

ANNUAL REPORT 2004

Brederode - Annual Report 2004





SUMMARY

MISSION AND STRATEGY	2
FINANCIAL HIGHLIGHTS	4
MANAGEMENT REPORT	5
Review of the consolidated figures	5
Consolidated results	6
Appropriation of earnings	7
Outlook	7
The Brederode Chair	7
ASSETS	8
Listed Portfolio	8
Private equity	11
Artilat Industrial activities	14
Athanor	15
EURONEXT	16
CORPORATE GOVERNANCE	18
INFORMATION ABOUT THE INITIAL APPLICATION OF THE IAS/IFRS STANDARDS	22
CONSOLIDATED ACCOUNTS	23
STATUTORY ACCOUNTS	41
CALENDAR	47

“LIFE WILL PUNISH THOSE WHO ARE LATE”
(MIKHAÏL GORBATCHEV)

1. MISSION AND STRATEGY

Brederode is an investment company, quoted on Euronext Brussels, which actively manages a portfolio of listed, and unlisted (“private equity”) investments.

Brederode aims to increase its shareholders’ assets by generating not only dividends but also and most importantly capital gains from the disposal of holdings, on a recurring basis.

Brederode actively manages a large and diversified portfolio of listed shares.

The investments in this portfolio are of a minority nature.

Brederode’s portfolio management is based on “stock picking”, i.e. investing in companies that appear to be undervalued by the stock market and that offer the best prospects for profitability and growth.

Brederode has the advantage of not being subject to constraints in terms of sector allocation, maximum weightings between different positions and minimum liquidity restrictions.

Similarly Brederode is completely free to wait for its investments to reach full maturity before realising them.

Shares are purchased or sold either directly or through the exercise of options.

Brederode’s option strategy is twofold: it writes call options on shares it already owns (covered calls) and that are judged to have peaked in value or writes put options, at below the prevailing market price, on shares it considers acquiring. In both cases Brederode receives the option premium, therefore enhancing its potential overall return on investment.

The management cost associated with its listed securities portfolio is lower than that of most common investment funds.

The objective of Brederode’s involvement in “private equity” is to achieve returns significantly in excess of those achievable on the stock market.

Brederode, over the past ten years, has steadily developed its involvement in “private equity” by partnering with other institutional investors in supplying risk capital to companies operating mainly in Europe and the United-States.

On the strength of the experience accumulated, Brederode is able to concentrate on, and have access to the most promising projects, and the best teams of specialised managers.



1. MISSION AND STRATEGY

Brederode strives at all time to optimise its capital structure. Its assets are financed mainly from permanent capital which is strengthened, on a regular basis, by the reinvestment of profits arising from its business and, occasionally, by original capital market transactions in the form of issuance of shares with warrants or issuance of convertible bonds.

A small part of its portfolio is financed through the use of debt in order to optimise the return on equity.



Gérard Cotton

Luigi Santambrogio

Johanne Iweins d'Eeckhoutte

Pierre van der Mersch

2. FINANCIAL HIGHLIGHTS

Consolidated accounts

Overall figures (in EUR millions)	2000	2001	2002	2003	2004
Securities portfolio	903	834	684	719	803
Shareholders equity	665	668	540	622	755
Financial liabilities, excluding O.A.C.*	127	21	15	20	49
Net realised capital gains	99	60	4	41	56
Dividends and interest received	32	29	24	20	27
Profit after tax (group share)	201	38	-103	79	77

* Bonds automatically convertible into Brederode shares.

Figures per share (adjusted) (in EUR)	2000	2001	2002	2003	2004
Book value	19.43	19.84	16.05	17.28	20.05
Profit after tax (group share)	5.87	1.13	-3.06	2.20	2.06
Gross dividend	0.68	0.75	0.40	0.42	0.44
Net dividend	0.51	0.56	0.30	0.315	0.33
With VVPR coupon strip	0.57	0.64	0.34	0.357	0.374

Number of shares in issue, adjusted in accordance with the share split of 13 November 2000:

2000: 34,227,782
2001: 33,666,309
2002: 33,666,474
2003: 35,992,692
2004: 37,646,882

Market price

(in EUR)	2000	2001	2002	2003	2004
Highest	35.82	27.40	21.70	16.25	20.48
Lowest	23.60	14.10	10.60	8.74	15.62
As of 31 December	25.00	18.86	12.51	15.60	20.20

Ratios

	2000	2001	2002	2003	2004
P/BV					
Price/book value	1.2	0.9	0.7	0.9	1.0
P/E					
Price/earnings (group share)	*8.9	16.7	n.a.	7.1	9.8
R.O.E.					
Earnings/shareholders equity	*14.5%	5.2%	n.a.	*8.5%	10%
Gross yield					
Gross dividend/price	2.7%	4.0%	3.2%	2.7%	2.2%

* Excluding results arising from merger
Market price at the end of the period

3. MANAGEMENT REPORT

Review of the consolidated figures

Balance sheet (in EUR millions)	2004	2003	2002
Securities' portfolio	802.9	719.3	684.2
- listed securities	614.6	518.8	459.6
- private equity	181.4	193.8	208.1
- industrial activities (Artilat)	6.9	6.7	16.5
Other assets	29.3	21.8	23.7
Total assets	832.2	741.1	707.9
Shareholders' equity	754.9	622.1	540.4
Automatically convertible bonds (O.A.C)	0	70.8	72.3
Minority interests	0	0	41.9
Provisions and deferred taxation	6.3	4.4	6.7
Debt (excluding O.A.C.) and other liabilities	71	43.8	46.6
Total liabilities	832.2	741.1	707.9

Income from listed securities is recurring in nature, and largely covers the cost of debt. The majority of the listed securities are highly liquid; this makes it possible to use debt, at attractive terms, to issue options on those securities and to receive the related premium income. The management cost of these assets is particularly low.

Own shares held directly by Brederode represent 9% of its capital. Entitlement to dividends on these shares is suspended.

Private equity accounts for a quarter of the securities portfolio. For this class of assets the aim is to achieve capital gains above those achievable on the stock market. Private equity does not usually generate dividends.

In 2004, Brederode group acquired listed shares for a total of € 149 million and invested € 51.2 million in private equity. During the same period, the group disposed of listed shares totalling € 82.2 million and of private equity investments worth € 40.1 million, measured at cost.

Assets are denominated in three major currencies, namely 60% in EUR, 26% in USD and 14% in GBP. The exchange risk is managed on a day-to-day basis. Positions in USD and GBP are hedged to different degrees over time. As at 31 December 2004, USD assets were 67% covered against the risk of USD depreciation vs the EURO, while those denominated in GBP were 61% covered.

Taking advantage of low interest rates, Brederode has increased its use of debt by issuing commercial papers to finance the expansion of its investment portfolio. Indebtedness currently accounts for 9% of the consolidated book value of total assets.

3. MANAGEMENT REPORT

Consolidated results

Income statement (in EUR millions)	2004	2003	2002
Recurring financial results	25.8	34.8	27.4
- Dividend and interest income	26.6	19.6	23.7
- Interest charges	-1.6	-3.5	-4.0
- Foreign exchange result	4.5	19.9	10.3
- Option premium received	1.0	0.8	1.4
- Other recurring financial results	-4.7	-2.0	-4.0
Other recurring results	-0.1	-2.6	-1.6
Capital account results	54.6	34.7	-152.0
- Net realised capital gains or losses	55.6	41.0	4.3
- Net write down on investments	-1.0	-6.3	-156.3
Share of results in industrial subsidiaries	0.1	-1.6	8.3
Extraordinary items	0.0	17.2	0.0
Profit before tax	80.4	82.5	-117.9
Profit after tax	77.5	79.1	-120.2
- Group share	77.5	79.1	-103.1

During the past year, the Brederode group has generated consolidated net profits of € 77.5 million vs. € 79.1 million. On a per share basis it translates into € 2.06 vs. € 2.20 the year before, but on a number of shares increased by 5%.

