BREDERODE

Annual Report 2011

« It is important to see distant things as if they were close. and to take a distanced view of close things, »

Miyamoto Miyashi

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 € million)	2011	2010	2009	2008	2007
Financial assets	937	906	828	663	1,236
- listed securities	425	442	465	354	932
- Private Equity	512	464	363	309	304
Shareholders' equity	947	906	842	714	1,184
Financial liabilities	12	21	5		67
Changes in fair value of financial assets	46	79	133	-476	-16
Dividends and interest received	25	26	21	38	43
Profit for the year (group share)	69	95	141	-449	49

Adjusted figures per share (in €)	2011	2010	2009	2008	2007
Shareholders' equity	31.59	29.63	27.06	22.94	38.02
Profit for the year (group share)	2.29	3.07	4.52	-14.43	1.51
Dividend					
Gross	0.58	0.57	0.55	0.53	0.52
Market price					
Highest	20.80	19.00	17.90	29.43	32.40
Lowest	16.10	15.00	10.01	10.60	28.10
at 31 December	18.21	18.10	17.03	12.75	29.60

Ratios	2011	2010	2009	2008	2007
P/BV (Price(1)/Book value)	0.58	0.61	0.63	0.56	0.78
P/E (Price(1)/Profit group share)	7.93	5.90	3.77	n,a,	19.60
Return on equity					
(Profit/average of shareholders equity as a %)	7.5%	10.9%	18.1%	-47.3%	4.1%
Gross return (Gross dividend/market price(1) as a %)	3.2%	3.1%	3.2%	4.2%	1.8%

Number of shares eligible:
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)
2011: For shareholders' equity: 34,029,254 - 62,879 own shares = 29,966,375
For basic earnings: 34,029,254 + 206,447 = 30,235,701 (a)

(a) Weighted average number of shares in circulation in accordance with IAS 33.
(1) 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.

During 2011 the financial markets have been affected, particularly during the second half, by persistent uncertainty generated by the on-going sovereign debt crisis in Europe. It appears that positive developments in Italy and Spain and forceful action by the ECB in December, taken partly in response to a continental Europe wide political agreement on a fiscal compact, have somewhat calmed the worst fears about Europe in general and its banking system in particular. Such events have sparked a rally in the stock markets towards the end of 2011

However, growth in Europe is expected to be subdued, to say the least, in 2012. The same will probably be true, although to a lesser extent, in the US with emerging markets still leading the way in that respect. The requirement of fiscal discipline in the Euro area will have to be coupled with measures aimed at restoring growth if we are to avoid years of stagnation.

Despite the difficult environment experienced in 2011, the defensive nature of our listed portfolio has allowed it to break-even on a total return basis i.e including dividends, while most markets have posted losses on the same basis. At the same time, our Private Equity investments have continued to develop profitably.

3.1. Review of the consolidated entity

The scope of consolidation of the Brederode Group did not experience any change during the financial year apart from the acquisition of 131 Geyser shares by Brederode, without any influence on the financial statements and the result.

As at 31 December 2011, total consolidated assets amounted to € 965 million, versus € 934 million one year earlier. 97% of those assets is represented by the fair value of the securities' portfolio, which, in turn, is split approximately 55%/45% be-tween Private Equity and listed securities.

The consolidated accounts below include:

- a section describing the accounting principles and policies used (section 8.6 p. 40)
- a section describing the company's policy regarding risks and uncertainties (section 8.7 p. 45)

These sections are included as appendices to this management report.

Consolidated profit and loss account

(in 000 €)	2011	2010
Dividends and interest received	25,212	25,956
Change in the fair value of financial assets	45,741	79,005
- Listed portfolio	-17,249	-8,824
- Private equity	62,990	87,828
Foreign exchange gains/(losses)	-	-490
Other income and expenses related to portfolio management	-7,519	-8,072
Profit from portfolio management	**63,435**	**96,399**
Other operating income and expenses	6,066	-676
Operating profit	**69,501**	**95,723**
Non-operating income and expenses	-113	-398
Profit for the period	**69,388**	**95,325**
attributable:		
- to the parent company	69,384	95,318
- to minority interests	4	7

During the year under review, the Brederode group generated a consolidated profit of € 69.4 million, or €2.29 per share compared to € 95.3 million and € 3.07 respectively in 2010.

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 €)	2011	2010
Shareholders' Equity at the start of the period	**906,479**	**842,287**
Movements in non-current financial assets	**30,866**	**77,399**
Net movements of sales and purchases	-14,876	-1,605
Change in fair value	45,741	79,005
Other movements in respect of portfolio management	**17,694**	**17,394**
Exchange rate movement	-	-490
Dividends and interest	25,212	25,956
Share option premiums	42	258
Private equity management fees	-7,441	-8,193
Other banking costs	-119	-137
Movement of other non-current assets	**213**	**585**
Net purchases	184	82
Other changes	29	503
Other movements	**-8,444**	**-31,186**
Net financial income (costs)	2,475	-4
Other net operating income	6,066	-676
Dividends paid	-17,263	-17,122
Movement in net treasury resources	1,025	-1,206
Change in financial debt	8,770	-12,396
Purchases of own shares	-11,839	-1,104
Other	2,322	1,322
Shareholders' Equity at the end of the period	**946,808**	**906,479**

3.2. Review of the Company's statutory position

Statutory accounts

At the parent company level, Brederode made a loss of € 0.1 million, versus a loss of € 0.9 million one year earlier. These figures correspond to a loss per share of less than € 0.01 versus a loss of € 0.03 the previous year.

This result includes dividends of € 1.9 million received from outside the group (versus € 1.8 million one year earlier). The negative result of the financial year is mainly due to a write-down for on the holdings in SOFINA (€ 7 million) and AGEAS (€ 2 million).

Appropriation of profits

(in €)	2011	2010
Profit brought forward from previous years	17,880,751.16	144,006,957.15
2010 dividend adjustment on own shares	174,017.57	-
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	-91,508.71	-879,502.11
Appropriation to non-distributable reserve (own shares)	-11,838,646.13	-1,104,399.90
Deductions from available reserves	40,300,000.00	25,000,000.00
Profit to be appropriated	**46,424,613.89**	**35,317,845.17**
- remuneration of capital(1)	-17,380,497.52	-17,437,094.01
- to be carried forward	-29,044,116.37	-17,880,751.16

(1) Excluding own shares as of December 31st, 2011. The dividend related to the shares bought back between January 1st, 2012 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 € 0.58, representing an increase of 1.8%, i.e. a net dividend of € 0.4350 after deducting withholding tax of 25%.

Ex-date: 8 June 2012
Record date: 12 June 2012
Payment date: 13 June 2012
Payment service: Euroclear Belgium and affiliated banks including BNP Paribas Fortis, KBC and Banque Degroof in particular.

Acquisition of own shares

As at 31 December 2010, the company held 62,576 own shares. During 2011, it acquired 625,018 additional shares on the Stock Exchange, which together represent 2% of the company's equity capital. The total price paid for those acquisitions is € 11,838,646. The objective of the buy back is to make all the shareholders benefit from the accretive effect of buying shares at a price lower than their intrinsic value. This accretion effect can be estimated at € 0.24 per share.

The extraordinary general meeting of 7 December 2011 decided to cancel all the own shares held until then, i.e. 624,715 shares, therefore reducing the number of shares representative of equity capital from 30,653,969 to 30,029,254.

The 62,879 shares purchased after the date of the meeting were still held by the company on 31 December 2011.

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

Even though concerns about excessive sovereign debt and the health of the banking system, particularly in Europe, appear to have somewhat receded, the situation remains fragile. The composition of our listed securities portfolio however enables us to anticipate that its return should remain at least stable.

Regarding Private Equity, the trend in the portfolio has remained favourable since early 2012.

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 6 March 2012. 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 the executive directors are present in all the subsidiaries (joint management) and that, owing to the Group's small size, they are aware at all time of the developments in the different 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.

Non-executive directors do not hold more than five directorships in listed companies.

- 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 reserves the possibility of inviting third parties 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 twice in 2011.

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 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 the directors, including executive directors, can be dismissed ad nutum (at any time) without any severance allowance, unless specific legal provisions need to be applied.

- 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

There is no management committee or specific internal auditor position. Considering the Brederode Group's size and the targeted nature of its activities, risk management is entrusted to the executive directors themselves. No need is felt for the position of internal auditor, in view of the proximity of the executive directors who personally supervise the transactions carried out on the company's behalf.

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 specific risks faced by the Brederode Group is dealt with in section 8.7, page 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, antivirus 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 6,005,850 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

Law relating to the publicising of significant holdings

On 16 December 2011, the company received a joint notification from the Stichting Administratiekantoor (STAK) Holdicam, Holdicam SA and Brederode SA. That notification is based on the law of 2 May 2007 relating to the publication of significant holdings in issuers whose shares are admitted for negotiation on a regulated market and containing various provisions.

That joint notification is the result of the purchases made by Holdicam SA and by Brederode SA and of the EGM of Brederode SA of 7 December 2011 which decided, among other things, to cancel 624,715 own shares.

