8)	-		190	
Provision for social and cultural purposes (9)	3.646		3.139	
		3.782		4.349
Liability regarding through-payments (10)				
Payable	30.732		29.927	
Not yet payable	3.589		1.581	
		34.321		31.508
Current liabilities (11)				
Accounts payable	994		920	
Tax and social security contributions	147		306	
Accrued liabilities	942		1.002	
		2.083		2.228
TOTAL LIABILITIES		40.186		38.085



Statement of income and expenditure for Sena's activities 2011

(in thousands of euro)	2011	2010
	€	€
INVOICED TURNOVER	57.699	55.483
Addition to bad debt provision	-	(715)
	57.699	54.768
EXPENDITURE	6.972	10.033
FINANCIAL RESULT REALISED	(752)	(700)
TOTAL EXPENDITURE & FINANCIAL RESULT	6.220	9.333
EXTRAORDINARY EXPENDITURE		
Allocation to restructuring provision	-	1.831
Impairment of Sena-ML software	-	3.037
Write-off of capitalised direct-mailing expenses	-	2.058
Allocation to bad debt provision	-	7.701
TOTAL EXTRAORDINARY EXPENDITURE		14.627
BALANCE – ADDITION TO DISTRIBUTION DEBT	51.479	30.808
The balance is apportioned as follows:		
Section 7 of the WNR	41.584	22.222
Foreign countries	9.271	7.413
Other rights	624	1.173
BALANCE – ADDITION TO DISTRIBUTION DEBT	51.479	30.808

Explanatory notes

Amounts are stated in thousands of euro, unless indicated otherwise.

GENERAL NOTES AND ACCOUNTING POLICIES

The annual accounts are compiled in accordance with Sena's own accounting policies. The Sena foundation is a non-profit organisation; there is no equity and no profit and loss account. The balance of revenues, costs and financial income and expenditure, as presented in the Statement of Income and Expenditure for Sena's Activities, is added in full to the liability regarding through-payments (also referred to as the distribution debt). Licence revenues not yet collected (accounts receivable) are added to the distribution debt not yet payable. Provisions for accounts receivable result in an equivalent decrease in the distribution debt not yet payable.

COMPARATIVE FIGURES

Where necessary, the figures for 2010 have been restated in order to facilitate a comparison with 2011.

ESTIMATES

In compiling the annual accounts, the Board of Directors – in accordance with generally applicable principles – has to make specific estimates and assumptions that help to determine the amounts included. The actual results may deviate from these estimates.

VALUATION PRINCIPLES

The tangible fixed assets are carried at acquisition or manufacturing cost, reduced by straight-line depreciation based on the expected useful life and, where applicable, by impairments. The accounts receivable are stated at fair value when they are first recorded and are subsequently carried at amortised cost, which is equal to the nominal value reduced by the bad debt provisions considered necessary. The restructuring provision concerns costs relating to staff redundancy and the change to the governance structure, and is created if there is a factual or legal obligation to do so. All the other balance sheet items are stated at nominal value. The distribution debt to participants is recognised with due regard for the stipulations as stated in the Articles and the distribution rules.

PRINCIPLES FOR DETERMINING THE RESULT

Collection revenues are recognised at the moment the invoice is issued. The costs are determined with due regard for the valuation principles referred to above and are allocated to the reporting year to which they refer. Losses are accounted for in the year in which they are foreseeable. Investments are depreciated in proportion to time. Financial results realised relate to resources placed with banks (deposits, savings accounts and current accounts) and are recognised in the year to which they refer.

PRINCIPLES UNDERLYING THE CASH FLOW STATEMENT

The direct method was used to prepare the cash flow statement.

PENSIONS

The foundation has set up a pension scheme for its staff in which the pension benefits are based on defined contributions. This pension scheme is administered by an insurance company. The contributions owed in respect of the financial year are recognised as costs. A reserve is included for contributions not yet paid as at balance sheet date. Since these liabilities have a short-term character, they are carried at nominal value.

