



Management

Supervisory Board

H.A. van Karnebeek, chairman

P.J. Idenburg

H.P. Spruijt

Managing Director

H.A. Pabbruwe

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This Annual Report is also hosted as PDF files on the company's website www.brill.nl (<http://www.brill.nl>). A Dutch-language version is also available, either in PDF format via the website, or as a printed copy, to be ordered from the company or requested via the website. The text of the Dutch version is definitive.

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THE WORLD OF BRILL

Brill is a long-standing, but extremely up-to-date academic publisher, which has always continued to develop throughout its more than 320-year old history. Its business, which once included composing, printing and book selling, is now restricted to its publishing practice. Brill's core activity is still, and has always been, the facilitation of the flow of information between authors and their readers.

The typological list of academic publishers is a long one. It is also very diverse, meaning that it is difficult to generalise about the industry. It also means that current developments have varying effects in the sector. There are however trends that do appear to affect all participants, such as the increasing globalisation, digitalisation and the influence of new generations, which are universal. Historical information regarding the success of a particular type of publisher has little value, and general conclusions on this basis concerning the chances of survival of publishers in the information age have little relevance. What is clear is that the future of an organisation will not be determined by the technological possibilities that present themselves. It will be the ability of an organisation to use and customise these possibilities that matters. Experience moreover shows that cultural patterns among authors and customers and the reputation of its content can be determining factors with regard to a publisher's future potential.

To understand a publisher like Brill, it is important to remember that it has always been an active global player. Authors and editors have long been located in the important centres of academic research; today, roughly one third of our authorship is based in Europe, more than one third in North America and around 20% in Asia.

Since authors and readers belong to the same community, our sales are also defined along these lines. Brill has an excellent reputation, particularly in the humanities and in international law; this promotes sales to libraries, particularly those of the large universities. Although library budgets for the humanities are continually under some pressure, demand is relatively steady, in contrast to the market for business or professional publications. In the traditional areas for Brill and Nijhoff, the book still plays an important role; contrary to the sciences, the periodical has not replaced it. The media formats exist alongside each other. This also applies to the electronic products, which also helps Brill to strengthen its position on the Internet.

The useful life of academic information in the humanities is much longer than in the exact sciences; products therefore have a longer life than in other fields. Brill sells old titles from its inventory every day, and uses the opportunities provided by new technology to reprint in limited quantities or make compilations. Since Brill became an important printer, trader and publisher in languages, religion and history at such an early stage in its history, it has a strong reputation in these fields. Together with the equally well-established Nijhoff, a division of Brill, a range of literature is offered to the academic market in which the libraries have confidence. Many of our new books are thus supplied on subscription. The reputation of the periodicals, book series and encyclopaedias also helps us to attract good authors. Brill cherishes its strong brands and maintains a reasonable but solid legal basis for exploitation.

New technology helps Brill to improve the usefulness and accessibility of its products, thus supporting Brill's mission as a service provider to its authors. This mission consists of the commercially viable distribution of academic material to the author's target audience. The application of generally used distribution techniques and the use of electronic licence conditions considered to be reasonable are necessary elements for success in this mission.

Brill's portfolio is well diversified in several ways. Brill is convinced that new technology offers the potential for qualitative and quantitative growth. The human factor is however just as important. Most of all, it is the commitment of our well-educated and motivated employees which makes the ongoing search for new academic research or the relevant organisation of academic material possible. In addition, maintenance of quality standards and the greatest possible refinement of our criteria are considered the most important strategic factors for the stable and healthy growth of our business.

BRILL'S PROFILE

Brill is a modern business with a history that dates back to 1683. The company is a publicly traded medium-sized international academic publisher with around 100 highly educated employees.

The vast majority of its publications are in English. The company's head office is in Leiden, and it has a branch office in Boston, Massachusetts, USA with a staff of 10 employees. It publishes works in various areas of the humanities, the sciences, and law. Its imprints are Brill Academic Publishers, VSP and Martinus Nijhoff Publishers.

