



BREDERODE

Annual report 2009



*"The herd instinct among forecasters makes sheep look like independent thinkers."*

Edgar R. Fiedler



## TABLE OF CONTENTS

Mission and strategy .....	4
Key figures .....	5
Management Report .....	6
Review of the consolidated entity .....	6
Review of the Company's statutory position.....	8
Corporate governance declaration .....	9
Portfolio management : .....	15
- <i>Portfolio of quoted investments</i> .....	16
- <i>Private Equity</i> .....	19
- <i>Derivative Instruments</i> .....	22
- <i>Insurance activities (Lloyd's syndicates)</i> .....	23
Events after the end of the reporting period and outlook .....	23
Declaration by the Managing Directors .....	24
NYSE Euronext.....	25
Brederode Chair .....	26
Financial statements .....	27
- <i>Profit and loss account</i> .....	27
- <i>Balance Sheet</i> .....	28
- <i>Cash flow</i> .....	29
- <i>Statement of movements in shareholders' equity</i> .....	30
- <i>Accounting policies</i> .....	31
- <i>Notes to the accounts</i> .....	42
Statutory accounts .....	55
Financial calendar .....	61

## MISSION AND STRATEGY

Brederode is an investment company quoted on NYSE Euronext Brussels that manages a portfolio of listed and unlisted ('private equity') investments.

The purpose of portfolio management is to increase the wealth of shareholders over the long term not only by generating recurring dividend income but also and above all through gains on the disposal of investments.

The **portfolio of listed securities** is highly diversified and actively managed. It consists of high quality minority stakes, for which there is generally a large market available.

The management style is of the 'stock picking' type, investing in businesses considered to be undervalued by the stock market, and which offer the best potential for profitability and growth.

Brederode has the advantage of not being subject to the rigid constraints such as minimum sector allocations, maximum weighting between different positions, minimal liquidity restrictions in each sector, etc.

Similarly, Brederode is completely at liberty to wait until its investments reach their full maturity before realising them.

The shares are acquired or disposed of either directly on the stock market or by exercising options.

The strategy in respect of options consists of occasionally issuing over the counter call options on shares in the securities portfolio (covered calls) whose value is considered high and put options on shares that are in demand, with income from the premiums being added, if the option is exercised, to the return on the underlying shares. Here also, the rule is flexibility as well as constantly monitoring the ratio of risk to potential profit. Brederode's philosophy as regard to options is therefore exactly the opposite of speculative risk-taking.

The objective of making investments in '**private equity**' is to achieve a level of profitability that is significantly greater than that which can be obtained on the stock market.

For the past fifteen years, Brederode has focused its investments on 'private equity' primarily through fixed-term partnerships with other institutional investors, participating in the capital of companies operating primarily in the United States and Western Europe.

Leveraging on the strength of its accumulated experience, the Brederode group is able to concentrate on the most promising projects, working with the best teams of specialised managers.

Brederode seeks at all times to optimise the cost of the capital needed for its activity. That is why Brederode's assets are mainly financed by permanent capital, regularly supplemented by the reinvestment of a large proportion of the profits generated by its activities.

Where a suitable opportunity arises, Brederode carefully utilises borrowing, with a view to maximising the return on equity.



## KEY FIGURES

### Consolidated accounts

Key figures (in EUR million)	2009	2008	2007	2006	2005
Financial assets (securities portfolio)	828	663	1,236	1,243	1,107
of which:					
• listed securities	465	354	932	973	845
• unlisted securities	363	309	304	270	262
Shareholders' equity	842	714	1,184	1,219	1,077
Financial liabilities	5	0	67	47	45
Changes in fair value of financial assets	133	-476	-16	141	244
Dividends and interest received	21	38	43	43	36
Profit for the year (group share)	141	-449	49	189	256

### Adjusted figures per share (in EUR)

Shareholders' equity	27.06	22.94	38.02	36.74	31.42
Profit for the year (group share)	4.52	-14.43	1.51	5.54	7.47
Dividend					
• gross	0.5500	0.5300	0.5200	0.4933	0.4670
• net	0.4125	0.3975	0.3900	0.3700	0.3500
• net with VVPR coupon strip	0.4675	0.4505	0.4420	0.4193	0.3970
Market price					
• highest	17.90	29.43	32.40	29.30	24.90
• lowest	10.01	10.60	28.10	24.50	19.50
• at 31 December	17.03	12.75	29.60	29.30	24.64

### Number of shares eligible for a share of profits:

2006 : For Shareholders' Equity : 34,280,252 - 1,109,907 own shares = 33,170,345

For basic earnings : 34,280,252 - 195,964 = 34,084,288 (a)

2007 : For Shareholders' Equity : Weighted average number of shares in accordance with IAS

33.32,831,759 - 1,680,858 own shares = 31,150,901

For basic earnings : 32,831,759 - 597,639 = 32,234,120 (a)

2008 : For Shareholders' Equity : 32,831,759 - 1,700,858 own shares = 31,130,901

For basic earnings : 32,831,759 - 1,690,044 = 31,141,715 (a)

2009 : For Shareholders' Equity and for basic earnings: 32,831,759 - 1,700,858 = 31,130,901

<sup>(a)</sup> Weighted average number of shares in circulation in accordance with IAS 33.

### Ratios

P/BV (Price <sup>(1)</sup> /Book value)	0.6	0.6	0.8	0.8	0.8
P/E (Price <sup>(1)</sup> /Profit group share)	3.77	n.a.	19.6	5.3	3.3
Return on equity (Profit/average of shareholders equity as %)	18.12	-47.31	4.05	16.45	26.82
Gross return (Gross dividend/market price <sup>(1)</sup> as %)	3.2	4.2	1.8	1.7	1.9

<sup>(1)</sup> Stock exchange price at year end



## MANAGEMENT REPORT

Ladies and Gentlemen,

This annual report contains detailed information about business trends and the results of both Brederode S.A. and the Brederode Group.

\* \* \*

Following a very difficult first quarter, the financial markets recovered strongly in 2009, under the favourable influence of the exceptional measures taken by the major countries to relaunch their economies.

As the overall environment stabilised, we gradually used our cash resources to make investments both on the stock market and through private equity.

While a catastrophic scenario has been avoided, the macroeconomic situation remains fragile and debt levels are often quite worrying. In certain cases, it will be probably necessary to wait several years to return to a reasonable level of equilibrium.

\* \* \*

### A. Review of the consolidated entity

The perimeter of consolidation of the Brederode group did not change during the financial year except for the intra-group disposal of 754 shares in Brederode International by Brederode to Geyser, which had no impact on either the financial statements or the result. At 31 December 2009, consolidated total assets amounted to € 855 million, against € 723.9 million one year earlier. This amount is represented, to the tune of 96.9%, by the fair value of the securities portfolio, which in turn is made up for around 56% of listed shares, with the balance being constituted by "private equity".

The consolidated accounts below include:

- a section describing the accounting principles and policies used
- a section describing the company's policy in terms of risks and uncertainties

These sections are included as appendices to this management report.



## Consolidated profit and loss account

000 EUR	31 December 2009	31 December 2008
Dividends and interest received	20,890	37,660
Change in the fair value of financial assets	132,979	(476,206)
- Listed portfolio	89,001	(422,958)
- Private equity	43,978	(53,248)
Foreign exchange gains/(losses)	(2,770)	(4,469)
Miscellaneous	(5,507)	(6,609)
<b>Profit from portfolio management</b>	<b>145,592</b>	<b>(449,623)</b>
Miscellaneous	(2,276)	6,768
<b>Operating profit</b>	<b>143,316</b>	<b>(442,855)</b>
Net financial result	785	(2,278)
Movement in deferred taxes	(3)	(604)
Tax on profits	(3,281)	(3,547)
<b>Net Profit</b>	<b>140,817</b>	<b>(449,285)</b>
<b>Profit for the period, attributable</b>		
- to the parent company	140,809	(449,266)
- to minority interests	8	(19)

During the year under review, the Brederode group generated a consolidated profit of € 140.809 million or € 4.52 per share against a loss of € 14.4 per share in 2008.

The table below shows the impact on shareholders' equity of the various movements within the group's accounts between the start and end of the financial year.

### Change in shareholders' equity

<b>Shareholders' equity at 31 December 2008</b>		<b>714,168</b>
<b>Movements in non-current financial assets</b>		<b>165,377</b>
- Opening value		663,002
- Net movements	32,398	
- Change in fair value	132,979	
- Closing value		828,379
<b>Other movements in respect of portfolio management</b>		<b>12,613</b>
- Foreign exchange result	(2,770)	
- Dividends and interest	20,890	
- Share option premiums	2,451	
- "Private "equity" management fees	(7,777)	
- Other banking costs	(181)	
<b>Movement of other non-current assets</b>		<b>(68)</b>
- Opening value		4,927
- Net purchases	16	
- Other changes	(84)	
- Closing value		4,859
<b>Other movements</b>		<b>(49,803)</b>
- Net financial income (costs)	(2,616)	
- Other net income	(2,068)	
- Dividends paid	(16,499)	
- Movement in net treasury resources	(22,906)	
- Change in financial debt	(4,504)	
- Other	(1,210)	
<b>Shareholders' equity at 31 December 2009</b>		<b>842,287</b>

## B. Review of the Company's statutory position

### Statutory accounts

The profit earned by the parent company amounted to € 33.3 million (against a loss of € 162.1 million one year earlier).

These figures correspond to earnings per share of € 1.07 (against a loss of € 5.21 the previous year).

This result includes dividends of € 1.4 million received from outside the group (against € 5.2 million the year before).

Art.34 of the royal decree of 14 November 2007

Brederode has nothing else to report in the framework of this decree other than what is contained in this report, in particular on the subject of the capital structure, authorised capital and the purchase of its own shares.

### Appropriation of profits

The profit brought forward from previous years amounted to € 135,112,209.22  
To this amount, it is necessary

- to add the profit for the year of € 33,296,415.73
- and to deduct the amount transferred to non-distributable reserve (own shares) of € 7,279,672.24

to make the total available for distribution of € 161,128,952.72 which the Board of Directors will propose to the next ordinary general meeting to appropriate as follows:

- remuneration of capital € 17,121,995.56
- to be carried forward € 144,006,957.15

If this is approved by the shareholders, the gross dividend per share will amount to € 0.55, an increase of 3.77 %, or a net dividend of € 0.4125 after deducting withholding tax of 25 %. The net dividend for shares with a "vvpr strip" will amount to € 0.4675 (withholding tax reduced to 15 %).

This dividend will be made available for payment from 9 June 2010. For bearer shares, it will be paid on presentation of coupon n° 70 to one of the paying agents: BNP Paribas Fortis, Dexia, Banque Degroof and KBC.

### Outlook

The recovery in the economic activity remains fragile, as witnessed by certain events that came to light in early 2010. Given these circumstances, the Brederode group is maintaining a relatively defensive position.



## C. Corporate governance declaration

### 1. CORPORATE GOVERNANCE CHARTER AND CONFORMITY TO THE BELGIAN CORPORATE GOVERNANCE CODE 2009

The Board of Directors approved the corporate governance charter at its meeting of 12 January 2006 and modified it most recently on 30 July 2009. The entire text of this Charter is available on the company's website ([www.brederode.eu](http://www.brederode.eu)).

The company adheres to the principles of the Belgian corporate governance code 2009 ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)) but believes that certain of its provisions are not relevant to its specific situation. These provisions are discussed below.

#### - The Company has adopted a clear corporate governance structure

Because of its activities, investment strategy and size, the company would like to maintain a simple, informal, consensual management structure, which is based on strong cohesion within the core management team.

The Company is managed by its executive directors, who constitute executive management. There is no CEO.

The Company's strategy has for many years been decided upon by the Board of Directors and explained each year in the annual report.

