BREDERODE

Annual Report 2010

« There is no deficit without tears. »
Jacques RUEFF

Table of content

1. Mission and strategy

Brederode is an investment company quoted on the NYSE Euronext Brussels market, which actively 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 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 price is considered high and put options on shares that Brederode is considering buying, with income from the premiums being added, if the option is exercised, to the return on the underlying shares. Here again, the rule is flexibility as well as the constant monitoring the risk/reward ratio. Brederode's philosophy with 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 twenty years or so, Brederode has been focussing 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, and to a much lesser but growing extent, in the Asia-Australia zone.

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 its 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.

2. Key figures

Consolidated accounts

Key figures (in EUR million)	2010	2009	2008	2007	2006
Financial assets	906	828	663	1,236	1,243
- listed securities	442	465	354	932	973
- Private Equity	464	363	309	304	270
Shareholders' equity	906	842	714	1,184	1,219
Financial liabilities	21	5	-	67	47
Changes in fair value of financial assets	79	133	-476	-16	141
Dividends and interest received	26	21	38	43	43
Profit for the year (group share)	95	141	-449	49	189

Adjusted figures per share (in EUR)					
Shareholders' equity	29.63	27.06	22.94	38.02	36.74
Profit for the year (group share)	3.07	4.52	-14.43	1.51	5.54
Dividend					
- Gross	0.5700	0.5500	0.5300	0.5200	0.4933
- Net	0.4275	0.4125	0.3975	0.3900	0.3700
- Net with VVPR coupon strip	0.4845	0.4675	0.4505	0.4420	0.4193
Market price					
- Highest	19.00	17.90	29.43	32.40	29.30
- Lowest	15.00	10.01	10.60	28.10	24.50
- at 31 December	18.10	17.03	12.75	29.60	29.30

Number of shares eligible:
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: 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 basic earnings: 32,831,759 – 1,700,858 = 31,130,901
2010: For shareholders' equity: 30,653,969 - 62,576 own shares = 30,591,393
For basic earnings: 30,653,969 + 416,235 = 31,070,204 [a]

[a] Weighted average number of shares in circulation in accordance with IAS 33.

Ratios	2010	2009	2008	2007	2006
P/BV (Price[*]/Book value)	0.61	0.63	0.56	0.78	0.80
P/E (Price[*]/Profit group share)	5.90	3.77	n a	19.60	5.29
Return on equity					
(Profit/average of shareholders equity as a %)	10.9%	18.1%	-47.3%	4.1%	16.5%
Gross return (Gross dividend/market price[*] as a %)	3.1%	3.2%	4.2%	1.8%	1.7%

[#] Stock exchange price at year-end

3. 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.

The financial markets were particularly influenced by two major events in 2010.

The effect of the first of these was mainly felt in the first three quarters of the year; it was the sovereign debt crisis in Europe, which created particular upheaval in Greece and Ireland.

Fortunately, the intervention of the main European governments and of the Central European Bank prevented the contagion from spreading to Portugal and Spain, by restoring a certain degree of stability to the sovereign debt market and indirectly to that of the stock market.

The second was the decision announced by America's Federal Reserve at the end of August, to inject further liquidity into the financial markets via the potential purchase of billions of dollars' worth of government bonds. This announcement, combined with the gradually more positive news emanating from the American and German economies in particular, and the more favourable posture adopted by the US government towards the business world, prompted a recovery in stock markets.

Although several positive signals concerning the real economies warrant a degree of optimism, it should be borne in mind that many Western countries are still highly indebted, at government and/or consumer level. Consequently the banking system is a long way off returning to good health, and the exceptional financial stimuli seen recently will not last indefinitely.

The strong growth witnessed in the emerging countries, especially China, continued. The difference this time however is that the growth in the Chinese economy has led to inflation, whereas in the past, its overall effects were deflationary.

During the year under review, our Private Equity activities developed well. With the exception of the disposal of our participation in BP, the composition of our listed securities portfolio remained basically unchanged.

On 16 November 2010, the extraordinary general meetings of Auximines and Brederode unanimously approved the merger of the two companies, with Brederode taking over its former parent company. This transaction did not have any effects on net asset values, as the exchange ratio was based on the intrinsic values of the two companies. It enabled the group's ownership structure to be simplified, leaving just a single listed company, with a larger percentage of "free float" on the stock market.

3.1. Review of the consolidated entity

The scope of consolidation of the Brederode group did not change during the financial year except for the intra-group disposal of 446 shares in Brederode International by Brederode to Geyser, which had no impact on either the financial statements or the result.

At 31 December 2010, consolidated total assets amounted to € 934 million, compared to € 855 million one year earlier. This amount represents 97% of the fair value of the securities portfolio, 49% of which, in turn, is accounted for by listed shares, with the balance being constituted by private equity.

The consolidated accounts below include:

– a section describing the accounting principles and policies used (section 8.6 p. 45)

– a section describing the company's policy regarding risks and uncertainties (section 8.7 p. 50)

These sections are included as appendices to this management report.

Impact of the merger with SA AUXIMINES (EGM held on 16 November 2010):

The Auximines operations are deemed, from the accounting point of view, to have been undertaken by Brederode from 1 July 2010 onwards. Thereafter, only income and expenses posted by Auximines during the second half of the year have been included in the global consolidated profit and loss account.

For the record, the profit made during the first half of 2010 by the merged companies is included in their respective financial statements at 30 June 2010, and therefore in the exchange ratio adopted.

The impact of the merger on Brederode's 2010 accounts primarily involves a 12 million euro increase in financial debt, 8 million of which is related to the cash payment made to Auximines shareholders at the time of the merger.

Consolidated profit and loss account

(in 000 EUR)	2010	2009
Dividends and interest received	25,956	20,890
Change in the fair value of financial assets	79,005	132,979
- Listed portfolio	-8,824	89,001
- Private equity	87,828	43,978
Foreign exchange gains/(losses)	-490	-2,770
Other income and expenses related to portfolio management	-8,072	-5,308
Profit from portfolio management	**96,399**	**145,791**
Other operating income and expenses	-676	-2,475
Operating profit	**95,723**	**143,316**
Non-operating income and expenses	-398	-2,499
Profit for the period	**95,325**	**140,817**
attributable:		
- to the parent company	95,318	140,809
- to minority interests	7	8

During the year under review, the Brederode group generated a consolidated profit of € 95.3 million, or € 3.07 per share compared to € 140.8 million and € 4.52 respectively in 2009.

The table below shows the impact on shareholders' equity of the various changes in the group's assets between the start and end of the financial year.

(in 000 EUR)	2010	2009
Shareholders Equity at the start of the period	**842,287**	**714,168**
Movements in non-current financial assets	**77,399**	**165,377**
Net movements of sales and purchases	-1,605	32,398
Change in fair value	79,005	132,979
Other movements in respect of portfolio management	**17,394**	**12,613**
Exchange rate movement	-490	-2,770
Dividends and interest	25,956	20,890
Share option premiums	258	2,451
Private equity management fees	-8,193	-7,777
Other banking costs	-137	-182
Movement of other non-current assets	**585**	**-68**
Net purchases	82	16
Other changes	503	-84
Other movements	**-31,186**	**-49,803**
Net financial income (costs)	-4	785
Other net operating income	-676	-2,475
Dividends paid	-17,122	-16,499
Movement in net treasury resources	608	-22,906
Change in financial debt	-12,396	-4,504
Other	-1,597	-4,203
Shareholders Equity at the end of the period	**906,479**	**842,287**

3.2. Review of the Company's statutory position

Statutory accounts

At the level of the parent company, Brederode made a loss of € 0.9 million, compared to a profit of € 33.3 million one year earlier. These figures correspond to a loss per share of € 0.03, compared to a profit of € 1.07 the previous year.

This result includes dividends of € 1.8 million received from outside the group (compared to € 1.4 million one year earlier). The negative result for the year is mainly attributable to a writedown of the holding in AGEAS.

Appropriation of profits

(in EUR)	2010	2009
Profit brought forward from previous years	144,006,957.15	135,112,209.22
Deductions from non-distributable reserve (reduction in value on own shares)	3,027,527.24	-
Auximines profit carried forward (following the merger by absorption)	112,028,427.79	-
Appropriation to non-distributable reserve (own shares derived from Auximines)	-246,761,165.00	-
Profit (Loss) for the year	-879,502.11	33,296,415.73
Appropriation to non-distributable reserve (own shares)	-1,104,399.90	-7,279,672.24
Deductions from available reserves	25,000,000.00	-
Profit to be appropriated	**35,317,845.17**	**161,128,952.71**
- remuneration of capital(1)	-17,437,094.01	-17,121,995.56
- to be carried forward	17,880,751.16	144,006,957.15

(1) Excluding own shares as of December 31st, 2010. The dividend related to the shares bought back between January 1st, 2011 and the dividend payment date will be transferred to profit carried forward.

Subject to the approval of the shareholders, the gross dividend per share will amount to € 0.57, representing an increase of 3.64%, i.e. a net dividend of € 0.4275 after deducting withholding tax of 25%. The net dividend for shares with a "vvpr strip" will amount to € 0.4845 (withholding tax reduced to 15%).

This dividend will be eligible for payment from 8 June 2011. For bearer shares, it will be paid on presentation of coupon no. 71 to one of the paying agents: BNP Paribas Fortis, Dexia, Banque Degroof and KBC.

Acquisition of own shares

In the wake of the decisions taken by the extraordinary general meetings of Auximines SA and of Brederode SA, held on 16 November 2010, to approve the merger by absorption of Auximines SA by Brederode SA, the 16,181,060 Brederode shares held by Auximines SA became Brederode's own shares. These shares represented 49.3% of the subscribed capital and had an accounting par value of EUR 6.60. Following the merger decision, the extraordinary general meeting of Brederode SA decided to cancel all its own shares (17,881,918), including those held by Brederode SA prior to the merger (1,700,858).

The company subsequently purchased 62,576 shares on the stock market, with an accounting par value of EUR 10.45, which together represente 0.2% of the company's capital. The total price paid for these acquisitions is EUR 1,104,399.86. This share buy-back allows all shareholders to benefit from the accretive effect generated by the purchase of shares at a price below intrinsic value.

The company still owned these 62,576 shares at 31 December 2010.

Art. 34 of the royal decree of 14 November 2007

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

Outlook

The financial markets continue to be influenced by concerns regarding over-indebtedness, in both the private and public spheres, and geopolitical instability, making it difficult to provide any reliable forecasts. Nevertheless, the composition of our listed securities portfolio enables to anticipate that the return on this will at least remain stable.

In the Private Equity sector, the trend in the portfolio has remained favourable since early 2011.

3.3. Corporate governance declaration

3.3.1. Governance charter and compliance with the 2009 Belgian corporate governance code

The Board of Directors approved the Corporate Governance Charter at its meeting on 12 January 2006 and amended it most recently on 9 March 2011. The updated text of this Charter is available on the company's website (www.brederode.eu).

The company adheres to the principles of the 2009 Belgian corporate governance code (www.corporategovernancecommittee.be) (hereafter the "Code") but believes that some 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 maintains 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 the executive management team. The Brederode group is characterised by the fact that executive directors are present in all the subsidiaries (joint management) and that, in view of the group's limited size, they are aware at all times of everything that is going on within the various companies.