Brill has traditionally had a reputation for publishing major reference works, the best known of which is the Encyclopaedia of Islam, which from 2005 will appear in its third edition. Some years ago, Brill re-established this tradition as a spearhead of its strategy by publishing new or translated large series, dictionaries and encyclopaedias in almost all areas. There are not many publishers around the world that undertake these big projects, which may take many years. These projects however provide Brill with extremely important flagship publications, which have good commercial potential. Large-scale works also form an excellent basis for the exploitation of compilations and niche portals on the Internet.

Brill published just under 600 books in 2004, around 100 of which were reprints. Over 400 issues of the approximately 100 periodicals published by Brill saw the light, all of which were supplied in digital form. Hundreds of books were put on the Internet, and the company published six large CD-ROMs and several on-line editions. All in all, an average of five new products were issued every working day of the year.

The material for publication is found through academic advisers and by the in-house commissioning staff, which is also responsible for the negotiation of contracts. Its 15 publishers work globally, and focus through profit centres on the following disciplines:

Ancient Near East and Egypt
Middle East and Islamic Studies
Asian Studies
Classical Studies
Medieval and Early Modern Studies
Biblical Studies and Religious Studies
Social Sciences
Human Rights and Humanitarian Law
Public International Law
Science and Biology

Behind this broad classification, there are several niches in which Brill has an important position: *Dead Sea Scrolls*, *Gnosticism*, *Chinese Studies* and *Law of the Sea* are just a selection. The portfolio is constantly expanding, and it was recently decided to add *Judaism*, *History of Science* and *Book History* to our publishing list. The guiding principle here is that the fields are logical extensions of Brill's portfolio, always with pure scholarship as the basis of publication. It is also to ensure that the principal market can be accessed by sales and marketing channels that are effective for Brill. Lastly, a particular feature of Brill is that it is known for its expertise with regard to exotic languages and cultures, and its objective and frequently historical perspective. The Nijhoff imprint also has a strong position among international institutions of education and research, an example of which is the publishing programme of The Hague Academy.

The individual authors and external editors and advisers are mainly found at the larger and well-known universities and research institutes in Western Europe, North America and the Far East. The percentages of the geographical distribution of our authors reflect the company's main sales markets ("for scholars, by scholars"). The fact that Brill has been operating as a publisher from Leiden since 1683 also means that the company has strong links with the academic staff of Leiden University.

The portfolio of available products consists of periodicals, annuals and book series, monographs, atlases, handbooks and encyclopaedias, databases on CD-ROM and on the Internet. Product development is directed at serving end users. The physical publication is not carried out in-house; the production is out-sourced using the services of printers, compositors, data-processing companies and bookbinders. These suppliers are selected on the basis of price, quality and geographical proximity to the distribution points.

The workflow is largely in digital form, which allows the production to be organised quickly and easily at several geographical locations. This enables Brill to position a part of its costs in the currency that is attractive at the time. This standardised approach also ensures that most titles are available in either print or electronic form upon publication.

Since the results of the academic research in several of the disciplines that Brill serves remain relevant in the longer term, sales of already published products continue to be commercially viable, in some cases for decades. Until now, this segment could only be served by antiquarian booksellers; today, printing on demand techniques mean that supplies can be delivered without maintaining an inventory or running a reprint.

Based on its established and highly respected name in the international library market, Brill can rely on significant subscription sales for its book series. This, with the company's roster of subscribers to periodicals and continuation volumes such as encyclopaedias, keeps promotion and sales costs relatively low.

The company's sales promotion consists of marketing campaigns focusing on end-users and libraries ("pull") and the book trade that serves the institutional market ("push"). Increasingly, marketing communications are in electronic form, which saves costs and time. A further benefit of using the internet is that our marketing and sales efforts can be targeted at individuals who are otherwise difficult to reach.

Brill is a very old publishing firm, but at the same time very up-to-date and full of life. With the support it enjoys from many of its stakeholders and the drive that comes from its well-defined ambitions, the company faces the future with confidence.