The executive management team guarantees the integrity of the financial statements.

The Audit Committee ensures that internal controls are satisfactory.

#### - The Company has an effective and efficient Board of Directors that takes decisions in the company's interest

The Board of Directors is composed of individuals of diverse background and complementary experience, knowledge and skills.

Of the six members who currently make up the Board of Directors, two are non-executive directors, one of whom is independent within the meaning of the Corporate Governance Code and the Companies Code.

The current composition of the Board of Directors is justified in terms of the limited number of directors, the size and activity of the company.

The Chairman seeks to develop a climate of trust within the Board of Directors by contributing to open discussions, the constructive expression of different opinions and supporting decisions made by the Board of Directors.

Taking into account the simplicity of the company's structure, there is no justification for creating a separate position for a company secretary: this function is performed by the executive directors, who rely on the advice of external advisers.

#### - All the directors demonstrate integrity and commitment

In making decisions, independence of judgement is required of all directors, whether executive or not and whether they are independent or not.

The Board strive to ensure in particular that any market transaction carried out within the group or with companies with which close links exist, are made under conditions and with normal market guarantees for transactions of the same type.



The executive directors report all information concerning the company's financial and business situation required for the efficient functioning of the Board of Directors.

The directors may not use information obtained in their role as directors for purposes other than the exercise of their mandate. For this purpose, a list of persons having access to confidential information has been drawn up and a note outlining the legal consequences in respect of the holding of confidential information has been given to each of these persons.

Each director organises his personal and professional affairs in such a manner to avoid any direct or indirect conflict of interest with the Company.

#### - An informal procedure is adopted for the appointment and evaluation of the Board of Directors and its members

The Chairman of the Board of Directors leads the appointment process. After receiving the opinion of the Nominations Committee, he recommends appropriate candidates to the Board of Directors. The Board then proposes the appointment to the general meeting.

To promote management stability, the directors are generally appointed for a period of six years.

The Board of Directors selects its chairman based on his knowledge, skills, experience and mediation ability.

Under the direction of the chairman, the Board of Directors regularly evaluates its performance and that of its Committees.

#### - The Board of Directors has established specialised committees

The Board of Directors has established an Audit Committee, in accordance with the Company's Code, that assists it in exercising its monitoring responsibilities in terms of control in the broadest sense of the term.

The Audit Committee is composed entirely of non-executive directors. At least one of its members is an independent director. Taking account of the composition of the Board of Directors, it is not possible for the Audit Committee to be made up of a majority of independent directors. The simplicity of the financial structure of the group and the limited number of directors justifies the fact that the Audit Committee is composed of only two members.

The Committee decides for itself who to invite to its meetings.

The Audit Committee meets at least twice per year and can be called either by its chairman or at the request of two of its members. The group's legal and financial structure, which only requires to publish financial statements twice per year, justifies that the Audit Committee is not obliged to meet more often.

The Audit Committee and the Board of Directors evaluate the performance of the statutory auditor and the internal controls.

The Board of Directors has also established a combined Nominations and Remuneration Committee.

The Committee itself decides the periodicity of its meetings but it meets in principle once per year when called by its chairman or at the request of one of its members. The reduced number of directors justifies that the combined Nominations and Remuneration Committee is not obliged to meet more often and that it can consist of only two members.

After each of its meetings, each Committee makes a report to the Board of Directors.



- The Company has defined a clear executive management structure

Executive management is made up of all the executive directors.

Executive management in particular deals with:

- the management of the Company;
- implementing internal controls based on the referential framework approved by the Board of Directors;
- the complete, timely, reliable and accurate preparation of the financial statements in conformity with accounting standards and the Company's policies;
- communication to the Board of Directors, at the appropriate time, of all information necessary to carrying out its functions

- The Company remunerates the executive and non-executive directors in an equitable and responsible manner

The executive directors within the group benefit from basic remuneration with no bonus or long-term profit-sharing scheme. The group structure and the nature of its activities do not justify variable remuneration.

The remuneration of non-executive directors is not linked to performance; they do not receive any benefits in kind, or any pension-related benefits.

There is no plan that provides for the remuneration of anyone through the attribution of shares, options on shares or any other right to acquire shares.

All the directors, including the executive directors, can be dismissed ad nutum and without compensation.

- The Company engages in a dialogue with its shareholders and potential shareholders based on a mutual understanding of objectives and expectations

The Company respects the equality of treatment of its shareholders. It ensures that all the resources and information that enable the shareholders to exercise their rights are available to them, particularly through its website.

Shareholders are encouraged to participate in the general meeting.

During this meeting, the executive directors reply to all pertinent questions, in particular those relating to the annual report and to the items on the agenda.

- The Company ensures proper publication of its corporate governance

This chapter of the annual financial report describes in particular all events relevant to corporate governance for the year under review.



## 2. PRINCIPAL CHARACTERISTICS OF THE SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT

### 1. Principal characteristics of the internal control systems

Because of the company's size, activities and governance structure, there is no justification for creating a separate internal control role; this function is fulfilled by the executive directors, who rely on the advice of external advisors. The quality of internal controls is reviewed by the Audit Committee, the Board of Directors and the Statutory Auditor.

### 2. Management of the company's risks: see p. 37 to 41

## 3. SHAREHOLDING STRUCTURE

1. The shareholding structure (article 14, par. 4, of the law of 2 May 2007 relating to the publication of significant shareholdings in issuers whose shares are listed on a regulated market and dealing with other matters): see p. 59
2. Information required under article 34 of the royal decree of 14 November 2007 relating to the obligations of the issuers of financial instruments listed on a regulated market:
  - Holders of all shares with special control rights and the description of these rights (art. 34, 3°): none.
  - Legal or statutory restrictions on exercising the right to vote (art. 34, 5°): none.
  - Rules applicable to the nomination and the replacement of members of the administrative body as well as the modification of the articles of association of the issuer (art. 34, 7°): auxiliary rules of the Companies Code.
  - Powers of the administrative body, in particular concerning the power to issue or buy shares (art. 34, 8°): auxiliary rules of the Companies Code; the Board of Directors is not authorised to increase the capital or to acquire its own shares within the meaning of article 620 of the Companies Code.

## 4. COMPOSITION AND OPERATION OF THE ADMINISTRATIVE BODIES AND THEIR COMMITTEES

### 1. Composition of the Board of Directors and its Committees

#### Board of Directors

Pierre van der Mersch, Chairman  
G rard Cotton, Managing Director  
Luigi Santambrogio, Managing Director  
Axel van der Mersch  
Michel Delloye <sup>(1)</sup>  
Alain Siaens <sup>(2)</sup>

<sup>(1)</sup> Independent director until the general meeting of 22 April 2009. It is noted that Mr Delloye was nominated to the Board of Directors by a decision of the ordinary general meeting of 23 April 2003. His mandate was renewed by decisions of the general meetings of 26 April 2006, 25 April 2007, 23 April 2008 and 22 April 2009. Article 526ter, 2° of the Companies Code, inserted by the law of 17 December 2008, set the criteria for independence of a director as: "not having sat on the board of directors as a non-executive director for more than three terms of office in succession, without this period being able to exceed twelve years". As a result, although he has been on the board of directors for less than twelve years, Mr Delloye does not fulfil the criteria of independence contained in this provision, since it came into force.

<sup>(2)</sup> Independent director



## Executive management

G rard Cotton  
Luigi Santambrogio  
Axel van der Mersch, CFA  
Pierre van der Mersch

## Committees of the Board of Directors

### • Audit Committee

Michel Delloye, Chairman  
Alain Siaens

As ratified by the general meeting of 22 April 2009, Mr Alain Siaens is an independent director within the meaning of article 526ter of the Companies Code, as he has no functional, family or shareholding links with the company as defined by this provision, that he has no relationship with the company that could compromise his independence, and that he is not in any of the situations covered by points 1<sup>o</sup> to 9<sup>o</sup> of this provision.

Both Mr Delloye and Mr Siaens have covered positions of responsibility in various economic sectors for many years. Their competence on the topics of accounting and audit are beyond doubt.

### • Nominations and remuneration committee

Alain Siaens, Chairman  
Michel Delloye

## 2. Operation of the Board of Directors and its Committees

The Board of Directors and its Committees meet and operate in accordance with the corporate governance charter.

The Board of Directors met three times in 2009. The directors were present or represented at 100 % of the meetings, except for one non-executive director (33%).

The Audit Committee met twice; the Nominations and Remuneration Committee met once.

The directors did not conclude any transactions with the company or its associated companies during the year.

At its meetings of 9 February 2009 and 9 March 2010, the Board of Directors evaluated its composition and operations and the interaction between directors, as well as the contribution of each director to its work. This evaluation concluded that performance was satisfactory.



## 5. REMUNERATION REPORT

### 1. Internal procedure for making decisions relating to remuneration

The policy relating to the remuneration of the non-executive directors and executive managers is drawn up by the Board of Directors, on the proposal of the Nominations and Remuneration Committee.

The total amount of the directors' remuneration, payable by the company, is fixed by the general meeting upon the proposal of the Board of Directors.

The level of remuneration of each non-executive director and each executive manager is fixed by the Board of Directors, acting on the proposal of the Nominations and Remuneration committee.

### 2. Policy of remuneration of directors during the financial year

#### a) Basic principles of remuneration

The executive directors benefit within the group from basic remuneration, with no bonus or long-term profit sharing scheme.

The remuneration of the non-executive directors is not linked to performance; they do not receive any benefits in kind, or benefits related to pension plans.

#### b) Relative significance of the different elements of which remuneration is composed

This relative significance can be seen in the table below. The basic remuneration represents in all cases more than 80% of the total remuneration.

#### c) Characteristics of performance bonuses in shares, options or other rights to acquire shares

The company does not grant its directors any variable remuneration nor grant them shares or rights to acquire shares.

#### d) Information on the remuneration policy for the next two financial years

The company does not foresee any substantial modification being made to its remuneration policy during the current year or the year that follows.

### 3. Amount of remuneration and other benefits granted to directors by the company and its subsidiaries

The amount of the gross remuneration (payable by the group) of the directors amounted in 2009 to (€ 000) 934.7 and is broken down as follows:

	Basic remuneration	Variable remuneration	Pension	Other elements	Total
Managing directors	407.4	0	10	27.4	444.8
Other executive directors	396.2	0	10	71.7	477.9
M. Delloye	6	0	0	0	6
A. Siaens	6	0	0	0	6
<b>Total</b>	<b>815.6</b>	<b>0</b>	<b>20</b>	<b>118.2</b>	<b>934.7</b>

### 4. Criteria for the evaluation of performance in respect of the objectives and period of evaluation and the description of the methods applied to verify whether performance was satisfactory.

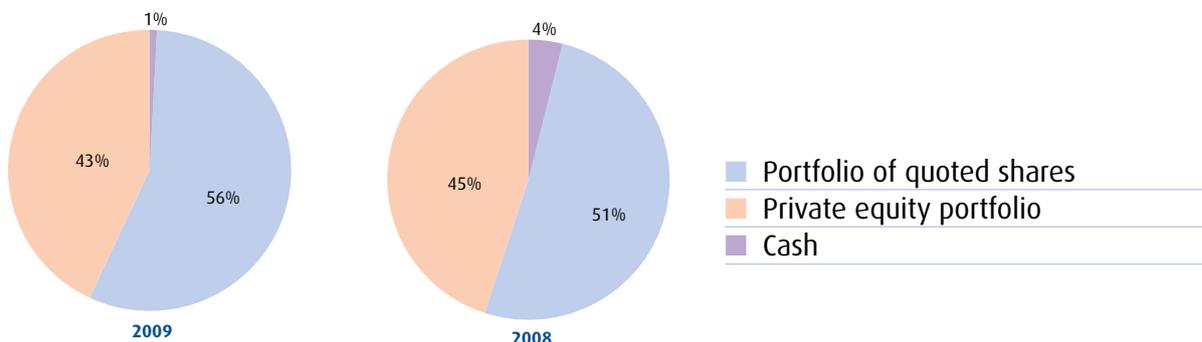
In the absence of variable remuneration, such an evaluation is not necessary.