For many years now, the Company's strategy has been determined by the Board of Directors and set out each year in the annual report.

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

The Audit Committee carries out the assignments laid down by law and in particular, ensures that the company has adequate internal control mechanisms.

- The Company has an effective 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 seven members who currently make up the Board of Directors, four are non-executive directors, two of whom are independent within the meaning of the Corporate Governance Code and the Companies Code (instead of a minimum of three as required by the Code). Nevertheless, the Board of Directors still believes that three of its members are substantially independent (see note 1 on page 15). The current composition of the Board of Directors is justified in terms of the limited number of directors, and the company's size and activities. At the present time, it does not comply with the principle of a balanced gender mix.

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. In view of 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 an external adviser, who is also responsible for providing them with guidance in terms of governance.

- 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 strives to ensure in particular that any market transactions 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 this 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 exercising their directorships. 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 way as to avoid any direct or indirect conflicts of interest with the Company.

- A coherent and transparent 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 combined Appointments and Remuneration 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 four to six years.

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

Under the chairman's direction, the Board of Directors regularly evaluates its own 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 Companies Code, which assists it in exercising its monitoring responsibilities, in terms of control in the broadest sense of the term.

The **Audit Committee** is composed of four non-executive directors. Two of its members are independent. All of them are competent in the areas of accounting and auditing.

The Committee itself decides who to invite to its meetings. The Audit Committee meets at least twice per year (instead of four times as required by the Code) and can be convened either by its chairman or at the request of two of its members. The legal and financial structure of the group, which only publishes financial statements twice per year, is the reason why 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 of internal control, which is described in more detail below.

The Board of Directors has also established a **combined Appointments and Remuneration Committee**. This committee comprises three members, who are all non-executives, with a majority of independent directors. The main representative of the executive directors attends the committee's meetings in a consultative capacity whenever the remuneration of the other executive directors is being discussed.

The Committee itself decides how frequently it meets. Meetings are convened by its chairman or at the request of two of its members. It met only once in 2010 (instead of twice as required by the Code). The limited number of directors is the reason why the combined Appointments and Remuneration Committee is not obliged to meet more often. Nevertheless, in future, it will meet at least twice a year.

After each of its meetings, each Committee reports back to the Board of Directors.

- The Company has defined a clear executive management structure

The executive management team is the company's management body. It is made up of all the executive directors.

Executive management deals in particular with:

- the company's management;
- implementing internal controls based on the framework of reference approved by the Board of Directors;
- the complete, timely, reliable and accurate preparation of the financial statements in accordance with accounting standards and company policies;
- communication to the Board of Directors, at the appropriate time, of all the information needed to meet its obligations.

- The Company remunerates the executive and non-executive directors equitably and responsibly

The executive directors within the group receive a basic remuneration with no bonus or long-term profit-sharing scheme. The group's structure and the nature of its activities do not justify any 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 are no plans to remunerate anyone by awarding them shares, share options or any other rights to acquire shares.

All directors, including executive directors, can be dismissed immediately and without compensation, unless provisions to the contrary in this area apply.

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

The Company complies with the principle of equality of treatment for its shareholders. It ensures that all 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 directors reply to all pertinent questions, in particular those relating to the annual report and to the items on the agenda.

- The Company ensures that full details of its corporate governance are published

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

3.3.2. Principal characteristics of the systems of internal control and risk management

Preliminary remarks

In view of the Brederode group's size and the targeted nature of its activities, the task of management is entrusted to the executive directors themselves. There is no management committee or specific internal auditor post.

Internal control functions are discharged firstly by the executive directors, and secondly by the Audit Committee (none of its four members has any executive functions).

The overall philosophy is based on values of integrity, ethics and competence, which are required of each person involved in running the group. These values constitute the foundation on which it is built and according to which it operates.

Control environment

The control environment is determined mainly by the laws and regulations of the three countries in which the group has subsidiaries (Belgium, Great Britain,Luxembourg) and by the articles of association of each of the companies concerned.

The accounts of the various companies are kept by one person. The Chief Financial Officer (CFO) is responsible for financial management.

The consolidated accounts are established using a high-quality international software program, set up and monitored directly by the executive directors.

Risk management process

The company's strategic and operational objectives, and those concerning the reliability of financial information, both internal and external, are defined by the executive directors and approved by the Board of Directors. The implementation of these objectives is checked periodically by the Audit Committee.

The management of the risks faced by the Brederode group specifically, is dealt with in section 8.7, pages 50, entitled "Policy regarding risks and uncertainties".

Control activities

Ongoing control, on an almost daily basis is exercised by the executive directors who also sit on the Boards of the main subsidiaries. The executive directors also meet formally each month to conduct a detailed examination of the accounting situation of each group company, a valuation of its assets, general monitoring of its activities and financing requirements, and an assessment of risks, new commitments, etc.

The group's financial assets, representing over 97% of the total consolidated balance sheet, are held by third party bankers, trustees, etc., which significantly reduces the risks of negligence, error and internal fraud.

Information, communication and oversight

The reliability, availability and pertinence of accounting and financial information are overseen directly by the executive directors in the first instance and subsequently by the Audit Committee.

Particular attention is paid to any remarks or requests formulated not only by the supervisory authorities but also by shareholders and financial analysts, with a view to constantly adapting the quality of information.

The tasks of maintaining and adapting computer systems are entrusted to external IT service providers, employed under contract.

The executive directors oversee the quality of the services thus provided and satisfy themselves that the degree of dependency vis-à-vis these service providers remains within acceptable limits.

The security of computer systems is maximised using technical processes available in this area: access rights, back-up, anti-virus software, etc.

Executive directors prepare, check and disseminate information, after it has been submitted to the Board of Directors, an external legal adviser and the Auditors.

3.3.3. Own shares and authorised capital

Information required under Article 34 of the royal decree of 14 November 2007 relating to the obligations incumbent on issuers of financial instruments listed on a regulated market:

- Holders of all shares with special control rights and a 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 appointment and replacement of members of the administrative body and to amendment of the issuer's articles of association (Art. 34, 7°): rules supplementing the Companies Code.
- Powers of the administrative body, in particular concerning the power to issue or buy shares (Art. 34, 8°):
  - **Acquisition of own shares:** by virtue of the decisions taken by the general meeting on 16 November 2010, the Board of Directors is authorised, under Article 620, section 1, of the Companies Code, to acquire by way of purchase or exchange, a maximum number of 6,130,793 shares (20% of the shares making up the company's capital), either directly or by a person acting in their own name but on the company's behalf or by a direct subsidiary company within the meaning of Article 627 of the Companies Code, at a minimum price of one euro (€ 1.00) and a maximum price of five per cent (5%) above the average closing price of the last three trading days preceding the date of acquisition. This authorisation is valid for a period of five (5) years with effect from 14 December 2010 and is renewable.
  - **Disposal of own shares:** the general meeting held on 16 November 2010 authorised the Board of Directors, under Article 622, section 2, 1°, of the Companies Code, to dispose of any shares acquired under Article 620, section 1, of the Companies Code, provided that these shares are listed within the meaning of Article 4 of the Companies Code.
  - **Authorised capital:** The general meeting held on 16 November 2010 authorised the Board of Directors to increase the company's capital, in one or more operations, to two hundred and sixteen million seven hundred and thirty thousand one hundred and forty-four euro and sixteen cents (€ 216,730,144.16), such authorisation being valid for a period of five (5) years with effect from 14 December 2010. This authorisation can be used for the following operations:
    - capital increases or issues of convertible bonds or subscription rights at the time of which shareholders' preferential rights are limited or abolished;
    - capital increases or convertible bond issues at the time of which shareholders' preferential rights are limited or abolished in favour of one or more specified persons, other than members employed by the company or its subsidiaries;
    - capital increases carried out by incorporation of reserves.

3.3.4. Shareholding structure

The law relating to takeover bids

Under Article 74, section 8, of the law of 1 April 2007, relating to takeover bids, the company received the following notification on 26 August 2010:

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
	100.00%
	Holdicam S A (*)
	77.70%
	Auximines S A
	49.30%
(*)Holdicam S.A. also holds a direct stake of 6.7% in Brederode S.A.	Brederode S A
Number of shares with voting rights held	16,181,060
Percentage	49.30%

NB: this notification was issued prior to the EGMs held on 16 November 2010, which inter alia approved the company's merger with Auximines S.A.

The law relating to publication of significant shareholdings

On 18 November 2010, the company received a joint notification relating to Stichting Administratiekantoor (STAK) Holdicam, Holdicam SA and Brederode SA. This notification is based on 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.

STAK Holdicam and Holdicam SA issued notification that their direct and indirect holding in Brederode SA has fallen below the threshold of 50%.

Brederode SA issued notification that it no longer owns any of its own shares.

Ultimate control of Brederode SA is exercised by STAK Holdicam, which owns 100.00% of Holdicam SA, which itself owns 47.87% of Brederode SA.

3.3.5. 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
Gérard Cotton,	Managing Director (until 31 May 2010)
	Director (from 1 June 2010)
Luigi Santambrogio,	Managing Director
Axel van der Mersch,	Chief Financial Officer (from 1 June 2010)
Michel Delloye (1)	
Alain Siaens (2)	
Bruno Colmant (2) (from 12 May 2010)	

(1) Independent director until the general meeting held on 22 April 2009. For the record, Mr Delloye was appointed to the Board of Directors by a decision of the ordinary general meeting held on 23 April 2003. His term of office was renewed by decisions of the general meetings held on 26 April 2006, 25 April 2007, 23 April 2008 and 22 April 2009. In the meantime, Article 526ter, 2° of the Companies Code, inserted by the law of 17 December 2008, set the criterion for a director's independence as: "not having sat on the board of directors as a non-executive director for more than three successive terms of office, without this period exceeding twelve years". As a result, even though he has been a board member for less than twelve years, Mr Delloye does not fulfil the independence criterion contained in this provision, since it came into force.
(2) Independent director

Executive management

Luigi Santambrogio

Axel van der Mersch

Pierre van der Mersch

Gérard Cotton (until 31 May 2010)

Committees of the Board of Directors

- Audit Committee

 Michel Delloye, Chairman

 Bruno Colmant

 Gérard Cotton

 Alain Siaens

As ratified by the general meeting held on 12 May 2010, Mr Bruno Colmant 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, he has no relationship with the company that could compromise his independence, and none of the situations covered by points 1° to 9° of this provision apply to him. The Board of Directors takes the view that the fact that Mr Colmant is Deputy CEO of Ageas SA, of which Brederode owns 0.15% of the share capital (i.e. a participation representing just 0.7% of the Brederode group's total assets), does not constitute such a relationship or situation.

As ratified by the general meeting held on 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, he has no relationship with the company that could compromise his independence, and none of the situations covered by points 1° to 9° of this provision apply to him.

All members of the Audit Committee have held senior positions of responsibility in various economic sectors for many years. Their competence in the fields of accounting and auditing is beyond doubt.

- Combined Nominations and Remuneration Committee

Alain Siaens, Chairman

Michel Delloye

Bruno Colmant

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 eight times in 2010. The directors were present or represented at 100 % of the meetings, except for one non-executive director (75%).

