

Every beat counts.



Annual report

2012

1993 ▶▶ 2013

Sena

► Contents

| | |
|--|----|
| REPORT OF THE EXECUTIVE BOARD | 4 |
| REPORT OF THE SUPERVISORY BOARD | 10 |
| REPORT OF THE BOARD OF AFFILIATES | 14 |
| MUSIC WORKS | 18 |
| SOCIAL-CULTURAL PROJECTS | 20 |
| NOTES TO THE 2012 RESULTS | 22 |
| Public performance | 23 |
| Broadcasting revenue | 25 |
| International | 26 |
| Private copying | 28 |
| DISTRIBUTIONS | 30 |
| Distribution | 30 |
| OPERATIONS | 31 |
| Operations | 31 |
| ABOUT SENA | 32 |
| Distribution | 32 |
| Governance model and testing of the Distribution Regulations | 33 |
| ANNUAL ACCOUNTS | 34 |
| CASH FLOW STATEMENT | 35 |
| BALANCE SHEET AS AT 31 DECEMBER 2012 | 36 |
| STATEMENT OF INCOME AND EXPENDITURE | 38 |
| CONSOLIDATED ACCOUNTING PRINCIPLES | 40 |
| NOTES TO THE CASH FLOW STATEMENT | 42 |
| NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2012 | 43 |
| NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE | 52 |
| OTHER INFORMATION | 54 |
| Subsequent events | 54 |
| Independent auditors' report | 55 |
| PERSONAL DATA AND RELEVANT ACTIVITIES | 56 |
| ANNEXES | 60 |
| 1. Profile of the Supervisory Board | 60 |
| 2. Profile of the Board of Affiliates | 61 |
| 3. Agreements with international organisations as at December 2012 | 62 |
| 4. General information about Sena | 63 |

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| Text | Sena |
| Edited by | De Nieuwe Lijn, Rotterdam, The Netherlands |
| Design | Fellows, Amsterdam, The Netherlands |
| Photography | 3FM, 538, H.P. van Velthoven (BLØF), Ali Mousavi (DJ Isis), Marco Borggreve (Metropole Orkest), CliniClowns |

Sena congratulates all jubilees depicted in this annual report.

► Report of the Executive Board

20 years young

In 2012, Sena celebrated its twentieth birthday since its official establishment. At the time, the establishment was in anticipation of the Dutch Neighbouring Rights Act (in Dutch: Wet op de naburige rechten, or WNR) of 1993. In 2012, the transformation process to a new Sena organisation was completed. During the ultimate phase of this process, Sena introduced a new governance structure, which took effect on 9 July 2012. As of that date, the Board of Affiliates has assumed the supervision of Sena from a perspective of interest representation. The supervision of the Executive Board has become the responsibility of the Supervisory Board. These two new bodies have met twice during the second half of 2012.

New governance structure

Up to 9 July 2012, statutory responsibility was with the Executive Board, which met five times during that period. In addition, there were twenty-nine meetings of Sections and committees throughout 2012. During the Board meeting of 3 May 2012, it was decided to increase the withholding percentage for the music years still open to 16 percent, including for payments that had already been made. This decision was unavoidable in order to catch up on the deficit due (please refer to page 44) within a foreseeable time. This deficit due was caused by restructuring costs in 2010, but also by overly high distributions paid out prior to 2010. The withholding cost percentage was too low to cover the costs over those years. During the meeting of Affiliates of 27 June 2012, this decision was explained. In addition, a limited number of changes to the Distribution Regulations were proposed, in particular in connection to the new governance structure.

As from 9 July 2012, Sena's Executive Board will be legally responsible. In November, the announcement of the appointment of Hans Moolhuijsen as Financial Director, starting 1 January 2013, was made. Thus, all positions identified in the new governance structure have been filled in. In this way, all necessary preconditions are in place to develop Sena into a professional, client-oriented and fair organisation, both for and by musicians and producers.

Financial results

Despite the increasingly difficult economic conditions, Sena has managed to achieve an income growth compared to 2011. Furthermore, Sena managed its costs well in comparison to the previous year. The decrease of the net distribution can be explained by the increase of the withholding percentage with retrospective effect from 2006, as mentioned earlier. The gross distribution was over 4 percent higher than in 2011.

Accounts receivable as per the year-end were similar to the financial year's opening balance. An active credit management is pursued both within the Copyright and Neighbouring Rights Service Centre with respect to individual licences, and within Sena with regard to collective agreements as well as media licences. Despite the record number of defaults due to bankruptcy in 2012, the write-off of bad debts has been limited.

Change in the structure of the annual accounts

Like in other years, Sena has prepared its annual accounts on the basis of self-selected valuation principles. Starting from the annual accounts 2012, it has been opted for to prepare the annual reporting accounts in conformity with the 640 rule (a rule drafted specifically for foundations established under Dutch law, which includes all provisions of Part 9 of Book 2 of the Dutch Civil Code). In order to provide more insight into the making up of the deficit due, it was necessary to change the annual accounts' structure. Sena, as a music licensing company, is a member of VOI@E, the trade association of Dutch collective management organisations. The aim is that in the future, all (music) licensing companies will prepare their annual accounts in the same manner. Sena will meet this requirement by conforming itself to RJ640.

The collective management organisation quality mark

In July, The Dutch Certification Institute performed an audit at Sena and has renewed the latter's collective management organisation quality mark for another year. The collective management organisation quality mark has been developed by VOI@E. The Stakeholders Committee (consisting of two representatives from the business community, one representative from the collective management companies, one representative from the right-holders, as well as one independent chair) have made recommendations for adjustments to the quality mark criteria. If approved by the general membership meeting, these recommendations will be applied at the next round of audits.

Legislation and Directives

Once again, copyright and neighbouring rights were put on the agenda of national politics. The Dutch House of Representatives passed the Collective Management Organisation (Supervision) Act. State Secretary for Security and Justice, Mr Teeven, has issued a Governmental Decree, under which the private copying levy will be applicable to various data carriers.

The State Secretary's intentions to create a legal basis for the "download ban", on the basis of which downloading from an evidently illegal source will be declared illegal, could not achieve a parliamentary majority. This was still the case after the composition of the Dutch House of Representatives has changed as a result of the general elections of 12 September 2012.

In November 2012, the European Commission approved the "Directive on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online uses in the internal market". To begin with, this Directive is less far-reaching than the Dutch legislative proposal; in addition, it also has substantially different starting points. It is Sena's expectation that national frontiers will play an increasingly less important role because of the advancing digitisation. Therefore, Sena believes that the competition between music licensing companies should not be impeded by substantial differences in national legislation.

In pursuit of continuous improvement

In 2012, Sena performed a customer satisfaction survey. Both music users and our right-holders were asked for their opinion on a great number of issues. As a service organisation, Sena aims at constant improvement of its performance. Within this scope, we want to look further than mere financial indicators. The overall assessment, expressed in a report mark, was a 6.4. Not unexpectedly, individual licensees were the most critical. Individual licensees comprise undertakings that are neither active in the media sector nor members of a trade association with which Sena has signed a collective agreement. Such individual licensees are contacted by the Copyright and Neighbouring Rights Service Centre, a joint venture of Sena and Buma.

The survey's results formed the basis for the development of a project plan, in which we have identified concrete action points for Sena. The ultimate goal is to achieve an improvement of the appreciation of our service quality by the various stakeholders.

“A further shift from linear to non-linear publications seems to be very obvious.”

One-stop-shop

Even though Sena is not part of the so-called “Kabelcollectief” (Buma/Stemra, Lira, Vevam, and Pictoright), like NORMA, we have answered the call from the RODAP association to participate in the consultations on creating a one-stop-shop for the issuance of all RODAP member media licences. State Secretary Teeven had indicated in his March 2011 20@20 key policy letter that he believed a one-stop-shop approach for the audiovisual sector to be desirable. After numerous meetings and discussions, it was concluded in December 2012 that an agreement was not feasible. RODAP challenges the claims from a few of Sena’s peer copyright collecting organisations and claims more copyrights for the same amount of money. The establishment of RODAP has given cause to various of Sena’s contract partners not to sign any new agreement, or to terminate the existing agreement.

Media

As a result of new technological possibilities, media consumption has been quite in motion in 2012. A clear example of this is the growth of a service like “Uitzending Gemist”, the video on demand solution for Dutch public television. The number of streams started at this service of the Dutch public broadcaster increased by 51,5 percent to 311 million streams. Also, the Spotify music streaming service showed considerable growth. A further shift from linear publications to non-linear publications seems to be very obvious.

Collective agreements

In accordance with the agreements signed with the Copyrights Platform (Platform Auteursrechten) of VNO-NCW Confederation of Netherlands Industry and Employers and with the Royal Association MKB-Nederland, 2012 saw considerable efforts being spent on the renewal of the collective license agreements. The year witnessed the actual implementation of the agreed-upon registration discount, the modular compensation scheme, the harmonisation of indexing methodologies and, last but not least, the (gradual) reduction of the collective discount surplus. These important points of agreement have been included in the new agreements with the partners, effective as per 1 January 2013.

Individual licenses

Individual licenses will be dealt with by the Copyright and Neighbouring Rights Service Centre. The number of licences issued was nearly the same compared to 2011.

In 2012, a total of 8,600 enterprises, including one-man businesses, went bankrupt, which is a record (source: Statistics Netherlands).

The number of starting enterprises in the catering industry and retail has decreased. The amount of unoccupied shop property, and the duration for which they remain unoccupied, has also increased. The Service Centre has sent out some 80,000 mailings. Partly as a result of this, some 5,000 new licences have been granted, representing a total value of approximately 500 thousand euros. During the year under review, considerable progress has been made with respect to the desired complete integration of the Sena and Buma field organisation departments. This has considerably improved the consistency of our marketing efforts. There is only one moment of contact and only one message with respect to music copyrights licences. All field organisation employees are equipped with a tablet, allowing them to consult, change and/or create licences in real time.

The Service Centre processes enormous amounts of data. More than 90,000 notifications have been received, which all had to be dealt with. Such notifications vary from a simple change of address or a request for an invoice copy up to the crediting of an invoice.

Though each complaint is still one too many, the overall number of complaints has gone down by 30%.

International income

Last year, we passed the historic milestone of 10 million euros worth of international income. In anticipation of the harmonisation of copyright management within the European Union, it is critical that Sena acquires a solid position to remain a full market player. In addition, it remains necessary to encourage our sister organisations to professionalise further.

Organisation

Partly because some positions were left vacant for some time, as well as due to a decrease in communication activities in 2012, Sena was able to cut organisational costs. Together with higher commission earnings from foreign collections for intermediaries, as well as an increased interest income, this resulted in a decrease of the operating costs by 11%, compared to 2011. The cost rate – as a percentage of the total licence income invoiced – amounted to 9.5 percent.

Outlook

Given the cyclic nature of our activities, it is hard to make any reliable statements on the expected developments of the licence income invoiced and cash receipts for the coming year. So as to optimise our marketing activities and refine distribution, we will have to increase our workforce slightly. This is also necessary if we are to meet all obligations and/or information needs of trade associations, umbrella organisations and regulatory bodies. In addition, we will also invest more in our IT infrastructure than we did in 2012.

Nonetheless, in 2013 as well, it will be our staff that will make the difference. Therefore, we would like to thank all of our staff members for their efforts during 2012!

Markus Bos
Hans Moolhuijsen

Hilversum, 15 March 2013





ARMIN VAN
BUUREN
LIVE

20TH BIRTHDAY OF
DISNEYLAND PARIS
AND 538

► Report of the Supervisory Board

“If consumers take to the Internet to get music, it should be a given that they would have to pay for it.”

The transformation of Sena has been completed. Twenty years after its incorporation, Sena has grown into a mature organisation with ambitions that match its age. To achieve this, a lot of work has been done last year.

Often, music licensing companies are an object of criticism. 2012 was no exception to this. In my perception, copyright and neighbouring rights have, broadly speaking, been turned into a plaything for discussion on a “Free Internet” - a discussion lacking any sense of nuance. In my view, a free Internet does not mean that everything offered on the Internet is to be, or should be, free of charge. To begin with, each citizen in the Netherlands has to pay an Internet Service Provider (ISP) for his or her Internet access. The explosive boost of e-commerce shows that purchasing goods and services through the Internet has become generally accepted. In that field, it is perfectly normal to pay before the goods are delivered.

Obviously, this should be the same for music, irrespective of whether the delivery consists of a download or a delivery of access to streaming services. This distribution manner simply replaces physical deliveries on a CD as distributed via shops, be they brick and mortar or on-line. The art and effort involved in making music has not changed in any way. The master takes and the marketing costs will in no way be affected by this distribution manner. The distribution costs for a physical product are only a modest part of the total costs. So, if consumers take to the Internet to get music, it should be a given that they would have to pay for it. I would consider it to be highly unjust if musicians and record companies must sit by and watch how a total value of over 100 million euros accrues to those parties earning a great deal of money out of advertising income and data traffic¹, but at the same time not paying a single penny to the creators.

Indispensable for musicians and producers

As a music licensing company, Sena generates an indispensable part of the income for (studio) musicians. For lots of record companies, the earnings generated by Sena are the difference between a profitable and a loss-making business. In the Netherlands, Sena in 2012 paid over 7,800 artists as well as over 800 record companies their due.

Music users want to cut down on their expenses whenever possible, especially under difficult economic conditions. We can understand that. When a case is made during negotiations to

come to the desired outcome of the negotiations, be it a lower fee for obtaining a Sena licence, we can understand this as well. However, during the past year we have heard a number of assertions from the business community about the level of these which we believe to be wholly unjustified. Such assertions are damaging to our image. It is up to Sena to produce the facts that refute these incorrect assertions. And these facts are that the vast majority of businesses only pay a very small amount as their reasonable fee. A florist, for instance, only has to pay 70 euros a year, and a hairdressing salon 80 euros. As regards companies for which music is a key element in their business activities, though, it should hardly be a surprise that they are expected to provide a higher return for the makers of this music. Sena distributes the collected fees to the creators as quickly as possible (approximately 90 percent is paid out in the following year already), against the lowest possible costs (less than 10 percent of the amounts collected). To all creators, so not just the main artist, but also all musicians who have contributed to the work's recording. Together, they will receive half of the earnings. The other half will be for the record company that took the risk of investing in the recording and marketing costs. Therefore, the Sena distributions form a substantial part of the income any record company requires to achieve a sound return.