### 5. Redundancy pay

All the directors, including the executive directors, can be dismissed *ad nutum* and without compensation.



## PORTFOLIO MANAGEMENT



### Movements in assets (000 EUR)

#### Listed holdings

- Value at 31 December 2008		354,231
- Net movements	21,991	
- Changes in fair value	89,001	
<b>- Value at 31 December 2009</b>		<b>465,223</b>
<b>- Value at 31 December 2008</b>		
- Net movements		308,771
- Changes in fair value	10,407	
- Value at 31 December 2009	43,978	
<b>- Valeur au 31 décembre 2009</b>		<b>363,156</b>

During 2009, net purchases by the group in its listed portfolio represented a sum of € 22 million, while those in "Private Equity" amounted to € 10.4 million.

These additional investments, to which can be added the positive change in fair value, explain the total increase in the value of the portfolio of € 165.3 million.

The proportion of total assets represented by the listed portfolio increased from 51% to 56%, while that of Private Equity fell slightly from 45% to 43%. Cash reserves available at the start of the financial year have been invested, almost in their entirety.

## A. Listed holdings

### Introduction

The group actively manages a large portfolio of ordinary shares, mostly listed on European stock markets: NYSE Euronext, Frankfurt, London, Madrid, Milan and Zurich.

These are minority holdings that generally benefit from a large market and are suitable for the occasional issuing of put or call options.

### Breakdown of the portfolio

The group's listed holdings at 31 December 2009 were as follows:

Securities	Quantities		Value	
	31-Dec-08	Purchase/(sold)	31-Dec-09	31-Dec-09
<b>Insurance</b>				
Fortis Holding	5,867,500	-2,290,000	3,577,500	9,383,782.50
Novae Group	3,708,208		3,708,208	12,484,564.71
Sub-total				21,868,347.21
<b>Electricity</b>				
E.on	1,500,000		1,500,000	43,845,000.00
Iberdrola	4,300,000		4,300,000	28,681,000.00
Sub-total				72,526,000.00
<b>Oil</b>				
B.P.	4,475,000		4,475,000	30,233,081.86
ENI	2,049,000	-120,000	1,929,000	34,336,200.00
Royal Dutch Shell "A"	1,708,441	-225,000	1,483,441	31,300,605.10
Saipem	330,000	150,000	480,000	11,568,000.00
Total	928,000	-78,000	850,000	38,254,250.00
Sub-total				145,692,136.96
<b>Telecoms</b>				
France Telecom	0	685,000	685,000	11,939,550.00
Telecom Italia	7,750,000	-7,750,000	0	0
Sub-total				11,939,550.00
<b>Pharmaceuticals</b>				
Novartis		520,000	520,000	19,803,181.45
Sanofi-Aventis	514,000		514,000	28,300,840.00
Sub-total				48,104,021.45
<b>Construction Materials</b>				
Holcim	423,000	-10,156	412,844	22,400,877.60
Sub-total				22,400,877.60
<b>Consumer Goods</b>				
Nestlé		485,000	485,000	16,410,757.62
Unilever	1,741,788	-130,000	1,611,788	36,668,177.00
Sub-total				53,078,934.62

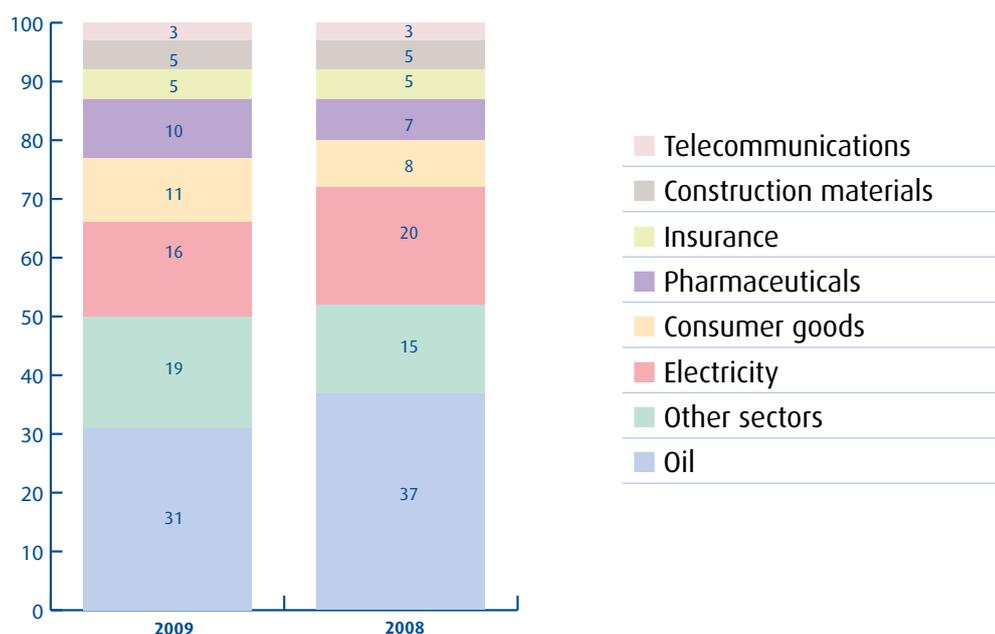


### Other Sectors

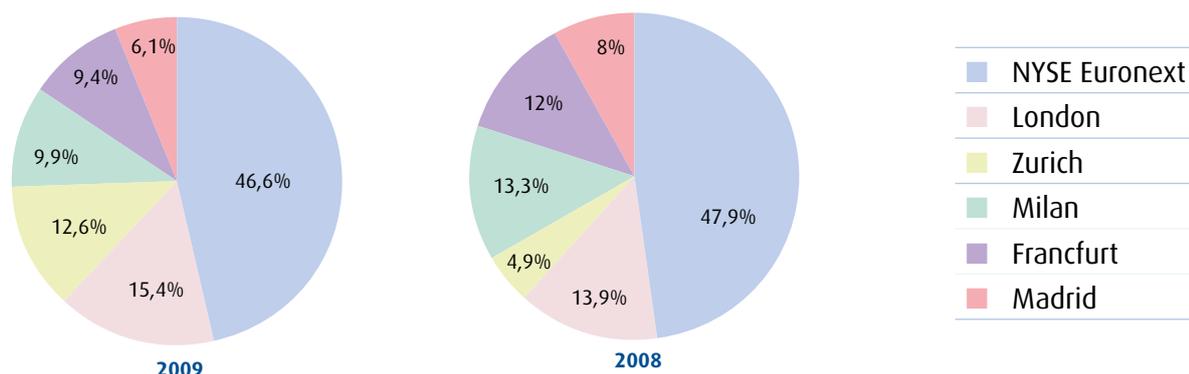
Samsung Electronics (GDR)	100,000		100,000	24,295,432.46
Schroder UK Alpha Plus Fund <sup>(1)</sup>		1,926,782	1,926,782	2,269,355.10
Schroder Specialist Value UK <sup>(1)</sup> Eq.Fd		1,587,302	1,587,302	2,282,382.76
Sofina	863,264		863,264	58,701,952.00
Tom Tom	190,000	118,750	308,750	1,926,687.50
Sub-total				89,478,809.82
Other holdings < € 1 million				134,760
<b>TOTAL</b>				<b>465,223,437.66</b>

<sup>(1)</sup> Investments used to guarantee the activities of Athanor within the Lloyd's market

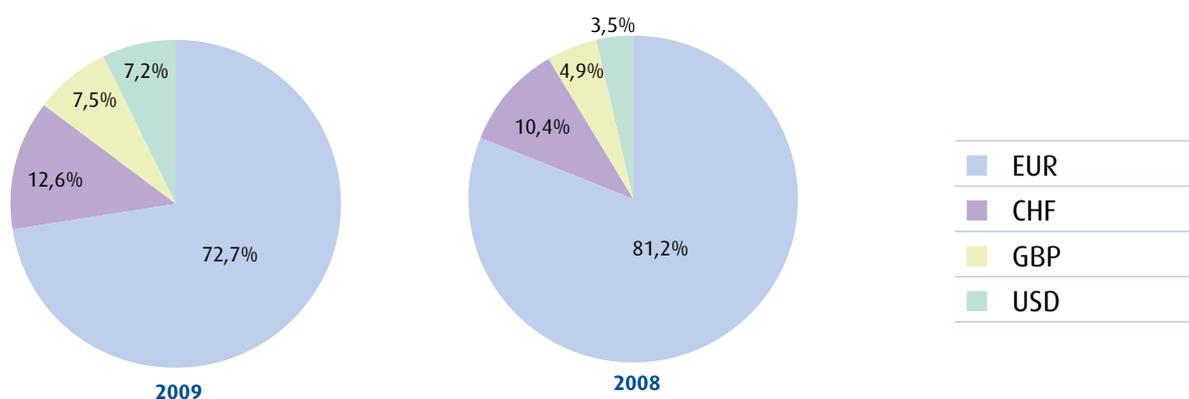
### Breakdown of listed portfolio by sector (%)



## Breakdown of listed investments by financial market



## Breakdown of listed financial assets by currency



## Movements during 2009

	2009	2008
Value of listed financial assets at the start of the period	354.2	932.3
New investments	54.0	41.0
Disposals	(32.0)	(196.2)
Changes in fair value	89.0	(422.9)
Value of listed financial assets at the end of the period	465.2	354.2

Compared to the major structural changes made in 2008, 2009 was a relatively stable year. We acquired positions in two quality defensive shares, Novartis and Nestlé, and slightly reduced our position in the international oil companies. We also modified our position in two cyclical companies, Holcim and Saipem, and balanced our holding in Telecom Italia, against shares in France Telecom. Finally, we lightened our position in Fortis Holding slightly.

It is recalled that Brederode still holds 1,700,858 of its own shares, or 5.2% of its capital, with a stock market value on 31 December 2009 of € 28,965,611.74. In the consolidated accounts, the value of these shares has been deducted from Shareholders' Equity and does not appear among the assets on the balance sheet.

## B. Private equity

### Introduction

Brederode's 'Private Equity' portfolio is primarily the result of commitments in fixed-term partnerships (10-12 years), which are known as 'Limited Partnerships'. These partnerships are made up on the one hand, of a team of managers, the 'General Partner' run by top ranked experienced professionals and on the other hand institutional investors, the 'Limited Partners'.

These latter commit to respond during a period generally limited to five years, to calls for funds from the General Partner up to a maximum amount of the 'Commitment'. The General Partner invests the amounts called in the various projects which that partner manages until the time of the exit, typically after a period of 3 to 7 years.

For the Brederode group, this is essentially a 'buy-out' type strategy, meaning that it aims to acquire with other investors and appropriate financial leverage (leveraged buy-out), an interest – in principle a controlling interest – in mature businesses with a predictable cash flow and offering opportunities for expansion or consolidation.

The group also analyses all opportunities to co-invest directly, together with certain funds, in projects it considers promising.

Each decision to invest is only made at the end of an in-depth 'due diligence' procedure, which systematically includes conversations with these specialised managers and the in-depth examination of all ad hoc documents.

Initial research relates, in particular, to the quality and cohesion of management teams, investment strategy and market opportunities, past performance, sources of business and value outlook, and exit options.