The Audit Committee met twice; the combined 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 meeting on 9 March 2011, the Board of Directors evaluated its composition and operation, the interaction between directors and the contribution made by each director to its work. A similar evaluation was conducted on the same day regarding the operation of the Audit Committee and the combined Nominations and Remuneration Committee. This evaluation concluded that their performance was satisfactory.

3.3.6. Remuneration report

1. Internal procedure for making decisions relating to remuneration

All of Brederode's Executive managers are directors of the company.

The policy relating to directors' remuneration is prepared by the Board of Directors, based on the proposal of the combined Nominations and Remuneration Committee. The total amount of the directors' remuneration payable by the company is fixed by the general meeting at the proposal of the Board of Directors. The level of each director's remuneration is fixed by the Board of Directors, based on the proposal of the combined Nominations and Remuneration committee, subject to the agreement of the competent body acting on behalf of the group company or companies responsible for paying this remuneration.

2. Policy of remuneration of directors during the financial year

a) Basic remuneration principles

The executive directors within the group benefit 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 various components of remuneration

This relative significance can be seen in the table below. In all cases, basic remuneration represents more than 90% 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 or grant them any shares, options or other 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 following year.

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

The amount of gross remuneration (payable by the group) received by the directors in 2010 amounted to (€ 000) 851 and is broken down as follows:

(in EUR)	Remuneration		Pension[b]	Other	Total
	basic[a]	variable		items[c]	
Managing directors					
L. Santambrogio	244			3	247
G. Cotton[d]	105		3	10	118
Other executive directors	426		4	40	470
Non-executive directors					
M. Delloye	6				6
A. Siaens	6				6
B. Colmant	3				3
Total	791		7	53	851

[a] Gross remuneration or total cost, excluding social security charges payable by the company or by group companies (employers' contributions)
[b] "Fixed contribution"-type plan
[c] The other components include hospitalisation insurance, representation costs plus company car and travel costs.
[d] 5 months as Managing Director and 7 months as a non-executive director.

4. Performance evaluation criteria in respect of the objectives and evaluation period and a description of the methods applied for the purpose of checking whether performance was satisfactory

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

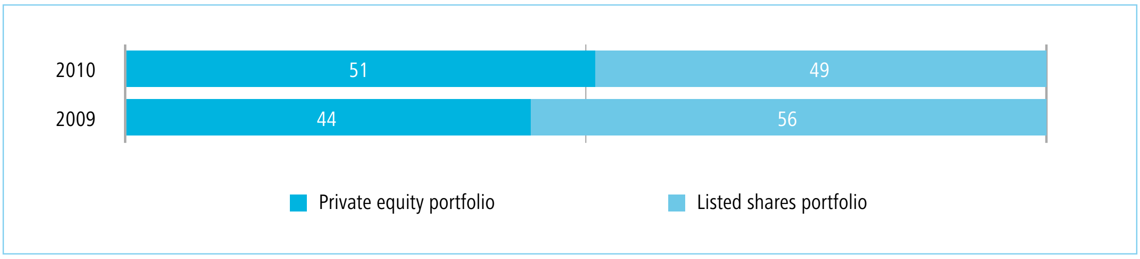
5. Payment of variable remuneration

Given that variable remuneration is not payable, there is no need to provide for the right to recover any variable remuneration, in the company's favour, in the event of erroneous financial information being provided.

6. Severance pay

All directors, including executive directors, can be dismissed immediately and without compensation, unless provisions to the contrary in this area apply.

3.4. Portfolio management



(in 000 EUR)	Listed shares	Private Equity	Total
Fair value at 31 December 2009	465,223	363,156	828,380
Additions	12,332	92,933	105,266
Disposals	-26,878	-79,994	-106,871
Change in fair value	-8,824	87,828	79,005
Fair value at 31 December 2010	441,855	463,925	905,779

During 2010, the group was a net seller of € 14.5 million worth of listed secutiries and a net investor in Private Equity to the value of € 12.9 million.

The portion of the listed portfolio held in all non-current financial assets fell from 56% to 49%, while Private Equity rose from 44% to 51%.

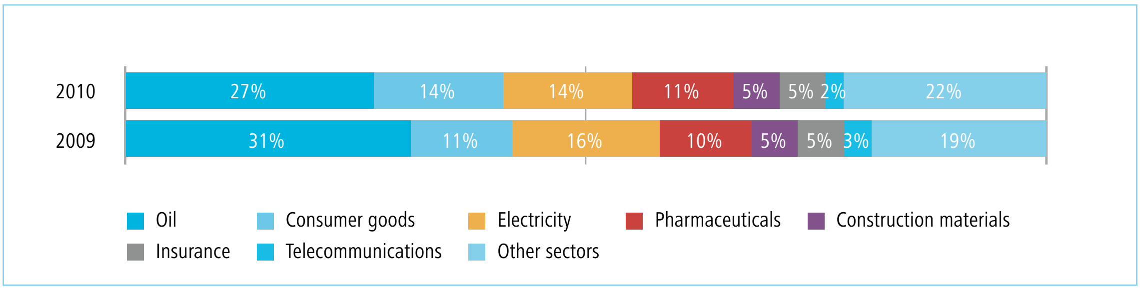
3.4.1. Listed holdings

Introduction

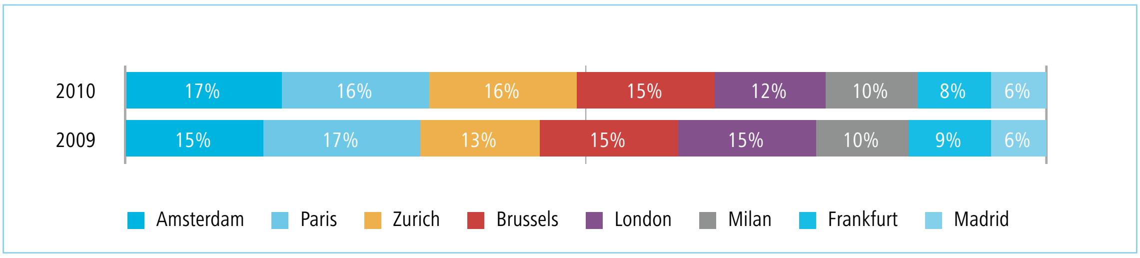
The group actively manages a large portfolio of ordinary shares, listed mostly on European stock markets: Brussels, Paris, Amsterdam, Milan, Frankfurt, London, Madrid and Zurich.

These are minority holdings that generally benefit from ample liquidity and are suitable for the occasional issue of put or call options.

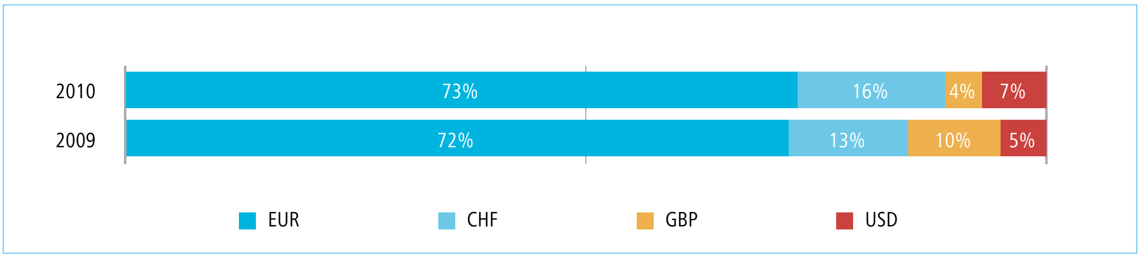
Breakdown of listed portfolio by sector (in %)



Breakdown of listed investments by financial market (in %)



Breakdown of listed holdings by currency (in %)



Movements during the year

(in 000 EUR)	2010	2009
Fair value at the start of the year	465,223	354,231
Additions	12,332	53,986
Disposals	-26,878	-31,995
Change in fair value	-8,824	89,001
Fair value at the year-end	441,855	465,223

During 2010, the composition of Brederode's listed portfolio, which continues to be biased towards defensive stocks with a good yield and strong liquidity, has not significantly changed. The main movement is the complete exit from BP. That, together with a partial sale of ENI shares, has resulted in a more balanced sector exposure of our portfolio. We have also strengthened our position in Nestlé and subscribed to new Iberdrola and Royal Dutch shares by taking the scrip dividend option.

Composition of the portfolio

At 31 December 2010, the group's listed holdings were as follows:

Securities	31/12/2009	Purchases (Disposals)	31/12/2010	(EUR 000)	
Oil				**117 111**	**27%**
B.P.	4,475,000	-4,475,000	-	-	-
ENI	1,929,000	-180,000	1,749,000	28,579	6%
Royal Dutch Shell "A"	1,483,441	18,637	1,502,078	37,146	8%
Saipem	480,000		480,000	17,683	4%
Total	850,000		850,000	33,703	8%
Consumer Goods				**62,857**	**14%**
Nestlé	485,000	92,872	577,872	25,303	6%
Unilever	1,611,788		1,611,788	37,555	8%
Electricity				**60,874**	**14%**
E.on	1,500,000		1,500,000	34,403	8%
Iberdrola	4,300,000	289,422	4,589,422	26,472	6%
Pharmaceuticals				**47,447**	**11%**
Novartis	520,000		520,000	22,852	5%
Sanofi-Aventis	514,000		514,000	24,595	6%
Construction Materials				**23,326**	**5%**
Holcim	412,844		412,844	23,326	5%
Insurance				**20,607**	**5%**
Ageas	3,577,500	400,000	3,977,500	6,802	2%
Novae Group	3,708,208	-412,023	3,296,185	13,806	3%
Telecom				**10,683**	**2%**
France Telecom	685,000		685,000	10,683	2%
Miscellaneous Industries				**98,835**	**22%**
Samsung Electronics (GDR)	100,000		100,000	31,575	7%
Schroder UK Alpha Plus Fund	1,926,782		1,926,782	2,839	1%
Schroder Specialist Value UK Eq. Fd	1,587,302		1,587,302	2,602	1%
Sofina	863,264		863,264	59,384	13%
Tom Tom	308,750		308,750	2,436	1%
Other Holdings < € 1 mn				**114**	**0%**
TOTAL				**441,855**	**100%**

(1) Investments used to guarantee the obligations of Athanor Ltd within the Lloyd's market

For the record, at 31 December 2010, Brederode held 62,576 of its own shares, i.e. 0.2% of its capital, with a stock market value at 31 December 2010 of € 1,132,625.60. In the consolidated accounts, the value of these shares has been deducted from the shareholders' equity and is no longer shown under assets on the balance sheet.

3.4.2. Private Equity

Introduction

Brederode's private equity portfolio is primarily the result of commitments to fixed-term partnerships (10-12 years), which are usually known as 'Limited Partnerships'. These partnerships are made up of a team of managers on the one hand, i.e. the 'General Partner', staffed by experienced professionals, and on the other hand, institutional investors, i.e. the 'Limited Partners'.

The latter undertake to respond, during a period generally limited to five years (the "commitment period"), to calls for funds from the General Partner up to a maximum amount known as the 'Commitment'. The General Partner invests the amounts called during the commitment period in various projects and manages them until the time of their exit, generally after 3 to 7 years.