Executive Board

Transparency and efficiency are key notions to the Sena organisation. So as to make sure these two principles are optimally implemented throughout the foundation, Sena decided to form a new governance structure.

On 2 February, both Meetings of Affiliates were consulted on the intended adjustments to the governance structure and the Articles of Association. After that, we were able to dot the i's and cross the t's and to get the approval of the Dutch Copyrights Control Board and the Dutch Ministry of Security and Justice.

During the first half of 2012, the (former) Executive Board still held all legal responsibility. The intended change of the governance structure was a permanent point on the agenda of the meetings of the Board. In relation to this, a number of adjustments to the Distribution Regulations were drafted as well. A number of decisions has been made on the social-cultural funds which have been invested jointly by the Performers' Section and the Producers' Section in 2012, i.e. the contribution to the Amsterdam Dance Event and the financing of Stichting BREIN. In addition, the financial reports were discussed. When drafting the 2011 annual accounts and

the subsequent accounting audit, it became clear there was a deficit due. On 3 May, the Executive Board was compelled to decide that the withholding percentage should be increased to 16 percent for all distributions effected and still outstanding during the open years. In the past, the net distributions were too high in anticipation of a further growth of the earnings, and the amount withheld was too low. A sharp decrease of the interest income has also contributed to this situation. In addition, considerable expenses have been made as a result of the restructuring of 2010.

During the regular Meeting of Affiliates of 27 June 2012, the Executive Board reported on the policy pursued over 2011 and the decisions made with respect to the increase of the withholding percentage. Furthermore, a vote was held on the proposed changes to the Distribution Regulations, and there have been elections. Jan Favié and Robin van Beek have been appointed as members of the Producers' Section. The Performers' Section bade farewell to Tom Peters, a long-standing Sena Section officer. Erik Winkelmann was appointed as the new Section officer. At the meeting of the Performers' Section an inaugural vote was held on the policy with respect to the application of social-cultural funds in 2011, which was approved.

Supervisory Board

After the proposed amendment of the Articles of Association was approved by the Ministry of Security and Justice, this was eventually implemented on 9 July 2012.

The new structure will also be reflected in the design of this annual report. In its capacity of supervisory body, the Executive Board has made way for the Board of Affiliates and the Supervisory Board. In addition to members appointed by the Sections, Koos Boot (Finance) and the undersigned (Chair) have been appointed independent members of the Supervisory Board. The legal responsibility and powers have been vested in the Sena Executive Board. With the appointment of Hans Moolhuijsen as CFO, effective as per 1 January 2013, the Executive Board consists of two members, Markus Bos being the CEO.

From among their number, the Supervisory Board has appointed two committees: an Audit Committee and a Remuneration Committee. During September's and November's meeting of the Supervisory Board, the national and international political developments were discussed, such as the Dutch Collective Management Organisation (Supervision) Act, which should be seen in the

¹ Source: Ups and Downs”, research by TNO/SEO/IVIR.

“Because our international focus has always compelled us to look beyond the national borders, Sena faces the developments of digitisation and internationalisation with confidence.”

context of the EU Copyright Directive. Other points on the agenda were: the cooperation with Buma within the Copyright and Neighbouring Rights Service Centre, the status of the discussions with RODAP (an association of television producers, national television channels and distributors of television channels), the relations with VOI@E, the establishment of the new Federation of Copyright Interests, and the relations with (foreign) agents.

During September's meeting, the semi-annual report was discussed. In November, the 3rd quarterly report was discussed and the 2013 budget was approved. During both meetings, attention was also paid to the current forecasts on the financial developments.

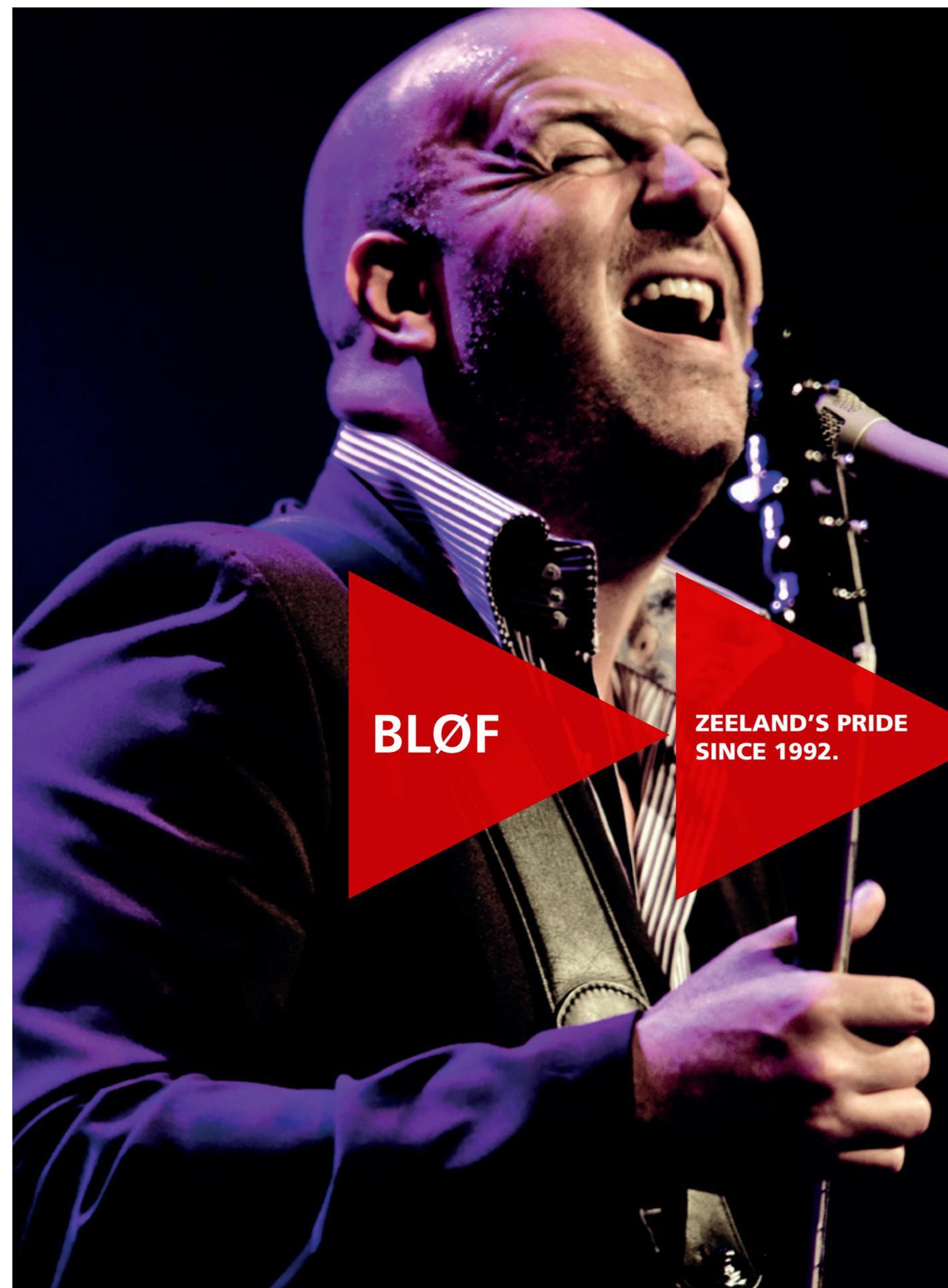
Outlook

Sena's results clearly indicate that the foundation's stability has been restored. Because of the economic crisis, the returns of music users are under pressure. This has a direct impact on the fees paid to Sena. By means of improved marketing, Sena has managed nonetheless to achieve a turnover increase as well as higher cash receipts. After the far-reaching restructuring of 2010 and 2011, 2012 saw a reduction of cost level. These are all positive developments. Distributions have been lower as a result of the higher withholding percentage. If the distribution was normalised, there would even have been gross growth.

Digitisation and internationalisation are the key themes for the coming years. No doubt, Sena will be confronted with new challenges as a result of shifts in media consumption. The same goes for publications through the Internet, which are not confined to national borders. Because our international focus has always compelled us to look beyond the national borders, Sena faces the developments of digitisation and internationalisation with confidence.

Ed Nijpels
Chair of the Supervisory Board

Hilversum, 15 March 2013



► Report of the Board of Affiliates

In the middle of 2012, Sena implemented its new governance structure. From that moment on, the Board of Affiliates has been in operation. There is still a lot to be done in order to arrive at a model in which promotion of interests and supervision of both determination and implementation of policy are in perfect balance with each other. In its capacity of a private corporation, Sena operates on behalf of its right-holders, and, therefore, is primarily accountable to them. Still, openness and transparency to all stakeholders are key objectives for Sena. This is all the more so, because Sena performs a duty that has been assigned to it by the government on an exclusive basis.

Twenty years of growth

On 29 September 1992, Sena, the Foundation for the Exploitation of Neighbouring Rights (for performing artists and for producers) was registered with the Chamber of Commerce. This initiative was taken in anticipation of the Neighbouring Rights Act, which took effect on 1 July 1993. From that moment on, Sena could start with the performance of her tasks: granting licences to users of music for a reasonable fee and distributing these fees to the right-holders against the lowest possible costs. Since then, Sena has undergone a booming growth.

Though Sena's twentieth anniversary cannot pass without a retrospective, it is even more important to have a clear strategy for the future, allowing for proper promotion of the interests of all right-holders.

Penetration of the Dutch market for radio, television and general licences (public use in restaurants, bars, sport locations, shops, offices, factories, etc.) has reached its peak. Even though Sena is only twenty years young, it cannot continue to grow forever.

Nonetheless, Sena has actually managed to generate higher earnings over the last year. As a result of the increase of the withholding percentage (please refer to page 44), effected so as to compensate for past distributions that were overly high, the nominal amount distributed was lower in 2012. But if we leave aside the effects of this increase, there would have been a modest growth. This is an achievement that the right-holders may consider as gratifying.

Complaints against fees

Sena operates in an environment that is actually quite hostile towards Sena's activities. Especially in times of an economic crisis, we need not wonder that all enterprises focus on their costs. Investing in music as part of effecting optimal day-to-day management or business culture is

often still seen as an undesired cost item, even though research has demonstrated the added value of music for organisations and their staff over and over again. However, it is still impossible to have an unchallenged fee set for the public use of music. Together with a lack of free market forces, this occasionally causes resentment. Also, many music users still have the idea that the fees collected insufficiently benefit the proper right-holders. It is up to Sena to refute and change this perception.

Self-regulation and government control

One of the main tasks of any trade organisation is to achieve procurement benefits for its affiliates. This also involves benefits for Sena's right-holders. After all, collective agreements may result in lower transaction costs. During negotiations, a case should be made if one desires to achieve a reduction of rates. Still, what really happens is that incidents are often proclaimed the rule, factually incorrect examples are being used, and media turmoil tends to rear its head. Political lobbies are used all too often. And given the general assumption that there is no smoke without fire, wrong perceptions arise often. This is the reality that Sena - and our peer music license companies and other collective management organisations as united within VOI@E - will have to deal with. By means of self-regulation, e.g. on the basis of a collective management organisation quality mark, the Directives on good governance and integrity, an independent dispute resolution committee, as well the supervision by the Copyrights Control Board in conformity with the proposed Collective Management Organisation (Supervision) Act, we make every effort to make the principles of openness and transparency visible in daily practice.

Private copying levy

Legislature is deemed to regulate social affairs, thus enabling the judiciary to make sure the law is complied with and properly enforced. This legislation must fit into the framework of European Recommendations and Directives. Any government that does not meet this requirement, may be called to order by the court. This is just what happened with the court ruling with respect to freezing of the private copying levy. Together with the trade unions Ntb and FNV KIEM and a number of individual artists, our peer organisation Stichting NORMA scored an important victory for all right-holders in this respect. By freezing the levy for years, the State has acted against the law and, therefore, will have to compensate for the resulting damage. The exact amount of this

damage will be determined in a separate follow-up proceeding.

The business community has objected to this levy because it would result in an increase in costs, would cause additional red tape and would eventually have to be charged on to the client. Fact is that, for years on end, these businesses have paid too low a private copying levy, while simultaneously overcharging consumers. The consumer prices for their products are often not lower than the prices in our neighbouring countries². So, ever since 2006, the consumer has paid too much, whereas the right-holders have received no, or insufficient, fees for the copying of their work.

In 2013, the new private copying system has been introduced. On balance, the system has been extended for a year to storage media that constitute the common means to make a legal copy for private use, whereas the rates for traditional objects that were subject to a levy, have been reduced. In the meantime, the State Secretary for Security and Justice has announced that by the end of 2013 a new governmental decree will be issued for the renewal of this system. In accordance with the wishes of the House of Representatives, he will renounce the preparation of a legislative proposal to replace the private copying levy by a download ban.

Clarity about rights

We are still urging the State Secretary to submit legislative proposals and to advocate the modernisation of the relevant Directives in Europe, with a view to creating more clarity and promoting the interests of content makers and owners. This is sorely needed in order to guarantee the cultural diversity in the Netherlands and Europe. In July, the Dutch Government has submitted a legislative proposal following a European Directive. On the basis of this legislative proposal, the term of protection of neighbouring rights would be extended to 70 years after the first release date (it is currently set at 50 years). This proposal includes the establishment of a so-called Studio Musicians Fund, as well as a non-use clause. The negotiations between NVPI trade organisation for the Dutch entertainment industry, acting on behalf of the Producers' Section, the musicians' trade unions Ntb and FNV KIEM, Sena and representatives from the Ministry on the implementation of the legislative proposal could not be completed in 2012.

² AMI, magazine for copyright, media and entertainment law, December 2012

“It is critical that the European legislature will decide on how rights management can be feasibly regulated on-line (for both right-holders and users).”