The sale of listed securities generated net capital gains of € 21.8 million while that of unlisted securities (private equity) generated € 33.3 million in net capital gains.

The securities portfolio has generated dividends and, to a lesser extent, interest income for a total of € 26.6 million.

The hedging of foreign exchange risks inherent to the USD and GBP investments has resulted in a net foreign exchange profit of € 4.5 million.



3. MANAGEMENT REPORT

Appropriation of earnings

The company's profit after tax was € 101,609,701.13 and the profits brought forward from the previous year were € 299,560,765.31. We therefore propose to appropriate the accumulated profit of € 401,170,466.44 as follows:

- to the statutory reserve:	952,813.44
- to the other reserves:	15,553,830.60
- to the remuneration of capital:	15,083,310.88
- profits carried forward:	369,580,511.52

The Board of Directors will therefore make a proposal at the Annual General Meeting for the distribution of a gross dividend per share of € 0.44; this is up 5%, and represents a net dividend of € 0.330. The net dividend for shares with "VVPR strips" would amount to € 0.374.

This proposal reflects the Board's desire to maintain a policy of regular dividend growth.

Subject to the Annual General Meeting's approval, the dividend will be released for payment from 8 June 2005 onwards, on presentation of coupon no. 65 at the counters of Fortis Bank, Dexia Bank and KBC Bank.

Outlook

The Brederode's group has reached cruising speed in terms of generation of not only dividends but also capital gains on the disposal of holdings.

Brederode Chair "Developing entrepreneurial spirit"

The Brederode Chair, "Developing entrepreneurial spirit", working with the "Business Creation" unit (CPME) set up at UCL a few years ago, provides sound support for the efforts made by the University in the field of business development. It aims to provide an impetus in this area both as regards the "Business Creation" inter-disciplinary training course and as regards the training programmes organised by the faculties at the UCL. It is intended for students of management, law, agronomy and applied sciences.

The Chair has made it possible to recruit a young lecturer, F. Janssen, who is responsible for stimulating the CPME unit, working to ensure that this type of training course becomes a regular feature in management programmes and creating an entrepreneurship section in complementary and ongoing training cycles. It offers students wishing to engage in entrepreneurial activities the opportunity to acquire essential tools and skills and provides valuable assistance for those who already have a project. In each case, the aim is to organise a multi-disciplinary training course through which future graduates can be confronted with real situations.

4. ASSETS

Listed Portfolio

As of December 31, 2004, the main listed investments of the group Brederode (99.9%) were as follows:

Securities	Number 31 Dec 2003	Number Purchase/ (Sale)	Number 31 Dec 2004
INSURANCE			
ACE Ltd	488,562		488,562
Amlin Plc	2,000,000	(2,000,000)	0
Aspen Ltd	500,000		500,000
Atrium Underwriting Plc	333,500	(333,500)	0
Axa	100,000	(100,000)	0
Axis Speciality Ltd	555,359		555,359
Goshawk Insurance Hold Plc	2,276,025		2,276,025
Hardy Underwriting Plc	1,604,158		1,604,158
Partner Re Holdings Ltd	140,000		140,000
Royal & Sun Alliance Plc	1,804,722	(1,404,722)	400,000
SVB Holdings Plc	32,938,296		32,938,296
XL Capital Ltd	113,057		113,057
BANKING			
ABN Amro	0	1,147,949	1,147,949
B.N.P.- Paribas	191,914	138,086	330,000
Dexia s.a.	665,000	789,988	1,454,988
H.S.B.C. Plc	2,087,556	17,512	2,105,068
J.P.Morgan Chase	390,000		390,000
National Australia Bk Priv. Conv.	150,000		150,000
Royal Bank of Scotland	0	650,000	650,000
Wachovia Bank	205,000	45,000	250,000
WestPac Banking Corporation	281,250	(281,250)	0
FINANCIAL SERVICES			
Almanij	80,000	45,000	125,000
Fortis	4,210,300		4,210,300
I.N.G.	770,209	384,306	1,154,515
K.B.C. Holding	167,078	(167,078)	0
Lloyds TSB Group Plc	1,581,000	(170,000)	1,411,000



4. ASSETS

OIL AND GAS

E.N.I	1,700,000		1,700,000
Royal Dutch	510,000	140,000	650,000
Total	101,249	25,000	126,249
Unocal Corporation Priv. Conv.	200,000	(99,957)	100,043

ELECTRICITY AND WATER

Electrabel	133,830		133,830
Endesa	0	1,350,000	1,350,000
International Power Plc	2,582,117	(2,582,117)	0
Kelda Plc	829,544	(829,544)	0
Scottish Power Plc	2,110,000	(2,000,000)	110,000
Severn Trent Plc	1,139,131	(1,084,131)	55,000
TXU Inc	230,000	(230,000)	0
United Utilities Plc	961,576	(961,576)	0
United Utilities Plc (A shares)	534,208	(534,208)	0

TELECOM

Deutsche Telecom	0	1,200,000	1,200,000
TDC	454,000	80,000	534,000
Telecom Italia	6,000,000	1,000,000	7,000,000

MISCELLANEOUS INDUSTRIES

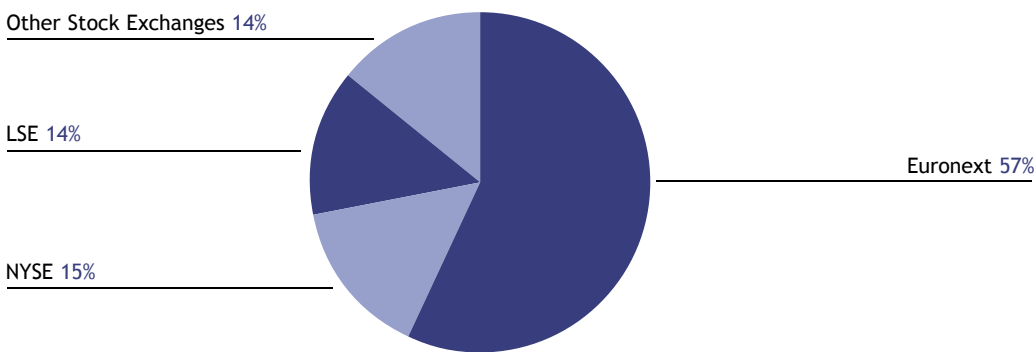
Artémis S.A.	84,164		84,164
Brederode	3,366,630		3,366,630
Delhaize Group	25,000	(25,000)	0
Elementis Plc	871,487	(871,487)	0
Ford Motor (priv. conv.)	43,000		43,000
Gallaher Plc	500,000	(200,000)	300,000
Immo Royal s.a.	19,151		19,151
K.P.N.	310,000	(310,000)	0
Rank Group Plc	919,736		919,736
Pfizer Inc.	0	37,500	37,500
Rutland Plc	32,400,000		32,400,000
Sanofi - Synthélabo	170,000	170,000	340,000
Samsung Electronics	15,000	42,457	57,457
Unilever NV	389,930	78,745	468,675

These holdings are shown under the headings financial assets and treasury investments (own shares) in the consolidated accounts.