For the Brederode group, this is essentially a 'buy-out' type of strategy, meaning that it aims to acquire, in association with other investors and appropriate financial leverage (a 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 that it considers to be promising.

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

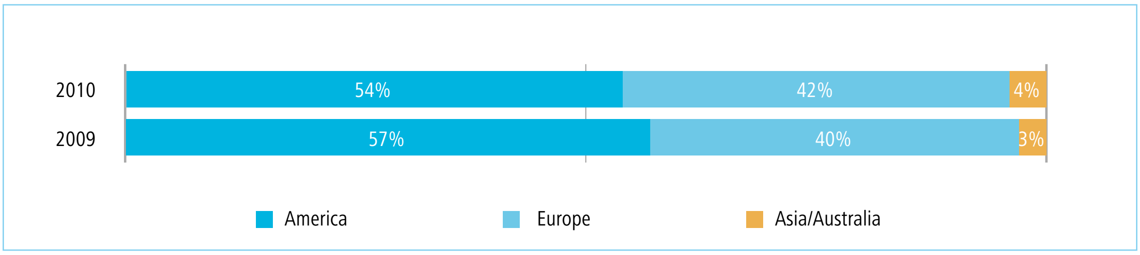
The initial research relates, in particular, to the quality and cohesion of the management teams, the investment strategy and market opportunities, past performance, sources of business and value outlook, and future exit options.

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.

Brederode's Private Equity operations go back to 1992. Since then, the group has invested a total of € 932 million in this area.

Relying on the strength of its cumulative experience, the Brederode group is able to focus on the most promising projects, led by the best teams of specialised managers.

Geographical breakdown of investments in private equity (in %)

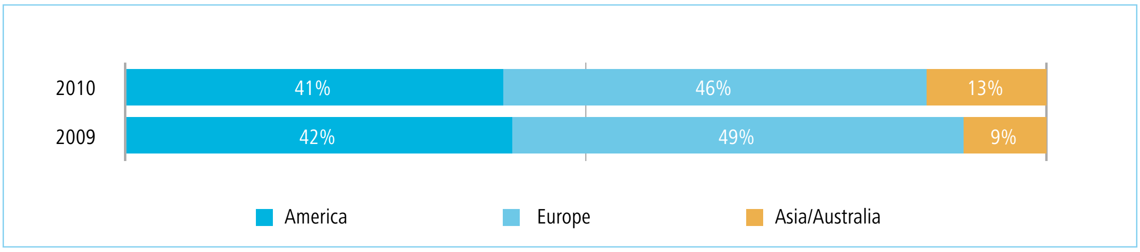


At the end of 2010, the group had made investments through 113 associations managed by 44 private equity groups, amounting to € 420 million, compared to € 320 million one year earlier.

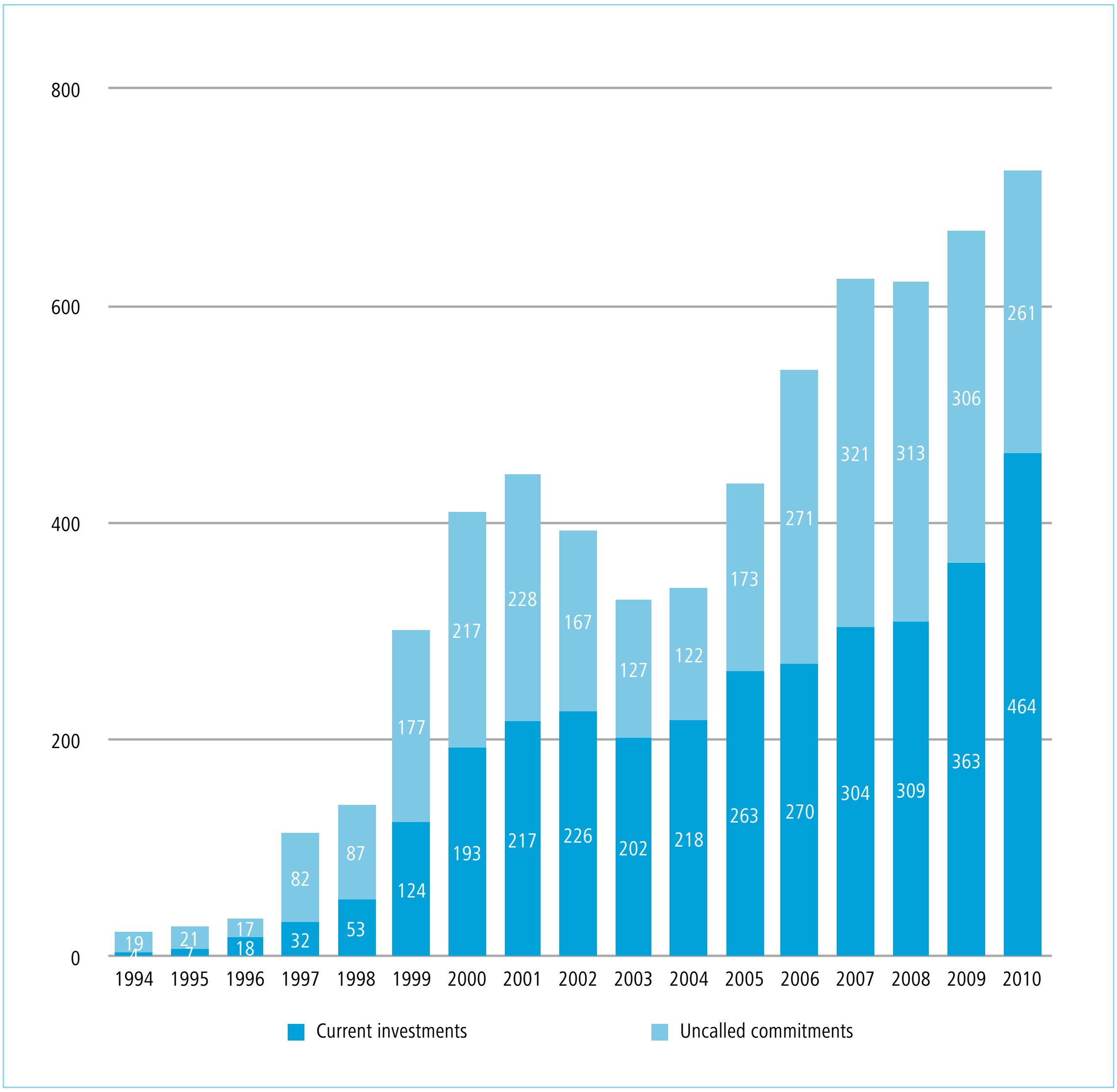
Of these 113 associations, 44 were still in the investment phase, while the others are pursuing their management activities with a view to realising the best price for their residual assets.

In addition to these investments, there are direct co-investments worth a total of € 44 million at the end of 2010, compared to € 43 million one year earlier.

Geographical breakdown of uncalled commitments in private equity (in %)



Trend in private equity commitments



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

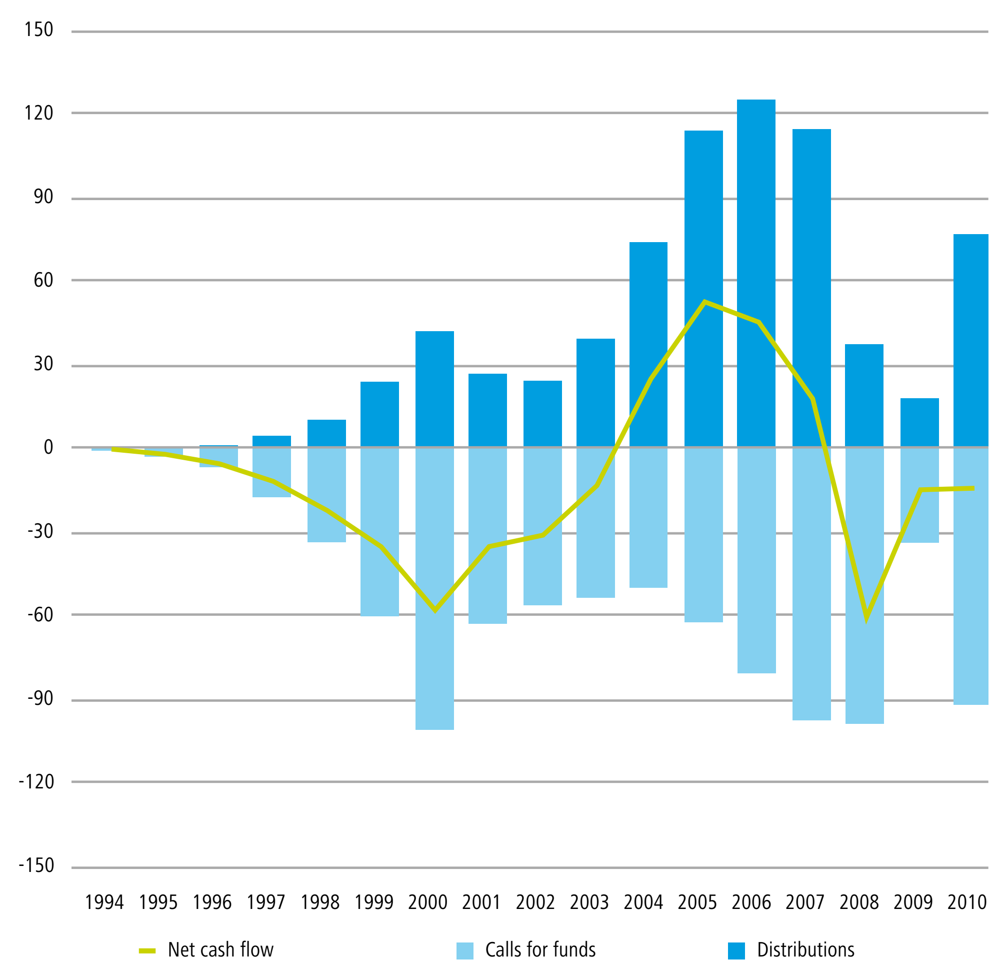
These managers represent 54% (compared to 56% in 2009) of the sum total of investments and amounts not yet called.

During 2010, the amounts not yet called progressed as follows:

(in 000 EUR)	2010	2009
Commitments at the start of the year	306,484	312,566
Changes in existing commitments	-81,414	-27,514
New commitments	35,869	21,432
Commitments at the year-end	260,939	306,484

The new commitments decided on during the year were split between Europe, the United States and Asia.

Cash flow trend (in 000 EUR)



One of the particular characteristics of our investments in private equity resides in the cash flow profile resulting from the subscription to a new Partnership. Calls for funds are spread out over time (typically 5 years) as the fund manager completes his investment portfolio. The first disposals may therefore also contribute to financing the final calls for funds emanating from the same fund.

The above graph shows that the period from 2004 to 2007 was marked by a self-financing situation for the private equity portfolio, with calls for funds being largely financed by disposals alone.

The period 2008 to 2010 shows an opposite trend.

The negative net cash flow generated by the private equity portfolio (net movement in investments, costs, taxes, dividends and interest received) amounted to € 16.1 million in 2010, compared to € 16.7 million in 2009).