Notes to the cash flow statement

SALARIES (1)

	2011	2010
	€	€
Wages and salaries	2.323	2.559
Social security contributions	443	352
Pension costs	147	231
TOTAL	2.913	3.142

On average, Sena employed 51.6 persons in 2011 (2010: 62.5), which corresponds to 46.1 FTEs (2010: 50.9 FTEs). During 2011, Sena's field staff were transferred to the Copyright and Neighbouring Rights Service Centre. The average number of field staff members was 7.9 persons in 2011 (2010: 16.5), which corresponds to 5.4 FTEs (2010: 7.5 FTEs).

OTHER OPERATING COSTS (2)

	2011	2010
	€	€
Other staff costs	484	680
Accommodation costs	318	315
IT costs	105	114
Office costs	227	369
Publicity costs	375	474
Advice and services from third parties	390	709
Overheads	797	772
TOTAL	2.696	3.433

Notes to the balance sheet

INTANGIBLE FIXED ASSETS (3)

The movements in this item during the period January 1st 2011 until December 31st 2011 were as follows:

	Software
	€
Book value as at January 1 st	275
Investments	181
Depreciation	(99)
BOOK VALUE AS AT DECEMBER 31ST	357

The total acquisition values and depreciation are as follows:

	Software
	€
Acquisition value	5.267
Cumulative depreciation	(4.910)
BOOK VALUE AS AT DECEMBER 31ST	357



TANGIBLE FIXED ASSETS (4)

The movements in this item during the period January 1st 2011 until December 31st 2011 were as follows:

	Refurbishments	Fixtures & Fittings	Hardware	Total
	€	€	€	€
Book value as at January 1 st	0	64	130	194
Investments	122	44	119	285
Depreciation	(24)	(28)	(95)	(147)
BOOK VALUE AS AT DECEMBER 31ST	98	80	154	332

The total acquisition values and depreciation are as follows:

	Refurbishments	Fixtures & Fittings	Hardware	Total
	€	€	€	€
Acquisition value	203	462	667	1.332
Cumulative depreciation	(105)	(382)	(513)	(1.000)
BOOK VALUE AS AT DECEMBER 31ST	98	80	154	332

Depreciation percentages

The following depreciation percentages are applied: Refurbishments (20%), Fixtures & Fittings (20%), Hardware (33.33%) and Software (20%). The investments in software primarily relate to the replacement of existing contracts and the invoicing system for media and collective licences. The 2011 investments shown under 'refurbishments' concern investments relating to the relocation of Sena's offices.

BALANCE OF ACCOUNTS RECEIVABLE (5)

	2011	2010
	€	€
Accounts receivable	6.364	12.122
Bad debt provision	(2.775)	(10.541)
NET POSITION OF ACCOUNTS RECEIVABLE	3.589	1.581

ACCRUED INCOME (6)

	2011	2010
	€	€
Credit interest receivable	640	538
Outstanding fees for services rendered	0	62
Prepaid expenses	232	56
Outstanding collection from sister organisations	0	0
Other	69	250
TOTAL ACCRUED INCOME	941	906

CASH RESOURCES (7)

	2011	2010
	€	€
Savings account/Deposit	33.000	33.545
Current account	1.967	1.584
TOTAL	34.967	35.129

Under 'Savings accounts/Deposit', amounts totalling EUR 15 million were placed on deposit. Of this total sum, EUR 5 million matures early in January 2012 and EUR 10 million early in December 2012. The other cash resources held in the savings accounts are at Sena's disposal.

PROVISION FOR CLAIMS RELATING TO PRIOR YEARS (8)

The Performers Section decided to release the provision for claims relating to prior years and to add these funds to the provision for social and cultural purposes. The Producers Section has no provision for claims relating to prior years.