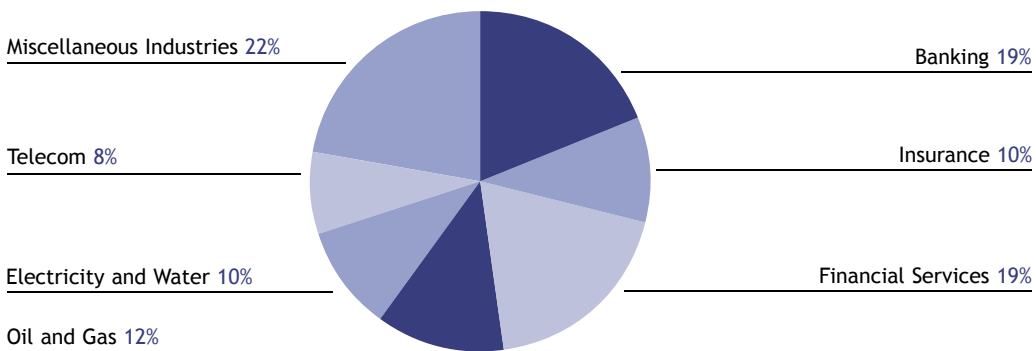
4. ASSETS

These listed holdings are broken down according to their consolidated book value as follows:

Break-down of listed securities by stock exchanges



Sector break-down of listed securities



Brederode's portfolio management is based on "stock picking", i.e. investing in companies that appear to be undervalued by the stock market and that offer the best prospects for profitability and growth.



4. ASSETS

Private equity

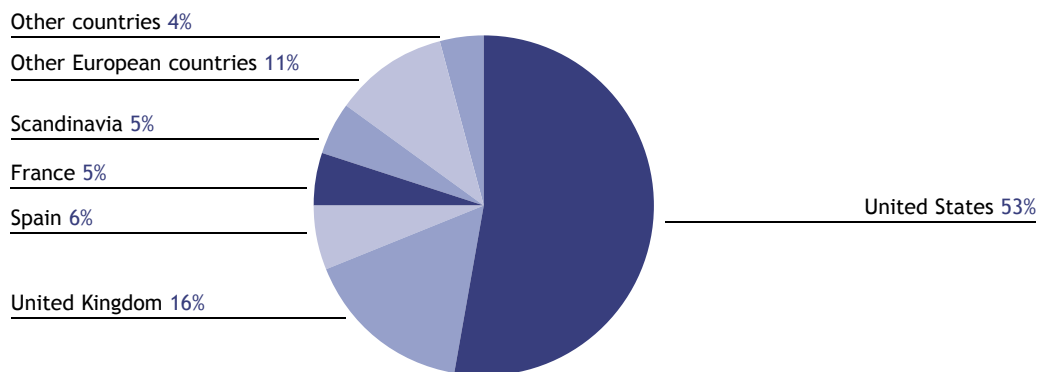
In its primary sense “private equity” refers to the shareholders’ equity of unlisted companies.

The aim is to achieve returns from these investments significantly above those achievable on the stock market.

These investments are spread across a large variety of industries.

Unlisted companies in which Brederode holds interests operate primarily in the United States and Western Europe.

Sector break-down of private equity investments



Partnerships for a fixed term

For more than 10 years, Brederode has focused its private equity investments on fixed-term partnerships with other institutional investors, under the leadership of specialised managers.

Each investment decision is taken upon conclusion of a detailed “due diligence” procedure, during which meetings are held with these specialised managers and all ad hoc documents are reviewed in detail, including the private placement memorandum and the partnership agreement.

Brederode’s executive directors examine with particular attention the investment strategy, and market opportunities, past performances, deals source and exit strategy.

Investments are monitored on the basis of detailed quarterly reports and the partnerships’ audited annual accounts.

4. ASSETS

Based on the experience it has accumulated, Brederode group is in a position to concentrate on the most promising projects, with the best teams of specialised managers.

At the end of 2004, Brederode had investments in 66 partnerships managed by 38 private equity groups, for a total amount of € **156.5** million, and had committed to invest € 122.5 million in the next few years.

Brederode sometimes has the opportunity to co-invest in parallel with an investment partnerships.

At the end of 2004, Brederode co-invested in 20 companies, for a total of € **23.7** million.

Brederode also held other direct investments for a total of EUR **1.2** million at the end of 2004.

Developments in 2004

Consolidated book value on 31/12/2003	€ 193.8 m.
New investments	€ 51.2 m.
Disposals excluding capital gains	€ -40.1 m.
Exchange losses	€ -13.2 m.
Other write-downs	€ -10.3 m.
Consolidated book value on 31/12/2004	€ 181.4 m.
Realized gain in 2004	€ 42.6 m.
Loss on realization	€ - 9.3 m.
Net realized gain in 2004	€ 33.3 m.

In addition, private equity generated earnings (**dividends and interest**) of € 3.5 million in 2004.

4. ASSETS

For illustrative purposes, the following table summarises the transactions in 2004 that generated the largest capital gains and income during the investment period:

Name	Business	Date of initial investment	Date of final exit (except*)	Exit method	Amount invested (€ m.)	Capital gain and income (€ m.)	TRI	Multiple of cost
Language Line Inc	Translation services	03/1999	06/2004	Financial	1.0	3.9	45.2%	4.9 X
Coral Eurobet	Gambling	12/2002	12/2004*	Refinancing*	2.5	2.0	35.2%	1.8 X
XM Satellite Radio Holdings	Satellite radio	08/2000	12/2004*	Stock exchange*	1.3	2.0	28.6%	2.5 X
VCA Antech Inc	Veterinary services	09/2000	08/2004	Stock exchange	1.8	3.4	41.2%	2.9 X
Eircom Plc	Irish fixed telephony	10/2001	03/2004	Refinancing/ Stock exchange	2.2	1.3	20.5%	1.6 X
Auto Teile Unger GmbH	Distribution of automotive accessories	07/2002	08/2004	Financial	0.6	1.3	68.0%	3.1 X
IMO Carwash GmbH	Carwash	02/1999	03/2004	Financial	0.5	1.2	28.1%	3.3 X
Kabel Deutschland AG	Cable network	03/2003	11/2004*	Refinancing*	1.3	2.2	60.2%	2.7 X
Dignity Services	Funeral services	06/2002	04/2004	Stock exchange	0.8	1.0	64.0%	2.3 X
Dunlop Standard Aerospace	Aeronautic components	09/1998	08/2004	Financial	0.7	0.9	13.1%	2.2 X
Anthony Holdings	Commercial refrigeration	12/1998	09/2004	Financial	0.3	0.8	24.5%	3.6 X
AMS Services Inc	Insurance	12/998	12/2004	Industrial	0.8	0.8	18.3%	2.0 X

*partial exit

2004 was an important year for Brederode's private equity program.

For the first time since the company has started investing in this asset class, the proceeds of disposals surpassed the amount of new investments on an annual basis. That means that our private equity programme is being financed exclusively out of the reinvestment of these earnings.

4. ASSETS

This achievement has been helped by a favourable private equity environment during 2004.

Indeed, Brederode took advantage of several IPOs and trade and financial sales to exit a number of investments. What is more, a new form of partial liquidity, namely refinancing, has been used with increasing frequency. In this way, successful companies can take advantage of abundant credit available in the capital markets to renegotiate their debt on better terms and consequently to pay a significant special dividend to their shareholders. As a result, the initial cost of the investment is significantly reduced while the percentage ownership in the company and the potential for future capital gains remains unchanged or is even increased.

Today more than ever, Brederode is reaping the fruits of its more than 10 years of experience. Private equity requires an ongoing and long-term commitment but the reward can be very attractive.