In accordance with the terms of that notification and based on the latter's date, the ultimate control of Brederode SA is held by STAK Holdicam, which is not controlled by any natural or legal person. STAK Holdicam holds 100.00% of HOLDICAM SA, which itself holds 50.30% of Brederode SA, which in turn holds 0.21% of own shares.

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 31 August 2011:

Identity of the legal person holding more than 30% of securities with voting right:	Holdicam S.A.
Identity of the legal person holding ultimate control:	Stak Holdicam
Chain of control:	Stak Holdicam
	100.00%
	Holdicam S.A.
	48.8%
	(*) Brederode S.A.
Number of securities with voting right held	14,951,373
Percentage	48.8%

(*) Brederode holds 1.8% of own shares

3.3.5. Composition and operation of the administrative bodies and their committees

Composition of the Board of Directors and its Committees

Board of Directors

Pierre van der Mersch.	Chairman
Luigi Santambrogio.	Managing Director
Axel van der Mersch.	Managing Director(1)
Gérard Cotton	
Michel Delloye(2)	
Alain Siaens(3)	
Bruno Colmant(3)	

(1) as of 6 March 2012

(2) 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.

(3) Independent director

Executive management

Luigi Santambrogio
Axel van der Mersch
Pierre van der Mersch

Committees of the Board of Directors

<u>- Audit Committee</u>
Michel Delloye. Chairman
Bruno Colmant
Gérard Cotton
Alain Siaens

As the general meetings held on 22 April 2009 and 12 May 2010 respectively acknowledged, Messrs Alain Siaens and Bruno Colmant are independent directors in accordance with Article 526ter of the Companies Code, as they have no functional, family or shareholding links with the company, as defined by this provision, and they do not have any relationship with the company likely to call their independence into question, and they are not in any of the situations referred to in points 1) to 9) of that provision.

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 four times in 2011. 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 twice.

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

On 6 March 2012, the Combined Nominations and Remuneration Committee assessed its operation and its effectiveness, together with its internal rules, contained in the Corporate Governance Charter. It further assessed its compliance with the independence criteria of the independent directors, the availability of the non-executive directors, the performance of the executive directors (including the CEO) and the directors' remuneration. The Committee was satisfied on all these points.

On 6 March 2012, the Audit Committee assessed its operation and its effectiveness, together with its internal rules, contained in the Corporate Governance Charter. It stated that it was satisfied on all these points. On the same day, the non-executive directors discussed among themselves interactions with the executive directors, and were satisfied with the outcome.

At its meeting on 6 March 2012, 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. The Board gave further consideration to the issue of eventually adding women to the Board.

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 2011 amounted to (€ 000) 786 and is broken down as follows:

(in €)	Remuneration		Pension[b]	Other	Total
	basic[a]	variable		items[c]	
Managing director					
L. Santambrogio	263			3	266
Other executive directors	461		4	24	489
Non-executive directors					
G. Cotton	13				13
M. Delloye	6				6
A. Siaens	6				6
B. Colmant	5				5
Total	754		4	27	786

(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.

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.

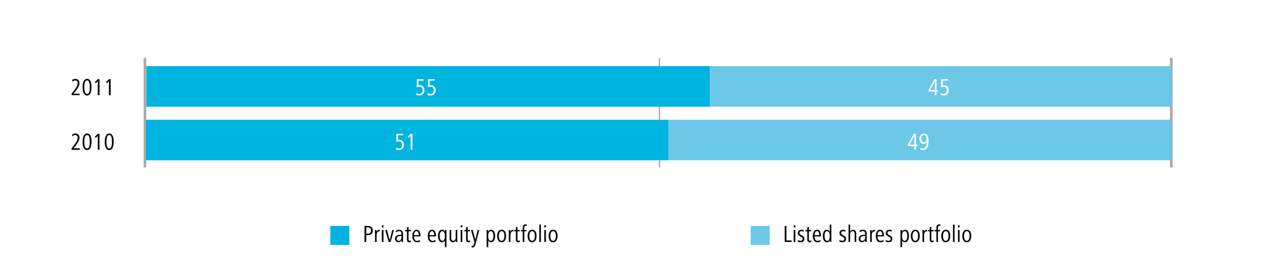
5. Payment of variable remuneration

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 €)	Listed shares	Private Equity	Total
Fair value at start of period	441,855	463,925	905,779
Additions	6,529	92,001	98,530
Disposals	-6,511	-106,894	-113,405
Change in fair value	-17,249	62,990	45,741
Fair value at end of the period	**424,624**	**512,021**	**936,645**

During the year 2011, the investments and disinvestments in listed securities remained balanced while the Group was a net seller in Private Equity for a total of € 14.9 million.

The share of the listed portfolio in the non-current financial assets decreased from 49% to 45%, while Private Equity increased from 51% to 55%.

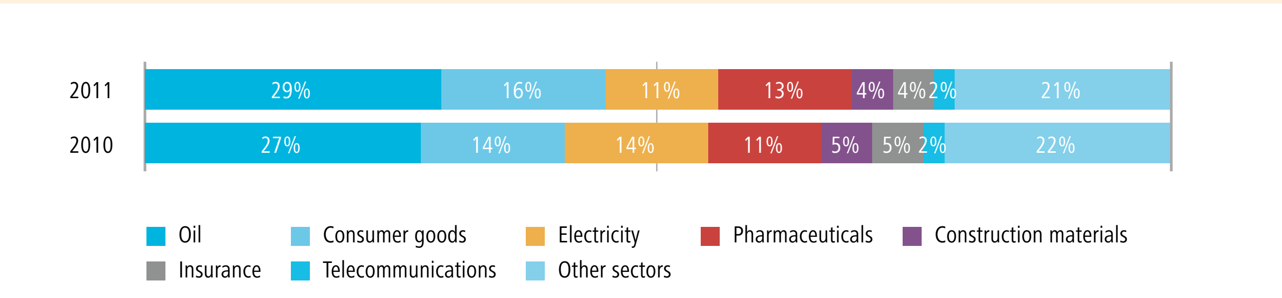
3.4.1. Listed holdings

Introduction

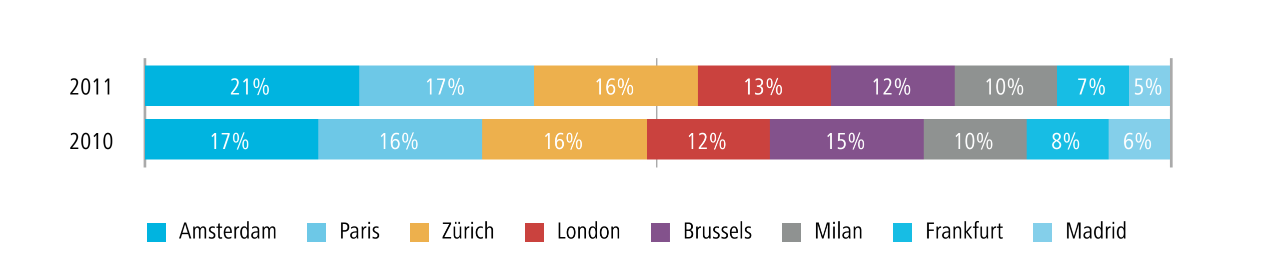
The group actively manages a large portfolio of ordinary shares, listed mostly on European stock markets: Brussels, Paris, Amsterdam, Milan, Frankfurt, London, Madrid and Zurich.

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

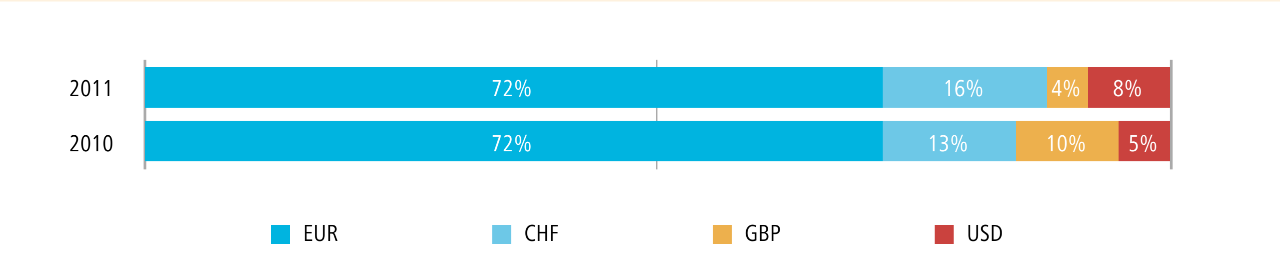
Breakdown of listed portfolio by sector (in %)



Breakdown of listed investments by financial market (in %)



Breakdown of listed holdings by currency (in %)



Movements during the year

(in 000 €)	2011	2010
Fair value at the start of the year	441,855	465,223
Additions	6,529	12,332
Disposals	-6,511	-26,878
Change in fair value	-17,249	-8,824
Fair value at the year-end	**424,624**	**441,855**

During 2011, 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.

We acquired shares in Fresenius SE, a German company providing healthcare services mainly in Germany and in the United States.