	2011	2010
	€	€
Development:		
Position as at January 1 st	190	172
Add: Provision for claims relating to prior years	0	158
Less: Release	(190)	(140)
Less: Paid claims	0	0
POSITION AS AT DECEMBER 31ST	0	190

PROVISION FOR SOCIAL AND CULTURAL PURPOSES (9)

This provision, based on a decision of the Board, is a provision for social and cultural purposes intended for performers and producers. Spending from this provision comes under the responsibility of the Section Boards. The provision was created from the funds available for distribution in respect of the music-use periods up to and including 2004. Since 2005, furthermore, 3% of the amount available for distributions to performers is added to the provision as input VAT. In 2011, an amount of EUR 0.1 million out of the amount available for distributions to producers was added to the provision as input VAT.

Development during the year 2011:

	Performers	Producers	Total 2011	Total 2010
	€	€	€	€
Provision as at January 1 st	3.139	0	3.139	2.700
Add: Movement during financial year	769	93	862	932
Movement in release of claims	190	0	190	140
SUBTOTAL	4.098	93	4.191	3.772
Less: Expenditure	452	93	545	633
Provision as at December 31st	3.646	0	3.646	3.139

Expenditure in 2011 related to the following projects and purposes respectively:

JOINT PROJECTS

Stichting Brein (anti-piracy)

PERFORMERS:

Metropole Orkest project Rogier van Otterloo
 Occultfest
 Roots on the Road
 Sena Performers POPNL award
 Sena Talent Podium 5 May
 Girls Behind the Scene
 European Jazz Competition
 Wantij Festival
 Sena Eddy Christiani Award
 2nd International FIM conference
 JazzNL.com
 Talent-podiumplan KCO
 Freeze Festival
 Jazz expedition to Spain
 POP NL
 De Popprijs
 Pop & Rock Crossover Festival
 Masterclass Series Muzikaal Ondernemerschap
 Investigation into effects of culture cuts, Kunsten '92
 NH Pop
 Picnic in the Park
 Project Beatrix
 European Talent Exchange Program
 Groningsch Peil
 After Summer Festival
 Dobberpop
 Platform Makers
 World Blends Café
 Muzikantendag on Tour
 The Sena Performers Toonzetters prize
 Buma NL and the Sena Entertainment award

PRODUCERS:

Midem



LIABILITY REGARDING THROUGH-PAYMENTS (10)

A part of this debt has a long-term character. The moment when this debt is paid depends on the receipt of the accounts receivable and the decision-making as regards payments to affiliates. The latter in turn depends on the status of the distribution process (moment of processing right-holders' claims and processing the playlists).

	Payable			Not yet payable	Total 2011
	Section 7 WNR	Foreign countries	Home copy		
POSITION AS AT JANUARY 1ST 2011	24.654	3.379	1.894	1.581	31.508
Net amount paid 2011	(36.439)	(8.380)	(715)	-	(45.534)
Net amount paid 2011 re financial year 2010	(1.230)	(262)	(274)	-	(1.766)
Addition to Provision for social and cultural purposes	(862)	-	-	-	(862)
Movement in accounts receivable	(2.008)	-	-	2.008	-
Other movements	(280)	(259)	35	-	(504)
Addition from statement of income and expenditure	41.584	9.271	624	-	51.479
POSITION AS AT DECEMBER 31ST 2011	25.419	3.749	1.564	3.589	34.321

In 2010, the positions were as follows:

	Payable			Not yet payable	Total 2010
	Section 7 WNR	Foreign countries	Home copy		
POSITION AS AT JANUARY 1ST 2010	22.986	3.934	1.822	25.910	54.652
Net amount paid	(35.386)	(7.968)	(1.101)	-	(44.455)
Bad debt write-off	(8.292)	-	-	-	(8.292)
Addition to Provision for social and cultural purposes	(932)	-	-	-	(932)
Movement regarding Gong	3.351	-	-	(3.351)	-
Movement in claims	(158)	-	-	-	(158)
Movement in accounts receivable	20.978	-	-	(20.978)	-
Other movements	(115)	-	-	-	(115)
Addition from statement of income and expenditure	22.222	7.413	1.173	-	30.808
POSITION AS AT DECEMBER 31ST 2010	24.654	3.379	1.894	1.581	31.508

In 2011, the balance of the advance payments made in 2009 was settled.

The apportionment and payment of the fees took place on the basis of the apportionment regulations (see note on page 31 of the Annual Report).