In general, the financing requirements 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 acts as a liquidity buffer

Trend in private equity investments

(in 000 EUR)	2010	2009
Fair value at the start of the year	363,156	308,771
Additions	92,933	31,918
Disposals	-79,994	-21,511
Change in fair value	87,828	43,978
Fair value at the year-end	463,925	363,156

Brederode's private equity business gathered pace significantly during 2010. Exit values, at € 80.0 million, are almost 3.7 times those recorded last year, while new investments, at € 92.9 million, are 2.9 times last year's figure. This brisk pace appears to be continuing at the time of writing.

In 2009, General Partners had focused mainly on bringing back their portfolio companies into shape after the damage inflicted by the crisis. That meant a strong focus on strategy revision, cost cutting, senior management changes and financial renegotiations. Total leverage level was reduced in many cases, and debt maturities pushed out.

In 2010, General Partners, shifted their attention to harvesting their investments, in particular those who had withstood the crisis better, and to put new money to work. The current environment, in which the expectations of buyers and sellers are more closely aligned, and where banks have returned to their business of lending, have allowed many deals to be closed, some of relatively large size. The vast majority of them are characterised by a more balanced capital structure, with an equity component now above 40% in many cases. Moreover, after a drought lasting almost 2 years, our General Partners have taken advantage of the re-opening of the IPO market.

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

- an increase in multiples on the stock markets, which are often used as a benchmark;
- an improvement in operating results.
- debt repayment

Private equity also generated income (dividends and interest) of € 6.2 million in 2010, compared to € 1.6 million the previous year.

List of the 30 main private equity holdings

This list was drawn up on the basis of total commitments, namely by adding up the amounts invested revalued at fair value and the amounts not yet called at 31 December 2010.

Association	Investments at fair value	Amounts not called	Total commitments
EQT V	19,663	3,843	23,506
DOUGHTY HANSON & Co FUND V	12,922	7,982	20,904
PROVIDENCE EQUITY PARTNERS VI	13,338	5,347	18,685
PACIFIC EQUITY PARTNERS FUND IV	4,873	13,114	17,987
APOLLO OVERSEAS PARTNERS VII	9,070	8,723	17,793
CARLYLE EUROPE PARTNERS III	7,914	9,589	17,503
CARLYLE PARTNERS V	8,688	7,520	16,208
MONTAGU IV		15,000	15,000
AXA SECONDARY FUND IV	8,732	6,186	14,918
WHITE KNIGHT VIII	7,755	7,050	14,805
BAIN CAPITAL EUROPE FUND III	4,646	10,125	14,771
CHARTERHOUSE CAPITAL PARTNERS IX	2,361	12,277	14,638
CARLYLE/RIVERSTONE GLOBAL ENERGY AND POWER FUND III	12,947	879	13,827
MONTAGU III	10,463	2,913	13,375
TRITON II	9,837	2,061	11,898
STIRLING SQUARE CAPITAL PARTNERS SECOND FUND	5,621	6,158	11,780
PROVIDENCE EQUITY PARTNERS V	10,538	999	11,537
CARLYLE/RIVERSTONE GLOBAL ENERGY AND POWER FUND IV	7,183	4,273	11,456
BC EUROPEAN CAPITAL VIII	9,384	1,730	11,114
H I G BAYSIDE DEBT & LBO FUND II	4,051	6,904	10,955
BAIN CAPITAL FUND X	4,407	5,753	10,161
TRITON FUND III	3,509	6,281	9,790
EQT IV	8,963	574	9,537
ABRY PARTNERS IV	7,320	2,155	9,475
APOLLO OVERSEAS PARTNERS VI	8,397	999	9,396
MADISON DEARBORN CAPITAL PARTNERS V	7,962	1,304	9,266
TRIDENT IV	7,484	1,756	9,241
PAI EUROPE V	3,359	5,608	8,966
ARLINGTON CAPITAL PARTNERS II	6,511	1,978	8,489
AUTRES	236,025	101,858	337,883
TOTAL	463,925	260,939	724,864

Together, these 30 main participations represent 50% of investments in private equity and 61% of commitments not yet called.

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

In 2010, the premiums received amounted to EUR 0.3 million, compared to EUR 2.5 million in 2009.

Currency hedging instruments

To manage its policy of covering exchange risks, the group occasionally takes out forward exchange contracts whose duration varies between one and six months. The amount of cover varies in line with the group's view of the currency concerned.

3.4.4. Insurance activities in Lloyd's syndicates

2010 was a 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 2010 are therefore primarily based on its insurance revenues in 2008. That year was negatively impacted by a very active hurricane season in the USA (Hurricanes Gustav and Ike) and by a deterioration in the car insurance market in the UK.

Insurance results for 2009 and 2010, which will be included in Athanor's accounts for 2011 and 2012 respectively, are currently looking positive. Both years have benefited from very benign hurricane seasons. In 2010 in particular, although a very large number of hurricanes actually formed, almost none hit the US and when they did, they landed in sparsely populated areas. The largest natural catastrophe during the year was the earthquake in Haiti which, despite taking a horrendous toll in terms of loss of life, had almost no impact on international insurers. Conversely, the Chilean earthquake caused very limited loss of life but inflicted serious losses on the re-insurance market.

For the future, in an environment that continues to be characterised by low investment returns and increasing competition, strict discipline in setting re-insurance conditions will be the key to achieving satisfactory performance.

4. Events after the end of the reporting period and future outlook

In terms of the private equity portfolio, the early months of 2011 are confirming the favourable trend apparent throughout 2010.

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

5. Declaration by the Managing Director

In the name and on behalf of Brederode, I hereby confirm that, to the best of my 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 perimeter;

b) the directors' report contains a true account of the business trends, results and financial position of Brederode and the companies included in the consolidation perimeter, and a description of the main risks and uncertainties with which it is faced.

Waterloo, 9 March 2011

For the Board of Directors

Luigi SANTAMBROGIO

Managing Director

6. Brederode share listing

Financial instruments

Two Brederode financial instruments are dealt on the NYSE Euronext Brussels market:

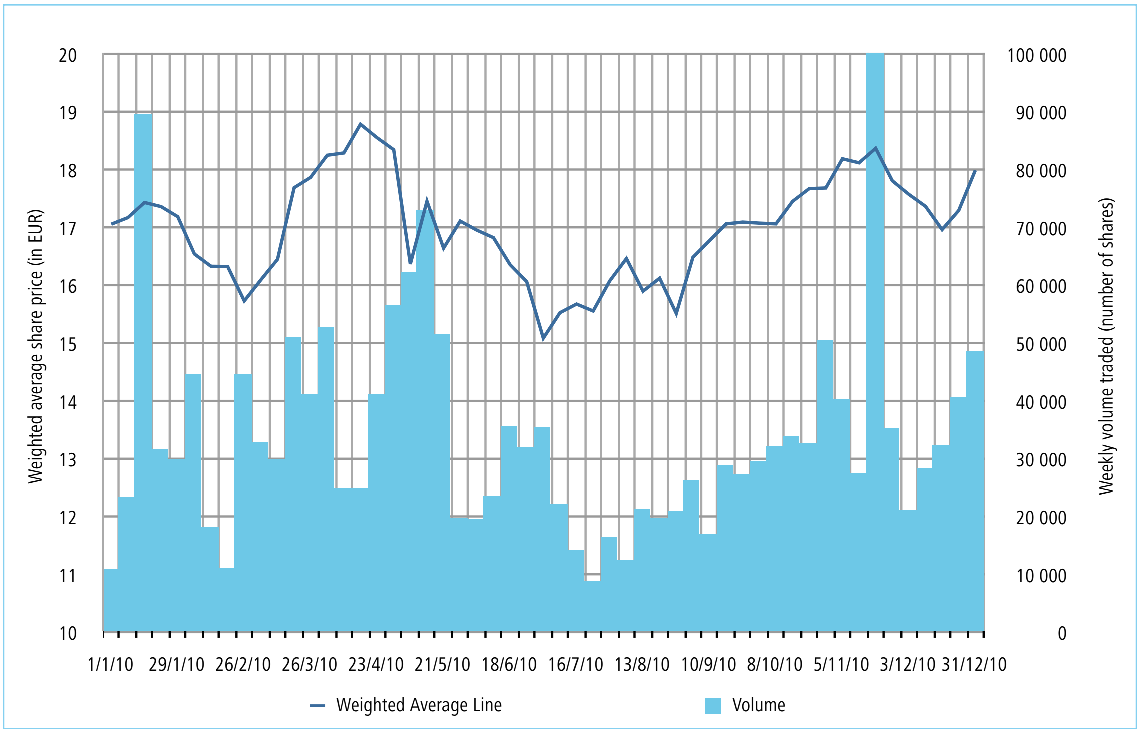
- 30,653,969 shares
- 29,703,240 VVPR strips
- The 30.653.969 shares in issue all enjoy the same rights.

The VVPR 'strip' (Verlaagde Voorheffing/Précompte Réduit = Reduced Withholding tax) 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 2010, Brederode's stock market capitalisation amounted to € 552 million

Trend in the share price and liquidity of Brederode shares on NYSE Euronext Brussels



7. The Brederode Chair for 'Developing entrepreneurial spirit'

Since 2002, the Brederode Chair has won renown via its scientific contributions, its activities involving service to the community and its teaching.

Over the past year, several dissertations written by students supported by the Chair have won awards. A group of students from the interdisciplinary training course on business start-ups (French acronym: CPME) won the 2010 LSM-Alumni prize. Another dissertation supervised by the Chair's promoter won first prize in the Student Positive Awards. Yet another was awarded the Philippe de Woot inter-university first prize. In addition, in 2009, the CPME training course was awarded "European Year of Creativity and Innovation" accreditation by Belgium's French-speaking community. Lastly, during 2010, many former CPME students set up businesses in a wide variety of areas, including the food-processing industry, e-commerce, consultancy, the media, culture and services.

In 2010, Professor Frank Janssen, holder of the Chair, wrote a work entitled "Growing the business: an obligation for SME?" which will shortly appear in De Boeck. He has spent several periods of research study at foreign universities, such as the Appalachian State University (USA), ENSAIA Nancy (France), HEC Montreal (Canada) and the University of Quebec at Trois-Rivières (Canada)). The Chair took part in the economic mission to India led by Prince Philippe of Belgium, and in an expertise mission to Gabon involving entrepreneurial education on behalf of the Gabonese Ministry of Vocational and Technical Education. Professor Janssen has become a member of the SME Research Institute of the University of Quebec at Trois-Rivières, which is one of the main international SME research centres. He was invited to be the main speaker at Brazil's largest conference on SME and entrepreneurship, which was held at Recife.

The Chair has enabled the development of research to be pursued in the following areas: corporate growth, governance within SME, entrepreneurial education, entrepreneurial intentions, social entrepreneurship and the relationship between regulation and entrepreneurship. This research has been presented at international conferences and published in international scientific journals and in professional journals. The Chair also took part in the First Belgian Entrepreneurship Research Day, held at Antwerp University in May 2010. In 2011, this event will be organised by the Chair at UCL's Louvain School of Management.

In 2010, the Chair pursued its efforts to raise awareness of entrepreneurship, notably via the launch, in collaboration with ULg and ULB, of the training course entitled "From Research to Business", which is aimed primarily at researchers. Lastly, it is contributing to the international dissemination of UCL's know-how via its participation in projects involving the transfer of knowledge to institutions in Africa, Asia and Eastern Europe.