Responsibilities of the various Boards

The fourteen members of the Board of Affiliates – seven of whom are appointed by the General Assembly of the Performers’ Section and seven of whom are appointed by the Producers’ Section – will supervise the state of affairs within Sena from a perspective of advocacy. The supervision of the Executive Board will be the responsibility of the Supervisory Board. The appointment of the majority of the members of the Supervisory Board will be the responsibility of the Board of Affiliates. Furthermore, the Board of Affiliates will also adopt some important resolutions, like granting approval to the annual accounts or submitting proposals for amendments to the Articles of Association.

The Board of Affiliates has an annually rotating chairpersonship. The position is currently held by the undersigned, with Peter Boertje, acting on behalf of the Producers’ Section, acting as secretary of the Board of Affiliates. Following the 2013 Meeting of Affiliates of 2013, the representatives of the Producers’ Section will elect a chair from their number, whereas the position of secretary will be fulfilled by a representative from the Performers’ Section.

Different views, univocal interests

The interests of the Performers’ Section and the Producers’ Section will be fully synchronous within the performance of Sena’s legal mandate. However, their views differ on the best way to fight illegal supply on the Internet. It is critical that the European legislature will decide on how rights management can be feasibly regulated on-line (for both right-holders and users). After all, even though the Performers’ Section and the Producers’ Section have principally different views on how to solve this problem, both parties agree that something should happen.

Erwin Angad-Gaur
Chair of the Board of Affiliates

Hilversum, 15 March 2013



GERARD
EKDOM

**CAPTIVATING HIS
LISTENERS FOR 20
YEARS NOW**

► Music works

“Businesses that make use of the right music to support their company’s image, are better thought of by no less than 96 percent of the consumers.”

Music has an added value for businesses and organisations. Music may stimulate sales, increase staff productivity, reduce stress and provide a feeling of safety. Music works!
This has been confirmed by various independent surveys.

For employees...

In its “Music and Work” study (2012), Randstad investigated the relation between work and music among employees of 18 years and older. This study focused on the questions of how often people listen to music during their activities and which music was perceived by employees as the most productive. The study clearly indicated that music plays a major role on the Dutch work floor. 83 percent of all respondents listens to music during their work, and 66 percent even does so on a regular basis. Music also influences the way people work: 81 percent indicates to work better with music; 96 percent even enjoys their work more with music. A remarkable outcome is also that more than half of the respondents believes that music at work leads to a reduced number of people reporting themselves ill.

...and for businesses

Comparable results are included in “Uncovering a Musical Myth” (2011), a study performed by Heartbeats International communication agency. In this broad study into the effects of music on people, two thirds of all respondents indicate that music at work has a positive influence on them.

Still, according to the study, this is not the only positive effect of music. Businesses can also achieve other benefits by making use of music.

It appears that businesses that make use of the right music to support their company’s image, for instance, are better thought of by no less than 96 percent of the consumers. This applies even more strongly to shops (retail) and restaurants. The volume of the music is considered to be the most significant element, immediately followed by the type of music. If both of them are good, 35 percent of the consumers will stay on the premises for a longer period of time. Among those aged 16 to 24, the rate even climbs to 50 percent. Equally important: 39 percent of the respondents aged between 16 and 24 states that they would come back to a company where the right music is played.

If the music is too loud, this may scare off people in all age categories (44 percent) or may cause them never to return to a shop (38 percent). Silence does not appear to be an alternative.

About 40 percent of all respondents indicates having a negative response to silence in e.g. a shop, restaurant, hairdressing salon or shopping mall.

In daily practice

There are innumerable striking examples from daily practice that underline the added value of music. A new phenomenon is the use of so-called RFID chips in clothing by clothes shops. This chip contains information about the type of clothing. As soon as the customer enters the fitting room to try out a piece of clothing, he or she will hear a track that matches the style of clothing. Fast-food restaurants are generally characterised by loud music and bright lights. This is not without reason: people usually eat more under these conditions. A relatively well-known example is the choice of music of a wine specialist. If the shop plays French chansons, the shop will sell more bottles of French wine. Playing German schlagers will in its turn result in increased sales of German wine.

However, there are also less obvious places that make use of music, e.g. operating rooms. Patients with local anaesthesia who have to undergo an operation and who hear music during the operation, afterwards indicate they have experienced less stress.

Unfortunately, companies all too often still consider music to be a cost item, instead of a marketing instrument with which they can optimise their business management. For that reason, Sena will continue to emphasize the added value of music.



► Social-cultural projects

Every year, the Performers' Section and the Producers' Section receive lots of requests for support from social-cultural projects. The requests are dealt with on the basis of predetermined criteria. In 2012, too, Sena has supported a great number of such social-cultural projects. Some of these projects will be described in detail below. The complete list of projects are included on page 47 of the 2012 annual accounts.

The Performers' Section

In 2012, the Sena Music Production Fund was established. This initiative by the Performers' Section was taken in order to offer professional musicians a contribution to the costs of making a music recording. Sena's contribution for two thirds consists of a gift and for one third of a loan that needs to be redeemed after two years. The first application period for the fund has been a great success. The Section received over 100 applications, 18 of which were accepted by the Performers' Section. The first musical results are expected to be published soon.

In 2012, the Performers' Section decided to support a number of liberation festivals, as a kind of pilot project. In seven different cities, the National Committee for 4 and 5 May set up a special Sena Talent Stage. On these stages, the cream of Holland's up-and-coming talent was offered the opportunity to present themselves to a larger audience.

One of the performers on the Sena Talent Stage was Cirque Valentin, the band that was awarded the Sena Performers PopNL Award. The stages turned out to be a huge success and will certainly be set up again in 2013.

Special attention was focused on the electric guitar by means of two supporting events, namely the Eddy Christiani Award and Amsterdam Electric Guitar Heaven. In October, the seventh Eddy Christiani Award was awarded to George Kooymans, who was hailed by the jury because of "the stamp he has managed to leave on Dutch rock music with his vicious guitar playing for the Golden Earring". Within the scope of the Amsterdam Electric Guitar Heaven festival, Sena lent its name to the Sena Young Talent Guitar Awards. Various qualifying rounds built up to the grand finale in the famous Paradiso rock temple. In the end, 9-year-old Thaddie Verploeg was declared the winner in the under-18 category, whereas Maarten Moerland captured the prize for the under-31 category.

There was quite some attention to other music styles as well. Amongst other things, the Section for a third time supported Buma NL, a conference and showcase programme established for the promotion of Dutch-language songs. Within that scope, the Sena Entertainment Award was awarded to Frans Bauer, who has been entertaining the Dutch public with his cheerful personality and music for over twenty years now.

Furthermore, the Section provided support to Toonzetters, an event aimed at the promotion of contemporary classical music, and to Buma Rotterdam Beats, an event dedicated to the urban music style. And finally, there was broad attention to jazz, both at international and national level, with projects such as the Gateway to Global Jazz, The Dutch Day of Jazz and the Dutch Jazz Competition.

Joint projects

In 2012, the Performers' Section and the Producers' Section granted joint support to two applications. In October, the Amsterdam Dance Event took place, the world's biggest international gathering of the dance sector. Sena organised a panel session with, amongst others, Ferry Corsten, and also organized an industry gathering. Just like in previous years, Stichting BREIN received an allowance from both Sections.

The Producers' Section

During the year under review, the Dutch trade stand on Midem, the annual event for the music business sector, was granted support by the Producers' Section. Both for the Section and for Sena in general, Midem is a critical moment to efficiently make all kinds of business appointments with a great many international relations.



CLINICLOWNS

**TWENTY YEARS
OF DIVERSION
AND FUN**

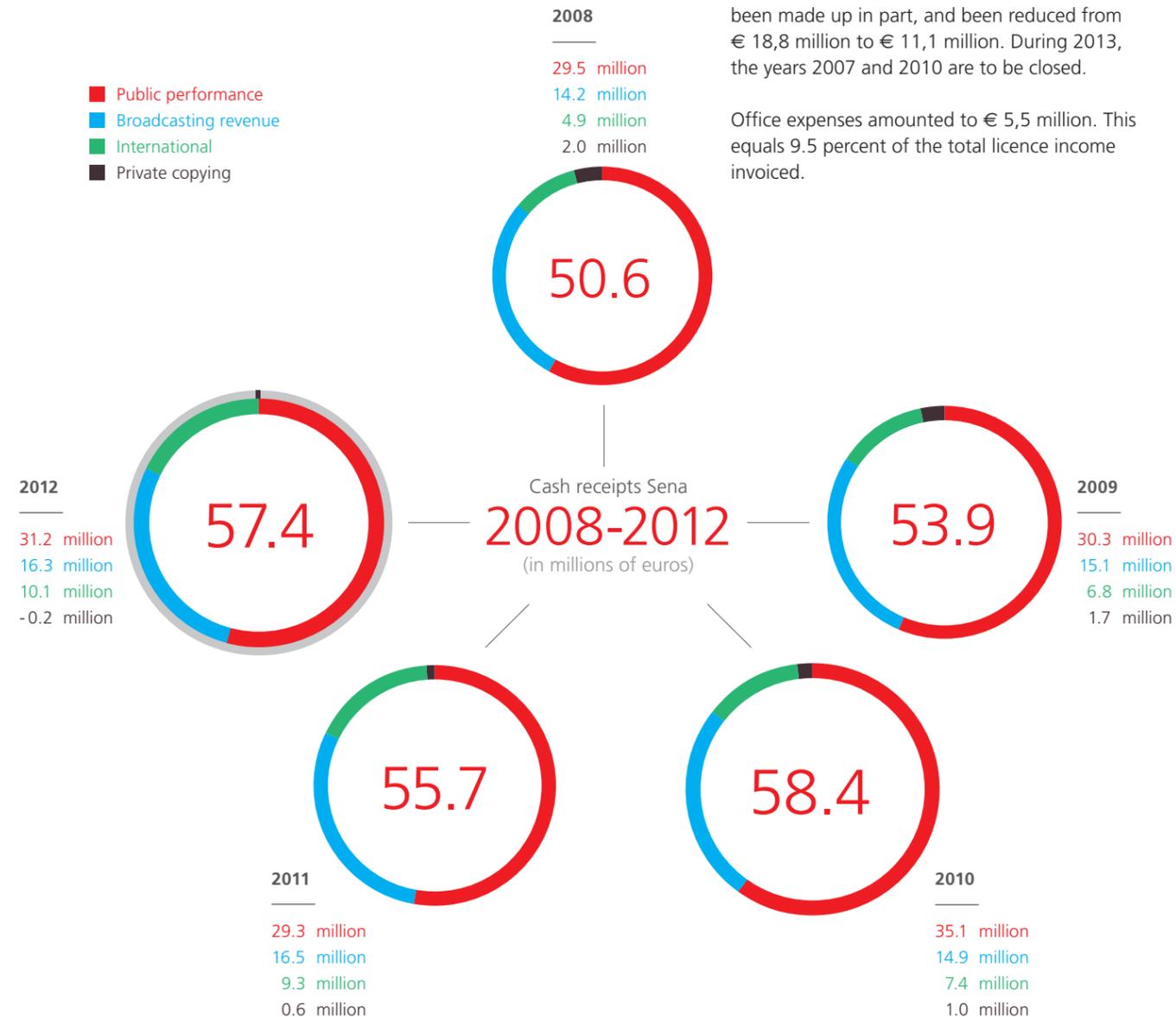
► Notes to the 2012 results

Partly to meet the requirements under the collective management organisation quality mark, it was decided to make sure these annual accounts would meet the requirements of RJ640. This makes up a further step in our aim to increase the transparency of our reporting. A significant change is that the balance sheet now includes financial fixed assets, i.e. the deficit due. On the other side, as a result of this adjustment, the obligation with respect to distributions has increased in the same amount. In addition, the annual accounts now include a number of specifications which provide a more detailed picture of the financial state of affairs during 2012.

During 2012, the withholding percentage was increased to 16%. This withholding percentage is calculated on distributions. The years 2006 and 2009, of which the claiming periods were expiring, have been settled in their entirety. In accordance with our expectations, the deficit due has been made up in part, and been reduced from € 18,8 million to € 11,1 million. During 2013, the years 2007 and 2010 are to be closed.

Office expenses amounted to € 5,5 million. This equals 9.5 percent of the total licence income invoiced.

- Public performance
- Broadcasting revenue
- International
- Private copying



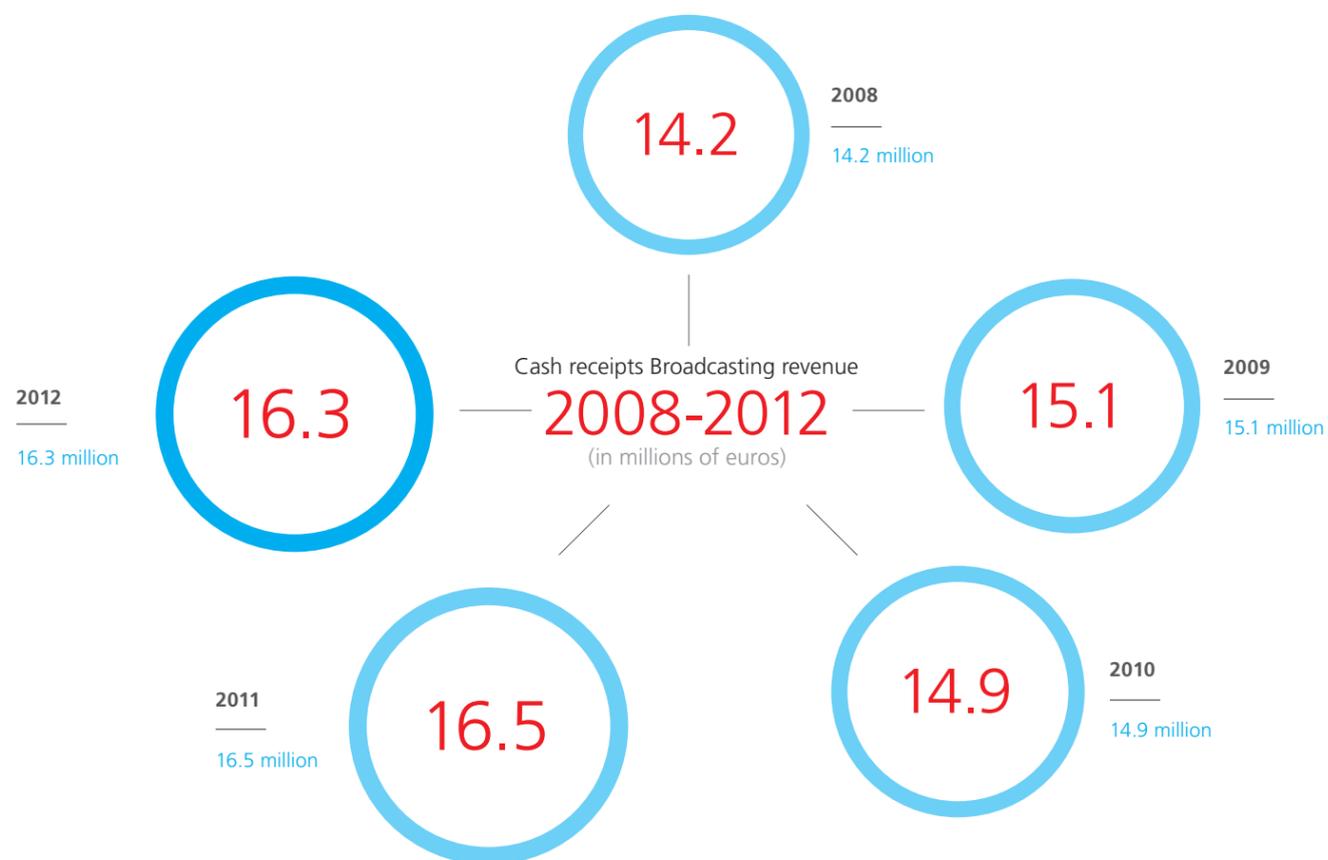
Public performance

Over the year under review, the cash receipts from Public performance amounted to €31.2 million, compared to €29.3 million over 2011. Receipts from collective license agreements increased by €0.2 million (+ 1.8%), and individual licences by more than €1.7 million (+ 9.4%).