DISTRIBUTION OBLIGATION

Monies to be divided per music-use year. This breakdown of the distribution debt is a requirement of the Copyright and Neighbouring Rights Authority (CvTA) as well as for the acquisition of the CBO Quality Mark.

NETHERLANDS (SECTION 7 WNR)

Double claims up to and including 2004	107
2005	663
2006	613
2007	541
2008	1.065
2009	1.776
2010	4.435
2011	35.482
TOTAL NET AMOUNT PAYABLE	44.682

The years 2003 and 2004 have been closed by now. Pursuant to a decision of the Performers Section, the undistributed amounts for 2003 and 2004 intended for performers were transferred to the provision for social and cultural purposes. Pursuant to a decision of the Producers Section, the undistributed amounts for 2003 and 2004 intended for producers were carried forward to the year 2005.

The total sum of funds still to be distributed of EUR 44,682 differs from the sum of EUR 25,419 relating to the liability regarding through-payments shown under 'Payable Section 7 WNR Netherlands'. As stated in the Annual Report 2010, it was decided not to charge the high costs incurred in 2010 to the through-payment all at once. These costs will be compensated for by the newly established withholding percentage. By now the withholding percentage per music-use year has been increased to 15% (from 11%). In 2011 the actual costs were 13% of invoiced, Dutch, turnover (10.8% of the total turnover invoiced). In the meeting of the Board of May 3rd 2012, the Board decided to increase the withholding percentage to 16% for the years to come. This is expected to have a decreasing effect on the net distribution liability of EUR 1.3 million.

The 'Not yet payable' component is calculated as the total sum of accounts receivable as shown in the balance sheet. As soon as amounts from this category are received, they are made payable. Before apportionment of the distributions, these amounts must still be reduced by the deduction for social and cultural purposes and costs.

In addition, this item includes the liability regarding returned payments of EUR 129K.

INTERNATIONAL

From its foreign sister organisations, Sena receives payments with a wide variety of detailed information. A statement may refer to several music-use years. Therefore it is not possible to include a breakdown into music-use years. The total net amount to be passed on is EUR 3,749.

HOME COPYING

2006	226
2007	250
2008	387
2009	235
2010	281
2011	185
TOTAL NET AMOUNT PAYABLE	1.564

In addition, this item includes the liability regarding returned payments of EUR 40K.



The following table shows the ratio between gross and net through-payments.

2011	Netherlands Section 7 WNR	Foreign countries	Home Copy	Total
Gross through-payments	42.337	8.380	786	51.503
Less: Costs withheld	5.898	-	71	5.969
NET THROUGH-PAYMENTS	36.439	8.380	715	45.534
Made payable in 2010	1.230	262	274	1.766
NET AMOUNT PAID	37.669	8.642	989	47.300

2010	Netherlands Section 7 WNR	Foreign countries	Home Copy	Total
Gross through-payments	41.034	8.230	1.432	50.696
Less: Costs withheld	4.418	-	66	4.484
Less: Costs withheld in relation to prior years*	-	-	178	178
NET THROUGH-PAYMENTS	36.616	8.230	1.188	46.034
Made payable	1.230	262	87	1.579
NET AMOUNT PAID	35.386	7.968	1.101	44.455

* No costs were withheld from the through-payments made in 2009 and 2008. These costs were withheld retrospectively in 2010.

CURRENT LIABILITIES (11)

	2011	2010
	€	€
TAX AND SOCIAL SECURITY CONTRIBUTIONS		
Turnover tax	44	184
Wage tax and national insurance contributions	103	122
TOTAL TAX AND SOCIAL SECURITY CONTRIBUTIONS	147	306
ACCRUED LIABILITIES		
Reserve for holiday entitlements	80	80
Reserve for holiday pay	101	129
Miscellaneous	761	793
TOTAL ACCRUED LIABILITIES	942	1.002

COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

As at December 31st 2011, the following commitments not shown in the balance sheet had been undertaken (per annum):

- Rent (contract expiring on 31 March 2016)	268
- Lease contracts for cars	112
- Bank guarantee Van der Heijden Beheer	78

Any liabilities pursuant to the WPPT Treaty in force since 14 March 2010 (increase of possible parties entitled to distribution outside the Netherlands) have not been included in the annual accounts, in the absence of a sufficiently clear definition of the term 'parties entitled to distribution'. The Ministry of Safety and Justice has been asked to clarify this.