A fuller description of the activities of the Brederode Chair can be found at: www.uclouvain.be/chaire-brederode.

8. Consolidated financial statements at 31 December

8.1. Profit and Loss account at 31 December

(in 000 EUR)	2010	2009
Dividends and interest received (1)	25,956	20,890
Change in fair value of financial assets (2)	79,005	132,979
- Listed portfolio	-8,824	89,001
- Private Equity	87,828	43,978
Foreign exchange result (3)	-490	-2,770
Other income/(expenses) from portfolio management (4)	-8,072	-5,308
Profit from portfolio management	**96,399**	**145,791**
Other operating income/(expenses) (5)	-676	-2,475
Operating result	**95,723**	**143,316**
Net financial income/(expenses) (6)	-4	785
Change in deferred tax liabilities	418	-3
Tax on net result (7)	-813	-3,280
Result for the period	**95,325**	**140,817**
Other items of comprehensive income:	100	3,846
- movements in revaluation reserves	0	
- movements in conversion differences	100	3,846
Global result for the period	**95,425**	**144,663**
Result for the period attributable to:		
- owners of the parent	95,318	140,809
- minority interests	7	8
Global result for the period attributable to:		
- owners of the parent	95,418	144,655
- minority interests	7	8

8.2. Balance Sheet at 31 December

(in 000 EUR)	2010	2009
NON-CURRENT ASSETS	**911,140**	**833,238**
Tangible fixed assets (8)	793	793
Land and buildings (9)	3,884	4,066
Financial assets	905,779	828,380
- listed Shares	441,855	465,223
- Private equity	463,925	363,156
Other non-current assets	684	0
CURRENT ASSETS	**22,538**	**21,753**
Short-term receivables (10-11)	14,580	14,255
Financial assets (12)	427	678
Cash and cash equivalents (13)	5,570	6,776
Other current assets	1,960	43
TOTAL ASSETS	**933,678**	**854,991**

TOTAL SHAREHOLDERS' EQUITY	**906,479**	**842,287**
Issued share capital and reserves attributable to owners of the parent company	**906,416**	**842,230**
Issued share capital (14)	320,397	216,730
Share premium account	63,287	62,527
Consolidation reserves (15)	522,732	562,973
Minority interests	**64**	**57**
NON-CURRENT LIABILITIES	**902**	**1,332**
Provisions (16)	150	214
Deferred tax liabilities	752	1,118
CURRENT LIABILITIES	**26,297**	**11,372**
Short-term borrowings (17)	21,000	4,504
Other financial liabilities		229
Tax payable	1,047	2,489
Other current liabilities (18)	4,250	4,150
TOTAL LIABILITIES AND EQUITY	**933,678**	**854,991**

8.3. Cash flow statement

(in 000 EUR)	2010	2009
Operating activities		
Net profit for the year (group share)	95,318	140,809
Net profit for the year (minority interests)	7	8
Depreciation of tangible and intangible fixed assets	69	84
Loss in value on Investment property	181	-
Capital gains/losses on tangible fixed assets	-23	-
Movement in deferred taxation	-366	3
Net movement in provisions	-64	-1,542
Other changes (exchange differences + other current financial liabilities)	-128	3,814
Change in fair value	-79,005	-132,979
Cash flow	**15,989**	**10,198**
Change in working capital	**-5,175**	**11,327**
Cash flow resulting from operating activities	**10,815**	**21,525**

Investment activities		
Acquisition of tangible fixed assets	-82	-16
Acquisition of capital assets	-105,266	-85,905
Total investments	**-105,348**	**-85,920**
Disposal of tangible and intangible fixed assets	35	-
Disposal of financial assets	106,871	53,506
Total disinvestments	**106,906**	**53,506**
Change in other financial assets	251	-8
Change in perimeter	0	-13
Cash flow resulting from investment activities	**1,809**	**-32,435**

Financing activities		
Payment of cash compensation linked to the Auximines merger	-7,999	-
Dividend paid to shareholders	-17,122	-16,499
Acquisition of own shares	-1,104	-
Net movement in financial liabilities falling due within one year	12,396	4,504
Cash flow resulting from financing activities	**-13,830**	**-11,995**
Net movement in cash and cash equivalents	-1,206	-22,906
Cash and cash equivalents at 1 January	6,776	29,682
Cash and cash equivalents at 31 December	5,570	6,776

8.4. Statement of movements in shareholders' equity

(in 000 EUR)	Capital	Issue premiums	Revaluation Reserves	Own shares	Consolidation reserves	Exchange differences	Minority Interest	Total
Balance at 31 December 2008	216,730	62,527	579	-51,976	490,246	-4,000	61	714,168
- 2008 dividend paid					-16,499			-16,499
- result for the year					140,809		8	140,817
- movements in other items of the result						3,846		3,846
- other movements					-32		-13	-45
Balance at 31 December 2009	216,730	62,527	579	-51,976	614,524	-154	56	842,287

(in 000 EUR)	Capital	Issue premiums	Revaluation Reserves	Own shares	Consolidation reserves	Exchange differences	Minority Interest	Total
Balance at 31 December 2009	216,730	62,527	579	-51,976	614,524	-154	57	842,287
- 2009 dividend paid					-17,122			-17,122
- result for the year					95,318		7	95,325
- movements in other items of the result						100		100
- cancellation of own shares				51,976	-51,976			
- purchase of own shares				-1,104				-1,104
- Aux. merger and payment of cash compensations	103,667	760			-117,433			-13,006
Balance at 31 December 2010	320,397	63,287	579	-1,104	523,311	-54	64	906,479

8.5. Notes

(1) Dividends and interest received

(in 000 EUR)	2010	2009
Gross dividends	23,326	20,139
listed securities portfolio	19,744	19,306
Private Equity portfolio	3,582	833
Interest	2,630	751
Total	25,956	20,890

(2) Financial assets / Change in fair value

(in 000 EUR)	2010	2009
At start of period	828,380	663,002
listed securities portfolio	465,223	354,231
Private Equity portfolio	363,156	308,771
Buying	105,266	85,904
listed securities portfolio	12,332	53,986
Private Equity portfolio	92,933	31,918
Selling	-106,871	-53,506
listed securities portfolio	-26,878	-31,995
Private Equity portfolio	-79,994	-21,511
Change in fair value	79,005	132,979
listed securities portfolio	-8,824	89,001
Private Equity portfolio	87,828	43,978
At end of period	905,779	828,379
listed securities portfolio	441,855	465,223
Private Equity portfolio	463,925	363,156

(3) Exchange rate result

(in 000 EUR)	2010	2009
Realised	-490	-2 104
on USD foreign exchange contracts	82	-
on GBP foreign exchange contracts	-572	-2 104
Other results		-500
Unrealised *	-	-166
on USD foreign exchange contracts	-	-166
on GBP foreign exchange contracts	-	-
Total	-490	-2 770

(*) in 2009, the current financial liabilities stated on the balance sheet (229) include the unrealised exchange result (166) and the valuation of outstanding options (63).

(4) Other portfolio results

(in 000 EUR)	2010	2009
Bank charges	-64	-84
Option premiums	258	2 451
Management fees on unlisted securities	-8,193	-7,777
Buying/selling expenses on shares	-34	-55
Custody fees	-38	-43
Capital gains on capital assets (*)	-	200
Total	-8,072	-5,308

(*) Item reclassified from "other operating results" to the "other portfolio results" heading

(5) Other operating results

(in 000 EUR)	2010	2009
A. Income	3,618	3,729
Result from Lloyd's insurance	1,450	1,344
Profits on the sale of tangible fixed assets	23	6
Rents received	189	224
Writebacks of provisions	57	1,537
Exchange rate result (excluding hedging instruments)	845	578
Financial income	29	1
Other income	1,025	40
B. Expenses	-4,294	-6,204
Directors' emoluments	-860	-940
Staff costs	-282	-275
Fees	-652	-308
Depreciation	-68	-83
Costs related to dividend payment	-37	-45
Result from Lloyd's insurance	-194	
Other financial costs	-216	-222
Exchange rate result (excluding hedging instruments)	-1,139	-3,712
Impairment on tangible assets	-168	-1
Other expenses	-679	-619
Total	-676	-2,475

Average number of employees	6	6

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

(6) Net financial income (expenses)

(in 000 EUR)	2010	2009
Interest received	169	797
on short-term investments	169	297
late-payment interest	-	500
Interest paid	-173	-12
on short-term bank loans	-173	-12
on commercial paper	-	-
Net interest received (paid)	-4	785

(7) Taxes

(in 000 EUR)	2010	2009
Tax base		
Profit before tax	95,719	144,101
Profit exempt from tax	-79,005	-132,979
Taxable profit	16,715	11,122
Tax on profits		
Current taxes relating to the current year	2,827	3,092
Current taxes relating to previous years	-2,014	188
Effective tax charge	813	3,280
Effective tax rate	0.85%	2.28%
Deferred tax asset		
at the start of the period	-	-
included in the result for the year	-	-
Deferred tax liability		
at the start of the period	1,118	1,115
included in the result for the year	-366	3
at the end of the period	752	1,118

Tax-exempt profits are changes in fair value. Dividends are not deemed to be exempt as they are subject to a deduction at source which can only be recovered to differing degrees.

Deferred taxation is derived mainly from temporary differences in tangible fixed assets. No active deferred taxation is calculated on taxes carried forward.

(8) Tangible fixed assets

(in 000 EUR)	Plant, machinery and equipmentt	Other tangible fixed assets	Total
Cost			
at the start of the year	570	301	871
Acquisitions	82	-	82
Sales	-169	-	-169
at the year-end	483	301	784
Gains			
at the start of the year	-	579	579
charge for the year			
cancelled on disposal			
at the year-end	-	579	579
Depreciation			
at the start of the year	-392	-266	-657
charge for the year	-70	-	-70
cancelled on disposal	156	-	156
at the year-end	-305	-266	-570
Net book value at year end	179	614	793

(9) Investment property

(in 000 EUR)	2010	2009
Estimated fair value at the start of the year	4,066	4,066
Prepayments	-14	-
Adjustments to fair value	-168	-
Estimated fair value at the year-end	3,884	4,066
Rental income	189	224
Direct operating expenses	79	32

This is an office building located at Drève Richelle 161, Waterloo, with a total area 2,396 m², partially occupied by the group, with the remaining area rented out 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 the category of building concerned. A valuation report was prepared by a third party, following which an adjustment was made to fair value.

(10) Short-term receivables

(in 000 EUR)	2010	2009
Trade receivables	-	35
Call for funds by Lloyd's syndicates	152	1,442
Insurance underwriting fees receivable (Lloyd's)	869	1,210
recoverable taxes (*)	12,624	11,567
receivables on sales in progress	931	-
Other receivables	4	2
Total	14,580	14,255

(*) The heading "short-term receivables" also includes that of "recoverable taxes", which was classified on a separate line in the balance sheet for 2009

(11) Recoverable taxes

(in 000 EUR)	2010	2009
Withholding recoverable taxes	3,717	1,618
Disputed taxes	8,907	9,949
Total	12,624	11,567

Tax litigation

The tax authorities contested the tax-exempt status of capital gains on our investments in private equity via American partnerships, and on certain investments in American real-estate companies for the 2004 and 2005 tax years (balance sheets at 31 December 2003 and 31 December 2004). The tax authorities also considered that the dividends paid by these American companies were not entitled to benefit from a deduction on the basis that the income had already been fully taxed.