During 2012, new agreements with the Copyrights Platform of VNO-NCW and MKB-Nederland took effect. Sena formally terminated the existing agreements as per the end of 2011, and has used the budget-neutral bridge year of 2012 to make new arrangements with its partners. For larger companies with multiple subsidiaries, a comparable model has been developed in order to meet the need of more harmonisation and transparency. The terms of this model are equal to the agreements laid down within the scope of the Copyrights Platform.

Throughout 2012, the Copyright and Neighbouring Rights Service Centre has put a lot of effort into optimising its services to individual licensees. For this purpose, the data quality and processes have been improved and, wherever possible, Sena and Buma licenses have been further harmonised. Field workers have started to use a new app, allowing them to have access on location to the organisations' registered music use. In the end, all these activities have resulted in a significant decrease of the number of client contacts needed: from 40 percent in 2011 to 27 percent this year.

* In 2010, some significant amounts with respect to previous years were collected.



Broadcasting revenue

The total broadcasting revenue decreased by € 0.2 million to € 16.3 million. Settlements of credit notes over previous years have had a negative impact on the cash receipts. On the other hand, license income increased by € 0.4 million to € 16.9 million. Nearly all of this increase can be attributed to income from the cable segment. This segment saw an increase in the total number of foreign broadcast stations distributed in the Netherlands, as well as a growing number of subscriptions to digital channels.

As a result of the decrease in advertising expense at the commercial broadcast stations, the cash receipts from licenses from commercial media decreased by € 0.1 million in 2012 (2011: € 5.7 million).

Over the year under review, licence income from public media remained nearly equal.

During the year under review, a lot of time and energy have been put into the negotiations with RODAP and the dance sector.

Despite all these efforts, we have to conclude that the very intensive and time-consuming negotiations sadly did not yield a positive result. It is expected that the negotiations with RODAP will be performed separately by the individual music licensing companies.

Currently, Sena is awaiting a court decision with respect to a fair compensation and fee basis for the dance sector.

Digital age

Twenty years ago, the very first text messages (SMS) were sent. This was the start of a new digital era; an age in which the ways of sharing content are ever increasing. The same goes for music. Because of the increasing number of modes in which music is published, Sena is constantly developing its existing licence structures and adjusting them to new models. Both on national (NVPI, Dutch webcasting foundation SWNL) and international levels (IFPI), Sena is one of the discussion partners in the talks to come to suitable (cross-border) licence models.



International

In 2012, international revenues grew with 7.5 percent to 10.1 million, an unprecedented amount (2011: € 9.3 million). Sena's highly active international policy allows us to vigorously represent the rights of both the Performers' and the Producers' Sections. Amongst other things, this policy has resulted in very positive returns from the United States, which doubled from € 1.7 million to € 3.5 million. These earnings solely relate to the digital publication of music on the Internet. The share of Dutch dance music in foreign earnings has increased considerably in 2012.

In 2012, Sena received the first fees from Russia, Poland, Hungary, Greece, Australia and New-Zealand - in nearly all cases music licensing companies newly established in countries. Sena had in an earlier phase supported in improving organizational professionalism.

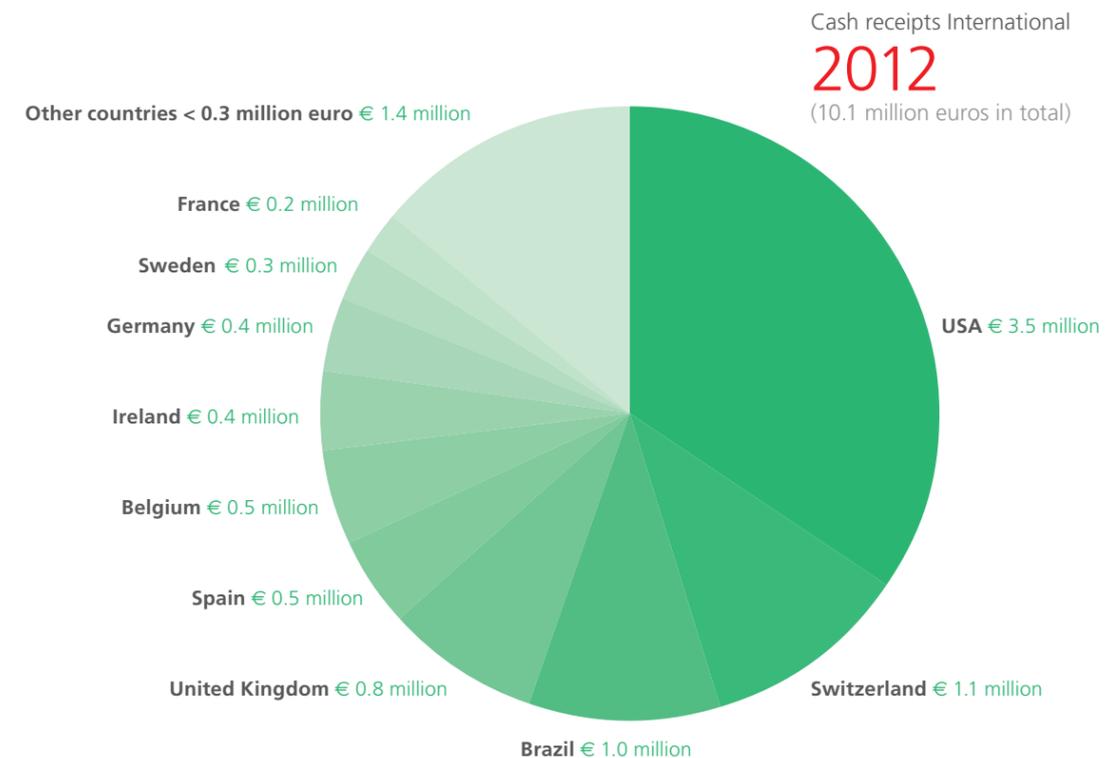
Traditionally, Japan is a very important country with respect to the collection of fees from abroad. Contrary to previous years, these distributions over 2012 were not realized before the year-end.

Payments from Germany and Italy will be closely monitored by Sena. The German Gesellschaft zur Verwertung von Leistungsschutzrechten (GVL) has fundamentally changed its legal basis for distributions, transforming it into a 'played track' system, partly due to pressure from Sena. We expect the backlog in distributions to be made up in 2013. In 2013, Italian sister organisation IMAIE is likely to pay all outstanding disbursements from 2007, with retroactive effect. Sena will continue pressuring IMAIE to meet its agreements.

Sena forms an active part of international umbrella organisations and consultations of societies of both Performers (SCAPR; IPD; VRDB) and Producers (IFPI/PRC). International cooperation should lead, apart from higher international collections, to decrease of expenses, such as a result of benchmarking and cross-border IT projects.

For several years now, Sena has been closely cooperating with Rights Agency Ltd. As from 1 January 2014, the new agreement will be reduced to the US and Japan. Consequently, further growth in foreign earnings will be uncertain from that moment on.

“Participation in international umbrella organisations and consultations should lead to a decrease of expenses, such as a result of benchmarking and cross-border IT projects.””



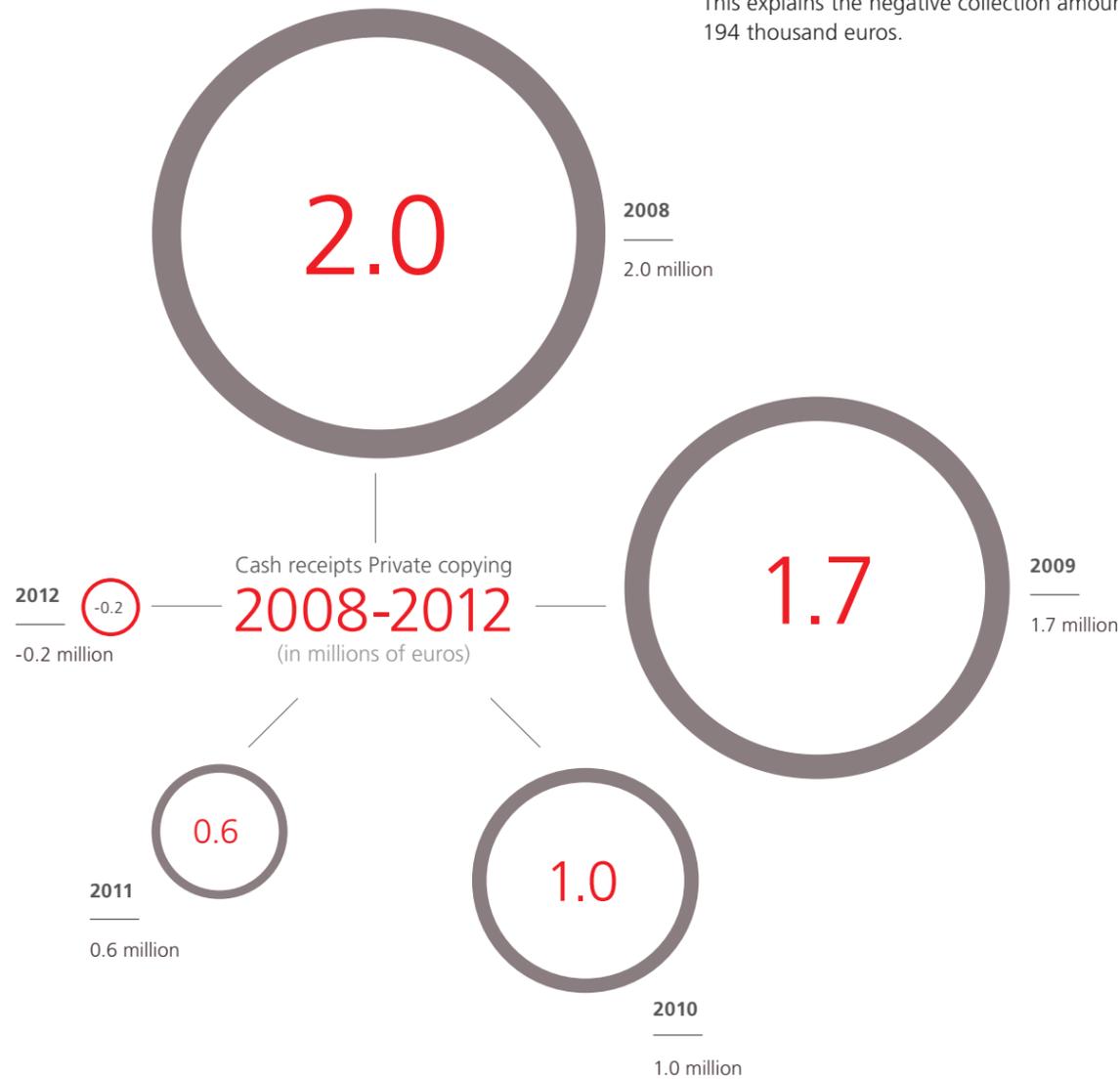
Private copying

As regards private copying fees, Sena does not play a collecting role. Therefore, Sena has no direct impact on the height of the earnings. Sena and its systems are called in to distribute the fees to the entitled national and international performing artists. These earnings have been under great pressure for years and, therefore, show a downward trend.

In March 2012, the The Hague Court of Appeal issued its ruling in a procedure between Stichting NORMA and the State of the Netherlands with respect to the private copying levy. The Court of Appeal judged that the State of the Netherlands had for years acted illegally towards the entitled performing artists by freezing the private copying levy instead of extending it to additional media

such as hard-disc recorders, MP3/4 players and other copying and storage devices. As a result of this court ruling, the government is obliged to compensate for the damage suffered by the respective right-holders. In addition, the government has introduced a new, more extended private copy scheme, taking effect from 2013. As from the effective date, the compensation also applies to PC's, laptops, tablets, smart phones, etc.

As from 1 January 2012 (music year 2011), distributions of private copying levies were commissioned by Stichting NORMA, instead of directly by Stichting De Thuiskopie. In connection with setting aside reserves, the distributions from Stichting De Thuiskopie were temporarily suspended during 2011/2012. Stichting NORMA had claimed back the payments made by Stichting De Thuiskopie to Sena, and decided that no more payments with respect to 2011 would be made in 2012. This explains the negative collection amount of 194 thousand euros.



METROPOLE
ORKEST
& FRIENDS

**TWENTY SPECIAL
COLLABORATIONS**



► Distributions

Distribution

Sena's second core responsibility – ensuring that fees are distributed as quickly and correctly as possible and against the lowest possible costs – is just as important as successfully granting licences for the broadcasting and/or public performance of music. In 2012, gross distributions (before deduction of costs) amounted to € 53.9 million, which represents an increase of 4.7 percent compared to 2011.