RELATED PARTIES

Sena entered into a joint venture with Buma under the name Copyright and Neighbouring Rights Service Centre. Both parties sit on the Board of the Service Centre.

EVENTS AFTER BALANCE DATE

In the meeting of the Board of May 3rd 2012, the Board decided to increase the withholding percentage to 16% for the years to come. This is expected to have a decreasing effect on the net distribution liability of EUR 1.3 million.

Hilversum, June 4th 2012

The Board of Directors
 E.H.T.M. Nijpels MA
 K.P. Ligtermoet
 P. Boertje
 E.R. Angad-Gaur MA
 B. van Sandwijk
 H. Kosterman LL.M
 A.C.M. Ruiters
 K. van der Hoeven
 A. de Jong



Auditor's report

INDEPENDENT AUDITOR'S REPORT

To: the board and management of Stichting ter Exploitatie van Naburige Rechten, Hilversum

We have audited the accompanying financial statements 2011 (page 33 up to and including page 51 of this report) of Stichting ter Exploitatie van Naburige Rechten (Sena), Hilversum, which comprise the balance sheet as at December 31st, 2011, the financial overview of operating activities for the year then ended and the notes, comprising a summary of the accounting policies.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of the financial statements in accordance with the accounting policies selected and disclosed by the entity, as set out in the notes to the financial statements on page 39. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with

Dutch Law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION WITH RESPECT TO THE FINANCIAL STATEMENTS

In our opinion, the financial statements of Stichting ter Exploitatie van Naburige Rechten are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out in notes to the financial statements on page 39.

BASIS OF ACCOUNTING AND RESTRICTION ON DISTRIBUTION AND USE

We draw attention to the notes to the financial statements, which describes the basis of accounting. The accounting policies as set out on page 39 are selected and disclosed by the entity. Our opinion is not qualified in this respect. The financial statements as at 31 December 2011 and our auditor's report thereon are intended solely for Stichting ter Exploitatie van Naburige Rechten and should not be used for other purposes.

Utrecht, June 4th 2012

BDO Audit & Assurance B.V.
on its behalf,

w.s. H. Kroeze RA



Board members and Management

As at December 31st 2011:

SENA BOARD OF DIRECTORS

Chairman: E.H.T.M. Nijpels MA
Vice Chairmen: K.P. Ligtermoet
Performers Section
P. Boertje
Producers Section
Secretary: E.R. Angad-Gaur MA
Performers Section
Treasurer: B. van Sandwijk
Producers Section
Members: H. Kosterman LL.M
Performers Section
A.C.M. Ruiter
Performers Section
K. van der Hoeven
Producers Section
A. de Jong
Producers Section

SENA OFFICE

Managing Director M.J. Bos

COPYRIGHT AND NEIGHBOURING RIGHTS AUTHORITY

Chairman: J.W. Holtslag MA
Members: J.L.R.A. Huydecoper LL.M
M. Sanders MA
H.B. van der Veen RA
Secretary: H.F.R. van Heemstra LL.M

SECTION BOARD – PERFORMERS

Chairman: K.P. Ligtermoet
(non-aligned seat)
Vice Chairman: H. Kosterman MA
(nominated by FNV KIEM)
Secretary: A.C.M. Ruiter
(nominated by FNV KIEM)
Treasurer: E.R. Angad-Gaur MA
(nominated by Ntb)
Members: T.J.M. Peters
(non-aligned seat)
S. Vierstra
(non-aligned seat)
A. Verheggen
(nominated by Ntb)
M. Beets
(non-aligned seat)
R.P. Delfos
(non-aligned seat)