A supplementary tax charge of (€ 000) 8,893 was posted on 15 December 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. Claims have been submitted to the Regional Tax Department in Brussels in respect of both of these supplementary charges. Furthermore, in the absence of any decision on these claims, we decided to refer the matter to the Court of First Instance in Namur. The case was heard in September 2010 and will continue in March 2011.

At the end of January 2009, the central authorities 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 undergoing an additional examination by the authorities' central services.

In September 2009, the Tax Department ordered the repayment of the tax assessed on Brederode for the 2005 tax year, i.e. (€ 000) 4,082 plus (€ 000) 500 of late-payment interest.

The assessment made on Brederode in respect of the 2004 tax year, i.e. (€ 000) 8,893 should be declared at least partially exempt, at the end of the judicial procedure. The tax exemption assessed on the investment income from the American Partnerships amounts to around (€ 000) 3,345 in terms of the principal. Should Brederode also be successful in the dispute related to the investments in American real-estate companies, the full amount of the contested assessment, i.e. (€ 000) 8,893, should be exempt.

(12) Current financial assets

(in 000 EUR)	2010	2009
OLO government bonds	427	678
Total	427	678

The "OLO" bonds are held by Greenhill and serve as guarantees for possible claims for the repair of mining damage at former coalmining sites. The existing legislation on the statute of limitations means however that it is very unlikely that this guarantee can still be called upon.

(13) Cash and cash equivalents

(in 000 EUR)	2010	2009
Deposits	4,424	5,275
Other	1,146	1,501
Total	5,570	6,776

(14) Capital

A. Issued capital

The fully paid-up share capital at 31 December 2010 totalled EUR 320,396,778. It was made up of 30,653,969 shares with no par value. All of the shares that make up Brederode's share capital enjoy the same rights.

(in number of shares)	2010	2009
Shares representing the capital		
- registered shares	16,692,288	20,965,902
- bearer shares	1,719,982	1,962,920
- dematerialised	12,241,699	9,902,937
Total	30,653,969	32,831,759

B. Authorised capital

Authorised capital: € 216,730,144.16

see page 13, section 3.3.3.

C. Own shares

(in number of shares)	2010	2009
Own shares at the start of the year	1,700,858	1,700,858
- merger with Auximines	16,181,060	
- elimination	-17,881,918	
- repurchases	62,576	
Total	62,576	1,700,858

see page 13, section 3.3.3.

(15) Consolidation reserves

(in 000 EUR)	Revaluation reserves	Consolidated reserves	Own shares	Exchange differences	Total
At 1 January 2009	579	490,246	-51,976	-4,000	434,849
- 2008 dividend paid		-16,499			-16,499
- Profit for the year		140,809			140,809
- Movements in other items of the result				3,846	3,846
- Other changes			-32		-32
At 31 December 2009	579	614,556	-52,008	-154	562,973
- 2009 dividend paid		-17,122			-17,122
- Profit for the year		95,318			95,318
- Movements in other items of the result				100	100
- elimination of own shares		-51,976	51,976		
- Own shares purchased			-1,104		-1,104
- Auximines merger and payment of cash compensation		-117,433			-117,433
At 31 December 2010	579	523,342	-1,136	-54	522,732

(16) Provisions

(in 000 EUR)	2010	2009
Lloyd's insurance	150	214

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

(17) Short-term borrowings

Short-term financial debt

(in 000 EUR)	2010	2009
Commercial paper		
Bank loans	21,000	4,504
Total	21,000	4,504

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

At the end of 2010, the group benefited from confirmed credit lines with an overall value of € 100 million.

(18) Other current liabilities

(in 000 EUR)	2010	2009
Other payables	790	1,012
Social security charges payable	27	52
Adjustment accounts	435	450
Trade payables	171	9
Dividends and interest for previous years	1,837	1,460
Liabilities resulting from the sale of financial assets	728	-
Funds received on deposit	262	1,166
Total	4,250	4,150

Transactions with related companies

(in 000 EUR)	2010	2009
Funds deposited by Holdicam S.A.	229	-
Funds deposited by Auximines S.A.	-	117

(19) Off-balance sheet rights and commitments

(in 000 EUR)	2010	2009
Confirmed lines of credit	100,000	100,000
(used)	-21,000	-4,504
Purchase and sale commitments		
- unlisted portfolio	260,939	306,483
Put and call options issued	-	2,893
Rights and commitments resulting from transactions relating to interest rates, exchange rates and other similar transactions:		
sales of USD and GBP futures	-	6,775
Real guarantees		
State bonds (OLO) to guarantee the repair of mining-related damage	427	678
guarantees on behalf of subsidiaries		
sale of Artilat n.v.	5,074	5,074
Fiscal and environmental guarantees with final maturity in December 2012)		
Real guarantee to support credit lines granted to subsidiaries	50,000	50,000

(20) 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) 16,293.

(21) Directors' remuneration

Details of the directors' remuneration are included in the corporate governance declaration.

(22) Dividends

(in 000 EUR)	2010	2009
Amount distributed during the financial year	17,122	16,499
Proposed dividend for the current financial year		
for distribution the following year	17,437	17,122

The proposed dividend is submitted for the approval of shareholders at the ordinary general meeting to be held on 11 May 2011 and, in accordance with IFRS standards, is not included under amounts payable.

(23) Earnings per share

	2010	2009
Number of shares in issue at 31 December	30,653,969	32,831,759
Held by the company	-62,576	-1,700,858
Entitled to dividend	30,591,393	31,130,901
Weighted average number of shares in circulation (*)	31,070,204	31,130,901
Earnings per share (in EUR)	3.07	4.52

(24) Subsidiaries

List of fully consolidated subsidiaries at 31 December 2010:

Names	Addresses	Company no.	Average number of employees
Athanor Ltd	Tower Bridge House – St Katharine's Way – GB London E1W 1DD	2 810 668	-
Brederode S A	Drève Richelle. 161 – B 1410 Waterloo	0405 963 509	2
Brederode International Sàrl	Boulevard Joseph II. 32 – L 1840 Luxembourg	20 042 402 339	3
Geyser S A	Boulevard Joseph II. 32 – L 1840 Luxembourg	20 042 205 622	1
Greenhill S A	Drève Richelle. 161 – B 1410 Waterloo	0435 367 870	-

The percentages of both shareholdings and control in all subsidiaries is 100% except for Geyser, where it is 99.99%.This list is unchanged on that of the previous financial year.

(25) Audit of financial statements

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

(in 000 EUR)	2010	2009
Audit fees	90	104
of which Brederode S.A.	39	35
Other audit-related assignments	16	
Tax advice	9	7
Other assignments not related to the audit assignment	2	17
Total	118	128

8.6. Accounting principles and policies

The accounting period is 12 months and these accounts for the period ending 31 December 2010 were approved at the Board of Directors' meeting held on 9 March 2011.

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 2010.

Changes in accounting policies

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

Any interpretations that are new or were revised during the year did not have a material effect on the group's financial performance or situation.

The main changes made relate to the following standards, amendments and interpretations:

Standards	Topic
IFRS 3R	Standard IFRS 3 applicable to groupings of companies, revised in the wake of the "Business Combinations phase II" project
IAS 27R	Standard IAS 27 applicable to the consolidation of subsidiaries, revised in the wake of the "Business Combinations phase II" project
IAS 39 amendments	Items eligible for cover
Annual improvements	Annual improvements made to various standards (text published by IASB in May 2008): amendment to IFRS 5 concerning partial share disposals (resulting from revision of IAS 27)
Annual improvements	Annual improvements made to various standards (text published by IASB in April 2009).
IFRS 2 amendments	Amendments relating to intragroup cash-settled transactions (incorporation of IFRIC 8 and IFRIC 11)
IFRIC 12	Public service concessions
IFRIC 15	Real-estate construction agreements
IFRIC 16	Cover for a net investment in an activity abroad
IFRIC 17	Distributions in kind to shareholders
IFRIC 18	Transfers of assets by customers

Standards, amendments and interpretations in respect of which early application is optional:

Standards	Topic
IAS 32 amendment	Amendment relating to classification of subscription rights issued
IAS 24R	Revision of the standard governing the information to be provided in connection with transactions with related parties: clarification of the current definition and removal of inconsistencies, partial exemption from the requirement to provide information in connection with transactions between enterprises that are controlled, jointly controlled or under the significant influence of a single "State"
IFRS 7	Information to be provided within the framework of transfers of financial assets
IFRIC 14 amendments	Advance payments made in the context of a requirement for minimum financing
IFRIC 19	Settlement of financial debts with equity instruments

The group has not anticipated the application of any new standards and interpretations that were issued before the date of authorisation of publication of the consolidated financial statements but were due to come into effect after 31 December 2010.

The standards, amendments and interpretations that came into force on 1 January 2010 did not have any impact on the summarised consolidated financial statements.

Consolidation perimeter and methods

The consolidated accounts, prepared before the profits were appropriated, include those of Brederode S.A. and of its subsidiaries, i.e. companies over which the group exercises exclusive control, either directly or indirectly. These companies are fully consolidated.

Conversion of transactions and balances denominated in foreign currencies

The consolidated financial statements have been prepared 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 purpose of the consolidation, profit and loss accounts expressed in foreign currencies are converted at the average rate for the financial year. Apart from the items 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 relies on estimates and assumptions that impact on the amounts presented in the accounts.

These estimates and assumptions are continuously evaluated and based on historical experience and information available externally.

The main items affected by these estimates and assumptions are:

- the 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 fixed assets:

- Buildings
- Office furniture
- Vehicles
- Computer equipment

Investment property

Much of the building housing the group's registered office is 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 company's risk management strategy.

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 issued at the previous 30 September, adjusted to take account of investments and disposals carried out during the fourth quarter.

This valuation may be further adjusted to reflect any changes in circumstances between the date of the 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, less 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, which are used to guarantee the final commitments of a subsidiary in respect of mine-related damage.

They are initially valued at cost, and are then restated at their fair value at the end of each financial year. Fluctuations in fair value between one year-end and the next are accounted for in the profit and loss account.

Derivative instruments

Derivative instruments are valued at their fair value at the balance sheet date. Fluctuations 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 derivative instruments that results in the creation of a current financial 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. 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 the value of 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 not however 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 cannot be written back.

Current and deferred taxes

Current taxes refer to taxes payable on taxable earnings for the year, calculated according to the taxation rates in force or about to be adopted at the end of the reporting period, as well as adjustments relating to previous years.

Deferred taxes are calculated in accordance with the variable carry-over method applied to temporary differences between the book value of assets and liabilities posted on 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 acquisition date; those with a maturity date more than three months after the acquisition date 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 these 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 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 appropriation of the profit.

Provisions

Provisions are made at year-end where a group company has a legal or implicit obligation resulting from a past event, where it is likely that an amount will have to be paid out to meet this obligation and where the amount of the obligation can be reliably determined.