KEY FIGURES

In EUR x 1,000

	2004	2003	2002	2001	2000	
Results						
* EBITDA = Earnings	Sales	19,748	16,301	14,008	13,094	11,576
Before Interest,	Gross margin	13,056	11,001	9,615	8,562	7,635
Taxes, Depreciation	EBITDA*	3,886	3,488	2,691	2,366	2,032
and Amortisation.	Operating result	2,758	2,533	2,028	1,778	1,464
This is the operating	Result after taxes	1,777	1,611	1,381	1,250	995
result before depreciation						
of intangible and	Cash flow**	2,905	2,566	2,044	1,838	1,562
tangible fixed assets.	Total net investment in fixed assets	1,103	483	893	1,139	395
	Average capital employed***	16,082	12,940	9,574	8,470	7,429
** cash flow = result						
after taxes	Growth compared to previous year					
+ depreciation	Sales	21.1%	16.4%	7.0%	13.1%	17.3%
	Gross margin	18.7%	14.4%	12.3%	12.1%	19.2%
*** average	EBITDA	11.4%	29.6%	13.7%	16.4%	24.3%
capital employed =	Operating result	8.9%	24.9%	14.0%	21.4%	25.6%
average of (fixed assets	Result after taxes	10.3%	16.6%	10.5%	25.7%	24.9%
+ current assets –						
non-interest-bearing	Profitability					
current liabilities)	Gross margin as % of sales	66.1%	67.5%	68.6%	65.4%	66.0%
	EBITDA as % of sales	19.7%	21.4%	19.2%	18.1%	17.6%
	Operating result as % of sales	14.0%	15.5%	14.5%	13.6%	12.6%
	Result after taxes as % of sales	9.0%	9.9%	9.9%	9.5%	8.6%
	Sales/average capital employed	1.2	1.3	1.5	1.5	1.6
	Result after taxes in % of average capital employed	11.0%	12.4%	14.4%	14.8%	13.4%
	Result after taxes in % of average shareholders' equity	15.0%	15.3%	14.6%	15.0%	13.7%
	Balance sheet ratios					
	Shareholders' equity/total assets	50.9%	47.1%	58.4%	62.3%	54.4%
	Current assets/current liabilities	1.59	1.59	1.86	1.98	1.72
	Personnel					
	Average number of employees (FTEs)	91	83	76	75	70
	Sales per employee	216	197	184	174	165
	Average salary costs per employee	56	51	51	47	45

FIGURES PER SHARE*

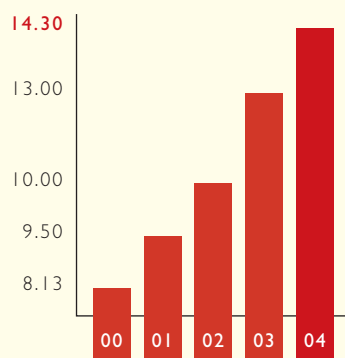
Based on weighted average number of outstanding shares

* A 2 for 1 stock split was carried out on 19 August 2002.

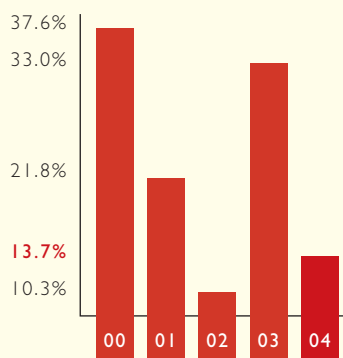
The figures for previous years have been adjusted accordingly.