SECTION BOARD – PRODUCERS

Chairman: P. Boertje
(non-aligned seat)
Vice Chairman: K. van der Hoeven
(nominated by NVPI)
Secretary: A. de Jong
(nominated by NVPI)
Treasurer: B. van Sandwijk
(nominated by NVPI)
Members: R.A. Gruschke
(non-aligned seat)
A. Clark
(nominated by NVPI)
M.C.J. ten Veen
(nominated by NVPI)

Relevant activities

Mr E.H.T.M. Nijpels MA

Sena Board of Directors – Chairman
For a complete overview of Mr Nijpels' activities, see www.nlingenieurs.nl

- 1 Member of the Executive and Governing Boards of VNO-NCW
- 2 Chairman of the Supervisory Board of TROS

Mr K.P. Ligtermoet

Sena Board of Directors – Vice Chairman
Performers Section Board – Chairman

- 1 PINT Performers Interests Consultancy
- 2 Member of the Board of Stichting Brein

Mr P. Boertje

Sena Board of Directors – Vice Chairman
Producers Section Board – Chairman

- 1 Joint owner of Essential Dance Music b.v.
- 2 Joint owner of Casual Solution b.v.
- 3 Owner of P. Boertje Holding b.v.
- 4 Councillor/Deputy Party Leader of VVD Ridderkerk

Mr E.R. Angad-Gaur MA

Sena Board of Directors – Secretary
Performers Section Board – Treasurer

- 1 Musician/composer/lyricist
- 2 Secretary of Ntb and SPAN
- 3 Chairman of Platform Makers
- 4 Secretary of Stichting Norma
- 5 Secretary of Scobema
- 6 Member of the Board of Stichting Auteursrechtbelangen
- 7 Member of the Board of Stichting Leenrecht
- 8 Member of the Board of Stichting de Thuiskopie
- 9 Member of the Board of Vereniging Palm
- 10 Member of the Board of the D66 National Theme Department of Culture
- 11 Member of the Board of SONT

Mr B. van Sandwijk

Sena Board of Directors – Treasurer
Producers Section Board – Treasurer

- 1 Financial Director of Sony Music
- 2 Treasurer of STAP

Mr A.C.M. Ruiter

Sena Board of Directors
Performers Section Board

- 1 Member of the Board of BV POP (part of FNV/KIEM)
- 2 Member of the Board of Vereniging Palm (until mid-2012)

Mr H. Kosterman LL.M

Sena Board of Directors
Performers Section Board

- 1 Member of the Board of Buma (Vice Chairman)
- 2 Member of the Board of Stemra
- 3 Member of the Board of Vereniging Palm (Chairman)
- 4 Member of the Board of Platform Makers

Mr K. van der Hoeven

Sena Board of Directors
Producers Section Board

- 1 CEO of Universal
- 2 Member of the Board of NVPI Audio
- 3 Member of the Federation Board of NVPI
- 4 Member of the Board of Stichting Brein

Mr A. de Jong

Sena Board of Directors
Producers Section Board

- 1 Chairman of STAP
- 2 Board of NVPI Audio (Vice Chairman)
- 3 Secretary of STOMP
- 4 Managing Director of Challenge Records International BV

Mr M.J. Bos

Managing Director

- 1 Treasurer of Board of Directors of VOI@E
- 2 Chairman of the Board of Copyright and Neighbouring Rights Service Centre

Appendices

1. AGREEMENTS WITH INTERNATIONAL ORGANISATIONS AS AT DECEMBER 31ST 2011

Agreements for the benefit of **Performers** have been concluded with the following international organisations:

COUNTRY	ORGANISATION	AGREEMENT TYPE
Argentina	AADI	A
Austria	LSG	A
Belgium	Uradex	A
Brazil	Abramus	A
Brazil	UBC	A
Bulgaria	Prophon	A
Canada	Actra PRS - AFM	A
Croatia	Huzip	A
Czech Republic	Intergram	A
Denmark	GRAMEX	A
Estonia	EEL	A
Finland	GRAMEX	A
France	Adami	A
France	Spedidam	A
Germany	GVL	A
Greece	Apollon	A
Greece	Erato	A
Hungary	EJI	A
Iceland	SFH	A
Ireland	RAAP	A
Italy	IMAIE	A
Japan	Geidankyo	A
Latvia	Laipa	A
Lithuania	Agata	A
Norway	Gramo	A
Norway	Norwaco	A
Poland	STOART/SAWP	A
Portugal	GDA	A
Romania	Credidam	A
Russia	RPA	A
Slovakia	SLOVGRAM	A
Slovenia	Zavod IPF	A
Spain	AIE	A
Sweden	SAMI	A
Switzerland	SWISSPERFORM	A
Ukraine	UMA	A
United Kingdom	PPL	A
United States of America	Sound Exchange	A
United States of America	AFM/AFTRA	A
United States of America	AARC	A
Uruguay	Sudei	B

Agreements for the benefit of **Independent Producers** have been concluded with the following organisations:

COUNTRY	ORGANISATION
Austria	LSG
Belgium	SIMIM
Brazil	Abramus
Bulgaria	Prophon
Czech Republic	Intergram
Denmark	GRAMEX
Estonia	EFU
Finland	GRAMEX
France	SCPP
Germany	GVL
Greece	GRAMMO
Hungary	MAHASZ
Ireland	PPI
Italy	SCF
Jamaica	JAMMS
Japan	RIAJ
Latvia	Laipa
Lithuania	Agata
Norway	Gramo
Poland	ZPAV
Russia	RPA
Serbia	O.F.P.S.
Slovenia	Zavod IPF
Spain	Agedi
Sweden	IFPI Svenska
Taiwan	ARCO
Ukraine	UMA
United Kingdom	PPL
United States of America	AARC (PC/Audio)
United States of America	Sound Exchange

Appendices

2. GENERAL INFORMATION ABOUT SENA

Sena, the Foundation for the Exploitation of Neighbouring Rights, was created by notarial deed on 29 September 1992. The foundation has its registered office in Hilversum, the Netherlands. Its Articles were amended on 13 July 1993.

On this occasion, the foundation included the following objects clause in its Articles:

“The objective of the foundation is to promote, on a non-profit basis, the material and immaterial interests of performers and producers with regard to the exercise and enforcement of their neighbouring rights.”

1. The foundation endeavours to achieve this objective by:
 - a. Aiming to enforce and improve the protection of the neighbouring rights of performers and producers, in the widest sense, both in the Netherlands and abroad.
 - b. Exercising and enforcing the rights and claims entrusted to the foundation, including the collection and apportionment of the reasonable fees referred to in Section 7 of the Neighbouring Rights Act [Wet op de naburige rechten (WNR)].
2. With regard to the operations referred to in Paragraph 1(b), the foundation can take legal action in its own name, irrespective of the capacity in which it exploits and enforces the rights and claims entrusted to it.
3. The foundation also endeavours to achieve this objective by:
 - a. Undertaking activities or arranging for activities to be undertaken, in cooperation with the founding organisations, to improve the social and socioeconomic position of the holders of neighbouring rights, including measures serving a cultural purpose.

- b. Drawing up apportionment regulations with regard to the fees referred to in this article, and implementing these regulations or arranging their implementation.
- c. Establishing and maintaining an organisation that is to carry out the foundation’s activities, or outsourcing such activities either wholly or in part to third parties.
4. The foundation is authorised to operate both in the Netherlands and abroad in order to realise its objective.
5. The foundation is authorised to conclude agreements with foreign organisations of a similar kind.
6. The foundation is authorised to take part in national and international organisations in the area of intellectual property rights in general, and neighbouring rights in particular.

On 1 July 1993, the Neighbouring Rights Act (WNR) entered into force by Royal Decree. Among other things, the WNR protects the interests of producers and performers of musical works.

The Minister of Justice designated Sena as the only body authorised to collect and apportion second-use fees under the WNR.

The annual accounts have been compiled under the responsibility of the Board of Directors and of the Treasurer in particular. The annual accounts are available for inspection to the meetings of affiliates.