We also received additional Royal Dutch shares by choosing the scrip dividend option and we reduced our position in Sofina.

Composition of the portfolio

At 31 December 2011, the group's listed holdings were as follows:

Securities	31/12/2010	Purchases/ (disposals)	31/12/2011	(€ 000)	
Oil				**121,750**	**29%**
ENI	1,749,000		1,749,000	28,001	7%
Royal Dutch Shell "A"	1,502,078	75,372	1,577,450	44,405	10%
Saipem	480,000		480,000	15,768	4%
Total	850,000		850,000	33,575	8%
Consumer Goods				**68,496**	**16%**
Nestlé	577,872		577,872	25,671	6%
Unilever	1,611,788		1,611,788	42,825	10%
Electricity				**47,213**	**11%**
E.on	1,500,000		1,500,000	25,005	6%
Iberdrola	4,589,422		4,589,422	22,208	5%
Pharmaceuticals & Healthcare				**56,075**	**13%**
Fresenius SE & Co		55,040	55,040	3,934	1%
Novartis	520,000		520,000	22,971	5%
Sanofi-Aventis	514,000		514,000	29,170	7%
Construction Materials				**17,066**	**4%**
Holcim	412,844		412,844	17,066	4%
Insurance				**18,062**	**4%**
Ageas	3,977,500		3,977,500	4,773	1%
Novae Group	3,296,185		3,296,185	13,289	3%
Telecom				**8,312**	**2%**
France Telecom	685,000		685,000	8,312	2%
Miscellaneous Industries				**86,803**	**20%**
Samsung Electronics (GDR)	100,000		100,000	35,606	8%
Schroder UK Alpha Plus Fund	1,926,782		1,926,782	2,634	1%
Schroder Specialist Value UK Eq. Fd	1,587,302		1,587,302	2,489	1%
Sofina	863,264	-105,008	758,256	45,131	11%
Tom Tom	308,750		308,750	942	0%
Other Holdings < € 1 MM				**847**	**0%**
TOTAL				**424,624**	**100%**

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

For the record, at 31 December 2011, Brederode held 62,879 of its own shares, i.e. 0.2% of its capital, with a stock market value at 31 December 2011 of € 1,145,027. 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.

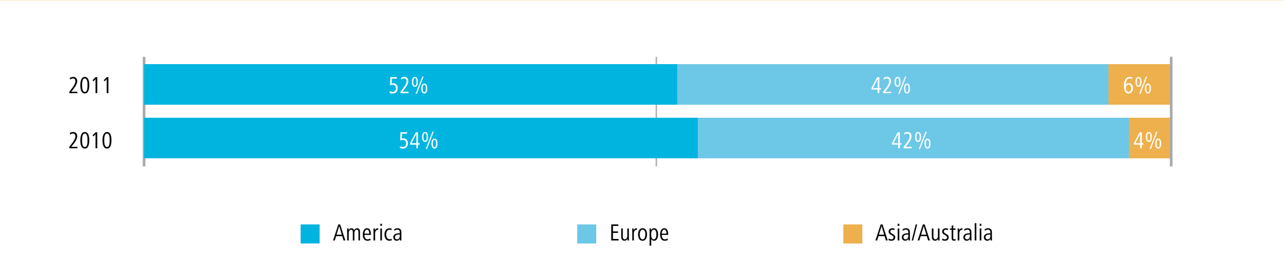
The initial research relates, in particular, to the quality and cohesion of the management teams, the investment strategy and market opportunities, past performance, sources of business and value outlook, and future exit options.

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, private equity has generated cash calls for € 1.022 million and distributions for € 835 million.

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 %)

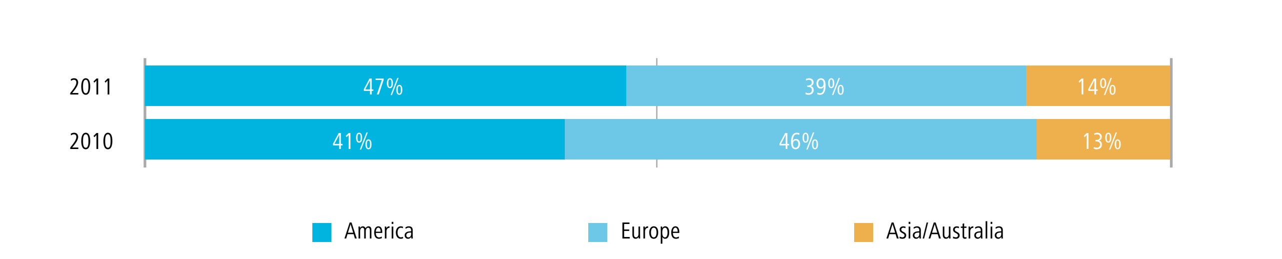


At the end of 2011, the group had made investments through 121 associations managed by 44 private equity groups, amounting to € 468 million, compared to € 420 million one year earlier.

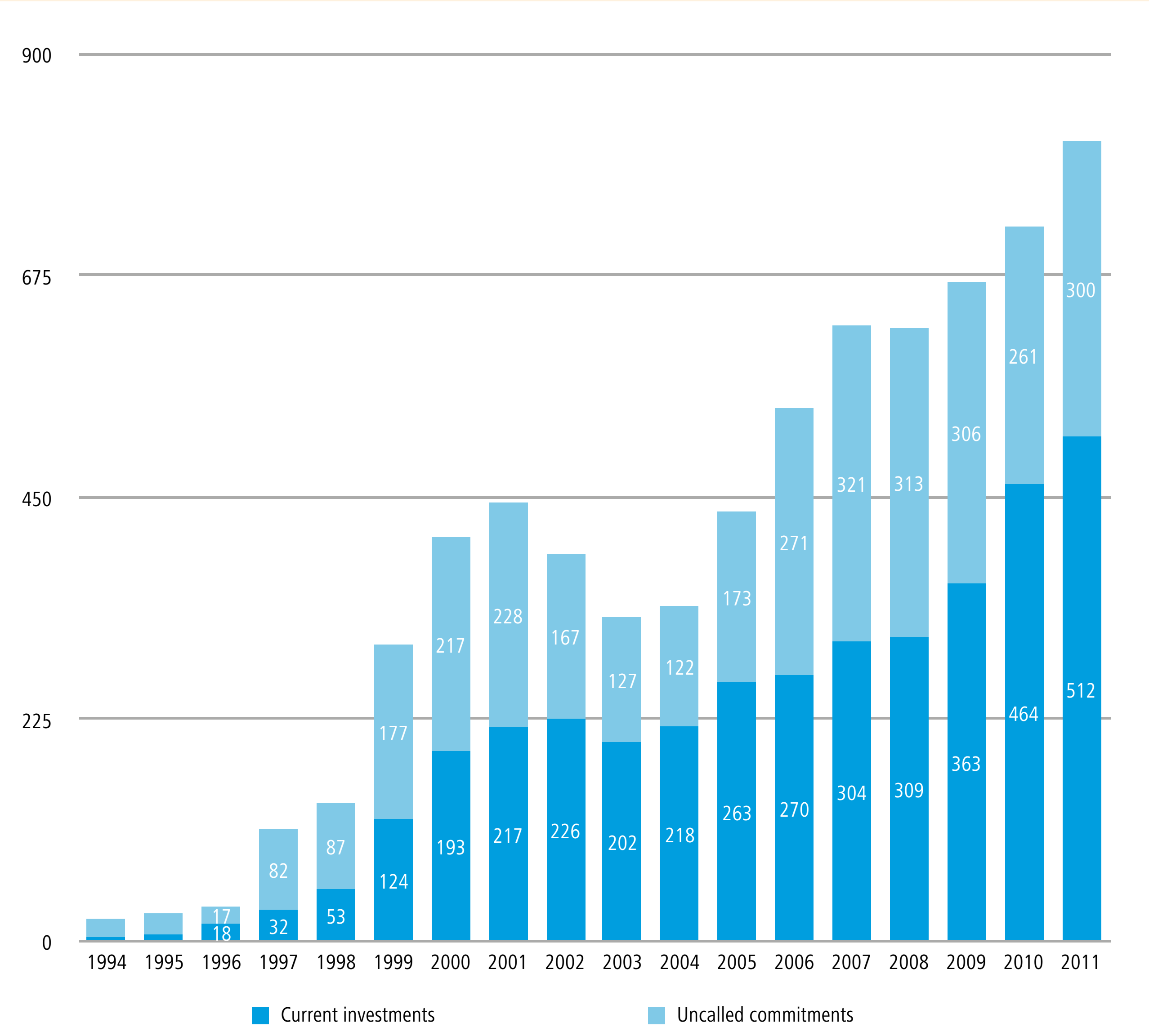
Of these 121 associations, 58 were still in the investment phase, while the others are pursuing their management activities with a view to realising the best price for their residual assets.

In addition to these investments, there were direct co-investments worth a total of € 44 million at the end of 2011 (unchanged compared with 2010).