	2004	2003	2002	2001	2000
Weighted average number of outstanding shares	1,688,486	1,659,918	1,630,363	1,592,561	1,551,400
Shareholders' equity	7.47	6.67	6.12	5.61	4.99
EBITDA	2.30	2.10	1.65	1.49	1.31
Increase in %	9.5%	27.3%	11.1%	13.4%	20.9%
Result after taxes	1.05	0.97	0.85	0.78	0.64
Increase in %	8.2%	14.1%	9.0%	21.9%	20.8%
Cash flow	1.72	1.55	1.24	1.14	0.99
Dividend	0.53	0.39	0.33	0.31	0.26
Increase in %	35.9%	18.2%	6.5%	21.6%	21.4%
Pay out ratio	50.3%	40.2%	39.0%	39.5%	40.5%
Extra dividend	0.00	0.00	0.17	0.16	0.00
Pay out ratio	0.0%	0.0%	20.1%	20.4%	0.0%
Total dividend	0.53	0.39	0.50	0.47	0.26
Pay out ratio	50.3%	40.2%	59.0%	59.9%	40.5%
Highest share price in year	15.00	13.50	12.00	9.50	8.13
Lowest share price in year	12.50	9.00	9.00	7.00	5.40
Share price at year end	14.30	13.00	10.00	9.50	8.13

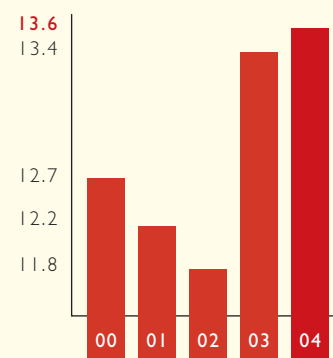
share price at year end €



total return on share based on share price at year end



share price / earnings ratio based on share price at year end





Annual financial statements

The Supervisory Board has had the balance sheet and the profit and loss account of Koninklijke Brill nv for the 2004 financial year and associated notes audited by Ernst & Young auditors. The auditor's statement of approval is included on page 61 of this annual report. On the basis of this statement and other factors, the Supervisory Board and the Management have signed the annual financial statements. We recommend to our shareholders that they adopt the annual financial statements as drawn up. We propose to distribute a dividend for 2004 of € 0.53 per share (or depositary receipt) with a nominal value of € 0.60, in either cash or shares charged to the share premium reserve. This amounts to an increase of 36% compared to the previous year. The exchange ratio, which will be published at a later date, will be determined after an option period following the General Meeting of Shareholders.

Activities

The Supervisory Board receives the necessary financial information from the Management on a monthly basis. During the reporting year, the Supervisory Board met with the Management on six occasions at which the company's strategy was discussed at length. The strategy that had already been determined, which emphasises the quality of the earnings generated by the company's core businesses and is designed to achieve growth through product development, the exploitation of electronic publishing and the realisation of large project acquisitions, will be continued. There were also numerous discussions between the members of the Supervisory Board regarding the change of Management, and there were also informal discussions with the Management. The Supervisory Board met on one occasion without the participation of the Management to discuss the functioning of the Supervisory Board, its individual members and the Management.

*Detail of the
printer's mark of
Pieter Leffen,
Leiden, 1651.*

The usual annual meeting took place with the external auditor. Supervisory directors attended discussions with the Works Council on two occasions in 2004. Matters discussed included the budget and the company's result.

Composition and working methods

The Supervisory Board has three members, whose further details are given on page 14. The members of the Supervisory Board are independent in the sense of the Dutch Corporate Governance code. None of the supervisory directors were frequently absent in the reporting year. The profile outline is included on page 13. None of the members of the Supervisory Board is a financial expert in the sense of the Dutch Corporate Governance code, although all of them have expertise in finance, administration and accounting. During 2005, the Board will give further consideration to the question of whether the profile should be redefined. In view of the Board's size, the establishment of core committees in the sense of the Dutch Corporate Governance code is not necessary.

Corporate Governance

This annual report contains a separate section on Corporate Governance on page 15 describing the company's corporate governance structure and the way in which it will implement the Dutch Corporate Governance code. Part of the information that the Supervisory Board must include in its annual report according to this code is given above under 'Composition and working methods'. The Supervisory Board has taken measures to bring its working methods in line with the code in the course of 2005, or to make clear its reasons for deviating from the code entirely or partly on certain points.

Deviations, together with the reasons for doing so, will be announced at the shareholders' meeting to be held in 2005.