Artilat industrial activities

Listed under the private equity category is also Brederode 97% shareholding in Artilat. This company and its subsidiaries produce and market latex foam and polyurethane articles.

The main production units are located in Belgium and in the Czech Republic.

The investment in Artilat and its subsidiaries, accounted for in the consolidated accounts with the equity method, amounts to € 6.9 million while its earnings amount to 0.1 million.

Gross operating result (Ebitda) on latex by Artilat and its Czech subsidiary came to € 5.8 million in 2004 compared to € 3.6 million in 2003, which made it possible to substantially reduce its debt level. This continues the turnaround started in 2003 following the successful implementation of the investment and restructuring plan.

Gross operating result (Ebitda) on polyurethane by Artilat's 50%-owned subsidiary amounted to 1.7 million in 2004 compared to € 1.4 million in 2003, progressing slightly.



4. ASSETS

Athamor

Athamor Ltd, Brederode's insurance vehicle at Lloyd's of London, had a good year in 2004.

This wholly-owned subsidiary participates in 10 insurance syndicates. Its equity capital is invested in a portfolio of shares listed in London - reported under the group's main listed holdings - which serve as a guarantee for its insurance activities. This structure thus offers two sources of profitability.

Athamor's technical result, in other words the insurance result, stood at € 2.7 million in 2004. Because of Lloyd's practice to record insurance results 3 years after the actual underwriting takes place, Athamor booked in 2004 the results of its insurance activities for 2002.

Insurance results for 2003 are also expected to be positive.

The 2002 and 2003 results will go a long way towards rebuilding the balance sheet of Athamor, that, like many other insurers and re-insurers worldwide, suffered the effects of the unfavourable cycle and of the terrorist attacks of 11 September 2001.

Insurance conditions in 2004 were more difficult than in the two previous years and were significantly affected by four devastating hurricanes in the United States and two typhoons in the Far East. Although the combined losses caused by these disasters were the second highest in magnitude after those of September 11, Athamor still expects to make an attractive profit on insurance.

There is less visibility on the insurance results for 2005. The Lloyd's market is nonetheless maintaining a disciplined approach to granting insurance cover.

5. EURONEXT

Financial Instruments

Brederode has two financial instruments listed on Euronext Brussels:

37,646,882 shares

18,250,504 VVPR strips

The 37,646,882 issued shares all carry the same rights.

The VVPR (reduced withholding tax) "strip" guarantees the holder the right to have the withholding tax on dividends to be deducted at the reduced rate of 15% instead of 25%.

Stock market capitalisation

At the end of 2004, Brederode's stock market capitalisation amounted to € 760 million, putting the company in 30th place on Euronext Brussels.

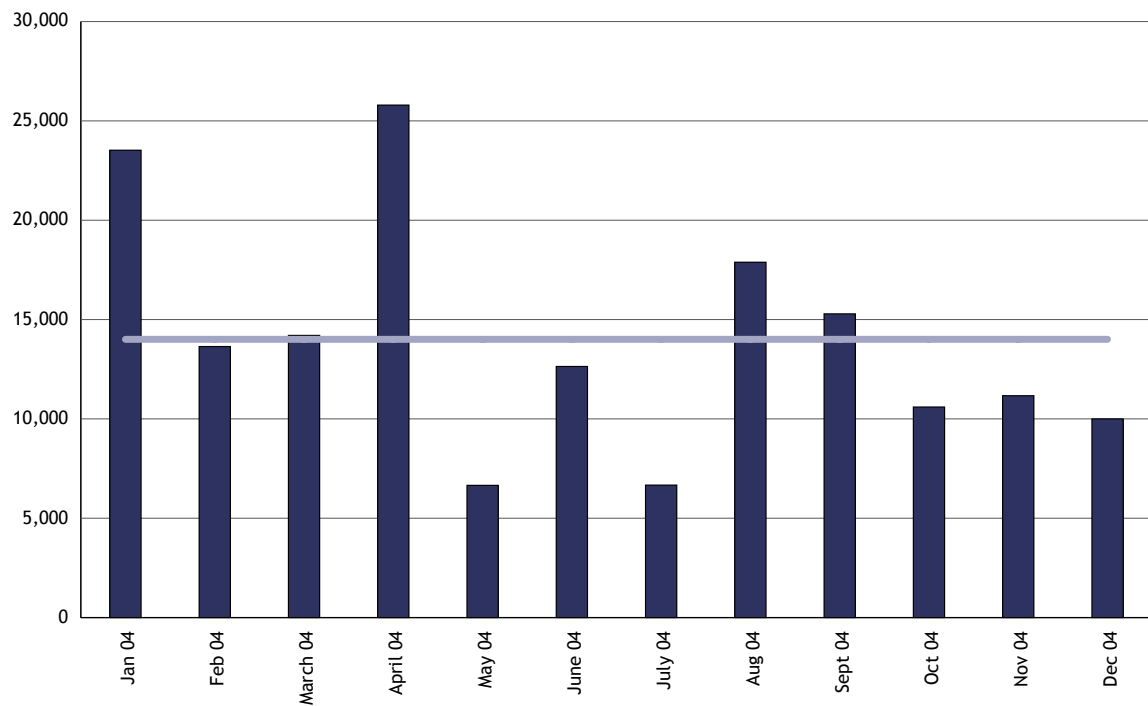
Evolution of stock market price



5. EURONEXT

Liquidity

Average number of shares traded per month.



6. CORPORATE GOVERNANCE

Board of Directors

Pierre van der Mersch, Chairman
Johanne Iweins d'Eeckhoutte, Managing Director
G rard Cotton, Managing Director
Luigi Santambrogio, Executive Director
Bernard De Corte*
Philippe De Backer *
Michel Delloye *

* independent directors

Executive Management

Pierre van der Mersch, CEO
Johanne Iweins d'Eeckhoutte
G rard Cotton
Luigi Santambrogio

Committees set up by the Board of Directors

Audit Committee

Michel Delloye, Chairman
Philippe De Backer
Bernard De Corte

Nomination and Remuneration Committee

Pierre van der Mersch, Chairman
Philippe De Backer
Bernard De Corte
Michel Delloye

Activity Report of the Board of Directors and its Committees

In 2004, the Board of Directors met three times, with an 81% individual attendance rate by directors. The Audit Committee met once; the Nomination and Remuneration Committee did not meet in the course of the year.



6. CORPORATE GOVERNANCE

Transactions on company's shares

The Board assumes that its members comply with the European Directive on insider dealing and market manipulation (market abuse).

A "closed period" begins on the date the accounts are closed and lasts up until the publication of the results. A "prohibited period" or sensitive period begins with the communication of sensitive information to the director and lasts up until publication of such information.

The director who carries out transactions on the company's shares during these periods or more generally, at any time, does so at his own risk.

Remuneration

The base salary for executive directors totals € 716,400. The remuneration of the CEO is one fourth of this amount.

No variable payments are made on top of the base salary.

The directors have an extra-legal pension plan and hospitalisation insurance.

A company car is made available to the executive directors in Belgium.

The company does not grant to the directors shares, options or other rights to acquire shares.

The executive directors have the status of self-employed persons, may be dismissed ad nutum and in principle, without severance pay, with the exception of one director entitled to lump sum severance pay of € 100,000.

One of the non-executive directors, with a special assignments related to the industrial subsidiaries, is paid € 90,000 a year, while another is paid € 1,500.

The third non-executive director receives no emoluments.

The remuneration thus granted to the executive and non-executive directors in 2004 will remain unchanged in 2005.

Compliance with the Code

The company abides by the principles of the Belgian Corporate Governance Code but considers that certain provisions are not appropriate to its specific situation.