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



Trend in private equity commitments (in 000 EUR)



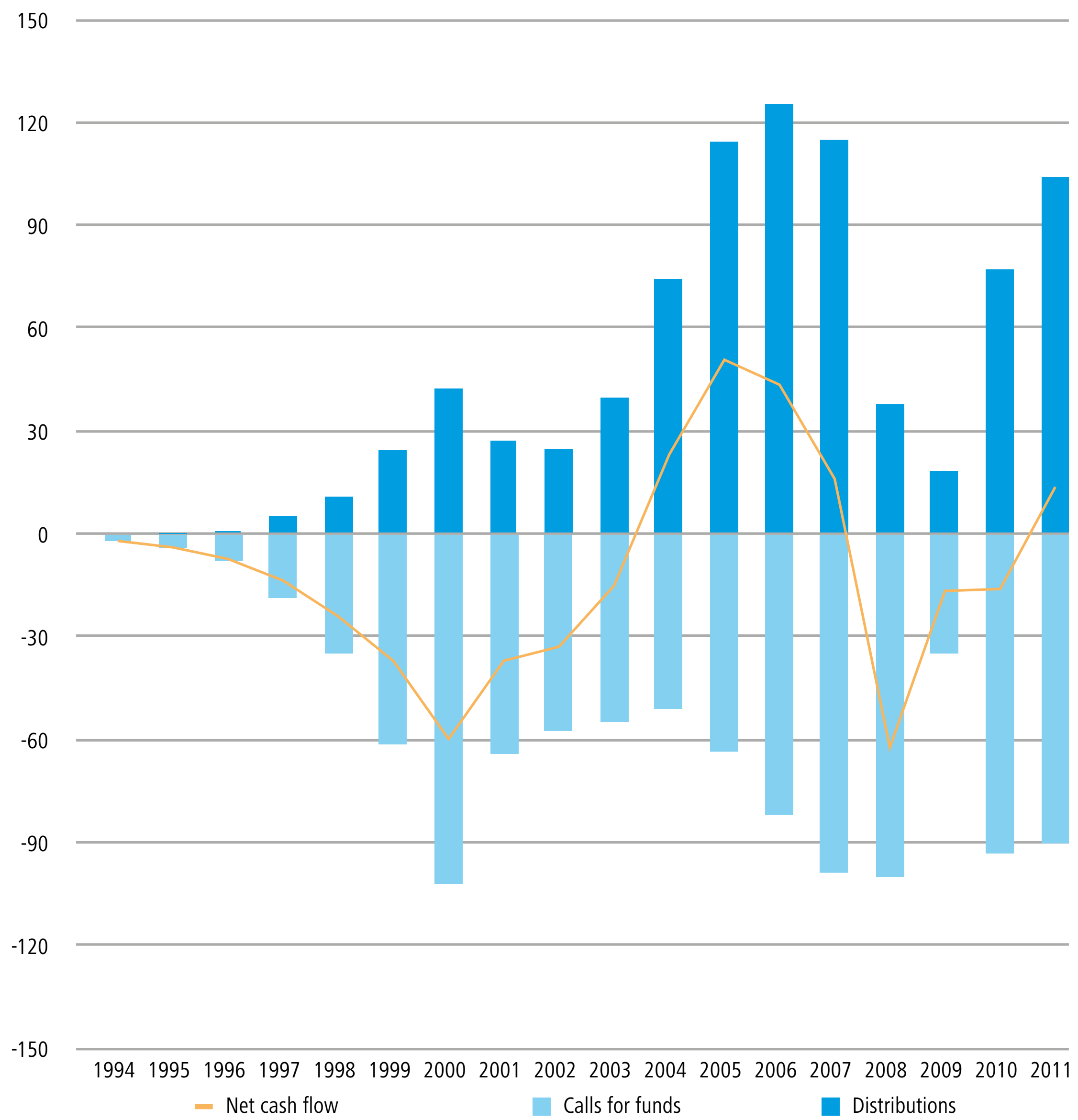
Based on the amounts invested and undrawn commitments, the ten main managers with whom the group works are: The Carlyle Group, Providence Equity Partners, EQT, Montagu Private Equity, Doughty Hanson & Co, Bain Capital, Axa Private Equity, HIG Capital, Catterton Partners and Apollo Management.

Those managers account for 54% (unchanged compared with 2010) of the sum of total of investments plus undrawn commitments.

During 2011, the undrawn commitments progressed as follows:

(in 000 €)	2011	2010
Commitments at the start of the year	260,939	306,484
Changes in existing commitments	-73,423	-81,414
New commitments	112,244	35,869
Commitments at the year-end	299,759	260,939

Cash flow trend (in million €)



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 graph p. 20 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. In 2011 the Private Equity portfolio started to generate net cash again for the group.

The positive net cash flow generated by the private equity portfolio (net movement in investments, costs, taxes, dividends and interest received) amounted to € 13.6 million in 2011, compared to negative cash flow of € 16.1 million in 2010).

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 €)	2011	2010
Fair value at the start of the year	463,925	363,156
Additions	92,001	92,933
Disposals	-106,894	-79,994
Change in fair value	62,990	87,828
Fair value at the year-end	512,021	463,925

Brederode's private equity business continued to be quite active in 2011. Exit values reached € 106.9mn vs € 80mn the year before, while new investments, at € 92mn, compare with 92.9 mn in 2010.

Furthermore, private equity generated operating income (dividends and interest) of € 7.9 million in 2011, compared to € 6.2 million the previous year

Overall activity was evenly split between the two halves of the year although we have noticed a slow down in new investments and exits in the € denominated portfolio during the second semester while the US$ portfolio, during the same period, kept its pace. Clearly the sovereign debt crisis is having an impact, particularly in Europe, in part due to the reluctance of banks to provide new loans. As a result, companies are more and more tapping the bond market for long term financing or reduce leverage.

Given the current environment, General Partners are focusing more than ever their attention on two key factors to drive performance: growth and operational improvements. In a world where there is little or no growth at macro level, at least in the developed countries, it is of the utmost importance to be able to find and buy, at acceptable prices, companies that show sustainable growth in their specific sector. The real value creation of Private Equity today resides in their ability of helping companies internationalise and develop new markets and driving operational improvements that can increase or maintain margins. This is particularly relevant when debt, as is the case today, is relatively scarce and expensive and multiple expansion driven by the listed market performance cannot be relied upon.

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 valued at fair value and the amounts not yet called at 31 December 2011.

Names	Investments at fair value	Uncalled commitments	Total commitments
(€ 000)			
DOUGHTY HANSON & CO V	13,025	7,305	20,329
PROVIDENCE EQUITY PARTNERS VI	17,333	2,991	20,324
EQT VI	659	19,084	19,743
CARLYLE EUROPE PARTNERS III	14,470	5,195	19,666
PROVIDENCE EQUITY PARTNERS VII		19,321	19,321
EQT V	18,317	568	18,886
PACIFIC EQUITY PARTNERS FUND IV	7,374	10,430	17,804
APOLLO INVEST FUND VII	10,438	6,540	16,978
AXA SECONDARY FUND V	6,200	10,558	16,759
AXA SECONDARY FUND IV	12,082	4,359	16,441
BAIN CAPITAL ASIA FUND II		15,457	15,457
CHARTERHOUSE CAPITAL PARTNERS IX	6,153	9,153	15,306
BC EUROPEAN CAPITAL IX	1,325	13,560	14,885
CARLYLE PARTNERS V	10,379	4,494	14,873
MONTAGU IV	940	13,790	14,731
MONTAGU III	11,679	2,479	14,159
BAIN CAPITAL EUROPE FUND III	6,409	7,688	14,097
WHITE KNIGHT VIII	8,250	4,650	12,900
CARLYLE/RIVERSTONE FUND IV	10,047	2,516	12,563
BAIN CAPITAL FUND X	8,092	3,246	11,338
H.I.G.BAYSIDE DEBT&LBO FUND I.	4,017	7,130	11,147
TRITON II	9,859	1,013	10,872
CARLYLE/RIVERSTONE FUND III	10,118	576	10,694
MADISON DEARBORN CAPITAL PARTNERS V	9,383	1,041	10,423
TRITON FUND III	5,781	4,596	10,377
TRIDENT IV	9,189	1,122	10,311
EQT IV	9,582	396	9,978
DOUGHTY HANSON & CO FUND IV	8,863	308	9,171
CAPITAL TODAY CHINA GROWTH FUND	8,993		8,993
OTHERS	273,064	120,191	393,255
TOTAL	512,021	299,759	811,780

Together, these 30 main participations represent 47% of investments in private equity and 60% 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 2011, the premiums received amounted to € 0.41 million compared to € 0.3 million in 2010.

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

2011 was another profitable year for our London-based subsidiary, Athanor Ltd.