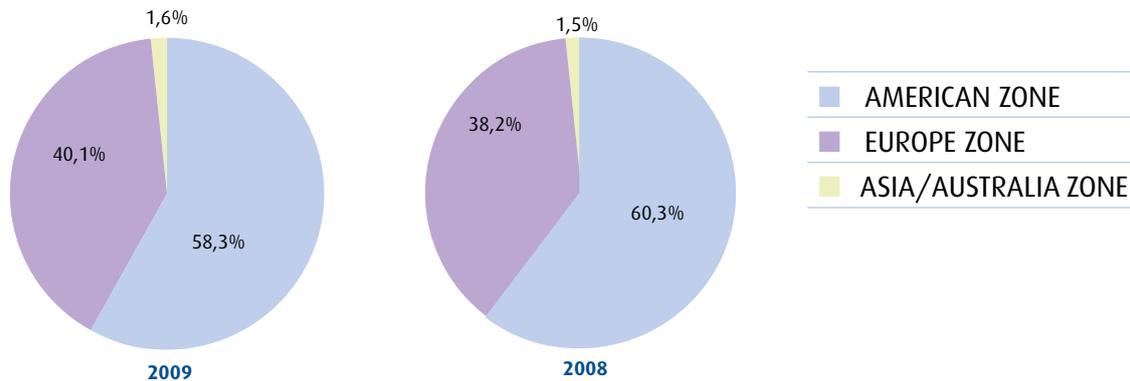
Investments are monitored on the basis of detailed quarterly reports as well as the audited annual accounts of the partnerships and through direct and frequent contact with the managers.

With the strength of its cumulative experience, the Brederode group is able to focus on the most promising projects, working with the best teams of specialised managers.



## Breakdown of the portfolio

### Geographical breakdown of investments in private equity



At the end of 2009, the group had made investments through 112 associations managed by 44 "private equity" groups, amounting to € 363.2 million against € 308.8 million one year earlier.

Of these 112 associations, 39 were still in the investment phase, while the others are pursuing their activities with a view to realising the best price for their residual assets.

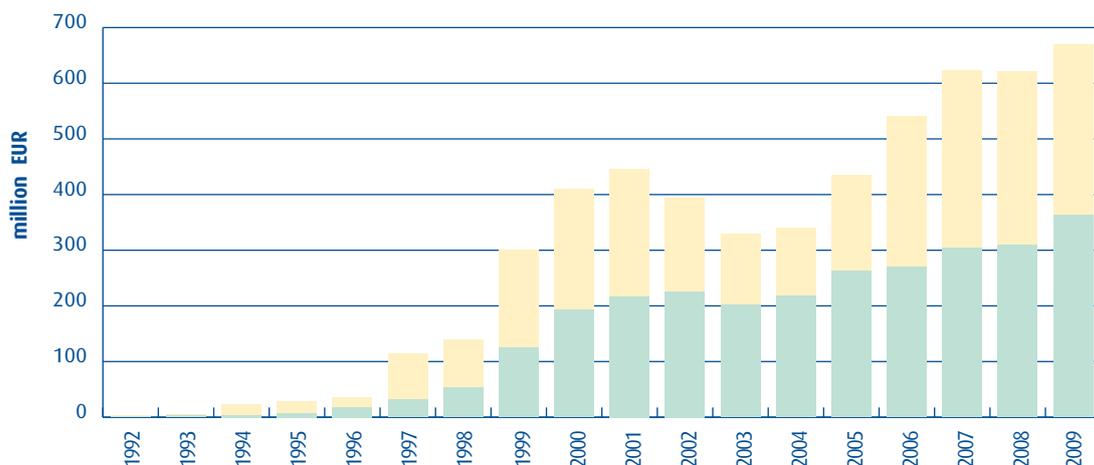
Based on the amounts invested and the commitments not yet called, the ten main managers with which the group works are: The Carlyle Group, Doughty Hanson & Co, Providence Equity Partners, HIG Capital, EQT, Stone Point Capital, ABRY Partners, Montagu Private Equity, Bain Capital, Apollo Management.

These managers represent 56 % (against 57% in 2008) of the sum of the investments and the amounts not yet called.

The group sometimes has the opportunity to make co-investments in parallel with the associations of investors.

At the end of 2009, these co-investments amounted to € 43.5 million against € 36.7 million one year earlier.

### Trends in Private Equity commitments



The above graph shows the trend in the involvement of the Brederode group in the private equity sector. This involvement is defined as being the sum of the amounts invested (in green) and the group's commitments that have not yet been called (in yellow).

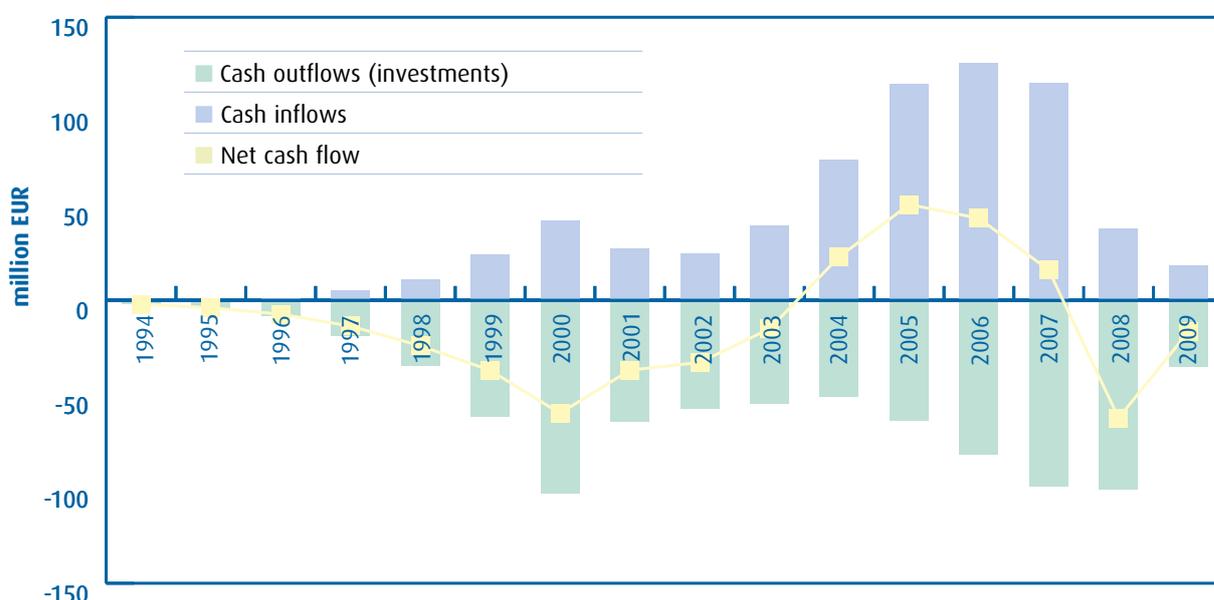


The changes in the investment commitments made by the group but where the funds have not yet been called are as follows:

At 31 December 2008	Changes in existing commitments	New commitments	At 31 December 2009
312.6 million	(27.4) million	21.3 million	306.5 million

One of the particular characteristics of our investments in private equity resides in the cash flows generated by the subscription to a new investment fund. Calls for funds are not made on the signature of the subscription but are spread out over time (typically 5 years) as required by the fund manager in order to complete the investment portfolio. The first disposals may therefore also contribute to financing the final calls for funds of the same partnership.

### Cash flow trend



The above graph shows that the private equity portfolio was self-financing during the period between 2004 and 2007 with investment requirements largely covered by investment disposals.

2008 and 2009 showed an inverse trend.

Furthermore, activity in 2009 fell particularly sharply. The net negative cash-flow generated by the private equity portfolio of Brederode International (net movement of investments, costs, dividends and interest received) amounted to € 16.7 million in 2009 (against € (63) million in 2008).

In general, the financing needs of the private equity portfolio are covered by the following sources:

- The use of existing cash resources
- Cash receipts generated by the disposal of investments from within the private equity portfolio
- Dividends and interest received
- The commercial paper programme
- Lines of credit
- The disposal where appropriate of part of the listed portfolio which plays the role of liquidity buffer

### Private equity cash movements during the year

	2009	2008
Value of PE financial assets at the start of the period	308.8	303.9
New investments	31.9	98.2
Disposals	-21.5	-40.0
Changes in fair value	44.0	-53.3
Value of PE financial assets at the end of the period	363.2	308.8

Incidentally, private equity generated operating revenues (dividends and interest) of € 1.6 million in 2008, against € 2.3 million the previous year.

The positive change in the fair value of the portfolio essentially results from the following factors:

- improvement of multiples on the stock markets that are often used as a reference point;
- maintenance or even increase in operational results most frequently achieved by cost reductions and rigorous crisis management.
- reduced levels of debt, achieved in certain cases by the purchase of the company debt at a discount from third party.

## C. Derivative Instruments

### Options on listed shares

As an occasional issuer of options on listed shares, the Group plays a type of insurance role for investors wishing to protect themselves against a significant fall (Put) or rise (Call) in share prices. The premiums received as remuneration for this role add to the return on the portfolio.

The positions taken generally do not exceed two months duration and are not speculative in nature; any issue of call options, for example, is always 100% covered by shares held in the portfolio.

The amount of premiums received during 2009 amounted to EUR 2.5 million compared to EUR 0.4 million in 2008.



## Currency hedging instruments

To manage its policy of covering exchange risk, the Group makes use of forward exchange contracts whose duration varies between one and six months. The amount of cover evolves as a result of the Group's view of the currency concerned.

## D. Insurance activities in Lloyd's syndicates

2009 was once again a very profitable year for our London-based subsidiary, Athanor Ltd.

It is important to note that the result of our investments in Lloyd's syndicates is influenced by their specific accounting methods, involving closing their accounts with a time-lag of three years. This delay enables a more precise estimate to be made of the impact of claims.

Athanor's results for 2009 are therefore primarily based on its insurance revenues in 2007, which continued to benefit from relatively high premiums.

Insurance results for 2008 and 2009, which will be included in Athanor's accounts for 2010 and 2011 respectively, are currently looking positive, although 2008 will be affected by the major losses resulting primarily from hurricanes Ike and Gustav, which hit the United States during the year.

For the future, strict discipline in setting re-insurance conditions will be the key to achieve a satisfactory performance.

## EVENTS AFTER THE END OF THE REPORTING PERIOD AND FUTURE OUTLOOK

In terms of the private equity portfolio, the first months of 2010 confirm the trend that began to make itself felt toward the end of 2009, which was a gradual recovery of both investment and disposal activity, stimulated by a real relaxation of the credit market.

As regards the portfolio of listed shares, no significant modification had taken place in its composition at the time of writing this report.

In an environment that remains uncertain but is improving, the Brederode group is maintaining relatively defensive positions and expects to once again post a reasonably positive result for the current year.



## DECLARATION BY THE MANAGING DIRECTORS

In the name and on behalf of Brederode, we hereby confirm that, to the best of our knowledge:

- a) the financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, financial situation and results of Brederode and the companies included in the consolidation;
- b) the directors' report contains a true account of trends in the business, the results and the financial position of Brederode and the companies included in the consolidation, as well as a description of the main risks and uncertainties with which it is faced.

Waterloo, 9 March 2010

For the Board of Directors

Luigi SANTAMBROGIO  
Managing Director

Gérard COTTON  
Managing Director



## NYSE Euronext

### Financial instruments

Two Brederode financial instruments are dealt on NYSE Euronext Brussels:

32,831,759 shares

18,250,504 VVPR strips

The 32,831,759 shares in issue all enjoy the same rights.

The VVPR 'strip' (Verlaagde Voorheffing/Précompte Réduit = Reduced Withholding tax) strip allows the shareholder to benefit from a reduced withholding tax of 15%, instead of the normal rate of 25%, on dividends attributed to shares with this 'strip'.