Shareholders' meeting

The General Meeting of Shareholders was held at the Crowne Plaza in The Hague on 12 May 2004.

Conclusion

Koninklijke Brill nv is a business we are proud of. The company performed well in 2004 and several important steps were taken for the immediate future. The sale of the old premises and the rental of new offices has given the firm a more efficient working environment suited to today's requirements, and has moreover reduced the size of the balance sheet. The outsourcing of order processing, subscription administration, warehousing and distribution has meant that more attention and space can be devoted to the publisher's core activities. The otherwise unavoidable investment in these knowledge- and capital-intensive areas is also obviously no longer necessary.

Both these matters mark the conclusion of a successful period of nearly ten years in which Mr. R.J. Kasteleijn has led the company. At the General Meeting of Shareholders on 12 May 2004, Mr. Kasteleijn resigned for personal reasons. We are extremely grateful to him for the large contribution he has made to Brill's success. We are also pleased that we can still benefit from his experience as he will remain associated with the company as a consultant, among other matters on the now complicated area of pensions.

We wish to thank all our employees for their contribution to the realisation of the company's targets.

Leiden, 16 March 2005

The Supervisory Board
H.A. van Karnebeek
P.J. Idenburg
H.P. Spruijt

PROFILE OF THE SUPERVISORY BOARD

The Supervisory Board should be composed in such a way that each of its members and the Board as a whole are able to adequately perform their duties, which include monitoring the policy pursued by the Management and the general progress of the company's business and that of its associated companies, as well as advising the Management.

In view of the international nature of the company's operations and those of its associated businesses, all members of the Board need to have international experience. It is also necessary that at least one member has knowledge of the conduct of business at a publisher and has experience in the field. Furthermore, one Board member should have financial expertise, meaning that this person has relevant knowledge and experience in financial administration and accounting at publicly listed companies or other large legal entities.

The members of the Board should (with the exception of not more than one person) be independent of the company in the sense of the Dutch Corporate Governance code.

The members of the Board should have sufficient time to adequately perform their duties, most particularly in the case of the Chairman of the Board.

The Board consists of three persons. If a foreseeable vacancy arises that cannot or will not be filled by re-appointment, the intended successor will be proposed to the General Meeting of Shareholders one year before the expected vacancy is to occur. In such cases the Board will therefore temporarily consist of four persons.

THE SUPERVISORY BOARD

Jhr. mr. H.A. van Karnebeek, 1938, Dutch citizen

President Supervisory Director of Koninklijke Brill NV since 1999

Chairman of the Supervisory Board Pechiney Nederland BV

Chairman of the Supervisory Board of Kendrion

Member of the Supervisory Board Koninklijke Brill NV since 1998

Member of the Supervisory Board Frans Maas NV

Member of the Supervisory Board of Campina Melkunie BV

Prof. dr. P.J. Idenburg, 1942, Dutch citizen

Member of the Supervisory Board Koninklijke Brill NV since 1993

Board member Stichting Administratiekantoor Koninklijke Brill (until change to the articles of association)

Board member of the Vereniging Aegon

Board member Pensioenfonds Peltenburg

Emeritus Professor at the University of Twente and TU Delft

Executive Coach

Drs. ing. H.P. Spruijt, 1949, Dutch citizen

Member of the Supervisory Board Koninklijke Brill NV since 2000

Member of the Supervisory Board of the Koninklijke Barneveldse Drukkerij and Publisher Holding BV

Member of the Supervisory Board of KIT Publishers (Royal Tropical Institute)

Member of the Supervisory Board of Het Financieele Dagblad Holding BV

Chairman of the Supervisory Board M&R De Monchy NV

Board member Stichting Luchtman

Corporate governance structure

Koninklijke Brill nv is a public limited liability company incorporated under Dutch law, with its registered office in Leiden. The so-called structure regime does not apply to the company.