- The company has adopted a clear corporate governance structure.

It is directed by its executive directors, who make up the Executive Management.

The company's strategy has long been in place by the Board of Directors and is outlined yearly in the Annual Report.

6. CORPORATE GOVERNANCE

The Executive Management guarantees the integrity of the Financial Statement.

The Audit Committee ensures that internal controls are satisfactory.

Currently, the positions of Chairman of the Board of Directors and Chief Executive Officer are held by the same individual.

The Executive Management ensures that the company abides by its obligations to all its shareholders.

- The Board of Directors acts effectively and takes decisions in the interests of the company

The composition of the Board of Directors is based on a diverse and complementary set of competences, experience and knowledge.

Of the seven members of the Board of Directors, three are non-executive and independent directors.

Although one director is also Executive Chairman in the industrial subsidiaries of the group, the company nonetheless considers him to be independent because he never finds himself in a conflict of interests that could affect his independence and judgment.

The Chairman develops a climate of confidence within the Board of Directors by contributing to open debates, the constructive expression of different views and support for decisions taken by the Board of Directors.

- All directors are exemplary in their integrity and commitment

In taking decisions, independent judgment is required of all the directors, whether executive or independent.

The executive directors share all information on the company's business and finance position that are necessary for the effective working of the Board of Directors.

Directors may not use the information they learn in their capacity as directors for any purposes other than the exercise of their office.

Each director organises his own personal and professional business in such a way as to avoid all conflicts of interest, direct or indirect, with the company.

- An informal procedure is adopted for the appointment of directors

The Chairman of the Board of Directors conducts the nomination process. Once the Nomination Committee has given its opinion, the Chairman recommends the suitable candidates to the Board of Directors, which then proposes the appointment to the General Meeting.



6. CORPORATE GOVERNANCE

- The Board of Directors has set up specialised committees

The Board of Directors has put in place an Audit Committee that assists it with the control of responsibilities in the broadest sense of the term. The Auditor is invited to its meetings.

It has also set up a joint Nomination and Remuneration Committee.

Each committee reports to the Board of Directors after each of its meetings.

- The company has established a clear executive management structure

Executive management comprises all the executive directors.

Executive management is responsible for the following in particular:

- the running of the company;
- the setting up of internal controls;
- the complete, punctual, reliable and exact preparation of the Financial Statements in accordance with the accounting standards and the company's policies;
- the communication in good time to the Board of Directors of all information necessary for the performance of its obligations

- The company remunerates executive and non-executive directors fairly and responsibly

Executive directors receive a base salary but no bonus. There is no long-term profit-sharing schemes are set up for them.

Non-executive directors receive no performance-based salary, benefits in kind or contributions towards their pension plans.

There is no plan for granting to any director shares, options on shares or any other entitlement to acquire shares.

All directors, including the executive directors, may be dismissed ad nutum and in principle, without severance pay.

- The company respects the rights of all shareholders and encourages their participation

The company assures equal treatment for all its shareholders. It makes available, in particular on its internet site, the information necessary to shareholders to exercise their rights.

Shareholders are encouraged to participate to the Annual General Meeting.

During the Annual General Meeting, the executive directors answer all relevant questions, in particular those related to the Annual Report and the items on the agenda.

- The company sees to it that its corporate governance is adequately publicised.

This chapter of the Annual Report describes all the relevant corporate governance developments for the past year.

7. INFORMATION ABOUT THE INITIAL APPLICATION OF THE IAS/IFRS STANDARDS

Brederode, whose shares are traded on Euronext, is obliged to draw up its consolidated accounts from 1 January 2005 using IAS/IFRS standards and any related interpretations adopted at European level.

Work to quantify the impact of application of these standards on the Financial Statement for 2004 is advanced.

However, the application of IAS 32 and 39 on financial instruments, and private equity in particular, is still under review.

As soon as the company has quantified the effect of the transition in a sufficiently reliable way, it will make public the relevant information.



8. CONSOLIDATED ACCOUNTS

8. CONSOLIDATED ACCOUNTS

Balance sheet

ASSETS (in EUR thousands)

	31 December 2004	31 December 2003
FIXED ASSETS	740,719	673,653
IV. Tangible fixed assets	5,915	6,878
A. Land and buildings	3,350	4,038
C. Furniture and vehicles	229	106
E. Other tangible fixed assets	2,336	2,734
V. Financial investments	734,804	666,775
A. Companies consolidated with the equity method		
1. <i>Securities</i>	6,878	6,699
B. Other investments		
1. <i>Securities</i>	686,475	611,847
2. <i>Debtors</i>	41,451	48,229
CURRENT ASSETS	91,474	67,477
VI. Debtors due after more than one year	93	87
B. Other debtors	93	87
VIII. Debtors due within one year	9,444	9,437
A. Trade debtors	1	1
B. Other debtors	9,443	9,436
IX. Treasury Investments	79,794	55,140
A. Own shares	68,057	52,571
B. Other short term investments	11,737	2,569
X. Cash at bank and in hand	2,000	2,675
XI. Deferred charges and accrued income	143	138
TOTAL ASSETS	832,193	741,130

8. CONSOLIDATED ACCOUNTS

Balance sheet

LIABILITIES (in EUR thousands)

	31 December 2004	31 December 2003
Shareholders equity	754,838	622,028
I. Called up share capital	216,730	207,202
II. Share premium account	62,527	1,256
III. Revaluation surpluses	2,033	2,605
IV. Reserves	470,647	408,233
V. Consolidation differences	3,946	3,946
VI. Currency translation differences	-1,045	-1,214
THIRD PARTY INTERESTS	52	36
VIII. Minority interests	6,269	4,380
PROVISIONS AND DEFERRED TAXES	5,993	4,019
IX. A. Provisions for liabilities and charges	276	361
B. Deferred taxation		
LIABILITIES	71,034	114,686
XI. Amounts falling due within one year	71,031	113,874
A. Current portion of long-term debt	0	70,799
B. Financial debt	49,005	19,613
1. <i>Credit institutions</i>	705	938
2. <i>Other borrowings</i>	48,300	18,675
C. Trade creditors	10	55
D. Deferred income	5	4
E. Taxation, salaries and social security	997	1,928
1. <i>Taxation</i>	971	1,890
2. <i>Salaries and social security</i>	26	28
F. Other creditors	21,014	21,475
XII. Accruals and deferred income	3	812
TOTAL LIABILITIES	832,193	741,130

8. CONSOLIDATED ACCOUNTS

Profit and loss account

CHARGES (in EUR thousands)

	31 December 2004	31 December 2003
A. Interest payable and similar charges	1,574	3,550
B. Other financial charges	14,007	10,074
C. Miscellaneous goods and services	2,497	2,115
D. Wages, social security costs and pensions	274	261
E. Other operating charges	421	1,393
F. Amortisation and write-downs of intangible and tangible assets	321	327
G. Write-downs	39,995	51,130
1. <i>Financial investments</i>	39,991	51,119
2. <i>Current assets</i>	4	11
I. Losses on disposals	11,391	5,922
2. <i>Of financial investments</i>	11,391	5,725
3. <i>Of current assets</i>	0	197
K. Income taxes	2,924	3,479
K. bis. Share in results of companies accounted for with the equity method	810	2,554
L. Profit after tax	77,501	79,064
L. bis. Group's share	77,498	79,061
L. ter. Minority interests	3	3
TOTAL CHARGES	151,715	159,869

8. CONSOLIDATED ACCOUNTS

Profit and loss account

INCOME (in EUR thousands)