### Stock market capitalisation

At the end of 2009, Brederode's stock market capitalisation amounted to € 559.1 million, putting the company in 37<sup>th</sup> position on NYSE Euronext Brussels.

### Share price trend



### Liquidity of Brederode shares on NYSE Euronext Brussels

Average daily volumes traded per month in 2009.



Average number of shares traded per day: 6,814



## THE BREDERODE CHAIR 'DEVELOPING ENTREPRENEURIAL SPIRIT'

The 'Business creation' training programme (CPME), organised in collaboration with the Brederode Chair, won the international prize for pedagogical innovation in 2007. The Chair was once again an award-winner in 2009. The student and lecturer exchange programme entitled "Small and Medium-sized Enterprises and Entrepreneurship Education" *EC/US Cooperation Programme in Higher Education*, directed by Professor Frank Janssen, who holds the Chair, was selected as an example of "good practices" by the European Union. Only 8 similar programmes out of a total of 88 were given this label.

2009 also saw the publication of "Entreprendre: une introduction à l'entrepreneuriat" (Enterprise: an introduction to entrepreneurship), a book edited by Professor Janssen, published by De Boeck, whose objective is to make the reader aware of the human, economic, financial and managerial aspects of the entrepreneurial process, as well as to demystify it.

The Chair aims to stimulate the development of entrepreneurship both through the CPME training programme (<http://www.uclouvain.be/CPME>), and in programmes offered by the Louvain School of Management, the other faculties of UCL or continuing education. Since 2007, CPME has been open to 7 faculties of UCL. This year, students of this programme have once again distinguished themselves in national and international competitions. We would like to draw particular attention to the best business plan awarded in the final of the "Start Academy" to Ferdinand Terlinden and Louis-Dorsan Joly.

The Chair enabled the recruitment of Professor F. Janssen in 2002, whose role is to stimulate the CPME unit, to work at ensuring that this type of training becomes a regular feature of management programmes and to create an entrepreneurship unit in complementary and continuing training courses. It enabled an assistant to be employed in 2006 to support these numerous missions.

It offers an opportunity to students who would like to dedicate themselves to entrepreneurial activities to acquire the tools and skills they will require; it provides valuable help to those who have already identified a project. In all cases, the objective is to enable future graduates to experience real-life situations through multi-disciplinary training. The Chair is also active in several campaigns aimed at raising awareness of the entrepreneurial spirit.

It also enables the development of research in the fields of business growth, governance in SMEs, entrepreneurial education, the entrepreneurial mindset, social enterprise and entrepreneurs by necessity.

Finally, it contributes to the international dissemination of UCL's savoir-faire through its participation in knowledge-transfer projects with African, Asian and Eastern European institutions.

A more complete description of the activities of the Brederode Chair can be found at [www.uclouvain.be/chaire-brederode](http://www.uclouvain.be/chaire-brederode).



## FINANCIAL STATEMENTS AT 31 DECEMBER

### Profit and Loss account at 31 December

(000 EUR)	Notes	2009	2008
Dividends and interest received on non-current assets	(1)	20,890	37,660
Change in fair value of financial assets	(2)	132,979	-476,206
- listed securities		89,001	-422,958
- unlisted securities		43,978	-53,248
Foreign exchange gains/(losses)	(3)	-2,770	-4,469
Other income/expenses	(4)	-5,507	-6,609
<b>RESULTS OF PORTFOLIO MANAGEMENT</b>		<b>145,592</b>	<b>-449,624</b>
Other operating income and expenses	(5)	-2,276	6,768
<b>OPERATING RESULT</b>		<b>143,316</b>	<b>-442,856</b>
Interest received on current assets	(6)	797	915
Interest paid	(6)	-12	-3,193
Taxes	(7)	-3,284	-4,151
<b>RESULT FOR THE PERIOD</b>		<b>140,817</b>	<b>-449,285</b>
<b>OTHER ELEMENTS OF THE RESULT</b>			
- movements in the revaluation reserve		0	-638
- movement in differences on exchange		3,846	-3,605
<b>TOTAL OTHER ELEMENTS OF THE RESULT</b>		<b>3,846</b>	<b>-4,243</b>
<b>TOTAL RESULT FOR THE PERIOD</b>		<b>144,663</b>	<b>-453,528</b>
<b>RESULT FOR THE PERIOD ATTRIBUTABLE:</b>			
- to the parent company		140,809	-449,266
- to minority interests		8	-19
<b>TOTAL RESULT ATTRIBUTABLE</b>			
- to the parent company		144,655	-453,501
- to minority interests		8	-27

## Balance Sheet at 31 December

(000 EUR)	Notes	2009	2008
<b>NON-CURRENT ASSETS</b>		<b>833,238</b>	<b>667,930</b>
Tangible assets	(8)	793	860
Land and buildings	(9)	4,066	4,066
Financial assets	(2)	828,379	663,003
- listed securities		465,223	354,231
- unlisted securities		363,156	308,772
Other fixed assets		0	1
<b>CURRENT ASSETS</b>		<b>55,970</b>	<b>32,932</b>
Short-term receivables	(10)	2,688	5,618
Tax recoverable	(11)	11,567	16,656
Financial assets	(12)	679	3,813
Cash and cash equivalents	(13)	6,776	29,682
Other current assets		43	201
<b>TOTAL ASSETS</b>		<b>854,991</b>	<b>723,900</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>842,287</b>	<b>714,168</b>
Group shareholders' equity		872,230	714,106
<i>Called up share capital</i>	(14)	216,730	216,730
<i>Share premium account</i>		62,527	62,527
<i>Consolidation reserves</i>	(15)	562,973	434,849
Minority interests		57	62
<b>NON-CURRENT LIABILITIES</b>		<b>1,332</b>	<b>2,871</b>
Deferred tax liabilities	(7)	1,118	1,115
Provisions	(16)	214	1,756
<b>CURRENT LIABILITIES</b>		<b>11,372</b>	<b>7,200</b>
Financial debt	(17)	4,504	0
Financial liabilities	(3)	229	0
Other current liabilities	(18)	1,515	2,206
Trade creditors and other creditors	(19)	2,635	2,150
Taxes payable		2,489	2,505
<b>TOTAL LIABILITIES</b>		<b>854,991</b>	<b>723,900</b>



## Cash-flow statement

<b>(000 EUR)</b>	<b>2009</b>	<b>2008</b>
Result for the period	140,817	-449,285
- <i>group share</i>	140,809	-449,266
- <i>minority interests</i>	8	-19
Depreciation	84	422
Profits on the sale of tangible fixed assets	0	-638
Deferred taxes	3	604
Change in reserves	-1,542	-2,539
Change in fair value of financial assets	-132,979	476,206
Change in working capital	15,141	-12,333
<b>Cash flow resulting from operating activities</b>	<b>21,524</b>	<b>12,437</b>
Acquisitions of	-85,921	-136,621
- tangible and intangible assets	-16	-51
- <i>financial assets</i>	-85,905	-136,570
Disposals of	53,507	234,250
- tangible and intangible assets	0	662
- <i>financial assets</i>	53,507	233,588
Other changes	-21	8
<b>Cash flow resulting from investment activities</b>	<b>-32,435</b>	<b>97,637</b>
Dividends paid	-16,499	-16,199
Purchase of own shares	0	-400
Change in short term debt	4,504	-66,847
<b>Cash flow resulting from financing activities</b>	<b>-11,995</b>	<b>-83,446</b>
Change in cash and cash equivalent	-22,906	26,628
Cash and cash equivalents at 1 January	29,682	3,054
<b>Cash and cash equivalents at 31 December</b>	<b>6,776</b>	<b>29,682</b>

## Statement of movements in Shareholders' Equity

(000 EUR)	Capital	Issue premiums	Revaluation reserves	Consolidation reserves	Differences on conversion	Own shares	Group share	Minority interests	Total
<b>Balance at 1 January 2008</b>	<b>216,730</b>	<b>62,527</b>	<b>1,218</b>	<b>955,711</b>	<b>-404</b>	<b>-51,576</b>	<b>1,184,206</b>	<b>89</b>	<b>1,184,295</b>
Result for the year				-449,266			-449,266	-19	-449,285
Dividends				-16,199			-16,199		-16,199
Purchase of own shares						-400	-400		-400
Movements in other elements of the result			-639		-3,596		-4,235		-4,235
Other movements								-8	-8
<b>Balance at 31 December 2008</b>	<b>216,730</b>	<b>62,527</b>	<b>579</b>	<b>490,246</b>	<b>-4,000</b>	<b>-51,976</b>	<b>714,106</b>	<b>62</b>	<b>714,168</b>
Result for the year				140,809			140,809	8	140,817
Dividends				-16,499			-16,499		-16,499
Movements in other elements of the result					3,846		3,846		3,846
Other movements				-32			-32	-13	-45
<b>Balance at 31 December 2008</b>	<b>216,730</b>	<b>62,527</b>	<b>579</b>	<b>614,524</b>	<b>-154</b>	<b>-51,976</b>	<b>842,230</b>	<b>57</b>	<b>842,287</b>



## Accounting principles and policies

The accounting period is 12 months and these accounts for the period ending on 31 December 2009 were approved at the meeting of the Board of Directors held on 9 March 2010.

### General principles and accounting standards

The consolidated accounts have been prepared in accordance with international accounting standards (International Financial Reporting Standards), as published and adopted by the European Union, in force at 31 December 2008.

### Changes in accounting policies

The accounting policies used are consistent with those of previous years.

New interpretations or changes in interpretation during the year did not have a material effect on the group's financial performance or situation.

The main changes made relate to the standards:

- « IAS 1R – Presentation of revised financial statements »
- Amendment IAS 32 – To improve information communicated in respect of financial instruments.
- Amendment IAS 39 – Reclassification of financial assets. The authorisation to reclassify certain financial assets has no impact on the group's financial statements.
- Amendment IFRS 7 – To improve information communicated in respect of financial instruments.

Elsewhere, the group did not anticipate the application of new standards and interpretations that were issued before the date of authorisation of publication of the consolidated financial statements but which come into effect after 31 December 2009.

### Consolidation perimeter and methods

The consolidated accounts, drawn up before the appropriation of profits, include those of Brederode S.A. and its subsidiaries, i.e. companies over which the Group directly or indirectly exercises exclusive control. These companies are fully consolidated.

### Conversion of transactions and balances denominated in foreign currencies

The consolidated financial statements have been drawn up in EUR, Brederode's operating currency.

## 1. Transactions in foreign currencies

Transactions denominated in foreign currency are recorded based on the exchange rate at the time of the transaction. At the end of the reporting period, monetary assets and liabilities as well as non-monetary assets valued at their fair value are converted at the closing rate. Any resulting differences on conversion are included in the result.

## 2. Conversion of accounts in foreign currency

For the consolidation, the profit and loss accounts expressed in foreign currencies are converted at the average rate for the financial year. Apart from the elements that make up shareholders' equity, balance sheet items expressed in foreign currency are converted at the closing rate. Any resulting differences on conversion are shown as part of shareholders' equity.

### **Accounting estimates**

In preparing the consolidated accounts, the management use estimates and hypotheses that impact on the amounts presented in the accounts.

These estimates and hypotheses are continuously evaluated and based on historic experience and information available externally.

The main items affected by these estimates and hypotheses are:

- private equity portfolio;
- recoverable taxes;
- investment property;
- provisions.

### **Tangible fixed assets**

Tangible fixed assets are valued at the cost of acquisition or production less accumulated depreciation and any other amounts written off.

Depreciation is charged on a straight-line basis over the estimated operational life of the different categories of assets:

- Buildings
- Office furniture
- Vehicles
- Computer equipment

### **Investment property**

The building housing the Group's registered office is in large part leased to third parties. A valuation was carried out based on the level of rents obtained and the rate of return generally applied to buildings of the same kind, size and location.