The company's authorised share capital comprises ordinary shares and cumulative preference shares. Currently, no cumulative preference shares have been issued. Approximately 97% of the issued ordinary shares are in the form of depositary receipts and held by Stichting Administratiekantoor Koninklijke Brill. Only depositary receipts are listed, and the listing is on the stock exchange of Euronext Amsterdam. The majority of the capital is owned by Dutch private investors. Since Brill is a small, high specialised and profitable publisher whose business is in areas where very large publishers operate, the company considers that protection against hostile take-overs is necessary, and therefore has a number of protective structures in place. First, the company may issue cumulative preference shares, which, if issued, would be placed with Stichting Luchtmans, with which it has been agreed that this trust would acquire issued preference shares in an amount up to 50% of the capital issued in ordinary shares. Second, the depositary receipts (issued with the company's co-operation) are also considered as a means of protection, as the Stichting Administratiekantoor [Trust Office] reserves the right in the event of such a take-over not to grant voting rights, and indeed to refuse to accept binding instructions as to how votes should be cast. The company's articles of association stipulate a limit of 1% regarding the conversion of depositary receipts, and shares are only available to natural persons, the company itself, the Trust Office and companies that were already shareholders prior to 29 July 1997. Third, certain rights are vested in the Combined Meeting, a body created in the articles of association, which consists of the Supervisory Board and Management Board meeting together. The rights of the Combined Meeting include

the making of binding nominations of directors and supervisory directors, and the making of proposals for changes to the articles of association. Koninklijke Brill nv is therefore well protected against any 'corporate raiders'. The company is run by a Management Board, which consists of one person supported by a management team. The company has a Supervisory Board, which consists of three persons. The Board has not established any separate committees and has no intention of doing so in the foreseeable future.

The company has already endorsed most of the recommendations of the Peters Committee and later the Tabaksblat Committee regarding corporate governance and these are now part of its corporate governance structure, with the exception of our position regarding the protection of the company.

Corporate governance structure in the light of the Dutch corporate governance code

In 2004, the Supervisory Board and the Management Board discussed how the best practice provisions and statutory requirements in force since 1 October 2004 should be implemented. It was established that the company's corporate governance structure, broadly speaking, complies with the principles of the corporate governance code, with the exception of the use of depositary receipts as a protective structure. As part of a more stringent division of responsibilities, the Trust Office, partly at the request of the Supervisory Board, has drawn up a change to the articles of association whereby the Supervisory Board will shortly cease to be represented on the Trust Office's Management Board. The supervisory directors have also decided to resign their directorship of Stichting Pensioenfonds Peltenburg: a change to the articles of association to this effect is currently being submitted to the participants in this fund. Regarding transparency, clear agreements have been made between the Management Board and the Supervisory Board and between the supervisory directors, including the treat-

ment of financial and other interests, which have been specified in detailed regulations and a code of conduct. The employment contract with the newly appointed director has been drawn up in accordance with the best practice provisions of the code. Within the company, the code of conduct has been refined, and its regulations have been distributed in manuals and on the company's intranet. These include rules regarding sexual harassment and a whistle-blower's regulation.

Brill is relatively vulnerable in a market for mergers & acquisitions that appears to be driven mostly by investors from the financial world or the company's peers seeking to increase scale. Scale is a relative issue for a business in which part of its value undoubtedly lies in its undisputed reputation among its customers and authors both at home and abroad. Authors in highly specialised markets provide the basis for future growth through their collaboration on serial works, handbooks, encyclopaedias and periodicals.

As researchers they provide the impulse for purchases, often through their libraries and institutes. The librarians in their turn only continue to subscribe to subsequent works if they can rely on the quality of future publications. Due to these relations with such important stakeholders, which can not be taken for granted, the Supervisory Board and Management Board are and continue to be of the opinion that the company should be protected as effectively as possible. They therefore reject the principle that depositary receipts should not be seen as a protective structure, although, in the spirit of the code, it has been decided that the Management Board of the Trust Office will consist of three independent directors. The Management Board of the Trust Office moreover shares the view of the Management Board and Supervisory Board regarding the use of depositary receipts as a protective structure (see the report of the Trust Office on page 35 of this annual report).