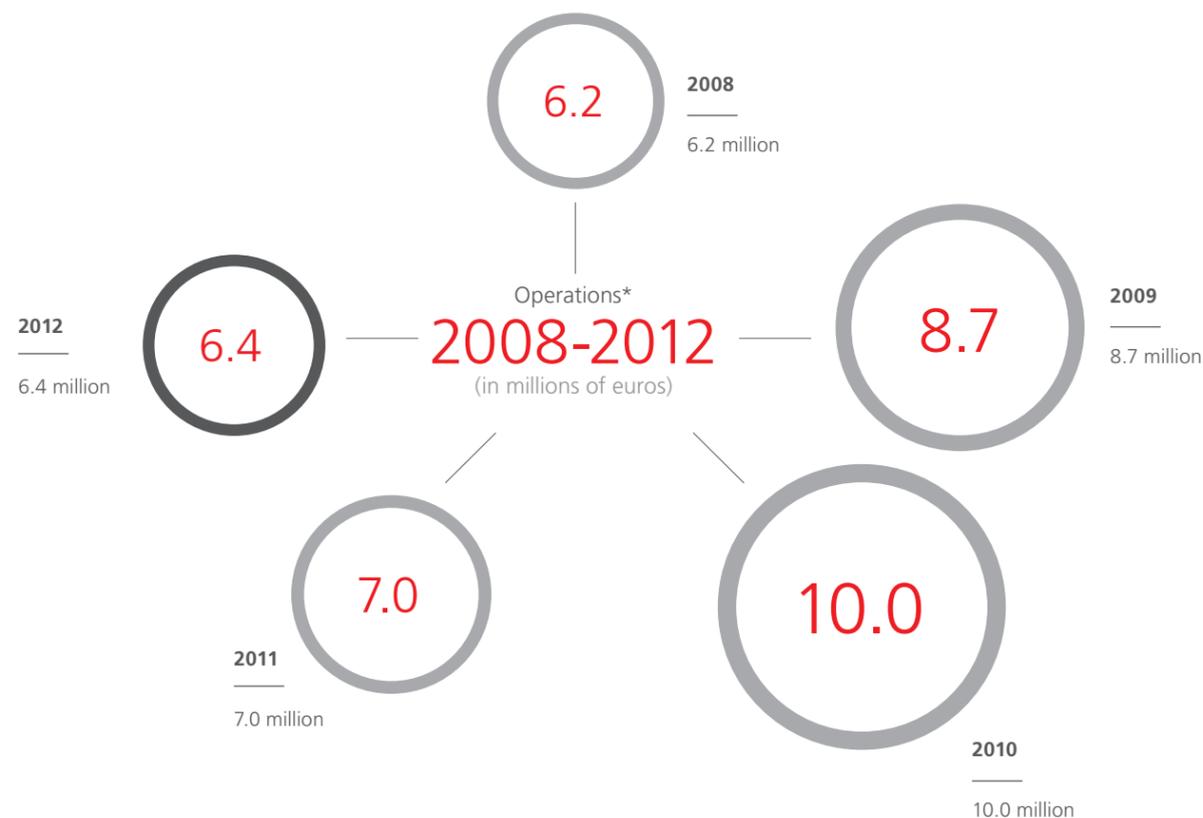
The picture is slightly different if we take deduction of costs into account. The restructuring, started in 2010, revealed that the withholding percentage charged in previous years was actually too low. Consequently, Sena's Executive Board in 2012 decided to raise the withholding percentage to 16 percent with retroactive effect. It goes without saying that a far-reaching adjustment like this has had a significant impact on the net distribution results. In 2012, an amount of € 42.6 million was distributed to right-holders (2011: € 47.3 million).

Sena's realized distribution rates are still among the highest in the world. As per 31 December 2012, the distribution rate of the most recent music year (2011) amounted to 89,2 percent.



* In 2009, an advance payment was made and a high amount over previous years was distributed

► Operations



Operations

Over 2012, Sena once more achieved a considerable decrease of its operational costs, by 11.5 percent. Including the financial result, these costs amounted to € 5.5 million. Sena thus has achieved a very low cost level, partly thanks to the higher (interest) income.

In order to achieve further professionalism of our activities, the cost level may rise at a nominal level compared to 2012 over the coming years. However, we foresee a further improvement in relative terms (as a percentage of turnover).

* Excluding financial income

► About Sena

About Sena

In 1993, the government appointed Sena (Stichting ter Exploitatie van Naburige Rechten), the Dutch Foundation for the Exploitation of Neighbouring Rights, to manage the remuneration rights of all Dutch artists and record producers under the Dutch Neighbouring Rights Act. Sena is the exclusive organisation within the Netherlands, meaning that no other entity is entitled to collect and distribute these fees.

In addition to all national artists and producers, Sena also represents international top acts. Our mission statement is as follows:

Sena collects fees on behalf of national and international artists and producers, and distributes them to their respective right-holders as quickly and correctly as possible and against the lowest possible costs.

Distribution

Sena will distribute the fees collected on the basis of its Distribution Regulations.

Acting from a cost-benefit perspective, Sena processes playlists from those radio and television broadcast stations with a market share of more than 1 percent and paying Sena an annual compensation fee of at least 50 thousand euros. On the basis of data provided by the SKO (Stichting Kijk Onderzoek) and CLO (Continu Luister Onderzoek) foundations, as well as the collection figures, 35 stations meet this criterion. In practice, this means that the playlists of nearly all national and regional commercial and public radio and television broadcast stations will be processed. Usually, local stations do not meet the requirements set. For national broadcast stations a prime-time and a non-prime-time rate will be applied, with a view to a fee distribution as precise and fair as possible.

In addition, playlists from approximately 650 to 800 cafés, as well as those from background music suppliers such as Alcas, Mood Media and Mediatools, are processed.

Sena distributes a large part of the Public performance fees collected on the basis of a survey by Intomart GfK, which is performed twice a year on behalf of Buma and Sena. As part of this survey, 2,400 people are contacted by telephone and presented the question whether they listen to music, and if so, to which broadcast station and/or from which source.

New media broadcasting revenue is distributed on the basis of download data.

On the basis of the above methods, Sena will document which music was made available to the public in a certain year. Subsequently, the fees will be distributed among the right-holders of that music, such on the basis of a distribution code that is laid down in the Distribution Regulations:

Half of the reserved fees per title will be distributed to the producers; the other half will be distributed to the performing artists. The distribution of fees per phonogram/title will be carried out as follows:

- a) the total amount available for distribution for the benefit of performing artists and producers will be divided by the total number of minutes of actual use of the music liable to remuneration per source of collection;
- b) this amount per minute is multiplied by the number of minutes played per title. This results in an amount per title which is available for distribution among those performing artists who have as such contributed to the title concerned, and among the producers.

The performers of popular music, who have as such contributed to a certain title, share the amount available for the title concerned according to the following scale:

- band members ('the artist') / soloist: 5 points;
- orchestra leader: 3 points;
- session musicians/remaining performers: 1 point per instrument, with a maximum of 3 points. Apart from this, the rule applies that if session musicians have contributed to the recording, the amount to be distributed among the session musicians will never exceed 50% of the total amount available per title for performers.

The performers of classical music, who have as such contributed to a certain title, share the amount available for the title concerned according to the following scale:

- soloist: 5 points;
- conductor: 3 points;
- remaining performers: 1 point.

Sena deducts a cost rate from all fees collected. In addition, Sena reserves 3 percent of the fees intended for the performing artists for social-cultural objectives. For the year 2012, the withholding percentage has been determined at 16 percent.

Governance model and testing of the Distribution Regulations

As from 9 July 2012, Sena's governance structure has been changed. The foundation has opted for a model with an Executive Board, Supervisory Board and a Board of Affiliates.

The Supervisory Board will have an independent chair, as well as an independent financial expert.

Because of the change in governance structure, the Articles of Association have been amended as well. In addition, the actuality and feasibility of the Distribution Regulations have been tested. The Distribution Regulations have been adjusted in conformity with the new governance structure. Furthermore, after the change in governance structure, the following adjustments have been made to the Distribution Regulations:

- In conformity with the policy applicable as from 2009, any references to the limitation period have been changed from 5 years to 3 years;
- In the general Distribution Regulations a new provision has been added (Article 4, paragraph 3), including Sena's mission statement: "It is Sena's aim to distribute the fees as efficiently, accurately and fairly as possible, on the basis of as much playlist data as possible, against the lowest possible cost";
- In both Distribution Sub regulations (for the Performers' and Producers' Sections), a provision has been added (Article 1, paragraph 3), stipulating that the amount used for social-cultural objectives will, on the basis of the general Distribution Regulations and the respective Distribution Sub regulations jointly, never exceed 15 percent of the net income.
- In both Distribution Sub regulations (for the Performers' and Producers' Sections), a provision has been added (Article 10, paragraph 2 and Article 8, paragraph 2, respectively), stipulating that funds that could not be distributed after a period of three years, despite all efforts on the part of Sena, can be added to the funds available for distribution or added to the funds available for use for social-cultural projects of the respective Section.

As a result of the changes in its governance structure and the amendments to both the Articles of Association and the Distribution Regulations, Sena now meets the principles and best practice provisions included in the guidelines for good governance and integrity for collective management organisations. These guidelines are part of the collective management organisation quality mark.

The governance model and the Distribution Regulations will be tested every three years. The next testing will take place in 2015.

► Annual accounts 2012

Cash flow statement

| (in thousands of euros) | 2012 | | 2011 | |
|---|----------|-----------------|----------|-----------------|
| | € | € | € | € |
| INVOICED LICENCE FEES | 58.016 | | 57.699 | |
| Movements in cash receipts versus invoiced licences | (634) | | (2.025) | |
| TOTAL RECEIPTS FROM LICENCES | | 57.382 | | 55.674 |
| THESE RECEIPTS CAN BE SPECIFIED AS FOLLOWS: | | | | |
| The Netherlands | 47.513 | | 45.812 | |
| International | 10.063 | | 9.266 | |
| Total Sena rights – Section 7 WNR | 57.576 | | 55.078 | |
| Private copy | (194) | | 596 | |
| TOTAL RECEIPTS FROM LICENCES | | 57.382 | | 55.674 |
| DISTRIBUTION PAYMENTS | | | | |
| The Netherlands | (31.086) | | (37.669) | |
| International | (11.069) | | (8.642) | |
| Private copy | (456) | | (989) | |
| TOTAL DISTRIBUTION PAYMENTS (1) | | (42.611) | | (47.300) |
| Movements in distributions of accounts payable | (138) | | (136) | |
| | | (42.749) | | (47.436) |
| CASH FLOWS FROM LICENCES AND DISTRIBUTION | | 14.633 | | 8.238 |
| Operational expenses | (5.503) | | (6.220) | |
| Depreciation (in)tangible fixed assets | 277 | | 246 | |
| Investments in (in)tangible fixed assets | (41) | | (466) | |
| Movements in accrued assets | 591 | | (35) | |
| Restructuring provision | (136) | | (884) | |
| Movements in current liabilities | (134) | | (496) | |
| CASH FLOWS FROM OPERATIONAL ACTIVITIES | | (4.946) | | (7.855) |
| SOCIAL-CULTURAL FUND | | (825) | | (545) |
| MOVEMENTS IN CASH AT BANK AND IN HAND | | 8.862 | | (162) |
| Cash at bank and in hand as at 1 January | 34.967 | | 35.129 | |
| Cash at bank and in hand as at 31 December | 43.829 | | 34.967 | |
| MOVEMENTS IN CASH AT BANK AND IN HAND | | 8.862 | | (162) |

Balance Sheet as at 31 December 2012

ASSETS

| (in thousands of euros) | 31 december 2012 | | 31 december 2011 | |
|-------------------------------------|------------------|---------------|------------------|---------------|
| | € | € | € | € |
| Fixed assets | | | | |
| Intangible fixed assets (2) | 236 | | 357 | |
| Tangible fixed assets (3) | 212 | | 332 | |
| Financial fixed assets (4) | 11.054 | | 18.848 | |
| | | 11.502 | | 19.537 |
| Current assets | | | | |
| Accounts receivable (5) | 3.634 | | 3.589 | |
| Accrued assets (6) | 350 | | 941 | |
| | | 3.984 | | 4.530 |
| Cash at bank and in hand (7) | | 43.829 | | 34.967 |
| TOTAL ASSETS | | 59.315 | | 59.034 |

LIABILITIES

| (in thousands of euros) | 31 december 2012 | | 31 december 2011 | |
|---|------------------|---------------|------------------|---------------|
| | € | € | € | € |
| Equity | | 0 | | 0 |
| Provisions | | | | |
| Restructuring provision | 0 | | 136 | |
| | | 0 | | 136 |
| Non-current liabilities | | | | |
| Social-cultural objectives (8) | 3.671 | | 3.646 | |
| | | 3.671 | | 3.646 |
| Current liabilities | | | | |
| Distribution obligation (9) | | | | |
| Payable | 49.223 | | 49.580 | |
| Not yet payable | 3.634 | | 3.589 | |
| | | 52.857 | | 53.169 |
| Other current liabilities (10) | | | | |
| Accounts payable | 773 | | 994 | |
| Taxes and social security contributions | 510 | | 147 | |
| Accrued liabilities | 1.504 | | 942 | |
| | | 2.787 | | 2.083 |
| TOTAL LIABILITIES | | 59.315 | | 59.034 |

Statement of Income and Expenditure

| (in thousands of euros) | 2012 | | 2011 | |
|--|---------|----------------|---------|----------------|
| | € | € | € | € |
| TURNOVER | | 5.503 | | 6.220 |
| Operational expenses | | | | |
| Wages and salaries (11) | (2.657) | | (2.913) | |
| Mailing and collection costs (12) | (1.722) | | (1.520) | |
| Other operational expenses (13) | (2.214) | | (2.696) | |
| Miscellaneous income (14) | 603 | | 470 | |
| Depreciation of (in)tangible fixed assets (14) | (277) | | (246) | |
| Management costs (14) | (96) | | (67) | |
| Financial result (14) | 860 | | 752 | |
| | | (5.503) | | (6.220) |
| RESULT OF UTILISATION OF OFFICE COSTS | | 0 | | 0 |
| BUDGET OF OFFICE COSTS | | (6.384) | | (6.687) |



Consolidated accounting principles

GENERAL

Unless otherwise indicated, all amounts are stated in thousands of euros. Assets and liabilities are generally recognized at purchase or manufacturing price. The latter are also taken as valuation basis for the determination of the result. Unless otherwise stated, assets and liabilities are recognized at nominal value.