This building is considered to be shown at its fair value in the accounts.



## **Non-current financial assets**

All non-current financial assets, whether listed or not, are accounted for as "financial assets at fair value through the profit and loss account". The initial value corresponds to the net acquisition cost and the fair value is reassessed at each year-end based on the closing share price for listed securities and on the latest valuations provided by the general partners for unlisted securities. In the latter case, the valuations are based on valuation techniques recommended by international associations operating in the 'Private equity' arena. Changes in the fair value of these investments between one year-end and the next are accounted for through the profit and loss account.

This method has been chosen as it reflects the strategy of the company in the management of risks.

### **• Listed portfolio**

The listed portfolio is valued on the basis of the closing share price on the final trading day of the year.

### **• 'Private Equity' portfolio**

The second category of non-current financial assets is made up of investments in unlisted companies, known as 'private equity'.

The 'private equity' portfolio is valued on the basis of the most recent financial information received from the General Partners. These are normally quarterly reports at 30 September, adjusted to take account of investments and disposals carried out during the fourth quarter. Such valuation may be further adjusted to reflect changes in circumstances between the date of last formal valuation provided by the General Partners and the date of account closure.

## **Amounts receivable**

Loans made by the group and other amounts receivable are valued at cost, from which is deducted any reduction in value as a result of depreciation or non-recoverability.

## **Current financial assets**

### **Government bonds**

These are fixed income bonds issued by the Belgian state and used as a guarantee of the final commitments of a subsidiary for mine-related damages.

They are initially valued at cost, and are restated at their fair value at the end of each financial year. Fluctuations arising in the value of these financial instruments during the course of the financial year are accounted for in the profit and loss account.

### **Derivative instruments**

Derivative instruments are valued at their fair value at the balance sheet date. Changes in fair value between one year-end and the next are accounted for in the profit and loss account.

Movements in rates can lead to a valuation of derivate instruments that results in the creation of a financial current asset or liability.

### **Financial assets, current and non-current**

Purchases and sales of current and non-current financial assets and liabilities are accounted for on the settlement date.

### **Non-financial assets**

The book value of the group's non-financial assets, other than taxes, is reviewed at the end of each financial year, in order to determine whether it has declined in value. If this seems to be the case, the recoverable value of the asset is estimated, i.e. the higher of the net realisable value of the asset and its economic value, which corresponds to the discounted value of expected future cash flows.

An amount previously written off non-financial assets is written back if the estimates used to determine the recoverable amount of the assets are modified. The book value of the asset, after writing back the amount previously written off, may nevertheless not exceed the net book value that would have been arrived at if there had been no write-off in previous financial years.

Any goodwill written off may not be written back.

### **Current and deferred taxes**

Current taxes refers to taxes payable on taxable earnings for the year, calculated according to the rates of taxation in force or close to being adopted at the balance sheet date, as well as adjustments relating to previous years.

Deferred taxes are calculated in accordance with the variable carry-over method applied to the temporary differences between the book value of the assets and liabilities entered in the balance sheet and their tax basis.

### **Cash and cash equivalents**

Cash includes bank current accounts.

Cash equivalents include bank deposits and fixed-term investments with a maturity date of three months or less from the date of acquisition; those with a maturity date falling more than three months after the date of acquisition are treated as investments.

### **Own shares**

In the case of the acquisition (or disposal) of own shares, the amount paid (or received) is accounted for as a reduction (or increase) in shareholders' equity. Movements in own shares are reported in the table of changes in shareholders' equity. These transactions have no effect on the profit and loss account.



## **Appropriation of profit**

The gross amount - before the deduction of withholding taxes - of dividends paid by Brederode to its shareholders is shown as a deduction from shareholders' equity. The financial statements are prepared before the appropriation of profit.

## **Provisions**

Provisions are made at year-end when a group company has a legal or implicit obligation resulting from a past event, where it is probable that an amount will have to be paid out to meet this obligation and where the amount of the obligation can reliably be determined. The amount of the provision corresponds to the most accurate estimate of the payment required to satisfy the obligation existing on the last day of the financial year.

## **Long-term financial debt**

Long-term debt comprises bank loans and bonds. It is valued at cost.

## **Short-term financial debt**

### **Commercial paper**

The group has several commercial paper programmes offering access to finance under more attractive conditions than those of bank loans. The commercial paper typically has a term of one to three months and the amount issued depends on cash needs, the market's appetite for this type of instrument and the terms offered by the counterparties.

### **Short-term loans**

The Group also has a number of credit lines with various financial institutions. They can be used in the form of short-term draw-downs generally not exceeding six months. The interest rate is determined separately for each draw-down. Interest is payable at the end of the period.

Short-term financial debt is accounted for at its nominal value.

## **Interest**

Interest income and expense consists of interest payable on loans and interest receivable on investments.

Interest received is entered prorata temporis in the profit and loss account, taking into account the effective interest rate of the investment.

## **Dividends**

Dividends relating to financial assets are accounted for on the date they become payable. The amount of withholding tax is shown as a deduction from gross dividends.



## **Insurance activities within Lloyd's syndicates**

The result of our investments in Lloyds syndicates is influenced by their specific accounting methods, which involve preparing the accounts with a time-lag of three years, in order to enable the most precise estimate possible to be made of the value of claims, and by the timing constraint within which the accounts must be published.

The insurance result for the year (N) therefore includes:

- insurance revenue definitively generated by transactions carried out during year N – 2.
- where it is probable that the estimates for the other years (N-1 and N) will result in a loss, a provision is made of the amount of the expected loss.



## Financial instruments and associated risks

### 1. Market risk

#### a) Currency risk

Currency risk is defined as the risk that the value of a financial instrument may fluctuate due to changes in the exchange rate of foreign currencies.

Exposure to currency risk is directly related to the amounts invested in financial instruments denominated in currencies other than the Euro and is influenced by the hedging policy implemented by the Group.

The policy on covering currency risk is guided by a medium-term vision of the trend of exchange rates relative to the euro.

Outstanding forward exchange transactions carried out with a view to reducing currency risk are valued at the fair value of the hedging instruments and are shown in the balance sheet notes under "derivatives" in current financial assets (liabilities).

In both the profit and loss account and the balance sheet, the effect of changes in the fair value of hedging instruments is shown separately from changes in the fair value of financial assets.

Exposure, at the end of the reporting period, to currencies other than the euro can be broken down as follows:

(% of total assets)	2009	2008	Variation (%)
US Dollar	30.0	29.2	+ 2.8
Pound sterling	4.7	5.9	- 20.3
Swiss franc	7.1	2.5	+184.0
Australian Dollar	0.4	0.3	+33.3

Outstanding hedging instruments (% of exposure covered), is as follows:

(% of cover)	2009	2008	Variation
US Dollar	2.6	0	n.a
Pound sterling	0	94.8	n.a
Swiss franc	0	0	n.a
Australian Dollar	0	0	n.a

Sensitivity analysis: impact on the profit and loss account / shareholders' equity of a movement of 5% in the different currencies

(000 EUR)	2009	2008	Variation
US Dollar	9,660	9,919	-259
Pound sterling	1,681	2,145	-464
Swiss franc	2,138	904	1,234
Australian Dollar	139	110	-29

## **b) Interest rate risk**

For financial assets, the risk of changes in fair value related directly to interest rates movements is not significant given that almost all financial assets are equity instruments.

For financial liabilities, the interest rate risk is limited by the short duration of financial debt.

## **c) Other price risks**

Price risk is defined as the risk that the value of a financial instrument may fluctuate due to variations in market prices.

### **• Listed portfolio**

For the listed portfolio, the risk of fluctuations related to changes in market prices is determined by the volatility of prices on the stock exchanges where the Group is active (NYSE Euronext, Frankfurt, London, Madrid, Milan and Zurich).

The Group's policy is to maintain diversification on these markets, which have a high level of liquidity and are less volatile than so-called emerging markets. The price risk relating to listed assets is also reduced by the high level of geographical and sectoral diversification of the portfolio.

Changes in the breakdown of the portfolio of listed shares by currency and by market are included in the management report of this document.

### **• Unlisted portfolio**

For the portfolio of unlisted securities, statistical and theoretical studies reach different conclusions as to whether or not the volatility of such holdings is greater than that of listed markets.

Purchase and sale prices are clearly influenced by multiples such as EV/EBITDA that can be seen on the market for listed securities. These similarities in valuation explain to a large degree the significant correlation between price fluctuations on these two markets.

The recent experience of the financial crisis that started in 2008 confirmed the larger degree of stability of valuations in the private equity portfolio compared to that of the portfolio of listed shares.

The price risk related to the unlisted securities is also lessened by the especially high level of diversification maintained in the portfolio. A first level of diversification results from the large number of General Partners with which Brederode works. A second level of diversification occurs within each Partnership, which typically will spread its investments over fifteen to twenty distinct projects.



At the end of 2009, our unlisted investments were spread among 112 associations managed by 44 General Partners (against 113 and 45 respectively at the end of 2008). The ten largest managers accounted for 56 % (against 57% in 2008) of the sums invested and amounts not called.

Changes in the geographical breakdown of the unlisted portfolio are included in the management report above.

#### • **Share options**

The price risk is reflected directly in the price levels prevailing on the options markets. Greater volatility on stock exchanges will be reflected in higher option premiums.

The price risk on this type of transaction is monitored on a daily basis and is limited by the group's policy of issuing only call options (undertaking to sell at a given price and time) and these exclusively on shares it holds in its portfolio.

#### **Sensitivity analysis of other price risks:**

##### **a) Listed portfolio**

The value of this portfolio is based on stock market prices, which by definition are difficult to predict. The financial and economic crisis that has been raging for almost two years has increased the volatility of the markets in which the group operates.

##### **b) "Private Equity" portfolio**

The value of this portfolio can also be influenced by changes in valuations on stock markets. This influence is nevertheless moderated by the following factors:

- the objective of creating value is for the long-term,
- the GP is capable of taking decisions more quickly and more efficiently to turn around a deteriorating situation,
- the interest of the managers is, in our opinion, better aligned in private equity than that of investors.

The degree of uncertainty makes it difficult to try to quantify the impact of this information.

Nevertheless, we confirm indicatively that a change of 5% in the valuation of the portfolio would result in a modification of € 18.2 million of its fair value (against € 15.4 in 2008).



## 2. Credit risk

This is defined as the risk that a counterparty to a financial transaction may default on its obligation, thus causing the other party to incur a financial loss.

As an investor in listed shares, the main credit risk resides in the ability of our intermediaries to ensure the proper execution of our purchase or sale transactions. This risk is in principle eliminated by the “delivery against payment” system.

For share options, it is up to the Brederode group itself to demonstrate its creditworthiness, which enables it to operate as an issuer in the over-the-counter market, which is reserved for institutional entities of acknowledged competence and solvency. As an issuer of share options, the credit risk on this type of transaction is taken by our counterparts.

For unlisted securities, the credit risk resides primarily in the quality of the general partners that initialise the transactions and manage the funds invested. This risk is kept in check through the careful choice of the General Partners with whom we work, reports from the auditors who verify the accounts of these partnerships, and by monitoring the quarterly activity reports provided by the managers.

Bank deposits in fact constitute the principal credit risk incurred by our group. We constantly review the quality of our bankers and spread our risks among the best of them.

Maximum exposure to credit risk:

(000 EUR)	2009	2008	Variation
Bank deposits and current accounts	6,776	29,682	-22,906
Amounts receivable	2,688	5,618	-2,930
Financial guarantees granted (pledge)	5,230	670	4,560

## 3. Liquidity risk

The liquidity or financing risk is defined as the risk that an entity may experience difficulties raising funds to honour its commitments related to financial instruments.