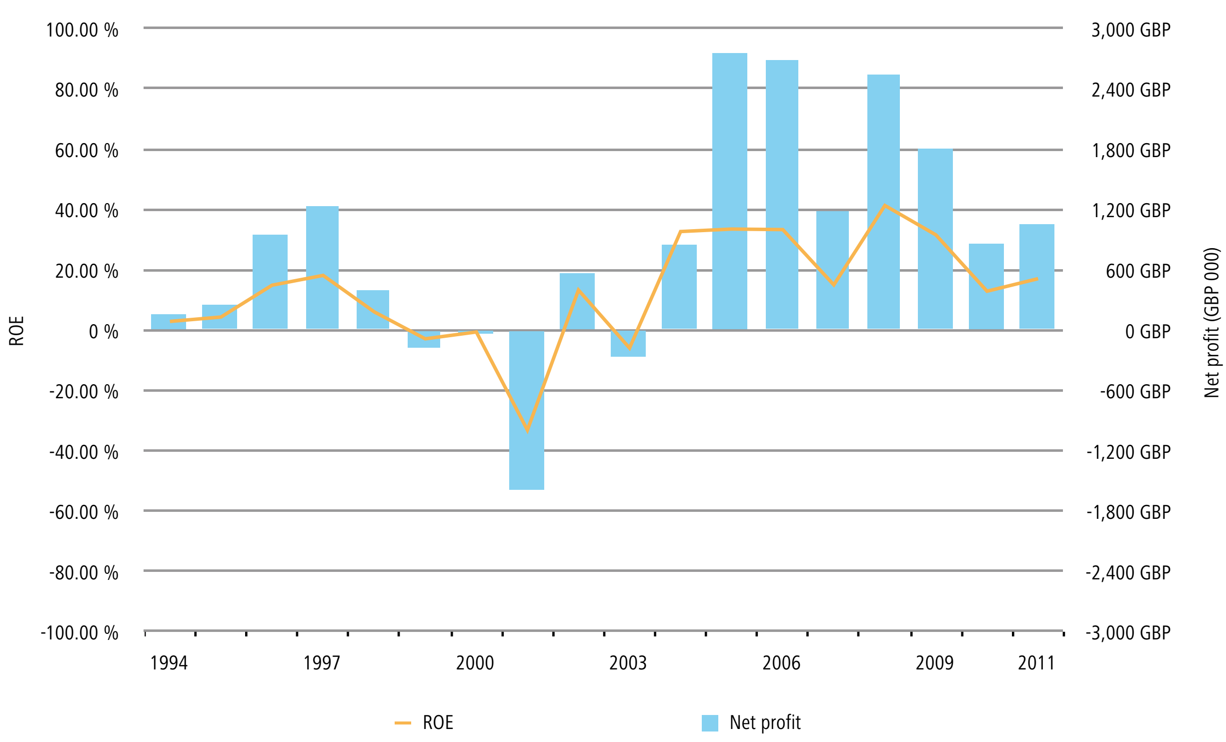
It is important to note that the result of our investments in Lloyd's syndicates is influenced by their specific accounting meth-ods, involving closing their accounts with a time-lag of three years. This delay enables a more precise estimate to be made of the impact of claims.

Athanor's results for 2011 are therefore primarily based on its insurance activities in 2009. That year experienced one of the quietest hurricane seasons on record but continued to be affected by raising claim inflation in the car insurance market in the UK.

Insurance results for 2010 and 2011 are currently estimated to show a small loss for 2010 and a small profit for 2011. The first half of 2011 in particular has been significantly affected by the Japanese earthquake and other natural catastrophies in Australia and the USA. It has been in fact the worst first semester on record for the Lloyd's market. However the second half turned out to be practically hurricane free again and that clearly softened the blow for the full year. When losses of this magnitude take place, the market generally reacts with a hardening of rates and that is what is currently happening.

Looking forward, low investment returns will continue to have a dampening effect on the results although rates are finally on an upward trend.

Athanor Ltd. Average return on equity (ROE) of 13% over 18 years



4.

Events after the end of the reporting period and future outlook

Financial markets have experienced a rebound since the beginning of 2012, triggered by an accommodating policy from the European Central Bank, favourable economic news from the United States and the agreements negotiated with Greece concerning the restructuring of its debt. These are positive factors in an overall environment which still seems fragile, particularly in Europe.

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, 6 March 2012

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:

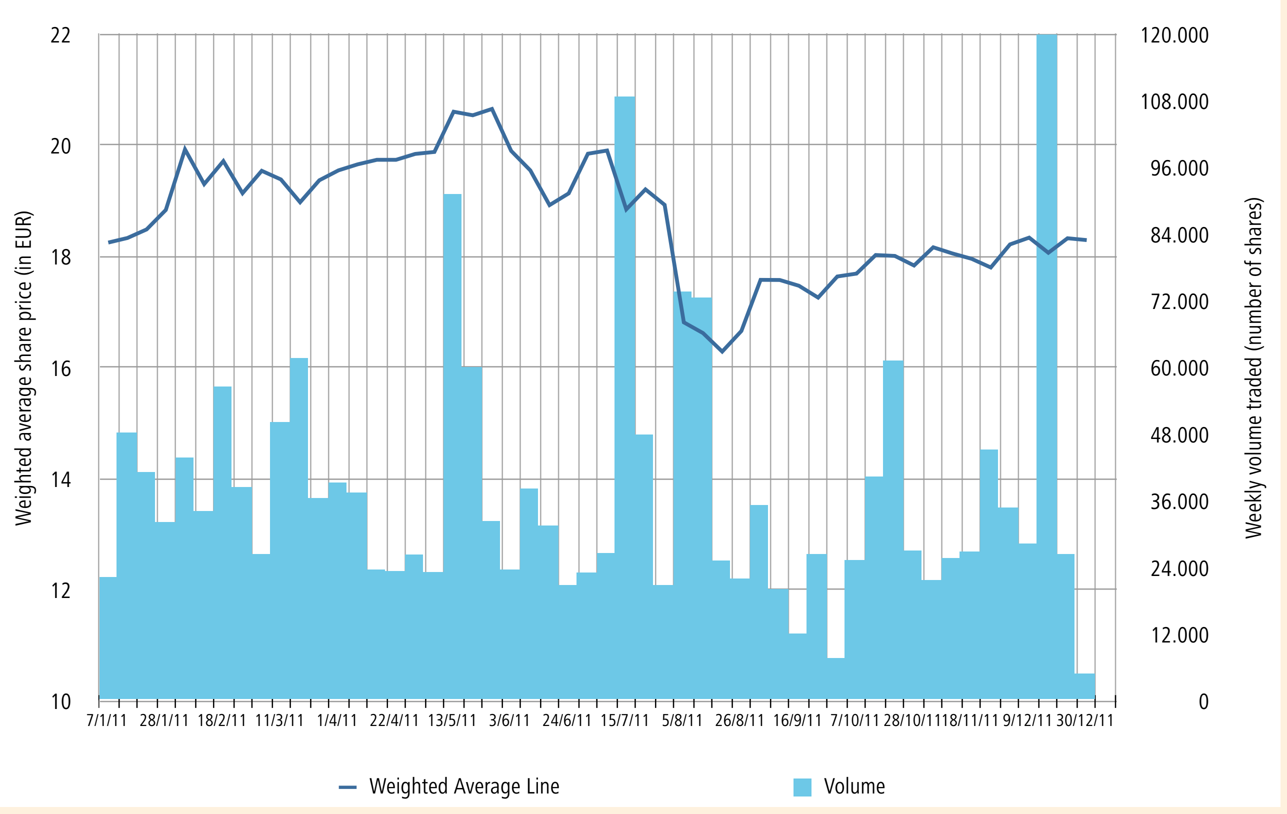
29,703,240 VVPR strips
30,029,254 shares
The 30,029,254 issued shares all enjoy the same rights.

The VVPR 'strip' (Verlaagde Voorheffing/Précompte Réduit = Reduced Withholding tax) allows the shareholder to benefit from a reduced withholding tax of 21%, under certain conditions, instead of the normal rate of 25%, on dividends attributed to shares with this 'strip'. The new rules regarding the application of the reduced withholding tax had not yet been defined by the legislator at the time this annual report went to press.

Stock market capitalisation

At the end of 2011, Brederode's stock market capitalisation amounted to € 547 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 been distinguishing itself through 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 been recognised and honoured. In the presence of Prince Philippe and representatives of the BIR&D consortium bringing together 10 of the largest Belgian companies, the young graduates Jean-Baptiste de Harenne, Ferdinand Terlinden and Gilles Hector were awarded the BIR&D prize for the best dissertation. Three other groups of students submitting CPME dissertations (CPME is the interdisciplinary training course on business start-ups) won prizes at the finals of Start Academy.

Moreover, the CPME syllabus was rated among the top 10 entrepreneurship training courses in the world by EDUNIVERSAL alongside prestigious universities such as Cornell, MIT or Cambridge. Lastly, during 2011, many former CPME students set up businesses in areas as varied as the agricultural food processing industry, e-commerce, micro-electronics, consultancy, the media, culture or services.

In 2011, Professor Frank Janssen, holder of the Chair, published in De Boeck a work entitled "Growing the business: an obligation for SMEs?" He made several researching and teaching trips to foreign universities (Appalachian State University (USA), Clemson University (USA), ENSAIA Nancy (France), University of Hanoi (Vietnam)). The Chair participated in the economic mission to China led by Prince Philippe of Belgium. Professor Janssen has become an honorary member of the Associação Nacional de Estudos em Empreendedorismo e Gestão de Pequenas Empresas (Brazilian association for research in entrepreneurship and management of SMEs) and member of the Permanent Observatory of the Spirit of Entrepreneurship of the Walloon Region.