Regarding the best practice provisions that do not affect the protection of the company, the Management Board and Supervisory Board have always taken the view that these can be seen as an elaboration and refinement of the already existing corporate governance structure. The experience gained by the company in 2004 in its study and implementation of new corporate governance provisions where possible has been positive. For a listed company of limited size such as Koninklijke Brill NV, the effort and expense involved in taking legal advice and the consequent acquisition of managerial expertise has certainly been very worthwhile. Both the supervisory directors and the Management Board are of the opinion that refinement of regulations and greater accountability can only improve a company's management.

The Supervisory Board

The Management Board

REMUNERATION POLICY

Remuneration policy for the Supervisory Board

The remuneration of the chairman and the members of the Supervisory Board comprises an annual fixed salary and does not include any variable elements. They do not receive any performance- or equity-related payments, nor do they accumulate any pension rights with the company. They do not receive any dismissal payment on their departure. The remuneration of the Supervisory Board is evaluated regularly. Currently there is no discrepancy between normal market practice for similar companies and the present remuneration of the Supervisory Board. Any equity owned by members of the Supervisory Board is held as a long-term investment. The Supervisory Board has established regulations for the ownership of and transactions by supervisory directors in securities other than those issued by Koninklijke Brill nv.

Remuneration policy for the Management

The remuneration of the managing director is set by the Supervisory Board on the basis of the main principles of the remuneration policy, as specified herein. These are in line with the principles and best-practice provisions of the Dutch Corporate Governance code (art. II.2.10).

The policy regarding the remuneration of the Management is designed to provide the director with a remuneration package in terms of amount and structure to enable the company to attract and retain a qualified and expert manager. The remuneration package for 2005 and subsequent years has a fixed element and two performance-related variable components.

The Supervisory Board evaluates annually, on occasion with the assistance of an external expert, whether the director's remuneration is still in line with the market. The fixed remuneration is not subject to indexation.

A further element of the remuneration policy is that the company pays the pension premium for the director, subject to the director contributing 30% of the payable premium.

The company does not provide any loans, advances or guarantees to the director.

The following applies to the remuneration policy for 2004 and subsequent years:

A The Supervisory Board sees variable remuneration as an important part of the Management's remuneration package. The bonus targets and performance conditions reflect the major factors for value growth and increased shareholder value in the short and medium term. Variable remuneration therefore is a significant part of the total package, and its size depends on performance measures. The factor with the highest weight is the growth of shareholder value in the short term.

The maximum variable elements of the remuneration package for the short-term bonus and the three-year long-term bonus are 50% and 20% of the fixed remuneration respectively.

For the present director, who was already employed by the company as a consultant as of 1 April 2004, the bonus scheme for 2004 is calculated pro rata and based on three criteria, namely sales growth, the net result and successful outsourcing.

B The company's policy regarding the length of the contract and the redundancy scheme during the first period of four years is in line with best-practice provision II.2.7 of the code. The notice period in force is four months, which is in line with normal practice.

C The performance criteria for the short-term bonus are (1) earnings per share (max. 60% of the bonus) and in addition (2) the objective of an equal distribution of the publications over the calendar year (max. 20%) and (3) the assets invested in stock and work in progress (max. 20%). Appropriate measurable criteria based on the annual financial statements are used for these elements. The performance criterion for the long-term bonus over the period 2005 –2007 is the average organic sales growth over these three years.

D No rights are granted to the director for the acquisition of options or shares. The equity owned in Koninklijke Brill nv by the Management is a long-term investment.

E The Supervisory Board has established regulations for the ownership of and transactions by the Management in securities other than those issued by Koninklijke Brill nv.

The Supervisory Board has taken professional advice from the following independent external consultants:

- 1) De Brauw, Blackstone, Westbroek, solicitors and civil-law notaries, gave legal advice regarding employment matters;
- 2) Hay Group gave advice on the performance criteria and the bonus structure;
- 3) Hewitt Associates bv and Mr. Onno F. Blom, solicitor, advised on the pension scheme.