The amount of the provision corresponds to the most accurate estimate of the expenditure required to meet 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 providing it with access to finance on more attractive terms than those of bank loans. 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 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 drawdowns generally not exceeding six months. The interest rate is determined separately for each drawdown. Interest is payable at the end of the period.

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

Interest

Interest income and costs consist of interest payable on loans and interest receivable on investments. Interest received is entered prorata temporis in the profit and loss account, based on the actual interest rate of the investment.

Dividends

Dividends relating to capital 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 Lloyd's syndicates is influenced by their specific accounting methods, which involve preparing the accounts with a three-year time-lag, so that the most accurate estimate possible can be made of the value of claims, and by the deadlines within which the accounts must be published.

The insurance result for year (N) therefore includes:

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

8.7. Policy regarding risks and uncertainties

8.7.1. 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 these hedging instruments and are shown on the balance sheet notes as «derivatives» under current financial assets (liabilities).

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

(% of total assets)	2010	2009	Variation
US Dollar	31.6%	30.0%	1.6%
Pound sterling	2.6%	4.7%	-2.1%
Swiss franc	7.7%	7.1%	0.6%
Australian Dollar	0.5%	0.4%	0.1%

The situation regarding outstanding hedging instruments (% of exposure covered) was as follows:

(% of cover)	2010	2009	Variation
US Dollar	-	2.6%	-2.6%
Pound sterling	-	-	-
Swiss franc	-	-	-
Australian Dollar	-	-	-

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

('000 EUR)	2010	2009	Variation
US Dollar	14,769	9,660	5,109
Pound sterling	1,215	1,681	-466
Swiss franc	3,574	2,138	1,436
Australian Dollar	244	139	105

b) Interest rate risk

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

For financial liabilities, this 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.

i. Listed portfolio

For the listed portfolio, the risk of price fluctuations related to changes in market prices is determined by price volatility on the stock exchanges where the group is active (Amsterdam, Brussels, Paris, 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 the so-called emerging markets. The price risk relating to listed assets is also reduced by the portfolio's high level of geographical and sectoral diversification.

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

ii. Private equity 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 are found on the market for listed securities. To a large extent, these similarities in the bases for valuation explain the significant correlation between price fluctuations on these two markets.

Recent experience from the financial crisis that started in 2008 has confirmed the greater degree of stability in valuations in the private equity portfolio compared to that of the listed shares portfolio.

The price risk related to unlisted securities is also reduced by the very high level of diversification maintained in the portfolio. An initial level of diversification results from the large number of General Partners that Brederode works with. A second level of diversification is present within each Partnership, which will typically spread its investments among fifteen to twenty separate projects.

At the end of 2010, our unlisted investments were split between 113 associations managed by 44 General Partners (compared to 112 and 42 respectively at the end of 2009).

The ten largest managers account for 54 % (compared to 56% in 2009) of total investments and amounts not called.

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

iii. 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 (undertakings to sell at a given price and time) on shares it holds in its portfolio.

iv. Sensitivity analysis of other price risks

a. Listed portfolio

The value of this portfolio is based on stock market prices, which are by definition difficult to predict. The financial and economic crisis that has held sway for more than two years now 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 listed markets.

Nevertheless, this influence is moderated by the following factors:

- the objective of creating value here relates to a longer term,
- the manager is able to take decisions faster and more effectively in order to turn around a deteriorating situation,
- in our opinion, the interests of managers are better aligned in private equity than those of investors.

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

Nevertheless, for indication purposes, a 5% variation in the portfolio's valuation would result in a € 23.2 million change in its fair value (compared to € 18.2 in 2009).

8.7.2. 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 we face lies in the ability of our intermediaries to ensure the successful outcome of our purchase or sale transactions. This risk is eliminated in principle by the "delivery against payment" system of settlement.

In the case of share options, it is up to the Brederode group itself to demonstrate its creditworthiness, so that it can 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 counterparties.

Bank deposits actually constitute the main credit risk incurred by our group. We constantly review the quality of our bankers.

Maximum exposure to credit risk:

(in 000 EUR)	2010	2009	Variation
Bank deposits	5,570	6,776	-1,206
Amounts receivable	1,956	2,688	-732
Financial guarantees granted (pledges)	427	678	-251
Total	7,954	10,143	-2,189

8.7.3. 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 holdings in private equity funds, but it is a narrow market and the selling process may prove relatively long and costly.

The evolution of the group's uncalled commitments to private equity funds is monitored closely to ensure optimal management of net cash movements.

The portfolio of listed securities is made up of highly liquid minority positions, so that significant cash movements generated by the unlisted portfolio can be absorbed, if necessary.

The group is able to issue commercial paper, which 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.

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 that its level of financial debt is kept below the level of its confirmed credit lines.

Analysis of residual contractual terms of financial liabilities:

(in 000 EUR)	2010	2009	Variation
0 to 3 months	21,000	4,733	16,267
4 to 12 months	-	-	-
1 to 5 years	-	-	-
Total	21,000	4,733	16,267

8.7.4. 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.

9. Statutory auditor's report

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, 2010

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, 2010, 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, 2010 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 KEUR 933.678 and the profit for the year (group share) amounts to KEUR 95.318.

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 Réviseurs d'Entreprises/Instituut van de 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, 2010 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, 2011

Mazars Reviseurs d'Entreprises

Statutory Auditor

Represented by

X. Doyen

10. 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 on the company's website and at its registered office.

Balance Sheet

	At 31 December 2010		At 31 December 2009	
FIXED ASSETS		**481,426**		**488,225**
TANGIBLE ASSETS		2,990		3,247
Land and buildings	2,108		2,371	
Furniture and vehicles	82		76	
Other tangible assets	800		800	
FINANCIAL ASSETS		478,435		484,977
Associated companies				
Shareholdings	411,834		416,472	
Other financial assets				
Shareholdings	66,601		68,505	
CURRENT ASSETS		**12,611**		**62,163**
AMOUNTS RECEIVABLE WITHIN ONE YEAR		10,812		31,089
Trade receivables	-		4	
Other receivables	10,812		31,085	
TREASURY INVESTMENTS		1,104		30,966
Own shares	1,104		28,966	
Other investments	-		2,000	
CASH AT BANK AND IN HAND		687		85
ADJUSTMENT ACCOUNTS		8		23
TOTAL ASSETS		**494,037**		**550,387**

(in 000 EUR)	At 31 December 2010		At 31 December 2009	
SHAREHOLDERS' EQUITY		**471,674**		**528,935**
CAPITAL		320,397		216,730
Called-up share capital	320,397		216,730	
SHARE PREMIUM ACCOUNT		63,287		62,527
REVALUATION SURPLUSES		532		532
RESERVES		69,577		105,139
Legal reserve	23,973		21,673	
Non-distributable reserves				
For own shares	1,104		28,966	
Immunised reserves	4,200		-	
Available reserves	40,300		54,500	
EARNINGS CARRIED FORWARD		17,881		144,007
LIABILITIES		**22,364**		**21,452**
AMOUNTS FALLING DUE WITHIN ONE YEAR		22,361		21,412
Trade payables				
Suppliers	168		4	
Taxation, salaries and social security payable				
Taxation	1,047		999	
Salaries and social security	21		20	
Other amounts payable	21,125		20,389	
ADJUSTMENT ACCOUNTS		3		41
TOTAL LIABILITIES		**494,037**		**550,387**

PROFIT AND LOSS ACCOUNT

(in 000 EUR)	At 31 December 2010		At 31 December 2009	
EXPENSES				
Interest payable and similar expenses		27		628
Other financial costs		265		203
Miscellaneous goods and services		901		520
Wages, social security and pensions		153		151
Other current expenses		19		17
Depreciation and write downs				
on start-up costs, tangible and intangible fixed assets		292		306
Write-downs		10,308		273
of financial assets	7,280		222	
of current assets	3,028		51	
Capital loss on disposal				780
of financial assets			780	
Extraordinary expenditure		-		16
Taxes		-		122
Profit for the year		-		33,296
TOTAL EXPENSES		**11,964**		**36,312**

INCOME				
Profit for the year to be appropriated		-		**33,296**
Income from financial assets		1,798		1,419
Dividends	1,798		1,419	
Income from current assets		99		620
Other financial income		-		24
Other current income		194		231
Write-back of amounts written off		4,498		31,859
of financial assets	4,498		24,578	
of current assets	-		7,281	
Capital gains on disposal		3,485		2,158
of tangible and intangible assets	20		4	
of financial assets	3,466		2,154	
Extraordinary income		1,012		-
Loss for the year		880		-
TOTAL INCOME		**11,964**		**36,312**

PROFIT/(LOSS) FOR THE YEAR TO BE APPROPRIATED	**-880**	**33 296**

APPROPRIATIONS AND DEDUCTIONS

(in 000 EUR)	At 31 December 2010		At 31 December 2009	
Profit to be appropriated		255,156		168,409
Profit for the year to be appropriated	-		33,296	
Loss for the year to be appropriated	-880			
Profit brought forward from the previous year	256,035		135,112	
Deductions from shareholders' equity		25,000		-
From reserves	25,000		-	
Appropriation to shareholders' equity		-244,838		-7,280
to other reserves	-244,838		-7,280	
Profit to be carried forward		-17,881		-144,007
Profit to be carried forward	17,881		144,007	
Profit to be distributed		-17,437		-17,122
Remuneration of capital	17,437		17,122	

EXTRACTS FROM THE NOTES TO THE ACCOUNTS

CAPITAL STATEMENT

	Amounts (000 EUR)	Number of shares
SHARE CAPITAL		
Subscribed capital		
- at the end of the previous year	216,730	n,a
- Changes for the year		
- EGM 16/11/2010: Auximines S.A. merger	103,667	15,704,128
- EGM 16/11/2010: Cancellation of own shares		-17,881,918
- at the current year-end	320,397	n,a
Composition of capital		
Share categories		
- shares (including 18,250,504 VVPR strips)		30,653,969
Registered or bearer shares		
- registered shares		16,692,288
- bearer shares		13,961,681
OWN SHARES held by		
- the company itself	654	62,576

Accounting policies

1. 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 %

2. Capital assets

Incidental costs relating to share acquisitions are accounted for in the profit and loss account for the year in which they are incurred.

The values of holdings or shares are written down in the event of a loss or permanent diminution in value as justified by the specific circumstances, profitability or prospects of the company in which the holding or shares are owned.

To this end, listed securities are valued at the stock market price and private equity in accordance with estimates issued by 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.

3. Provisions for risks and charges

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

11. Financial calendar

Interim Declaration	06 May 2011
2011 Ordinary General Meeting	11 May 2011, at 10am
Coupon no. 71 eligible for payment	08 June 2011
Publication of 2011 half-yearly results	26 August 2011
Interim declaration	28 October 2011
Publication of annual results	11 March 2012
2012 Ordinary General Meeting	09 May 2012, at 10am

The annual report in French constitutes the original text.

Dutch and English translations of this report are available.

In the event of any divergence of interpretation between the different versions, the French text shall be deemed authentic.

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
Web site: www.brederode.eu
Numéro d'entreprise: 0405.963.509
TVA: non-assujetti