Mr Olivier Giacomin, assistant Chair, brilliantly presented a PhD dissertation entitled "Necessity and/or Opportunity Entrepreneurship: Which Impact on the Firm's Creation?"

The Chair enabled the development of research to be pursued in areas such as corporate growth, governance within SMEs, entrepreneurial education, entrepreneurial intentions, social entrepreneurship and the relationship between regulations and entrepreneurship. This research has been presented at international conferences and published in international scientific journals (including Entrepreneurship Theory & Practice, the best journal in this field), and in professional journals. In May 2011, it organised the Second Belgian Entrepreneurship Research Day in Louvain-la-Neuve and jointly organised an international study day on entrepreneurial change in Louvain-la-Neuve in September 2011.

In 2011, the Chair pursued its efforts to raise awareness of the spirit of entrepreneurship, notably through the launch, in collaboration with ULg and ULB, of the training course entitled "From Research to Business" which is primarily aimed at researchers. Lastly, it is contributing to the international dissemination of UCL's know-how through 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 on the site www.uclouvain.be/chaire-brederode.

8.

Consolidated financial statements at 31 December

8.1. Profit and Loss account at 31 December

(in 000 €)	31 December 2011	31 Décember 2010
Dividends and interest received (1)	25,212	25,956
Change in fair value of financial assets (2)	45,741	79,005
- Listed portfolio	-17,249	-8,824
- Private Equity	62,990	87,828
Foreign exchange result (3)	0	-490
Other income/(expenses) from portfolio management (4)	-7,519	-8,072
Profit from portfolio management	**63,435**	**96,399**
Other operating income/(expenses) (5)	6,066	-676
Operating result	**69,501**	**95,723**
Net financial income/(expenses) (6)	2,475	-4
Change in deferred tax liabilities	-184	418
Tax on net result (7)	-2,404	-813
Result for the period	**69,388**	**95,325**
Other items of comprehensive income:	61	100
- movements in revaluation reserves	0	0
- movements in conversion differences	61	100
Global result for the period	**69,449**	**95,425**
Result for the period attributable to:		
- owners of the parent	69,384	95,318
- minority interests	4	7
Global result for the period attributable to:		
- owners of the parent	69,445	95,418
- minority interests	4	7

8.2. Balance Sheet at 31 December

(in 000 €)	31 December 2011	31 Décember 2010
NON-CURRENT ASSETS	**942,035**	**911,140**
Tangible fixed assets (8)	910	793
Land and buildings (9)	3,316	3,884
Financial assets	936,645	905,779
- listed Shares	424,624	441,855
- Private equity	512,021	463,925
Other non-current assets	1,165	684
CURRENT ASSETS	**23,438**	**22,538**
Short-term receivables (10-11)	16,397	14,580
Financial assets (12)	412	427
Cash and cash equivalents (13)	6,595	5,570
Other current assets	35	1,960
TOTAL ASSETS	**965,473**	**933,678**

TOTAL SHAREHOLDERS' EQUITY	**946,807**	**906,479**
Issued share capital and reserves attributable to owners of the parent company	**946,759**	**906,416**
Issued share capital (14)	320,397	320,397
Share premium account	63,287	63,287
Consolidation reserves (15)	563,075	522,732
Minority interests	49	64
NON-CURRENT LIABILITIES	**1,731**	**902**
Provisions (16)	795	150
Deferred tax liabilities	936	752
CURRENT LIABILITIES	**16,934**	**26,297**
Short-term borrowings (17)	12,230	21,000
Tax payable	1,423	1,047
Other current liabilities (18)	3,281	4,250
TOTAL LIABILITIES AND EQUITY	**965,473**	**933,678**

8.3. Cash flow statement

(in 000 €)	31 December 2011	31 Décember 2010
Operating activities		
Pre-tax profit for the year (group share)	71,491	95,764
Tax charges for the year	-2,107	-447
Net profit for the year (group share)	69,384	95,318
Net profit for the year (minority interests)	4	7
Depreciation of tangible and intangible fixed assets	68	69
Loss in value on Investment property	568	181
Capital gains/losses on tangible fixed assets	-22	-23
Movement in deferred taxation	-296	-366
Net movement in provisions	645	-64
Other changes (exchange differences + other current financial liabilities)	61	-128
Change in fair value	-45,741	-79,005
Cash flow	**24,670**	**15,989**
Change in working capital	**-503**	**-5,175**
Cash flow resulting from operating activities	**24,168**	**10,815**
Investment activities		
Acquisition of tangible assets	-184	-82
Acquisition of financial assets	-98,530	-105,266
Total investments	**-98,714**	**-105,348**
Disposal of tangible and intangible assets	22	35
Disposal of financial assets	113,405	106,871
Total disinvestments	**113,428**	**106,906**
Change in other financial assets	15	251
Cash flow resulting from investment activities	**14,729**	**1,809**
Financing activities		
Payment of cash compensation linked to the Auximines merger	0	-7,999
Dividend paid to shareholders	-17,263	-17,122
Acquisition of own shares	-11,839	-1,104
Net movement in financial liabilities falling due within one year	-8,770	12,396
Cash flow resulting from financing activities	**-37,872**	**-13,830**
Net movement in cash and cash equivalents	1,025	-1,206
Cash and cash equivalents at 1 January	5,570	6,776
Cash and cash equivalents at 31 December	6,595	5,570

8.4. Statement of movements in shareholders' equity

(in € 000)	Capital	Share premium	Revaluation reserves	Own shares	Consolidation reserves	Exchange differences	Minority interests	Total
Balance at 1 January 2010								
- 2009 dividend paid					-17,122			-17,122
- result for the year					95,318		7	95,325
- movements in other items of the overall result						100		100
- cancellation of own shares				51,976	-51,976			
- purchases of own shares				-1,104				-1,104
- Aux. merger and payment of cash compensation	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**
Balance at 1 January 2011	320,397	63,287	579	-1,104	523,311	-54	64	906,479
- 2010 dividend paid					-17,263			-17,263
- result for the year					69,384		4	69,388
- movements in other items						61		61
of the overall result								
- other							-19	-19
- cancellation of own shares				11,809	-11,809			
- purchases of own shares				-11,839				-11,839
Balance at 31 December 2011	**320,397**	**63,287**	**579**	**-1,134**	**563,623**	**8**	**49**	**946,808**

8.5. Notes

(1) Dividends and interest received

(in 000 €)	2011	2010
Gross dividends	22,726	23,326
listed securities portfolio	17,347	19,744
Private Equity portfolio	5,379	3,582
Interest	2,486	2,630
Total	**25,212**	**25,956**

(2) Financial assets / change in fair value

(in € 000)	2011		2010	
At start of period		905,779		828,380
listed securities portfolio	441,855		465,223	
Private Equity portfolio	463,925		363,156	
Purchases		98,530		105,266
listed securities portfolio	6,529		12,332	
Private Equity portfolio	92,001		92,933	
Sales		-113,405		-106,871
listed securities portfolio	-6,511		-26,878	
Private Equity portfolio	-106,894		-79,994	
Change in fair value		45,741		79,005
listed securities portfolio	-17,249		-8,824	
Private Equity portfolio	62,990		87,828	

At end of period		936,645		905,779
listed securities portfolio	424,624		441,855	
Private Equity portfolio	512,021		463,925	

(3) Exchange rate result

(in € 000)		2011		2010
Realised				-490
on USD foreign exchange contracts	-		82	
on GBP foreign exchange contracts	-		-572	
Other results				
Total				**-490**

(4) Other portfolio income and charges

(in 000 €)	2011	2010
Bank charges	-37	-64
Option premiums	42	258
Management fees on unlisted securities	-7,441	-8,193
Buying/selling expenses on shares	-44	-34
Custody fees	-38	-38
Total	**-7,519**	**-8,072**

(5) Other operating results

(in 000 €)	2011	2010
A. Income	**14,206**	**3,618**
Result from Lloyd's insurance	3,308	1,450
Profits on the sale of tangible fixed assets	22	23
Rents received	252	189
Writebacks of provisions	-	57
Exchange rate result (excluding hedging instruments)	461	845
Financial income	165	29
Other income (*)	9,999	1,025
B. Expenses	**-8,140**	**-4,294**
Directors' emoluments	-839	-860
Staff costs	-289	-282
Fees (*)	-3,812	-652
Depreciation	-67	-68
Costs related to dividend payment	-23	-37
Result from Lloyd's insurance	-1,464	-194
Other financial costs	55	-216
Exchange rate result (excluding hedging instruments)	-399	-1,139
Impairment on tangible assets	-568	-168
Other expenses	-732	-679
Total	**6,067**	**-676**

(*) Relating to the ongoing recovery of a receivable from the Democratic Republic of Congo (potential asset)