SENA'S ACTIVITIES

Sena has two core activities. The first is to grant licenses on behalf of the right-holders to companies or organisations that are making use of 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, as well as which licenses are applicable. Sena's second responsibility is to ensure that the fees are distributed correctly among performers and producers. To make this possible, Sena first registers the right-holders' details, including the repertoire they have worked on or have produced. Subsequently, Sena calculates who is entitled to what. This is done on the basis of information such as playlists from radio and television broadcast stations. Sena also uses the results of a large-scale market research study, which is conducted in conjunction with Buma. This study produces an overview of listening behaviour within the Dutch commercial sector. Finally, Sena distributes payments to the respective right-holders. Sena does not act for profit. The foundation considers it as its duty to distribute the fees as correctly as possible and at the lowest possible cost. Distributions are made four times a year. Sena takes care of the distributions of fees with respect to both music played in the Netherlands and music played abroad.

CHANGE OF ACCOUNTING SYSTEM

This year, Sena's annual accounts have been prepared for the first time in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code, which have been further detailed in Guideline for annual reporting 640, 'Non-profit organisation', of the Dutch Accounting Standards Board. Sena has opted to do so in anticipation of the new guidelines for the collective management organisation quality mark.

The most significant changes resulting from this can be found in the balance sheet. In addition, the annual accounts now also include the foundation's statement of income and expenditure. Sena does not have any profit motive and does not have any equity. Turnover recorded in the statement of income and expenditure is equal to costs. The difference between fees withheld and actual operational expenses will be settled with the deficit due. Apart from a specification of the movements in the Distribution Regulations, these annual accounts also include a specification of the movements of the deficit due from the past. The deficit due will be gradually cut back the coming years. This can be achieved by applying a higher withholding percentage over the current financial year and over all music years of which the claim period has not expired yet. To provide a clear picture, the deficit due has been included in the balance sheet as an asset under financial fixed assets. The withholding percentage will be maintained at its higher level until the deficit due has been settled in its entirety.

COMPARATIVE FIGURES

Where necessary, the figures for 2011 have been reclassified in order to facilitate a comparison with 2012.

ESTIMATES

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

FOREIGN CURRENCIES

Transactions closed in foreign currencies during the year under review will be recognized in the annual accounts against the exchange rate applicable at the transaction date. Any exchange differences arising from the conversion will be taken to the statement of income and expenditure.

PRINCIPLES OF VALUATION FOR ASSETS AND LIABILITIES

Tangible and intangible fixed assets

Tangible and intangible fixed assets are valued at purchase or manufacturing price, less straight-line depreciation based on the expected useful life and, where applicable, special impairments.

Financial fixed assets

The result arising from the difference between the withholding percentage and the office costs in the year under review will be entirely settled with the deficit due.

Accounts receivable

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.

Provisions

Provisions are recorded for concrete or specific risks and obligations which exist on the balance sheet date and the size of which is uncertain, but which can be reasonably estimated.

Restructuring provision

This provision concerns costs relating to the restructuring of the foundation's activities, and is created when there is a factual or legal obligation to do so.

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 over the financial year are recorded as costs. A reserve is included for contributions not yet paid as at the balance sheet date. Since these liabilities have a short-term character, they are carried at their nominal value.

Non-current liabilities

Non-current liabilities consist of debts with a remaining duration greater than one year. Non-current liabilities are stated at fair value when they are first recorded, and are subsequently carried at amortised cost.

Current liabilities

Current liabilities consist in the main of debts with a remaining duration not greater than one year.

Liabilities with respect to distributions

Liabilities with respect to distributions to participants are recorded on the basis of the provisions included in the Articles of Association and the Distribution Regulations. Licence fees are recorded at the moment of invoicing.

PRINCIPLES OF THE DETERMINATION OF THE RESULT

General information

The result is defined as the difference between turnover and all related costs attributable to the year under review. Costs are determined on the basis of the afore-mentioned valuation principles. Losses are recorded in the year in which they become foreseeable.

Turnover

Sena's services consist roughly of the following: invoicing of licence fees, documenting of repertoire, processing of playlists, and distribution of fees to the respective right-holders. These activities can be performed in another year than the year of collection. As the results of these services cannot be estimated reasonably on an interim basis, the results are recorded in the amount of costs incurred. The difference between the fee withheld and the actual office costs is directly settled with the deficit due.

Depreciation

Depreciation is related to the purchase price of the respective intangible and tangible fixed assets. Investments are depreciated on a straight-line basis.

Financial result

Financial results realized relate to resources deposited at banks (deposits, savings accounts and current accounts) and are recorded in the year to which they relate.

VALUATION PRINCIPLES OF THE CASH FLOW STATEMENT

The cash flow statement has been prepared on the basis of the indirect method.

Notes to the cash flow statement

DISTRIBUTION PAYMENTS (1)

The statement below gives a specification of the gross and net distributions over the years 2011 and 2012.

Over the year under review, there has been an increase in gross distributions. However, as a result of the higher withholding percentage, net distributions turned out lower.

| 2012 | The Netherlands – Section 7 WNR | International | Private copy | Total |
|--------------------------|------------------------------------|---------------|--------------|---------------|
| Gross distributions | 42.367 | 11.069 | 516 | 53.952 |
| Less: fees withheld | 11.281 | - | 60 | 11.341 |
| NET DISTRIBUTIONS | 31.086 | 11.069 | 456 | 42.611 |

| 2012 | The Netherlands – Section 7 WNR | International | Private copy | Total |
|---------------------------|------------------------------------|---------------|--------------|---------------|
| Gross distributions | 42.619 | 8.380 | 786 | 51.785 |
| Less: Costs withheld | 6.180 | - | 71 | 6.251 |
| NET DISTRIBUTIONS | 36.439 | 8.380 | 715 | 45.534 |
| Add: Made payable in 2010 | 1.230 | 262 | 274 | 1.766 |
| NET DISTRIBUTED | 37.669 | 8.642 | 989 | 47.300 |

Notes to the balance sheet as at 31 December 2012

INTANGIBLE FIXED ASSETS (2)

Movements in intangible fixed assets can be specified as follows:

| | 2012 | 2011 |
|-------------------------------------|------------|------------|
| | Software | Software |
| Book value as at 1 January | 357 | 275 |
| Investments | 0 | 181 |
| Depreciation | (121) | (99) |
| BOOK VALUE AS AT 31 DECEMBER | 236 | 357 |

Total purchase costs and depreciation can be specified as follows:

| | 2012 | 2011 |
|-------------------------------------|------------|------------|
| Purchase value | 5.086 | 5.267 |
| Accumulated depreciation | (4.850) | (4.910) |
| BOOK VALUE AS AT 31 DECEMBER | 236 | 357 |

Depreciation rate

The following depreciation rate is applied: software (20%).

TANGIBLE FIXED ASSETS (3)

Movements in tangible fixed assets can be specified as follows:

| | Renovation | Inventory | Hardware | Total 2012 | Total 2011 |
|-------------------------------------|------------|-----------|------------|------------|------------|
| Book value as at 1 January | 98 | 80 | 154 | 332 | 194 |
| Investments | 0 | 5 | 36 | 41 | 285 |
| Disinvestments | (81) | (233) | (388) | (702) | 0 |
| Depreciation | (41) | (28) | (87) | (156) | (147) |
| Depreciation of disinvestments | 81 | 229 | 387 | 697 | 0 |
| BOOK VALUE AS AT 31 DECEMBER | 57 | 53 | 102 | 212 | 332 |

Total purchase costs and depreciation can be specified as follows:

| | Renovation | Inventory | Hardware | Total 2012 | Total 2011 |
|-------------------------------------|------------|-----------|------------|------------|------------|
| Purchase value | 122 | 234 | 315 | 671 | 1.332 |
| Accumulated depreciation | (65) | (181) | (213) | (459) | (1.000) |
| BOOK VALUE AS AT 31 DECEMBER | 57 | 53 | 102 | 212 | 332 |

Depreciation rates

The following depreciation rates are applied: renovation (20%), inventory (20%), hardware (33.33%). Investments mainly concern replacement of hardware.

FINANCIAL FIXED ASSETS (4)

Movements in deficit due

| | 2012 |
|---|---------------|
| Opening balance as at 1 January | 18.848 |
| Office costs | 5.503 |
| 16% withholding on cash receipts over music year 2012 | (6.804) |
| Additional withholding costs previous years | (6.493) |
| Subtotal | (13.297) |
| END BALANCE AS AT 13 DECEMBER | 11.054 |

The deficit due will be made up by means of the difference between the 16% cost deduction on the cash receipts and the office's annual operational expenses. Furthermore, there will be a settlement of the difference between the 16% withholding percentage and the withholding percentage that was actually applied in the previous years. The deficit due mainly has a long-term nature.

DEBTORS (5)

| | 2012 | 2011 |
|--------------------------------------|--------------|--------------|
| Accounts receivable | 6.006 | 6.364 |
| Provision for accounts receivable | (2.372) | (2.775) |
| NET BALANCE AS AT 31 DECEMBER | 3.634 | 3.589 |

Movements in accounts receivable and the provision for accounts receivable:

| MOVEMENTS IN ACCOUNTS RECEIVABLE | 2012 | 2011 |
|---------------------------------------|--------------|--------------|
| Opening balance as at 1 January | 6.364 | 12.122 |
| Invoiced licence fees | 58.016 | 57.699 |
| Receipts | (57.382) | (55.674) |
| Amount written off from the provision | (1.287) | (7.769) |
| Other | 295 | (14) |
| NET BALANCE AS AT 31 DECEMBER | 6.006 | 6.364 |

| MOVEMENTS IN PROVISION | 2012 | 2011 |
|--------------------------------------|--------------|--------------|
| Opening balance as at 1 January | 2.775 | 10.544 |
| Accounts receivable written off | (1.287) | (7.769) |
| Addition | 884 | |
| NET BALANCE AS AT 31 DECEMBER | 2.372 | 2.775 |
| NET ACCOUNTS RECEIVABLE | 3.634 | 3.589 |

The 2012 provision has been determined on the basis of expected bad debts. Furthermore, expected (legal) collecting charges to be made for the settlement of fees, have been taken into account and included under accrued liabilities. Accounts receivable written off concern debts that have been finally established as being uncollectable.

ACCRUED INCOME (6)

| | 2012 | 2011 |
|---|------------|------------|
| Interest receivable | 200 | 640 |
| Prepaid expenses | 95 | 232 |
| Other | 55 | 69 |
| ACCRUED ASSETS AS AT 31 DECEMBER | 350 | 941 |

CASH AT BANK AND IN HAND (7)

| | 2012 | 2011 |
|---|---------------|---------------|
| Savings account/deposits | 40.628 | 33.000 |
| Current account | 3.201 | 1.967 |
| CASH AT BANK AND IN HAND AS AT 31 DECEMBER | 43.829 | 34.967 |

The savings account/deposit contains an amount of 10 million maturing in early December 2013. As such, these funds are not directly available. The other amounts have been placed on a monthly or quarterly deposit, which can be freely withdrawn.

NON-CURRENT LIABILITIES / SOCIAL-CULTURAL PROJECTS (8)

This item is based on a decision by the respective Sections and concerns a reserve for social-cultural projects for performers and producers. The application of these funds is the responsibility of the Section representatives. The item is created on the basis of funds that are available for distribution with respect to the periods of music use up to and including 2004. In addition, starting from 2005, 3% of the amount available for distribution to performers has been added to the provision as a pre-deduction. Furthermore, an amount of 0.2 million of the amount available for distribution to producers has been added in 2012 to the social-cultural provision for the benefit of Stichting BREIN, Midem and ADE.

| | Performers | Producers | Total 2012 | Total 2011 |
|--------------------------------------|--------------|------------|--------------|--------------|
| Balance as at 1 January | 3.646 | 0 | 3.646 | 3.139 |
| Add: Addition for the financial year | 687 | 163 | 850 | 862 |
| Movements in release of claims | 0 | 0 | 0 | 190 |
| SUBTOTAL | 4.333 | 163 | 4.496 | 4.191 |
| Less: Expenditures | 662 | 163 | 825 | 545 |
| BALANCE AS AT 31 DECEMBER | 3.671 | 0 | 3.671 | 3.646 |

| SoCu specified per year | Balance as at 1 January | Addition | Withdrawal | Balance as at 31 December |
|--------------------------|-------------------------|------------|--------------|---------------------------|
| Up to and including 2010 | 3.139 | | | 3.139 |
| 2011 | 507 | | (507) | 0 |
| 2012 | | 850 | (318) | 532 |
| SOCU TOTAL | 3.646 | 850 | (825) | 3.671 |

This item mainly has a long-term nature, as the balance, as per the end of 2010 in the amount of € 3,1 million, has no limitation period. In conformity with the provisions of the collective management organisation quality mark, all reserves built-up as from 2011 will have to be spent within three years. Therefore, the amount of 532 thousand euros has a short-term nature.