	31 December 2004	31 December 2003
A. Income from financial investments	26,594	19,577
1. <i>Dividends</i>	25,251	19,073
2. <i>Interest</i>	1,343	504
B. Income from current assets	1,021	1,981
C. Other financial income	13,797	26,835
E. Other current income	3,418	843
G. Write back of amounts previously written down	38,988	44,800
1. <i>Financial investments</i>	23,502	34,397
2. <i>Current assets</i>	15,486	10,403
H. Write back of provisions for liabilities and charges	0	612
I. Gains on disposal of	66,942	46,972
1. <i>Fixed tangible assets</i>	448	83
2. <i>Financial investments</i>	66,484	46,889
3. <i>Current assets</i>	10	0
J. Extraordinary income	2	17,247
K. Tax adjustment	30	84
1. <i>Deferred tax</i>	30	37
2. <i>Other taxes</i>	0	47
K. bis Share in results of companies accounted for with the equity method	923	918
TOTAL INCOME	151,715	159,869

8. CONSOLIDATED ACCOUNTS

Comments

BALANCE SHEET (in EUR thousands)

Tangible fixed assets		5,915
Land and buildings		
Registered office in Waterloo	3,350	
Other tangible fixed assets		
Land in the Charleroi region and in Limburg	2,336	
Other	229	
Financial investments		734,804
Companies consolidated by the equity method		
<u>Shareholdings</u>		
Industrial activities	6,878	
Other companies		
<u>Shareholdings</u>		
Quoted securities	545,637	
Private equity	140,838	
<u>Debtors</u>		
Private equity (debt instruments)	40,523	
Other	928	
Debts due within one year		9,444
Other debtors		
Cash calls of Lloyd's syndicates supported by Athanor	4,328	
Profit receivable on Lloyd's insurance business	3,282	
Tax receivable	1,706	
Miscellaneous	128	
Treasury investments		79,794
Own shares		
3,366,630 Brederode shares	68,057	
Other short term investments		
Short term bank deposits	10,858	
Belgian government securities (OLOs)	879	
Shareholders' equity		216,730
37,646,882 Brederode shares		
Revaluation surpluses		2,033
Land in the Charleroi region		

8. CONSOLIDATED ACCOUNTS

Comments

Reserves		470,647
Balance at the beginning of the year	408,233	
Profit/loss for the financial year	77,498	
Dividends distributed for 2004 excluding the element payable on the company's own shares	(15,084)	
Currency translation differences		-1,045
relating to the conversion into EUR of the British subsidiaries' accounts		
Provisions for liabilities and charges		5,993
created by Athanor Ltd to honour its insurance commitments	5,993	
Amounts falling due within one year		71,031
Financial debt		
<u>Other borrowings</u>		
Outstanding commercial paper issued by Brederode	48,300	
Other creditors		
Dividends to be distributed in respect of 2004 apart from the element payable for the company's own shares	15,084	
Advance on results of Lloyd's insurance activities	1,634	
Dividends due from previous years	1,074	
Estimated tax liability	971	
Miscellaneous	3,968	
PROFIT AND LOSS ACCOUNT		
Interest payable and similar charges		1,574
Other financial charges		14,007
Currency exchange losses	8,152	
Private equity management fees	5,130	
Commissions on purchase/sale of securities	379	
Miscellaneous	346	
Write-downs		39,995
financial investments	39,991	
current assets	4	

8. CONSOLIDATED ACCOUNTS

Comments

Losses on disposals		11,391
financial investments	11,391	
Income from financial investments		26,594
Dividends on quoted shares	25,251	
Interest	1,343	
Income from current assets		1,021
Interest on fixed-term investments, OLOs and other debt securities	1,021	
Other financial income		13,797
Gain on currency exchange	12,693	
Premiums on options	1,004	
Other	100	
Other current income		3,418
Result of Lloyd's insurance operations	2,678	
Rental income	337	
Other	403	
Write back of amounts previously written down		38,988
Financial investments	23,502	
Current assets (own shares)	15,486	
Capital gains on disposals		66,942
Tangible fixed assets	448	
Financial investments	66,484	
Current assets	10	
Share in results of companies consolidated by the equity method		112
Share in results of industrial subsidiaries	112	

8. CONSOLIDATED ACCOUNTS

Annex

I. Consolidation and equity method

The subsidiaries over which Brederode has a de facto and de jure control are fully consolidated.

The industrial subsidiaries are left outside the scope of full consolidation because their activities are different from those of the rest of the group. Their inclusion would be contrary to the principle that consolidated accounts should give a true and fair view of the assets, the financial position and the results of the consolidated group as a whole.

These subsidiaries are included in the consolidated accounts using the equity method, since 1999.

The subsidiaries over which Brederode does not exercise effective control and those of minor importance are not included in consolidation.

II. a) Fully consolidated subsidiaries

	Percentage held
GEYSER S.A. Luxembourg	100%
BREDERODE INTERNATIONAL Sàrl Luxembourg	100%
GREENHILL S.A. Waterloo -VAT BE 435.367.870	100%
ATHANOR Ltd London	100%
BREDERODE (UK) Ltd London	100%

8. CONSOLIDATED ACCOUNTS

Annex

IV. Subsidiaries accounted for by the equity method	Percentage control	Percentage interest
ARTILAT N.V. Nijlen - V.A.T.BE 404.291.743	96.8%	96.8%
VYROLAT S.R.O. Czech Republic	100.0%	96.8%
ARTHEMAURA N.V. Roeselare - N.N. 465.436.286	50.0%	48.4%
DUMO N.V. Roeselare - V.A.T. BE 417.651.415	50.0%	48.4%

V. Other companies in which at least a 10% interest is held

	Percentage held	Shareholders equity 31.12.2003	Net loss 30.06.2004 (6 months)
RUTLAND TRUST Plc London	16.5%	£ 90.8 million	£ 0.3 million

VI. Valuation rules

Consolidation differences

A consolidation difference is the difference between the price paid to acquire a shareholding in a given company and the corresponding share of the equity of that company.

The difference observed, which cannot be imputed to asset and liability items which have a value greater or smaller than their book value in the accounts of the subsidiaries in question, is entered on the consolidated balance sheet under the heading "consolidation differences", as an asset if it is positive (goodwill) or as a liability if it is negative (badwill).

The positive consolidation difference resulting from this is amortised on a one-off basis and charged to the profit and loss account.

8. CONSOLIDATED ACCOUNTS

Tangible fixed assets

Linear depreciation is used, at the following rates:

- buildings:	5.0%
- furniture and vehicles:	20.0%
- computers and office equipment:	33.3%

Financial assets

The ancillary costs related to the acquisition of securities are charged to the profit and loss account in the financial year during which they were incurred.

Financial assets are written-downs in the case of a capital loss or permanent diminution in value, as justified by the profitability, specific circumstances or the prospects of the company in which the investment was made.

To that end, listed shares are valued at the stock market price while private equity investments valuations are based on the estimate of the specialised managers and in compliance with international standards.

On the other end, Brederode's policy is not to revalue its investments.

Conversion differences

Assets and liabilities, rights and obligations of foreign subsidiaries included in the consolidation are converted into euros according to the closing rate method, so that they can be integrated in the consolidated accounts.

Income and charges are included at the average exchange rate for the year.

Conversion differences are transferred to the ad-hoc liabilities heading.

Unrealised losses corresponding to negative conversion differences are charged to the Profit and Loss account, while unrealised gains related to positive conversion differences are kept on the balance sheet and not entered in the profit and loss account.

Provisions for liabilities and charges

Provisions are made to cover the risks of losses or charges arising from commitments relating to the acquisition or disposal of assets (share options), of forward forex positions and contracts. They also include reserves associated with the Lloyd's insurance commitments.