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 €)	2011	2010
Interest received	3,164	169
on short-term investments	1,300	169
late-payment interest	1,865	
Interest paid	-690	-173
on short-term bank loans		
on commercial paper	-690	-173
Net interest received (paid)	2,475	-4

(7) Taxes

(in 000 €)	2011	2010
Tax base		
Profit before tax	71,980	95,719
Profit exempt from tax	-45,741	-79,005
Taxable profit	26,239	16,715
Tax on profits		
Current taxes relating to the current year	2,637	2,827
Current taxes relating to previous years	-234	-2,014
Effective tax charge	2,404	813
Effective tax rate	3.34%	0.85%
Deferred tax liability		
at the start of the period	752	1,118
included in the result for the year	184	-366
at the end of the period	936	752

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 €)	Plant, machinery and equipment	Other tangible fixed assets	Total
Cost			
at the start of the year	483	301	784
Acquisitions	185		185
Sales	-45	-4	-49
at the year-end	623	297	920
Gains			
at the start of the year		579	579
charge for the year			
at the year-end		579	579
Depreciation			
at the start of the year	-305	-266	-570
charge for the year	-68		-68
cancelled on disposal	45	4	49
at the year-end	-328	-261	-589
Net book value at year end	**295**	**614**	**910**

(9) Investment property

(in 000 €)	2011	2010
Estimated fair value at the start of the year	3,884	4,066
Prepayments		-14
Adjustments to fair value	-568	-168
Estimated fair value at the year-end	3,316	3,884
Rental income	252	252
Direct operating expenses	32	79

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 €)	2011	2010
Call for funds by Lloyd's syndicates		152
Insurance underwriting fees receivable (Lloyd's)		869
recoverable taxes	14,308	12,624
receivables on sales in progress	60	931
Other receivables	2,028	4
Total	**16,397**	**14,580**

(11) Recoverable taxes

(in 000 €)	2011	2010
Withholding recoverable taxes	5,415	3,717
Disputed taxes	8,893	8,907
Total	**14,308**	**12,624**

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. Both those supplementary tax charges were the subject, on the one hand, of a recourse submitted to the Regional Tax Department in Brussels and, on the other hand and at the same time, to a demand for the application of the amicable settlement procedure laid down by the double tax treaty between Belgium and the United States.

From January 2009 and in the context of the amicable procedure laid down by the Belgo-American agreement, the Central Tax Authorities admitted the legitimacy of our arguments concerning the investments made through the American Partnerships. The investments in American real-estate companies were and are still undergoing an additional examination by the Tax Authorities' central department.

In September 2009, the Regional Tax Department ordered the relief from payment of the tax assessed on Brederode for the 2005 tax year, i.e. (€ 000) 4,082 plus (€ 000) 500 of interest arrears. In fact, for that financial year, the only dispute, which now has been settled, was related to the treatment of capital gains on our investments via the American Partnerships.

In respect of the 2004 tax year and for lack of a directorial decision, we decided to refer the dispute to the Court of First Instance of Namur. By a judgement of 26 January 2011, followed, after reopening of the discussions, by a judgement dated 27 April 2011, the Court ordered relief from payment of the supplementary tax assessed on Brederode as far as the investments via the American partnerships were concerned (which was no longer in dispute); by contrast, it rejected Brederode's argument concerning the tax treatment of some of our investments in American real-estate companies.

After consulting our lawyers, we decided to lodge an appeal of that judgement and the matter is currently pending before the Liège Appeal Court.

On 10 October 2011, the Regional Tax Department of Brussels did however decide to allow partial exemption from payment of the tax assessed on Brederode for the 2004 tax year, not exceeding the part which is no longer in dispute (i.e. the investments via the American Partnerships). By taking into account the allocation of the former surpluses of definitively taxed income (DBI system), recovered as a result of the Cobelfret judgement, to that financial year, Brederode obtained the refund of a principal sum of (€ 000) 5,293. Were Brederode to win its case before the Liège Appeal Court on the matter of the investments in American real-estate companies, the remainder of the contested assessment should then be relieved.

(12) Current financial assets

(in 000 €)	2011	2010
OLO government bonds	412	427
Total	412	427

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 €)	2011	2010
Deposits	5,510	4,424
Other	1,084	1,146
Total	6,595	5,570

(14) Capital

A. Issued capital

The fully paid-up share capital at 31 December 2011 totalled € 320,396,778. It was made up of 30,029,254 shares with no par value. All of the shares that make up Brederode's share capital enjoy the same rights.

(in number of shares)	2011	2010
Shares representing the capital		
- registered shares	16,821,356	16,692,288
- bearer shares	1,165,521	1,719,982
- dematerialised	12,042,377	12,241,699
Total	30,029,254	30,653,969

B. Authorised capital

Authorised capital: € 216,730,144.16

see page 11, section 3.3.3.

C. Own shares

(in number of shares)	2011	2010
Own shares at the start of the year	62,576	1,700,858
- merger with Auximines		16,181,060
- elimination	-624,715	-17,881,918
- repurchases	625,018	62,576
Total	62,879	62,576

see page 11, section 3.3.3.

(15) Consolidation reserves

(in € 000)	Revaluation reserves	Consolidated reserves	Own shares	Exchange differences	Total
At 1 January 2010	579	614,524	-51,976	-154	562,973
- 2009 dividend paid		-17,122			-17,122
- profit for the year		95,318			95,318
- movements in other items of the overall result				100	100
- cancellation of own shares		-51,976	51,976		
- purchases of own shares			-1,104		-1,104
- Auximines merger and payment of cash compensation		-117,433			-117,433
At 31 December 2010	579	523,311	-1,104	-54	522,732
- 2010 dividend paid		-17,263			-17,263
- profit for the year		69,384			69,384
- movements in other items of the overall result				61	61
- cancellation of own shares		-11,809	11,809		
- purchases of own shares			-11,839		-11,839
At 31 December 2011	579	563,623	-1,134	8	563,075

(16) Provisions

(in 000 €)	2011	2010
Lloyd's insurance	795	150

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 €)	2011	2010
Bank loans	12,230	21,000
Total	**12,230**	**21,000**

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 2011, the group benefited from confirmed credit lines with an overall value of € 70 million.

(18) Other current liabilities

(in 000 €)	2011	2010
Other payables	1,166	790
Social security charges payable	33	27
Adjustment accounts	115	435
Trade payables	15	171
Dividends and interest for previous years	1,950	1,837
Liabilities resulting from the sale of financial assets		728
Funds received on deposit	1	262
Total	**3,281**	**4,250**

Transactions with related companies

(in 000 €)	2011	2010
Funds deposited by Holdicam S.A.	0	229

(19) Off-balance sheet rights and commitments

(in 000 €)	2011	2010
Confirmed lines of credit	70,000	100,000
(used)	-12,230	-21,000
Purchase and sale commitments		
- unlisted portfolio	299,759	260,939
Real guarantees		
State bonds (OLO) to guarantee the repair of mining-related damage	412	427
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	0	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.

Net amount still to be received in the course of the next 5 years: € (000) 10,038 compared to € (000) 16,293 in 2010.

(21) Directors’ remuneration

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

(22) Dividends

(in 000 €)	2011	2010
Amount distributed during the financial year	17,263	17,122
Proposed dividend for the current financial year		
for distribution the following year	17,380	17,437

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

(23) Earnings per share

	2011	2010
Number of shares in issue at 31 December	30,029,254	30,653,969
Held by the company	-62,879	-62,576
Entitled to dividend	29,966,375	30,591,393
Weighted average number of shares in circulation	30,235,701	30,591,393
Earnings per share (in €)	2.29	3.12

(24) Subsidiaries

List of fully consolidated subsidiaries at 31 December 2011:

Names	Addresses	Company no.	Average number of employees
Athanor Ltd	Tower Bridge House – St Katharine's Way – GB London E1W 1DD	2,810,668	2
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 are 100% except for Geyser, where it is 99.99%.

This list is unchanged from 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 €)	2011	2010
Audit fees	104	90
of which Brederode s.a.	36	39
Other audit-related assignments		16
Tax advice	2	9
Other assignments not related to the audit assignment		2
Total	**106**	**118**

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 6 March 2012.

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.