One of the characteristics of ‘Private Equity’ investment is that the investor has no control over the liquidity of the investments. The manager alone decides when to acquire or dispose of an investment. There is a secondary market for interests in Private Equity funds, but it is a narrow market and the selling process is relatively long and costly.

The evolution of the group’s uncalled commitments to ‘Private Equity’ funds is monitored closely so as to ensure optimal management of net cash movements.

The portfolio of listed securities is made up of highly liquid minority positions, making it possible, if necessary, to absorb significant cash movements generated by the unlisted portfolio.



Part of the group's financing is provided by the issue of commercial paper that offers particularly attractive terms. Demand for this type of financial instrument can decline abruptly, in which case the group can always rely on its committed credit lines with several major banks.

The Group carefully balances its use of these credit lines to limit its liquidity risk. Some of these credit lines are committed and offer a source of guaranteed financing in the event of a liquidity crisis on the market. The Group also makes sure to keep its level of financial debt below the level of its confirmed credit lines.

Analysis of residual contractual terms of financial liabilities

(000 EUR)	2009	2008	Variation
0 to 3 months	690	5,869	-5,179
4 to 12 months	1,460	1,270	190
1 to 5 years	0	0	0

#### 4. Cash flow interest rate risk

This is the risk that future cash flows of financial instruments may fluctuate due to variations in market interest rates. Our group is not affected by this risk.



## Notes

### (1) Dividends and interest received

	2009	2008
Gross dividends	20,139	36,639
- listed securities	19,306	35,368
- unlisted securities	833	1,271
Interest	751	1,021
<b>Total</b>	<b>20,890</b>	<b>37,660</b>

### (2) Financial assets/Change in fair value

	2009	2008
At start of period	663,003	1,236,227
- listed securities	354,231	932,323
- unlisted securities	308,772	303,904
Movements during the period		
buying	85,904	139,216
- listed securities	53,986	41,031
- unlisted securities	31,918	98,185
selling	53,507	236,234
- listed securities	31,995	196,165
- unlisted securities	21,512	40,069
change in fair value	132,979	(476,206)
- listed securities	89,001	(422,958)
- unlisted securities	43,978	(53,248)
At end of period	828,379	663,003
- listed securities	465,223	354,231
- unlisted securities	363,156	308,772



### (3) Exchange rate result

	2009	2008
Realised	(2,104)	(7,612)
- on USD foreign exchange contracts	0	(16,390)
- on GBP foreign exchange contracts	(2,104)	9,454
Other results	(500)	(676)
Unrealised *	(166)	3,143
- on USD foreign exchange contracts	(166)	0
- on GBP foreign exchange contracts	0	3,143
<b>Total</b>	<b>(2,770)</b>	<b>(4,469)</b>

\* current financial liabilities in the balance sheet include the unrealised exchange result (166) and the valuation of outstanding options (63).

### (4) Other portfolio results

	2009	2008
Result from current financial assets	(83)	(17)
Option premiums	2,451	361
Management fees on unlisted securities	(7,777)	(6,658)
Buying/selling expenses on shares	(55)	(220)
Custody fees	(43)	(75)
<b>Total</b>	<b>(5,507)</b>	<b>(6,609)</b>

## (5) Other operating results

	2009	2008
A. Income	3,351	11,195
- Profits on the sale of fixed assets	6	544
- Profits on the sale of intangible assets	224	182
- Rents received	1,343	3,482
- Result from Lloyds insurance	1,537	2,539
- Utilisation of provisions	241	4,448
- Other income	(5,627)	(4,427)
B. Expenses	(940)	(880)
- Directors' emoluments	(275)	(266)
- Staff costs	(207)	(220)
<i>Salaries and wages</i>	(36)	(35)
<i>Social security</i>	(4)	(4)
<i>Other</i>	(28)	(7)
- Fees	(308)	(1,902)
- Depreciation	(84)	(422)
- Costs related to dividend payment	(45)	(80)
- Financial expenses	(3,356)	(157)
- Other expenses	(619)	(720)
<b>Other operating result</b>	<b>(2,276)</b>	<b>6,768</b>
C. Average number of employees	6	6

Provisions written back relates primarily to the favourable evolution of provisions established in the framework of Athanor's insurance activities, while financial expenses consist principally of the exchange loss realised by Brederode International on the capital repayment made by Athanor.

The group's employees benefit from a defined contribution group insurance policy whose premiums are split between the employer and employee.

## (6) Net interest received (paid)

	2009	2008
Interest received	797	915
- on short-term investments	297	915
- moratorium interest	500	0
Interest paid	(12)	(3,193)
- on short-term bank loans	(12)	(1,066)
- on commercial paper	0	(2,127)
<b>Net interest received (paid)</b>	<b>785</b>	<b>(2,278)</b>



## (7) Taxes

	2009	2008
Tax on profits		
- Profit before tax	144,101	(445,134)
- Profit exempt from tax	(150,736)	439,567
- Permanent differences	945	1,256
- Taxes on a basis other than profit	2,335	2,895
- Effective tax charge	3,280	4,151
- Effective tax rate	2,28%	n,a,
Deferred tax asset		
- at the start of the period	0	236
- included in the result for the year	0	(236)
Deferred tax liability		
- at the start of the period	1,115	747
- included in the result for the year	3	368
- at the end of the period	1,118	1,115

## (8) Tangible fixed assets

	Plant, machinery and equipment	Other tangible fixed assets	Total
Cost			
- at the start of the year	566	43	609
- acquisitions	16		16
- disposals	(12)		(12)
- at the end of the year	570	43	613
Gains			
- at the start of the year		579	579
- at the end of the year		579	579
Depreciation			
- at the start of the year	320	8	328
- charge for the year	83		83
- cancelled on disposal	(12)		(12)
- Net book value at the end of the year	391	8	399
<b>- at the end of the year</b>	<b>179</b>	<b>614</b>	<b>793</b>

## (9) Investment property

	2009	2008
Estimated fair value at the start of the year	4,066	4,399
Prepayments	0	1
Adjustments to fair value	0	-334
Estimated fair value at the end of the year	4,066	4,066
Rental income	224	182
Direct operational charges	32	54

This is an office building located in Waterloo, Drève Richelle 161, with a total area 2,396 m<sup>2</sup>, partially occupied by the group with the remaining area rented to third parties.

The fair value is determined by applying a rate of return to the rental value of the building. This rate of return is based on the opinions given by real estate professionals with recent experience of the geographical area and building category concerned. However, there is no valuation report.



## (10) Short term receivables

	2009	2008
- trade receivables	34	225
- call for funds by Lloyds syndicates	1,442	1,401
- funds deposited with Lloyds	1,210	2,913
- other receivables	2	1,079
<b>Total</b>	<b>2,688</b>	<b>5,618</b>

## (11) Recoverable taxes

	2009	2008
- Withholding taxes recoverable	1,618	2,474
- Disputed taxes	9,949	14,182
<b>Total</b>	<b>11,567</b>	<b>16,656</b>

### Tax litigation

The tax administration contested the tax exemption from capital on gains realised on our investments in private equity through American partnerships, and on certain investments in American real estate companies for the 2004 and 2005 tax years (2003 and 2004 results). The tax administration likewise considers that the dividends paid out by those American companies cannot benefit from a deduction on the basis that it has already been fully taxed.

A supplementary tax charge of (000 €) 8,893 was posted on 15 September 2006 for the 2004 financial year. A supplementary tax charge of (000 €) 4,199 was posted on 17 December 2007 in respect of the 2005 financial year. Both of these supplementary charges are the subject of reclaims made to the Regional Tax Department in Brussels. Furthermore, in the absence of any decision on these reclaims, we decided to take the matter to the court of first instance in Namur. The case should be heard in September 2010.

At the end of January 2009, the central Administration finally admitted the legitimacy of our arguments concerning the investments made through the American Partnerships. The investments in American real estate companies for their part are still the subject of an additional examination by the central services of the Administration.

In September 2009, the Tax Department ordered the repayment of the tax assessed on Brederode in respect of 2005 tax year, being (000 €) 4,082 together with (000 €) 500 of moratorium interest.

The assessment made on Brederode in respect of the 2004 tax year, being (000 €) 8,893 should be the subject of at least a partial exemption, at the end of the judicial procedure. The exemption from tax assessed on the investment revenues of the American Partnerships amounts to around (000 €) 3,345 in principal. Should Brederode be successful also in the dispute related to the investments in American real estate companies, the contested assessment should be exempted for the full amount of (000 €) 8,893.

## (12) Current financial assets

	2009	2008
- OLO government bonds	679	670
- derivatives		
- value of GBP hedging instruments	0	3,143
<b>Total</b>	<b>679</b>	<b>3,813</b>

The 'olo' bonds are held by Greenhill and serve as guarantees for possible claims for the repair of mining damage at former coalmining sites. Existing legislation on statute of limitations, however, means that it is very unlikely that this guarantee will be able to be called upon.

## (13) Cash and cash equivalents

	2009	2008
- deposits	5,275	29,459
- other	1,501	223
<b>Total</b>	<b>6,776</b>	<b>29,682</b>

## (14) Capital

### A. Issued capital

The fully paid-up share capital at 31 December 2009 totalled EUR 216,730,144.16. It was made up of 32,831,759 shares with no par value. All that shares that make up Brederode's share capital enjoy the same rights.

Breakdown of capital	2009	2008
- nominative shares	20,965,902	20,572,584
- bearer shares	1,962,920	2,240,810
- dematerialised	9,902,937	10,018,365

### B. Authorised capital

There is currently no authorised capital.

### C. Own shares

	2009	2008
Own shares held at 31 December	1,700,858	1,700,858

There is currently no authorisation in place for the purchase of own shares.



## (15) Consolidated reserves

	Revalutaion reserve	Consolidated reserves	Own shares	Differences on conversion	Total
<b>At 1 January 2008</b>	<b>1,218</b>	<b>955,711</b>	<b>-51,576</b>	<b>-404</b>	<b>904,949</b>
Profit for the year		-449,266			-449,266
Dividends		-16,199			-16,199
Own shares purchased			-400		-400
Other variations	-639			-3,596	-4,235
<b>At 31 December 2008</b>	<b>579</b>	<b>490,246</b>	<b>-51,976</b>	<b>-4,000</b>	<b>434,849</b>
Profit for the year		140,809			140,809
Dividends		-16,499			-16,499
Movements in other elements of the result				3,846	3,846
Other variations		-32			-32
<b>At 31 December 2009</b>	<b>579</b>	<b>614,524</b>	<b>-51,976</b>	<b>-154</b>	<b>562,973</b>

## (16) Provisions

	Lloyds Insurance
At 1 <sup>st</sup> January 2009	1,756
Unutilised amount written back	(1,542)
<b>At 31 December 2009</b>	<b>214</b>

The provisions relating to the Lloyd's syndicates are set up in accordance with the estimates received on the development of outstanding claims.

## (17) Financial debt

Short-term financial debt

	2009	2008
- commercial paper	0	0
- bank loans	4,504	0
<b>Total</b>	<b>4,504</b>	<b>0</b>

Commercial paper:

Brederode has in place a programme of commercial paper without guarantee up to a maximum amount of € 200 million, which is unused.

Moreover, the group benefits from confirmed credit lines with an overall amount of € 100 million.

## (18) Other current liabilities

	2009	2008
- other payables	1,012	574
- social security charges payable	53	0
- accruals and deferred income	450	1,632
<b>Total</b>	<b>1,515</b>	<b>2,206</b>

## (19) Suppliers and other creditors

	2009	2008
- commercial debts	9	11
- dividends and interest from previous years	1,460	1,270
- funds received on deposit	1,166	869
<b>Total</b>	<b>2,635</b>	<b>2,150</b>

### Transactions with related companies

The deposit of funds received includes an amount of EUR 117 (EUR 246 in 2008) from Auximines.