Expenditures over 2012 concern the following projects and/or destinations:

JOINT PROJECTS

Amsterdam Dance Event (ADE)
Stichting BREIN

PERFORMERS' SECTION

European Talent Exchange Programme (ETEP)
High School music competition
Barana wereldjazzfestival
Utrechts Jazz festival
Nationaal Comité 4 en 5 mei - Talent Stages
25 jaar Friesland Pop
Gateway to Global Jazz
Platform Makers
Toonzetters
Buma Rotterdam Beats
Muzikantendag on Tour
Jazz in Duketown
Muziekfestival Veenendaal
Masterclasses Muzikaal Ondernemen
Festifarm
Vogelpop
Sterrenfestival
Sena Young Talent Guitar Award
Jazzfest Amsterdam
HipHopHard festival
Voorprogrammacircuit poppodia Overijssel
Pop met Beleid 2.0
Eddy Christiani Award
Sena Muziekproductiefonds

Grote Prijs van Zuid-Holland
Dutch Jazz competition
Stukafest
Gesel XL
House in Harmony
D-Vers festival
Nationaal Jeugd Orkest
De Popprijs
Buma NL
Jazzdag
Arteganza festival
Local Heroes
De Utrechtse Popprijs
Sena Performers POPnl Award
Folk veur Volk
Occultfest
King of the Street
Flavourland
PopSport Flevoland
Amsterdamse Cello Biennale
U Jazz festival
World Blend Café
Clash of the Titans

PRODUCERS' SECTION

Midem

CURRENT LIABILITIES

LIABILITIES WITH RESPECT TO DISTRIBUTIONS (9)

Liabilities with respect to distributions have a multi-annual, but mainly short-term nature. The moment that these distributions are paid out depends upon the receipt of the respective accounts receivable as well as the policies with respect to the distribution to affiliates. Distribution depends upon the status of the distribution process (the moment of processing of the claims of right-holders and the moment of processing of the playlists). The item 'Not yet distributable' concerns the debtor position.

| SPECIFICATION OF THE ADDITION TO THE DISTRIBUTION OBLIGATION | | 2012 |
|---|---------|-----------------|
| INVOICED LICENCE FEES | | |
| | 58.016 | |
| Addition to the provision for accounts receivable | (884) | |
| | | 57.132 |
| COSTS WITHHELD | | |
| 16% withholding on cash receipts over music year 2012 | (6.804) | |
| Previous years | (6.493) | |
| TOTAL COSTS WITHHELD | | (13.297) |
| MISCELLANEOUS INCOME | | |
| | | (513) |
| BALANCE OF THE ADDITION TO THE DISTRIBUTION OBLIGATION | | 43.322 |
| The balance is allocated as follows: | | |
| Section 7 WNR | 33.973 | |
| International | 9.547 | |
| Private copy | (198) | |
| BALANCE OF THE ADDITION TO THE DISTRIBUTION OBLIGATION | | 43.322 |

| | Payable | | | Not yet payable | Total 2012 |
|--|-----------------|-----------------|--------------|-----------------|-----------------|
| | Section 7 WNR | International | Private copy | | |
| BALANCE AS AT 31 DECEMBER 2011 | 44.267 | 3.749 | 1.564 | 3.589 | 53.169 |
| TOTAL PAID | (31.086) | (11.069) | (456) | 0 | (42.611) |
| Distribution balance of accounts payable | (98) | 0 | (40) | 0 | (138) |
| Movements in accounts receivable | (45) | 0 | 0 | 45 | 0 |
| Addition to social-cultural funds | (885) | | | | (885) |
| Addition to distribution obligation | 33.973 | 9.547 | (198) | | 43.322 |
| BALANCE AS AT 31 DECEMBER 2012 | 46.126 | 2.227 | 870 | 3.634 | 52.857 |

The allotment and payment of fees have been performed in accordance with the Distribution Regulations (please refer to pages 32 and 33 of the annual report).

DISTRIBUTION OBLIGATION

Funds to be distributed, divided per year of use of the music. This specification of the distribution obligation is a requirement of the Copyright and Neighbouring Rights Control Board, but is also mandatory to qualify for the collective management organisation quality mark.

| | |
|--|---------------|
| Double claims up to and including 2005 | 112 |
| Producers 2003-2004 | 680 |
| 2005 | 763 |
| 2006 | (328) |
| 2007 | 408 |
| 2008 | 868 |
| 2009 | 909 |
| 2010 | 2.888 |
| 2011 | 4.702 |
| 2012* | 35.124 |
| TOTAL NET DISTRIBUTIONS* | 46.126 |

* The withholding percentage for 2012 also includes accounts receivable and the movements in accounts payable.

Since 2009, the limitation period amounts to 3 years after the end of the music year. Up to music year 2009, the limitation period was still 5 years. In the meantime, the years 2003, 2004 and 2005 have been closed. The undistributed funds over 2003 and 2004 for performers have been transferred to the reserve for social-cultural objectives. The undistributed funds over 2003 and 2004 for producers have been included in the above specification in the respective year. During 2013, the years 2006 and 2009 will be closed off; however, this can only be done after the March 2013 distribution. The negative balance in 2006 concerns funds from the past still to be received.

INTERNATIONAL

Sena receives payments from foreign neighbouring rights organisations with highly diverse information in terms of detail. Payments may refer to various years of use of the music. Therefore, it is not possible to provide a specification of the various music years. The total net amount to be distributed is € 2,227.

PRIVATE COPY

This post is regarding Private copying levies.

| | |
|--------------------------------|------------|
| 2006 | 85 |
| 2007 | 216 |
| 2008 | 283 |
| 2009 | 142 |
| 2010 | 144 |
| TOTAL TO BE DISTRIBUTED | 870 |

OTHER CURRENT LIABILITIES (10)

| | 2012 | 2011 |
|--|--------------|------------|
| ACCOUNTS PAYABLE | 773 | 994 |
| TAX AND SOCIAL SECURITY CONTRIBUTIONS | | |
| VAT | 370 | 44 |
| Wage tax and national insurance contributions | 140 | 103 |
| TOTAL TAX AND SOCIAL SECURITY CONTRIBUTIONS | 510 | 147 |
| ACCRUED LIABILITIES | | |
| Deferred income | 69 | 0 |
| Reserve for holiday entitlements | 130 | 80 |
| Reserve for holiday allowances | 93 | 101 |
| Payments underway | 34 | 25 |
| Copyright and Neighbouring Rights Service Centre | 180 | 9 |
| Other | 998 | 727 |
| TOTAL ACCRUED LIABILITIES | 1.504 | 942 |

The most important items under 'Other' are reserves for collection expenses.

OFF-BALANCE SHEET COMMITMENTS

As at 31 December 2012, the following off-balance sheet commitments were entered into:

| | < 1 year | 1-5 years | > 5 years |
|--|----------|-----------|-----------|
| Rent (maturity in March 2016) | 268 | 603 | |
| Car lease contracts | 101 | 112 | |
| Copy machines (maturity in April 2017) | 7 | 23 | |
| Bank guarantee to lessor | | 78 | |

Any liabilities pursuant to the WPPT Treaty in force since 14 March 2010 have not been included in the annual accounts.



Statement of income and expenditure

WAGES AND SALARIES (11)

| | 2012 | 2011 |
|-------------------------------|--------------|--------------|
| Wages and salaries | 2.119 | 2.323 |
| Social security contributions | 387 | 443 |
| Pension liabilities | 151 | 147 |
| TOTAL | 2.657 | 2.913 |

On average, there were 43.7 people employed in 2012 (2011: 51.6), which is equal to 41.9 FTE (2011: 46.1). During 2011, Sena's field service (5.4 FTE) was transferred to the Copyright and Neighbouring Rights Service Centre. Therefore, the number of employees in 2012 gives a more realistic picture. A number of vacancies was filled later than planned. This resulted in a saving for the budget.

The average number of FTEs over 2012 can be specified as follows: 3.5 FTE for management and support, 8.0 FTE for commerce, 12.5 FTE for distribution, and 17.9 FTE for IT, business development, communication, finance and legal.

The remuneration of the Executive Board has not been included because, for the year 2012, this can be reduced to one person.

MAILING AND COLLECTION COSTS (12)

The invoicing and collection processes for individual licensees have been outsourced by Sena to the Copyright and Neighbouring Rights Service Centre. The related costs have been included under this item. As the field services in 2012 have been included for the entire year in the costs charged on from the Service Centre, this has resulted in an increase compared to 2011.

OTHER OPERATIONAL EXPENSES (13)

| | 2012 | 2011 |
|------------------------------|--------------|--------------|
| Other personnel costs | 461 | 484 |
| Housing expenses | 305 | 318 |
| Automation expenses | 57 | 105 |
| Office costs | 159 | 227 |
| Advertising costs | 336 | 375 |
| External advice and services | 387 | 390 |
| General expenses | 509 | 797 |
| TOTAL | 2.214 | 2.696 |

The costs over 2012 were lower compared to 2011, because non-recurring costs were made in 2011 as a result of the removal. Furthermore, there were still some costs in 2011 that were related to the restructuring that was started in 2010. The effects of this restructuring were visible throughout the full year of 2012.

OTHER OPERATIONAL EXPENSES (14)

This includes various income, depreciation on (in)tangible fixed assets, management costs and the financial result. The most important item under various income consists of the earnings from funds received from abroad.

In the middle of 2012, a change in governance structure took place, as a result of which the then Executive Board was transformed into a Supervisory Board and a Board of Affiliates. Costs recorded under management costs include the remuneration of the Executive Board up to 9 July 2012, and of the Supervisory Board and the Board of Affiliates as from that same date. The financial result almost entirely consists of interest income from savings accounts and deposits.

AFFILIATED PARTIES

Sena has entered a partnership with Buma under the name of Copyright and Neighbouring Rights Service Centre. Both parties have a seat in the Governing Board of the Service Centre.



Other information

SUBSEQUENT EVENTS

On 15 March 2013, the Section representatives of the Performers' Section and the Producers' Section have decided that the unallocated funds of 2005 will be used, on an equal basis, in order to make up the deficit due. Because the Producers' Section's balance of undistributed funds is higher than that of the Performers' Section, the former's surplus will be transferred to the balance of 2006.

Hilversum, 15 March 2013

Executive Board

M.J. Bos
J.A. Moolhuijsen

Supervisory Board

E.H.T.M. Nijpels
C.G. Boot
A. de Jong
C. van der Hoeven
K.P. Ligtermoet
H. Kosterman

INDEPENDENT AUDITOR'S REPORT

To: the Executive and Supervisory Board of
Stichting ter Exploitatie van Naburige Rechten

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2012 of Stichting ter Exploitatie van Naburige Rechten, Hilversum which comprise the balance sheet as at December 31, 2012, the statement of income and expenditure for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code and elaborated in Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board. 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected 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 and fair presentation 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 give a true and fair view of the financial position of Stichting ter Exploitatie van Naburige Rechten as at December 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code and elaborated in Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

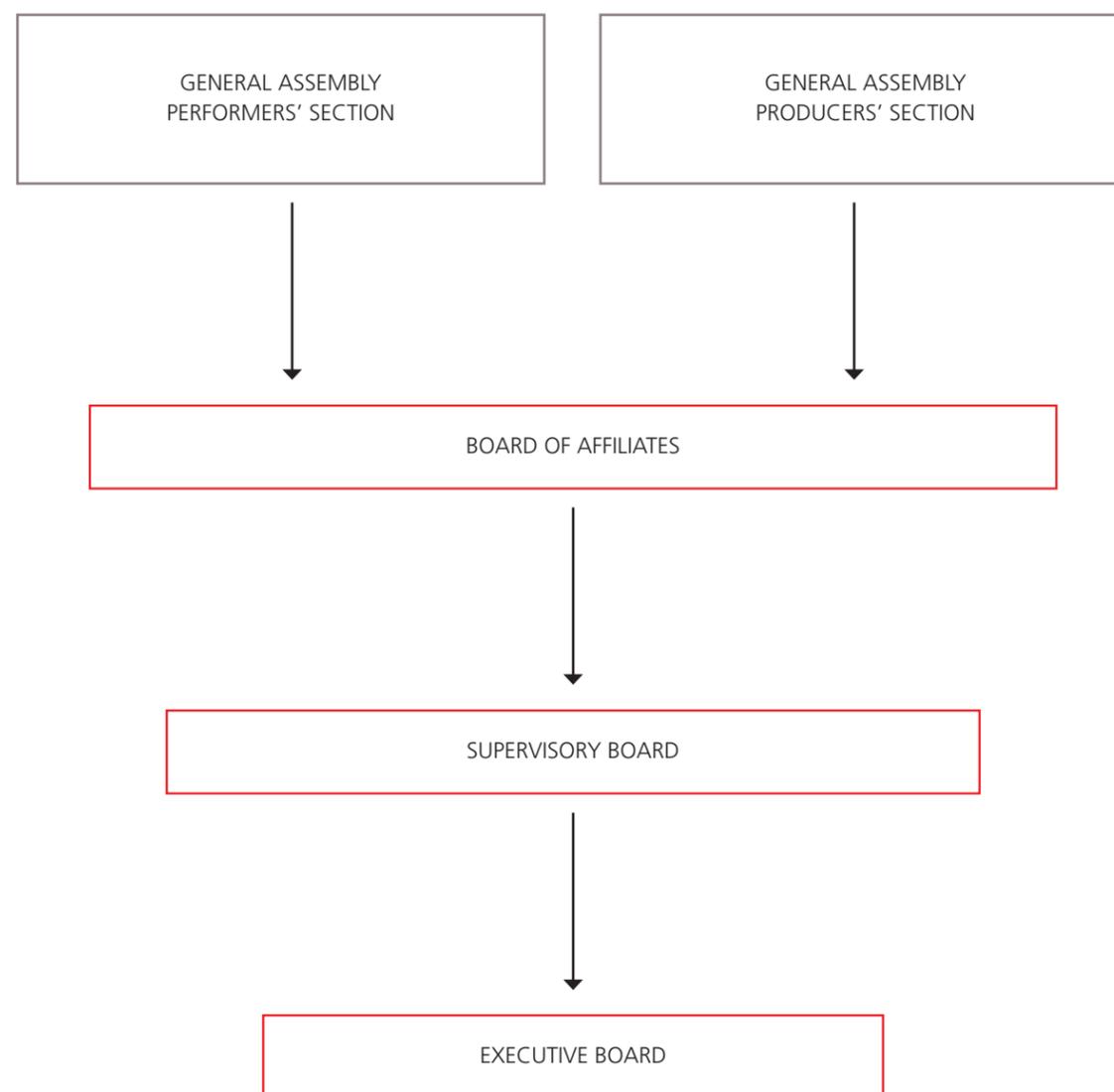
Utrecht, March 15 2013

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

sgd Drs. M.N. de Groot RA

PERSONAL DATA AND RELEVANT ACTIVITIES

GOVERNANCE STRUCTURE OF SENA



BOARD OF AFFILIATES

As per 31 December 2012:

Mr E.R. Angad-Gaur MA

Chair of the Board of Affiliates / Chair of the Performers' Section (paid)

(Additional) functions:

- 1 Musician / composer / lyricist / publicist (paid)
- 2 Secretary of Ntb, VCTN and SPAN (paid)
- 3 Chair of Platform Makers (paid)
- 4 Secretary of Stichting NORMA (paid)
- 5 Secretary of Scobema (paid)
- 6 Member of the Board of Stichting Leenrecht (paid)
- 7 Member of the Board (secretary) of Stichting de Thuis kopie (paid)
- 8 Member of the Board of Kunsten 92
- 9 Member of the Board of the National Thematic Department of D66 for Culture
- 10 Member of the Board of SONT
- 11 Contributor to Sena Performers Magazine (paid)

Mr M. Beets

Member of the Board of Affiliates / Section representative of the Performers' Section (paid)

(Additional) functions:

- 1 Bass player (paid)
- 2 Contrabass teacher at Codarts Rotterdam (paid)
- 3 Joint proprietor of Maxanter Records VOF (paid)
- 4 Owner of Studio de Smederij, Zeist (paid)
- 5 Composer, arranger, producer (paid)

Mr R.P. Delfos

Member of the Board of Affiliates / Section representative of the Performers' Section (paid)

(Additional) functions:

- 1 Teacher of saxophone technique and improvisation at the Royal Conservatoire (paid)
- 2 Teacher of saxophone for light music at Artez Zwolle (paid)
- 3 Active in various bands (Artvark, Houdini's, Jazzinvaders, Licksandbrains) (paid)
- 4 Various workshops at Jazz International et al on a yearly basis (paid)
- 5 Freelance arranger and composer (paid)
- 6 Radio programme Dutch Jazz at Sublime (paid)

Mr A.C.M. Ruiter

Member of the Board of Affiliates / Section representative of the Performers' Section (paid)

(Additional) functions:

- 1 Member of the Board of BV Pop (part of FNV KIEM)

Ms A. Verheggen

Member of the Board of Affiliates / Section representative of the Performers' Section (paid)

(Additional) functions:

- 1 Senior policy assistant Ntb (paid)
- 2 Chair Stichting JA
- 3 Chair Stichting Dutch Jazz Competition
- 4 Chair Stichting European Jazz Competition
- 5 Secretary Stichting Jazz NL
- 6 Chair of the advisory council of the World Music Forum
- 7 Journalistic activities for Vereniging PALM and Stichting NORMA (paid)
- 8 Contributor to of Sena Performers Magazine (paid)

Ms S. Vierstra

Member of the Board of Affiliates / Section representative of the Performers' Section (paid)

(Additional) functions:

- 1 Violin teacher (paid)
- 2 Allround violinist and personal coach (paid)
- 3 Club manager SGV (voluntary)

Mr E. Winkelmann

Member of the Board of Affiliates / Section representative of the Performers' Section (paid)

(Additional) functions:

- 1 Bass player Metropole Orkest (paid)
- 2 Member of Board of Ntb

Mr P. Boertje

Secretary of the Board of Affiliates / Chair of the Producers' Section (paid)

(Additional) functions:

- 1 Joint owner of Essential Dance Music BV (paid)
- 2 Joint owner of Casual Solution BV (paid)
- 3 Owner of P. Boertje Holding BV (paid)
- 4 Councillor/Deputy Party Leader of VVD Ridderkerk (paid)
- 5 Policy advisor of Dierenbescherming Rijnmond (paid)
- 6 Chair of STAP
- 7 Member of the Board of STOMP

Mr R.J.T. van Beek MA

Member of the Board of Affiliates / Section representative of the Producers' Section (paid)

(Additional) functions:

- 1 Business Director of 8ball Music (paid)
- 2 Member of the Board of STOMP
- 3 Member of the Board of Impala
- 4 Member of the Board of Ronde Tafel Vught
- 5 Member of the Board of Tilburgsche Heerenzitting

Mr J.J.R.G. Brans MSc

Member of the Board of Affiliates / Section representative of the Producers' Section (paid)

(Additional) functions:

Business Support Manager EMI (paid)

Mr ing. J.N. Favié CFM EMFC RC

Member of the Board of Affiliates / Section representative of the Producers' Section (paid)

(Additional) functions:

- 1 Managing Director of Promogroup BV (paid)
- 2 Managing Director of PragmaFlex Holding (paid)
- 3 Interim Director of U2 Limited (paid)

Mr R.A. Gruschke

Member of the Board of Affiliates / Section representative of the Producers' Section (paid)

(Additional) functions:

- 1 Vice-President of the Global Collective Rights Beggars Group (paid)
- 2 Member of the Financial Committee of PPL
- 3 Member of the Distribution Committee of PPL

Mr B. van Sandwijk

Member of the Board of Affiliates / Section representative of the Producers' Section (paid)

(Additional) functions:

- 1 Financial Director of Sony Music (paid)
- 2 Treasurer of STAP

Mr M.C.J. ten Veen

Member of the Board of Affiliates / Section representative of the Producers' Section (paid)

(Additional) functions:

- 1 Business & Legal Affairs Manager of Warner Music Benelux (paid)
- 2 Member of the Board of SIMIM Belgium
- 3 Member of the Board of Imagia Belgium
- 4 Member of the Legal Committee of NVPI
- 5 Member of the Copyright Committee of NVPI

SUPERVISORY BOARD**Mr E.H.T.M. Nijpels MA**

Independent Chair of the Supervisory Board (paid)

(Additional) functions:

- 1 Chair of Nlingenieurs (paid)
- 2 Chair of the Supervisory Board of Wetsus (paid)
- 3 Chair of Papier Recycling Nederland and VRN (paid)
- 4 Chair of KBb educatief (paid)
- 5 Member of the Executive Board of VNO-NCW
- 6 Member of Urgenda Platform
- 7 Chair of Thuiswinkel.org (paid)

For a complete overview of the functions of Mr Nijpels, please refer to www.nlingenieurs.nl.

Mr C.G. Boot RA

Independent financial expert member of the Supervisory Board (paid)

(Additional) functions:

- 1 CFO Koninklijke Joh. Enschedé (paid)
- 2 Member of the Advisory Council of Van Ede & Partners at the Arnhem office
- 3 Chair of the Review Committee of Pensioenfondsvoor de Grafische Bedrijven (PGB) (paid)

Mr C. van der Hoeven MA

Member of the Supervisory Board, Producers' Section (paid)

(Additional) functions:

- 1 CEO/President of Universal Music Benelux (paid)
- 2 Chair of NVPI Audio
- 3 Member of the Board of NVPI Federatie

Mr ir. A. de Jong

Member of the Supervisory Board, Producers' Section (paid)

(Additional) functions:

- 1 Managing Director of Challenge Records International B.V. (paid)
- 2 Managing Director of New Arts International B.V. (paid)
- 3 Vice-Chair of NVPI Audio
- 4 Member of the Board of NVPI Federatie
- 5 Secretary of STOMP
- 6 Owner and manager of Knockwood B.V.

Mr H. Kosterman LL M

Member of the Supervisory Board, Performers' Section (paid)

(Additional) functions:

- 1 Member of the Member Council of Buma/Stemra (paid)
- 2 Chair of PALM (paid)
- 3 Editor in chief of Sena Performers Magazine (paid)

Mr K.P. Ligtermoet

Member of the Supervisory Board, Performers' Section (paid)

(Additional) functions:

- 1 PINT Performers' Interests Consultancy (paid)
- 2 Member of the Board of Stichting BREIN
- 3 Contributor to Sena Performers Magazine

EXECUTIVE BOARD**Mr M.J. Bos**

CEO (paid)

(Additional) functions:

- 1 Chair of the Copyright and Neighbouring Rights Service Centre
- 2 Treasurer of the Executive Board of VOI©E

Mr J.A. Moolhuijsen

Starting from 1 January 2013:
CFO (paid)

(Additional) functions:

Member of the Board of the Copyright and Neighbouring Rights Service Centre

COPYRIGHT AND NEIGHBOURING RIGHTS COLLECTIVE MANAGEMENT ORGANISATIONS CONTROL BOARD Chair

Mr J.W. Holtslag MA

Members

Mr J.L.R.A. Huydecoper LL M
Mr M. Sanders MA
Mr H.B. van der Veen RA

Secretary

Mr H.F.R. van Heemstra LL M

► Annexes

1. PROFILE OF THE SUPERVISORY BOARD

Sena collects fees on behalf of national and international performers and record producers in case their music is played outside the private sphere. This may e.g. be the use of music in shops, supermarkets, bars and discos, but also the broadcasting of it on radio and television stations. Sena has been designated by the Ministry of Security and Justice to ensure the implementation of the Neighbouring Rights Act, and has performed this task since 1 July 1993. On the basis of playlists of radio and television broadcast stations and legally approved Distribution Regulations, these earnings are distributed to the entitled performers and producers in the Netherlands and abroad, against the lowest possible costs.

Size and composition of the Supervisory Board

The Supervisory Board consists of six members, including an independent chair and a financial expert. The members are appointed for a term of four years and can be reappointed once for the same term. The members of the Supervisory Board cannot be part of the Executive Board or the Board of Affiliates at the same time. The Supervisory Board will meet at least four times a year.

Fields of activity of the Supervisory Board

- Supervising the Executive Board's day-to-day management as well as the foundation's general state of affairs, taking into account the foundation's results, performance and risks.
- Advising the Executive Board, both on request and on its own initiative, and acting as a sounding board.
- Testing the key strategic, organisational, financial, personnel and performance decisions.
- Supervising the compliance with relevant legislation and regulations.
- Supervising the compliance with guidelines for good governance and integrity for collective management organisations.
- Ensuring all requirements of financial reporting, internal control and risk management are met.
- Appointing, suspending and dismissing the Executive Board, as well as acting as an authorised employer of the Executive Board.

Job requirements for members of the Supervisory Board

- Administrative and supervising qualities and administrative understanding.
- A keen sense of political and administrative relations.
- Being able to act broadly as a sounding board for the Executive Board.
- Knowledge of and experience with administrative decision-making processes.
- Capacity to make an overall assessment of the foundation's results in an independent way.
- Administrative knowledge and experience.
- Understanding of strategic considerations.
- Being able to work in a team.
- Qualities such as discussion, consultation, decision-making and communication skills.
- Interest in the music sector and in copyright and neighbouring rights in general.
- Experience with (administrative) organisations where large-scale data processing is executed.
- Affinity with day-to-day management on the basis of a (clear) job demarcation between the Supervisory and the Executive Board.
- An academic working and thinking level; broad social interest.
- Integrity and independence.
- Having the (helicopter view) qualities to function as a supervisor of a complex organisation.

2. PROFILE OF THE BOARD OF AFFILIATES

Size and composition of the Board of Affiliates

The Board of Affiliates consists of representatives of the Performers' Section and representatives of the Producers' Section. Each Section has at least five and at the most seven Section representatives; the number of representatives of both Sections should be equal at all times. In its current state, the Board of Affiliates consists of fourteen Section representatives. The members of the Board of Affiliates are appointed by the General Assembly of the respective Section for a term of four years, and can be reappointed twice for a same term. Nomination of candidates can take place on the recommendation of the founding organisations. Affiliates are also entitled to nominate candidates for free seats and/or to nominate opposing candidates.

In order to enable candidates and opposing candidates to get a picture of the Board of Affiliates' most important fields of activity, the following profile has been prepared, including the most desirable competencies and experience. The members of the Board of Affiliates cannot be part of the Executive Board or the Supervisory Board. The Board of Affiliates will meet at least four times a year.

Fields of activity of the Board of Affiliates

- Supervising the overall policy-making process with respect to matters that are of specific importance to the Sections.
- Amending and approving the Distribution Regulations.
- Approving the annual accounts, the annual plan and the budget.
- Advising the Executive Board, both on request and on its own initiative.
- Appointing, suspending and dismissing four members of the Supervisory Board (two by the Section representatives of the Performers' Section and two by the Section representatives of the Producers' Section).

Desired competencies of the members of the Board of Affiliates

- Knowledge of and experience with administrative decision-making processes.
- Capacity to make an overall assessment of the foundation's results in an independent way.
- Understanding of strategic weighing processes.
- Being able to work in a team.
- Qualities such as discussion, consultation, decision-making and communication skills.

3. AGREEMENTS WITH INTERNATIONAL ORGANISATIONS AS AT DECEMBER 2012

For the benefit of **Performers**, the following agreements have been closed with international organisations:

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

For the benefit of **Producers**, the following agreements have been closed with international organisations:

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

4. GENERAL INFORMATION ABOUT SENA

On 29 September 1992, Sena (Stichting ter Exploitatie van Naburige Rechten), the Dutch Foundation for the Exploitation of Neighbouring Rights, was established by notarial deed.

The foundation has its registered office in Hilversum, the Netherlands. On 9 July 2012, the foundation's Articles of Association were amended.

In its Articles of Association, the foundation has included the following objective:

"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. exercising and enforcing the rights and claims entrusted to the foundation, including the collection and distribution of the reasonable fees referred to in Section 7 of the Neighbouring Rights Act;
 - b. 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.
2. With regard to the operations referred to in Paragraph 1(a), 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. In order to achieve its objective, the foundation is authorised to use the following means:
 - a. undertaking activities or arranging for activities to be undertaken, in cooperation with the founding organisations, to improve the social and socio-economic position of the holders of neighbouring rights, including measures serving a cultural purpose;

b. drawing up distribution regulations with regard to the fees referred to in this article, and implementing these regulations or arranging for their implementation;

c. establishing and maintaining an office that is to carry out the foundation's activities, or outsourcing such activities either wholly or in part to third parties;

d. all other means that may support the foundation's objective.

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 nature.

6. The foundation is authorised to take part in national and international organisations in the field of intellectual property rights in general, and neighbouring rights in particular.

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

The Minister of Security and Justice has designated Sena as the only body authorised to collect and distribute second-use fees under the Neighbouring Rights Act.

The annual accounts have been prepared under the responsibility of the Executive Board, approved by the Supervisory Board and adopted by the Board of Affiliates. The annual accounts are available for inspection to the General Assemblies.

* This pertains to a Type-B agreement.