8. CONSOLIDATED ACCOUNTS

Derivative products

Premiums received on share options are immediately entered in "other financial income". The assumed risk forms the object, at the end of the financial year or at any intermediate closing date, of a provision charged to the financial results.

Forward foreign exchange contracts are included in the off-balance sheet liabilities and are revalued at the end of the financial year. Any unrealised loss is accounted for and included in provisions for liabilities and charges, whereas any unrealised gain is not recorded.

IX. Schedule of tangible fixed assets

	Land and buildings	Furniture and Vehicles	Other tangible assets
a) Cost			
•At the end of the last financial year	6,444	389	329
•Movements during the year			
Acquisitions	0	192	4
Sales and disposals	(744)	(135)	(17)
•At the end of the financial year	5,700	446	316
b) Capital gains			
•At the end of the last financial year	0	0	2,420
•Movements during the year			
Cancelled	0	0	(388)
•At the end of the financial year	0	0	2,032
c) Depreciation and write-downs			
•At the end of the last financial year	2,406	283	15
•Movements during the year			
Charged to the profit and loss account	258	63	0
Cancelled	(314)	(128)	(3)
•At the end of the financial year	2,350	218	12
d) Net book value at the end of the financial year	3,350	228	2,336

8. CONSOLIDATED ACCOUNTS

Annex

X. Schedule of financial assets

A. Shareholdings

	Companies accounted for by the equity method	Other companies
Cost		
•At the end of the last financial year	6,699	765,533
•Movements during the year:		
Acquisitions		200,188
Sales and disposals		(137,533)
Exchange differences		(79)
Change in consolidation scope	67	
•At the end of the financial year	6,766	828,109
Write-downs		
•At the end of the last financial year		153,686
•Movements during the year:		
Recorded		
Write backs		(23,502)
Cancelled		(30,014)
Exchange differences		(15)
•At the end of the financial year		140,146
Change in capital and reserves of companies consolidated using the equity method		
•Share in the result for the financial year	179	
Uncalled amounts		
•At the end of the last financial year		0
•Movements during the financial year		1,488
•At the end of the financial year		1,488
Net book value at the end of the financial year	6,878	686,475

B. Debtors

	Other companies
At the end of the last financial year	48,229
Movements during the financial year:	
•additions	40,523
•repayments	(47,302)
Net book value at the end of the financial year	41,450

8. CONSOLIDATED ACCOUNTS

Annex

XI. Schedule of reserves and profits brought forward

At the end of the last financial year		408,233
Movements during the financial year:		
• Group share in the result	77,498	
• 2004 dividends payable excluding the portion attributable to the company's own shares	(15,084)	
At the end of the financial year		470,647

XII. Schedule of differences arising from consolidation and accounting of subsidiaries by the equity method

		Consolidation differences negative
Net book value at the end of the last financial year		3,946
Net book value at the end of the financial year		3,946

XIV. Details in relation to the profits/losses

	2004	2003
B.1. Average number of personnel employed by fully consolidated companies		
• Employees	4	4
• Personnel costs	274	261

XV. Off balance sheet rights and obligations

Commitments to acquire assets:		
- uncalled amount for "private equity"		122,476
- sale of "put" options on shares		974
- land sale commitments		55

Rights and obligations arising from transactions in relation to interest rates, exchange rates and other similar transactions:		
- forward sales of USD and GBP		211,062

Guarantees:		
- funds invested with Lloyd's of London, to guarantee insurance commitments		7,391
- funds invested in government securities (OLOs), to guarantee compensation payments for mining-related damage		879
- guarantees on behalf of subsidiaries		3,111

8. CONSOLIDATED ACCOUNTS

Annex

Pension liabilities

From 1 January 2002, the group's life pension schemes in use in the company were extended to cover Executive Directors categorised as self employed and exercising their mandates mainly in Belgium.

Payments collected under these schemes are limited to ensure that the resultant benefits do not exceed the limits authorised for tax purposes.

XVI. Relationships with associated companies not included in the consolidation

	2004	2003
Amounts falling due within one year	17	118
Financial results		
• Income from current assets	8	43
• Interest payable	1	0

XVII. Financial relationships with directors

Remunerations allocated to the directors of Brederode for the financial year 2004 by the company, its subsidiaries and associated enterprises: € 716.

Remuneration of non-executive directors: € 91 including € 90 for special assignments.

8. CONSOLIDATED ACCOUNTS

Table of cash flows

The table of cash flows is intended to present the movements in cash resulting from flows of funds during the past year generated by the activities of the consolidated companies.

This table is based on the consolidated accounts and highlights the group cash flow, showing the difference between actual receipts and payments during the financial year, broken down into operating, investment and financing activities.

Operating activities relate to the company's industrial operations and to all other activities which are neither investment nor financing activities.

Investment activities relate to the acquisition and disposal of long-term assets and other investments which are not included in cash equivalents.

Financing activities are those activities that result in changes in the size and composition of the company's share capital and reserves and borrowings.

8. CONSOLIDATED ACCOUNTS

Table of cash flows

In € thousands	2004	2003
Operating activities		
Net result for the year	77,500	79,064
Amortisation of tangible and intangible assets	321	327
Net change in provisions	1,889	(2,334)
Net change in write-downs	1,007	6,330
Net capital gains on disposal of assets	(55,551)	(41,051)
Share of the profits/losses of companies accounted for by the equity method	(112)	1,636
Gross margin	25,054	43,972
Change in working capital requirement	(2,262)	(9,737)
Impact of changes in exchange rates and the scope of consolidation on the working capital requirement	234	(191)
Change in operating cash flow	23,026	34,044
Investment activities		
Acquisition of tangible and intangible assets	(197)	(52)
Acquisition of financial assets	(198,701)	(171,181)
New loans granted	(40, 523)	(5,028)
Total investments	(239,421)	(176,261)
Sale of tangible and intangible assets	900	106
Sale of financial assets	162,612	164,074
Repayment of loans	47,302	85
Total disposals	210,814	164,265
Net change in treasury investments	947	1,882
Effect of changes in the scope of consolidation	(238)	(35,494)
Change in investment cash flow	(27,898)	(45,608)
Financing activities		
Capital increase	70,799	18,773
Net change in financial debts	(41,408)	2,992
- debts payable after more than one year, including OAC	(70,799)	(1,436)
- financial debts payable within one year	29,391	4,428
Dividends paid to shareholders	(15,083)	(13,703)
Change in cash from financing	14,308	8,062
Net change in cash and cash equivalents	9,436	(3,502)

8. CONSOLIDATED ACCOUNTS

Statutory Auditor's Report on the Consolidated Financial Statements for the year ended December 31, 2004 to the Shareholders' Meeting of the Brederode S.A.

To the Shareholders,

In accordance with legal and statutory requirements, we are reporting to you on the performance of the mandate which you have entrusted to us.

We have audited the consolidated financial statements for the year ended December 31, 2004, with a balance sheet total of (000) € 832,193 and a consolidated profit for the year of (000) € 77,498. These consolidated financial statements have been prepared under the responsibility of the Board of Directors of the Company. In addition, we have reviewed the consolidated directors' report.

Unqualified audit opinion on the consolidated financial statements

Our audit was performed in accordance with the standards of the "Institut des Reviseurs d'Entreprises/ Institut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the Belgian legal and regulatory requirements relating to the consolidated financial statements.