## (20) Off balance sheet rights and commitments

	2009	2008
Confirmed lines of credit	100,000	135,000
(used)	4,504	0
Purchase and sale commitments		
- unlisted portfolio	306,483	312,566
Put and call options issued	2,893	0
Rights and commitments resulting from transactions relating to interest rates, exchange rates and other similar transactions:		
- sales of USD and GBP futures	6,775	36,804
Real guarantees		
- State bonds (OLO) to guarantee the repair of mining-related damages	679	670
- guarantees on behalf of subsidiaries	0	3,386
- sales of Arthemaura n.v. Performance guarantees with final maturity in October 2010	534	534
- sale of Artilat n.v. Fiscal and environmental guarantees with final maturity in December 2012	5,074	5,074
- Real guarantee to support credit lines granted to subsidiaries	50,000	50,000



## (21) Contingent assets

Agreement with the Democratic Republic of Congo relating to final compensation for long-standing debts payable to the group relating to African assets nationalised during the 1970s.

Principal to be paid over the next 5 years: € (000) 16,943.

## (22) Directors' remuneration

The detail of the remuneration of the directors is included in the corporate governance declaration.

## (23) Dividends

	2009	2008
- Amount distributed during the financial year	16,499	16,198
- Proposed dividend for the financial year ending 31 December at 0.55 gross per share (0.53 in 2008)	17,122	16,499

The proposed dividend is presented for the approval of shareholders at the ordinary general meeting of 12 May 2010 and, in accordance with IFRS standards, is not included under amounts payable.

## (24) Earnings per share

	2009	2008
- Number of shares in issue at 31 December	32,831,759	32,831,759
- Held by the company	1,700,858	1,680,858
- Entitled to dividend	31,130,901	31,150,901
- Earnings per share (*)	4.52	-14.43

(\*) calculated on the basis of the weighted average number of shares in en circulation, i.e.:

At 31 December 2008 : 31,141,715

At 31 December 2009 : 31,130,901

## (25) Subsidiaries

List of fully consolidated subsidiaries at 31 December 2009 :

Names	Addresses	Company N°	Average number of employees
Athanor Ltd	Tower Bridge House – St Katharine’s Way – GB London E1W 1DD	2810668	0
Brederode S.A.	Drève Richelle, 161 – B 1410 Waterloo	0405 963 509	2
Brederode International Sàrl	Boulevard Joseph II, 32 – L 1840 Luxembourg	20042205622	3
Geyser S.A.	Boulevard Joseph II, 32 – L 1840 Luxembourg	20042402339	1
Greenhill S.A.	Drève Richelle, 161 – B 1410 Waterloo	0435 367 870	0

The percentages of both shareholdings and control in all subsidiaries is 100 % except for Geyser where it is 99,99%.

This list is unchanged compared to that of the previous financial year.

## (26) Audit of the financial statements

Fees payable in respect of the statutory audit are shown below (art.134 of the Companies’ Code).

	2009	2008
Audit fees	104	74
- of which Brederode s.a.	35	33
Other audit related assignments	0	0
Tax advice	7	0
Other assignments not related to the audit assignment	17	0



**FREE TRANSLATION**  
**STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING**  
**ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY BREDERODE SA**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2009**

As required by law and the company's articles of association, we report to you in the context of our appointment as statutory auditor. This report includes our opinion on the consolidated financial statements and the required additional disclosure.

**Unqualified opinion on the consolidated financial statements**

We have audited the consolidated financial statements of BREDERODE SA and its subsidiaries (the "Group") as of and for the year ended December 31, 2009, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable on quoted companies in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as of December 31, 2009 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated statement of financial position amounts to EUR 854.991 (000) and the profit for the year (group share) amounts to EUR 140.809 (000).

The company's board of directors is responsible for the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated financial statements contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation

of the consolidated financial statements taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net worth and financial position as of December 31, 2009 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable on quoted companies in Belgium.

**Additional remark**

The company's board of directors is responsible for the preparation and content of the management report on the consolidated financial statements.

Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated financial statements:

- the management report deals with the information required by the law and is consistent with the consolidated financial statements. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development.

Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Brussels, March 23, 2010

MAZARS REVISEURS D'ENTREPRISES  
Statutory Auditor  
Represented by

X. DOYEN



## STATUTORY ACCOUNTS

Pursuant to Article 105 of the Companies' Code, the financial statements presented below are an abridged version of the statutory accounts.

The Statutory Auditor has issued an unqualified opinion on the financial statements.

The full version will be filed with the National Bank of Belgium and is also available from the company's website and at its registered office.



## Balance sheet

ASSETS (EUR thousand)	31 December 2009	31 December 2008
<b>FIXED ASSETS</b>	<b>488,224</b>	<b>475,108</b>
Tangible assets	3,247	3,539
Land and buildings	2,371	2,634
Furniture and vehicles	76	103
Other tangible assets	800	802
Financial assets	484,977	471,569
Associated companies		
Shareholdings	416,472	424,257
Other financial assets		
Shareholdings	68,505	47,312
<b>CURRENT ASSETS</b>	<b>62,163</b>	<b>208,878</b>
Amounts receivable within one year	31,089	186,466
Trade receivables	4	65
Other receivable	31,085	186,401
Treasury investments	30,966	22,236
Own shares	28,966	21,686
Other investments	2,000	550
Cash at bank and in hand	85	53
Adjustment accounts	23	123
<b>TOTAL ASSETS</b>	<b>550,387</b>	<b>683,986</b>



## Balance sheet

<b>LIABILITIES</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>528,935</b>	<b>512,760</b>
Capital	216,730	216,730
Called-up share capital	216,730	216,730
Share premium account	62,527	62,527
Revaluation surpluses	532	532
Reserves	105,139	97,859
Legal reserve	21,673	21,673
Non-distributable reserves		
for own shares	28,966	21,686
Available reserves	54,500	54,500
Earnings carried forward	144,007	135,112
<b>LIABILITIES</b>	<b>21,452</b>	<b>171,226</b>
Amounts falling due within one year	21,412	171,225
Trade payables		
Suppliers	4	8
Taxation, salaries and social security payable		
Taxation	999	978
Salaries and social security	20	22
Other amounts payable	20,389	170,217
Adjustment accounts	40	1
<b>TOTAL LIABILITIES</b>	<b>550,387</b>	<b>683,986</b>

## Profit and loss account

<b>EXPENSES (EUR thousand)</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
Interest payable and similar charges	628	7,719
Other financial expenses	203	212
Miscellaneous goods and services	520	2,132
Wages, social security and pensions	151	144
Other operating charges	17	13
Depreciation and write downs		
on set-up expenses, intangible and tangible fixed assets	306	311
Write-downs	273	174,440
of financial assets	222	145,971
of current assets	51	28,469
Capital loss on disposal	780	2,736
of financial assets	780	2,736
Exceptional charges	16	0
Taxes	122	5
Profit for the year	33,296	0
<b>TOTAL EXPENSES</b>	<b>36,312</b>	<b>187,712</b>
<b>INCOME (EUR thousand)</b>		
Income from financial assets	1,419	20,208
Dividends	1,419	20,208
Interest	620	445
Income from current assets	24	28
Other financial income	232	267
Other current income	31,859	56
Write-back of amounts written off	24,578	56
sur actifs circulants	7,281	0
Capital gains on disposal	2,158	291
of intangible and tangible assets	4	291
of financial assets	2,154	0
Extraordinary income	0	4,358
Loss for the year	0	162,059
<b>TOTAL INCOME</b>	<b>36,312</b>	<b>187,712</b>
Profit / (Loss) for the year to be appropriated	33,296	-162,059



## Appropriations and allocations

	31 December 2009	31 December 2008
Profit to be appropriated	168,408	123,544
profit for the year to be appropriated	33,296	0
loss for the year to be appropriated	0	-162,059
profit brought forward from the previous year	135,112	285,603
Withdrawn from reserves	0	28,067
Transferred to other reserves	-7,279	0
Profit to be carried forward	144,007	-135,112
profit to be carried forward	144,007	135,112
Profit to be distributed	-17,122	-16,499
remuneration of capital	17,122	16,499

## Extracts from the notes to the accounts

### Capital statement

	Amounts (000 EUR)	Number of shares
<b>Subscribed capital</b>		
- at the end of the previous year	216,730	32,831,759
- at the end of the current year	216,730	32,831,759
<i>Composition of capital :</i>		
- <i>ordinary shares all of which enjoy the same rights (of which 18,250,504 with VVPR strips)</i>		32,831,759
- <i>nominative shares</i>		20,965,902
- <i>bearer shares</i>		1,962,920
- <i>dematerialised shares</i>		9,902,937

### Shareholding structure

At 31 December 2009, based on shareholder declarations at 11 September 2008, the voting rights of the shares that make up the issued share capital were as follows:

Shareholders	Number of shares	Percentage
Auximines S.A.	16,055,378	48.90
Holdicam S.A.	1,952,125	5.95
Brederode S.A.	1,700,858	5.18

## Article 74, § 7, par.3, of the law relating to takeover bids

In accordance with article 74, §8, of the law of 1st April 2007 relating to takeover bids, the company received the following notification on 18 August 2009 :

Identity of the entity holding more than 30% of shares with voting rights:	Auximines S.A.
Identity of the entity holding ultimate control:	Stak Holdicam
Chain of control:	Stak Holdicam 99.98 % Holdicam S.A.(*) 77.20 % Auximines S.A. 48.90%
(*) Holdicam S.A. also holds a direct stake of 5.95% in Brederode S.A.	Brederode S.A.
Number of shares with voting rights held	16,055,378
Percentage	48.90%

### Accounting policies

#### Tangible fixed assets

These assets are depreciated on a straight-line basis, at the following rates:

- buildings: 5.0 %
- plant, machinery and equipment: 20.0 %
- computer and office equipment: 33.3 %

#### Financial fixed assets

Expenses relating to the acquisition of shares are accounted for in the profit and loss account for the year in which they are incurred.

The values of holdings or shares is written down in the case of a loss or permanent diminution in value as justified by the specific circumstances, profitability or prospects of the company in which the stake or the shares are held.

To this end, listed securities are valued at the stock market price and 'private equity' in accordance with the estimate of the specialised managers, in line with international standards.

On the other hand, Brederode's practice is not to revalue its investments in the non-consolidated statutory accounts.



## Provisions for risks and charges

Provisions are made to cover the risk of losses or expenses resulting from commitments for the acquisition or disposal of shares (share options) and from forward foreign exchange positions and contracts, as well as technical guarantees attached to services already performed in terms of insurance.

## Derivatives

Premiums received in respect of share options are entered immediately as "other financial income". At year-end or at any intermediate closure of the account, provision is made for the assumed risk in the financial results.

Forward foreign exchange contracts are shown under off-balance sheet commitments and are revalued at the end of the financial year. Any unrealised loss is accounted for and included in provisions for risks and charges, while unrealised gains are not recorded.

## FINANCIAL CALENDAR

Intermediate declaration	7 May 2010
Annual general meeting 2010	12 May 2010 at 10 A.M.
Coupon n° 70 eligible for payment	9 June 2010
Publication of interim results for 2010	27 August 2010
Intermediate declaration	29 October 2010
Publication of annual results for	11 March 2011
Annual general meeting 2011	11 May 2011 at 10 A.M.

This annual report is available in English, French and Dutch.  
In case of differences of interpretation the French version will prevail



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.eu](mailto:info@brederode.eu)  
Web site: [www.brederode.eu](http://www.brederode.eu)  
Numéro d'entreprise: 0405.963.509  
TVA: non-assujetti