Standards and Interpretations applicable for the annual period from 1 January 2011

- Improvements to the IFRS (2009-2010) (normally applicable for the open annual periods starting from 1 January 2011)
- Amendments to IFRS 1 First time adoption of the IFRS – Exemptions related to IFRS 7 (normally applicable prospectively for the open annual periods starting from 1 July 2010)
- Amendments to IAS 24 Information concerning related parties (applicable for the open annual periods starting from 1 January 2011). This standard replaces IAS 24 Information concerning related parties published in 2003.
- Amendments to IAS 32 Financial instruments: Presentation – Classification of rights issues (applicable for the open annual periods starting from 1 February 2010)

- IFRIC 19 Extinguishing financial liabilities with equity instruments (applicable for the open annual periods starting from 1 July 2010)
- Amendments to IFRIC 14 IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction – Advance payments made in respect of a minimum funding requirement (applicable for the open annual periods starting from 1 January 2011)

Standards and interpretations issued, but not yet applicable, for the open annual period starting from 1 January 2011

- IFRS 9 Financial instruments (applicable for the open annual periods starting from 1 January 2013)
- IFRS 10 Consolidated financial statements (applicable for the open annual periods starting from 1 January 2013)
- IFRS 11 Joint arrangements (applicable for the open annual periods starting from 1 January 2013)
- IFRS 12 Disclosure of interests in other entities (applicable for the open annual periods starting from 1 January 2013)
- IFRS 13 Fair value measurement (applicable for the open annual periods starting from 1 January 2013)
- Amendments to IFRS 1 First time adoption of the IFRS – Severe hyperinflation and removal of fixed dates for first-time adopters (applicable for the open annual periods starting from 1 July 2011)
- Amendments to IFRS 7 Financial instruments: disclosures – De-recognition (applicable for the open annual periods starting from 1 July 2011)
- Amendments to IAS 1 Presentation of financial statements – Presentation of items of other comprehensive income (applicable for the open annual periods starting from 1 July 2011)
- Amendments to IAS 12 Income taxes – Deferred tax: Recovery of the book value of an asset (applicable for the open annual periods starting from 1 January 2013)
- Amendments to IAS 19 Employee benefits (applicable for the open annual periods starting from 1 January 2013)
- Amendments to IAS 27 Separate financial statements (applicable for the open annual periods starting from 1 January 2013)
- Amendments to IAS 28 Investments in associates and joint ventures (applicable for the open annual periods starting from 1 January 2013)
- IFRIC 20 Stripping costs in the production phase of a surface mine (applicable for the open annual periods starting from 1 January 2013)

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 2011.

The standards, amendments and interpretations that came into force on 1 January 2011 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 Brederode 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 euro, 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 result 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.

The calculation of any potential deferred tax on the reserves of the subsidiaries is determined by the probability that the time difference will be reversed in the foreseeable future.

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 pro-rata 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.

Evolution of exchange rates at 31 December:

Rate at 31 December	2011	2010	Variation(*)
CHF/EUR	1.2156	1.2504	2.8%
USD/EUR	1.2939	1.3362	3.2%
GBP/EUR	0.8353	0.8607	3.0%
AUD/EUR	1.2723	1.3136	3.1%

(*) the variation sign reflects the impact of the exchange rate on the counter values of the assets denominated in a foreign currency

At the end of the financial period, exposure to currencies, excluding the euro, were broken down as follows:

(% of total assets)	2011	2010	Variation
USD	33.9%	31.6%	2.2%
GBP	2.2%	2.6%	-0.4%
CHF	6.9%	7.7%	-0.8%
AUD	0.8%	0.5%	0.2%

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

(% of total assets)	2011	2010	Variation
USD	-	-	-
GBP	-	-	-
CHF	-	-	-
AUD	-	-	-

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

(in 000 €)	2011	2010	Variation
USD	16,358	14,769	1,589
GBP	1,060	1,215	-155
CHF	3,322	3,574	-252
AUD	369	244	125

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 2011, our unlisted investments were split among 121 associations managed by 44 General Partners (compared to 113 and 44 respectively at the end of 2010).

The top ten managers account for 54% (compared to 54% in 2010) 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 € 25.6 million change in its fair value (compared to € 23.2 in 2010).

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 €)	2011	2010	Variation
Bank deposits	6,595	5,570	1,025
Amounts receivable	2,089	1,956	132
Financial guarantees granted (pledges)	412	427	-15
Total	**9,095**	**7,954**	**1,142**

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 €)	2011	2010	Variation
0 to 3 months	12,230	21,000	-8,770
4 to 12 months			
1 to 5 years			
Total	**12,230**	**21,000**	**-8,770**

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 con-solidated financial statements of the company brederode sa as of and for the year ended

December 31, 2011

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 addi-tional 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, 2011, 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, 2011 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 965.473 and the profit for the year (group share) amounts to KEUR 69.388.

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 reasona-ble in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We con-ducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing stand-ards, 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 evi-dence about the amounts and disclosures in the consolidated financial statements. The selection of these proce-dures 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 finan-cial position as of December 31, 2011 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 prin-cipal 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 infor-mation we have acquired in the context of our appointment.

Brussels, 27 March, 2012

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

(in 000 €)		At 31 December 2011		At 31 December 2010
FIXED ASSETS		**464,875**		**481,426**
TANGIBLE ASSETS		2,716		2,990
Land and buildings	1,845		2,108	
Furniture and vehicles	76		82	
Other tangible assets	796		800	
FINANCIAL ASSETS		462,159		478,435
Associated companies				
Shareholdings	411,834		411,834	
Shareholdings	50,324		66,601	
CURRENT ASSETS		**16,342**		**12,611**
AMOUNTS RECEIVABLE WITHIN ONE YEAR		12,610		10,812
Other receivables	12,610		10,812	
TREASURY INVESTMENTS		3,334		1,104
Own shares	1,134		1,104	
Other investments	2,200		0	
CASH AT BANK AND IN HAND		388		687
ADJUSTMENT ACCOUNTS		9		8
TOTAL ASSETS		**481,216**		**494,037**

(in 000 €)		At 31 December 2011		At 31 December 2010
SHAREHOLDERS' EQUITY		442,567		471,674
CAPITAL		320,397		320,397
Called-up share capital	320,397		320,397	
SHARE PREMIUM ACCOUNT		63,287		63,287
REVALUATION SURPLUSES		532		532
RESERVES		29,307		69,577
Legal reserve	23,973		23,973	
For own shares	1,134		1,104	
Immunised reserves	4,200		4,200	
Available reserves			40,300	
EARNINGS CARRIED FORWARD		29,044		17,881

(in 000 €)		At 31 December 2011		At 31 December 2010
LIABILITIES		38,649		22,364
AMOUNTS FALLING DUE WITHIN ONE YEAR		38,610		22,361
Financial debts	1,800			
Trade payables	2		168	
Taxation, salaries and social security payable	1,073		1,067	
Other amounts payable	35,735		21,125	
ADJUSTMENT ACCOUNTS		39		3
TOTAL LIABILITIES		481,216		494,037

PROFIT AND LOSS ACCOUNT

(in 000 €)		At 31 December 2011		At 31 December 2010
EXPENSES				
Interest payable and similar expenses		175		27
Other financial costs		20		265
Miscellaneous goods and services		3,921		901
Wages, social security and pensions		159		153
Other current expenses		17		19
Depreciation and write downs on start-up costs, tangible and intangible fixed assets		290		292
Write-downs		9,066		10,308
of financial assets	9,066		7,280	
of current assets			3,028	
Capital loss on disposal		918		0
of financial assets	918		0	
TOTAL EXPENSES		**14,567**		**11,964**
Income from fixed asset invest-ments		1,922		1,798
Dividends	1,922		1,798	
Income from current assets		2,552		99
Other current income		257		194
Write back of amounts written off		5		4,498
fixed asset investments	5		4,498	
Capital gains on disposal of		111		3,485
intangible and tangible fixed assets	9		20	
financial assets	102		3,466	
current assets	0		-	
Extraordinary income		9,624		1,012
Adjustments for taxes		5		-
Loss for the year		92		880
TOTAL INCOME:		**14,567**		**11,964**
PROFIT/(LOSS) FOR THE YEAR TO BE APPROPRIATED		**-92**		**-880**

APPROPRIATIONS AND DEDUCTIONS

(in 000 €)		At 31 December 2011		At 31 December 2010
Profit to be appropriated		17,963		255,156
Loss for the year to be appropriated	-92		-880	
Profit brought forward from the previ-ous year	18,055		256,035	
Deductions from shareholders' equity		40,300		25,000
From reserves	40,300		25,000	
Appropriation to shareholders' equity		-11,839		-244,838
to other reserves	-11,839		-244,838	
Profit to be carried forward		-29,044		-17,881
Profit to be carried forward	29,044		17,881	
Profit to be distributed		-17,380		-17,437
Remuneration of capital	17,380		17,437	

EXTRACTS FROM THE NOTES TO THE ACCOUNTS

CAPITAL STATEMENT

(000 €)	Amounts	Number of shares
SHARE CAPITAL		
Subscribed capital		
- at the end of the previous year	320,396,778	n,a,
- Changes for the year		
- EGM 7/12/2011: Cancellation of own shares		-624,715
- at the current year-end	320,396,778	n,a,
Composition of capital		
Share categories		
- shares (including 18,250,504 VVPR strips)		30,029,254
Registered or bearer shares		
- registered shares		16,821,356
- dematerialised		12,042,377
- bearer shares		1,165,521
OWN SHARES held by		
- the company itself		62,879

Accounting policies

Tangible fixed assets

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

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

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.

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	4 May 2012
2012 Ordinary General Meeting	9 May 2012, at 2.30 p.m.
Coupon no. 72 eligible for payment	13 June 2012
Publication of 2012 half-yearly results	31 August 2012
Interim declaration	26 October 2012
Publication of annual results 2012	11 March 2013
2013 Ordinary General Meeting	8 May 2012, at 2.30 p.m.

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.

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