In accordance with these standards, we have considered the administrative and accounting organisation of the Group as well as the system of internal controls. The group's management has provided us with all explanations and information which we required for our audit. We have examined on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the accounting policies used, the significant accounting estimates made by the Company and the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of Brederode S.A. for the year ended December 31, 2004 present fairly the financial position of the Group and the results of its operations, in conformity with the prevailing legal and regulatory requirements, and the disclosures made in the notes to the consolidated accounts are adequate.

Additional assertion

We supplement our report with the following assertion which do not impact on our audit opinion on the consolidated financial statements:

- The consolidated directors' report contains the information required by law and is in accordance with the consolidated financial statements.

March 2, 2005

SAINTENOY, COMHAIRE & C°
Statutory Auditor represented by
P. COMHAIRE

9. STATUTORY ACCOUNTS

Pursuant to Article 105 of the Companies Code, the annual accounts set out below are an abridged version of the statutory accounts.

The Statutory Auditor has issued an unqualified opinion on the annual accounts.

The full version will be filed with the National Bank of Belgium and is also available at the registered office of the Company.

9. STATUTORY ACCOUNTS

Balance sheet

ASSETS (in € thousands)

	31 December 2004	31 December 2003
FIXED ASSETS	792,521	678,558
III. Tangible fixed assets	5,391	5,611
A. Land and buildings	3,350	3,593
C. Furniture and vehicles	205	105
E. Other tangible assets	1,836	1,913
IV. Financial investments	787,130	672,947
A. Associated companies		
1. <i>Shareholdings</i>	677,696	76,288
B. Other related companies		
1. <i>Shareholdings</i>	0	16,081
C. Other financial assets		
1. <i>Shareholdings</i>	109,434	533,911
2. <i>Debtors and guarantees</i>	0	46,667
CURRENT ASSETS	71,592	77,108
V. Amounts receivable after more than one year	93	87
B. Other debtors	93	87
VII. Amounts receivable within one year	2,938	21,093
A. Trade debtors	1	1
B. Other debtors	2,937	21,092
VIII. Treasury Investments	68,457	54,198
A. Own shares	68,057	52,571
B. Other investments	400	1,627
IX. Cash at bank and in hand	9	1,627
X. Deferred charges and accrued income	95	103
TOTAL ASSETS	864,113	755,666

9. STATUTORY ACCOUNTS

Balance sheet

LIABILITIES (in € thousands)

	31 December 2004	31 December 2003
Shareholders' equity	795,949	638,751
I. Capital	216,730	207,202
A. Paid up capital	216,730	207,202
II. Share premium account	62,527	1,256
III. Revaluation surpluses	1,533	1,603
IV. Reserves	145,578	129,129
A. Legal reserve	21,673	20,720
B. Non-distributable reserves		
1. For own shares	69,487	53,933
C. Un-taxed reserves	3,335	3,394
D. Available reserves	51,083	51,082
V. Earnings carried forward	369,581	299,561
PROVISIONS AND DEFERRED TAXES	276	306
VII. B. Deferred taxes	276	306
CREDITORS	67,888	116,609
IX. Creditors, amounts falling due within one year	67,886	116,608
A. Current portion of long term debt	0	70,799
B. Financial creditors		
1. Credit institutions	27	0
2. Other loans	48,300	18,675
C. Trade creditors		
1. Suppliers	7	53
E. Taxation, salaries and social security		
1. Taxation	966	1,892
2. Salaries and social security	24	28
F. Other amounts payable	18,562	25,161
X. Accruals and deferred income	2	1
TOTAL LIABILITIES	864,113	755,666

9. STATUTORY ACCOUNTS

Profit and loss account

CHARGES (in € thousands)

	31 December 2004	31 December 2003
A. Interest payable and similar charges	1,156	3,541
B. Other financial charges	3,331	9,391
C. Miscellaneous goods and services	1,432	1,153
D. Wages, social security costs and pensions	193	222
E. Other operating charges	51	42
F. Amortisation and write-downs of Set-up expenses, intangible and tangible assets	299	289
G. Write-downs	3,586	48,990
1. of financial assets	3,586	48,990
I. Capital loss on disposals	15,209	3,842
1. of tangible fixed assets	0	14
2. of financial assets	15,209	3,928
J. Extraordinary charges		
K. Transfers to deferred taxes		
L. Taxation	1,770	3,479
M. Earnings for the year	101,551	54,685
TOTAL CHARGES	128,578	125,734
O. Distributable earnings for the year	101,610	54,738

9. STATUTORY ACCOUNTS

Profit and loss account

INCOME (in € thousands)

	31 December 2004	31 December 2003
A. Income from financial assets	13,666	17,278
1. Dividends	13,666	17,278
B. Income from current assets	810	2,566
C. Other financial income	2,115	23,513
E. Other current income	486	450
G. Write back of amounts written off	40,133	43,969
1. financial assets	24,646	33,566
2. current assets	15,487	10,403
I. Capital gains on disposals	71,336	37,232
1. of intangible and tangible assets	101	79
2. of financial assets	71,235	37,153
J. Extraordinary income	2	642
K. Deferred tax levies	30	36
L. Tax adjustment	0	48
TOTAL INCOME	128,578	125,734
N. Transfer from untaxed reserves	59	53

APPROPRIATION AND ALLOCATIONS

(in € thousands)

	31 December 2004	31 December 2003
A. Distributable profit	401,171	326,767
1. distributable profit for the year	101,610	54,738
2. profit brought forward from last year	299,561	272,029
C. Appropriation to capital and reserves	-16,507	-13,503
2. to the legal reserve	953	11,686
3. to other reserves	15,554	11,817
D. Profit carried forward	-369,581	-299,561
1. profit carried forward	369,581	299,561
F. Distributable profit	-15,083	-13,703
1. dividends	15,083	13,703

9. STATUTORY ACCOUNTS

Extract from the notes (in € thousands)

VIII. Capital statement

	Amounts	Number of shares
<u>A. Share capital</u>		
1. Called up share capital		
1. 1. At the end of last year	207,202	35,992,692
<i>Conversion of 330,838 bonds into</i>	<i>9,528</i>	<i>1,654,190</i>
<i>1,654,190 shares</i>		
1. 2. At the end of the year	216,730	37,646,882
2. Composition of capital		
2. 1. Classes of shares		
<i>ordinary shares</i>		
<i>(of which 18,250,504 with VVPR strips)</i>		<i>37,646,882</i>
2. 2. Registered or bearer shares		
<i>registered</i>		<i>20,671,548</i>
<i>bearer</i>		<i>16,975,334</i>

G. Shareholders

As of 31 December 2004, based on the shareholding statement dated 14 July 2003 and on voting rights attached to shares representing the issued share capital:

Shareholders	Number of securities	Percentage
Auximines s.a.	14,325,556	38.1%
Brederode s.a. (own shares)	<u>3,366,630</u>	<u>8.9%</u>
	17,692,186	47.0%

XX. Valuation rules

The valuation rules used in drawing up the statutory annual accounts of Brederode are those of the group, as set out in the Annex to the consolidated accounts, with the exception of the provisions which are applicable exclusively to the consolidated accounts.

10. FINANCIAL CALENDAR

Annual General Meeting 2005	27 April 2005 at 10 a.m.
Coupon no. 65 payable	8 June 2005
Publication of 2005 interim results	first half of September 2005
Publication of 2005 annual results	first half of February 2006
Annual General Meeting 2006	26 April 2006 at 10 a.m.



BREDERODE

Siège social: Drève Richelle 161-Bte 1
1410 Waterloo – Belgique
Tél. +32 2 352 00 90 / Fax +32 2 352 00 99
e-mail: info@brederode.be
Web site: <http://www.brederode.be>
Numéro d'entreprise: 0405.963.509
TVA: n° BE 405.963.509 (franchise)