The Supervisory Board



Introduction

Brill looks back on a series of successful years of consistent building for the growth of the business, both organically and through acquisitions. An important foundation for this was the retaining of Brill's character as a niche player. With its long history as a printer, compositor, bookseller and publisher, Brill has built a unique and widespread reputation, particularly in the humanities. The acquisition of Martinus Nijhoff Publishers in 2003 gave Brill the opportunity to expand into legal studies and to immediately become a strong player with a global name in the field; for the institutional academic market, Nijhoff is the largest and most important publisher in the field of public international law and human rights. Gradually it emerged that there were a number of mutually strengthening programmes between Nijhoff and Brill, including the social sciences, the Middle East, Islam and China. The acquisition of the Arab Law publishing list has already actually reinforced this potential.

The strategy of increasing Brill's market share in its traditional disciplines has recently taken place through major reference works, such as multi-volume encyclopaedias and handbooks, dictionaries, concordances, registers and indices. In most markets Brill has started such large projects in English, in some cases based on previous editions in another language published by one of its peers. Our internal organisation had to be adjusted for this; project management and coordination of translators, the storage of different versions of articles and lemmas in databases, the procurement of multi-media rights and the development of specific marketing and financial monitoring are now required to be able to publish large works successfully. The evaluation of such a strategy is really only possible after the passage of time; some of the encyclopaedias that have been started will appear over a period of five to ten years. The initial experience with these works is very promising. There is a high level of interest in the market, and average

sales volumes are well above those of monographs.

The company has however learned that tight control of spending is necessary to manage the ratio between invested assets and net sales. The planning of these projects involves much foresight and monitoring, and the sales strategy needs marketing at an early stage and a consistent approach. This is the only way for Brill to establish and strengthen its position and reputation as a publisher of large-scale works in new academic fields.

In recent years, efforts have been made to improve the quality of the firm's earnings, with a particular focus on increasing the size of the periodicals portfolio. In addition to a generating a good profit margin, prepaid periodical subscriptions help to finance the business. Periodicals also provide a good breeding ground for the development of other important products and, due to their continuity, require a relatively limited marketing effort. The purchase of VSP in 1999 was an important step in the realisation of this policy.

Brill's management has also consistently worked towards further concentration on the company's core businesses as an international publisher. After the sale of the antiquarian book business and the terminations of the printing and compositing operations, further work was done internally on the professionalisation of the supporting operational departments. Brill has successfully moved with the times from a technological point of view without making an excessive investment. This was achieved by closely monitoring and studying developments in the market and selecting standardised solutions in consultation with our fellow publishers and our suppliers.

Obviously, questions have arisen in recent years as to whether Brill should continue as a public company. An increasing number of smaller businesses are leaving the stock exchange, because of either costs or management-related issues. There is ample private finance available, and it has been suggested to Brill's management on numerous occasions that a delisting might be

*Detail of the
printer's mark of
Jean des Tournes,
Lyon, 1557*

an attractive option. Brill has nonetheless decided to keep its exchange listing, as a well-diversified ownership structure is appropriate for the widespread interest and sympathy shown by many of its stakeholders. In the academic market that Brill serves, the publisher has set a stable long-term course, which combines continuity and independent quality with solid growth and a healthy return. Brill's exchange listing provides a degree of liquidity, which is particularly important for its smaller shareholders.

The Management

This brief review comes after the year in which Mr. R.J. Kasteleijn resigned as Director for personal reasons. The policy outlined above was mainly developed and implemented under his leadership. He also made the preparations for the outsourcing of the order administration and the warehousing. This process was completed in 2004, and was another chapter in the series of successful measures and decisions taken by him during his management over a period of almost ten years. The company greatly appreciates the leadership he gave during this successful period, and the newly appointed Director also wishes to express his appreciation for the solid base for continuing growth that Mr. Kasteleijn left behind and the conscientious way in which he carried out the transition.

Risk and risk management

Extensive discussions were held with the supervisory directors regarding the risks involved in Brill's operations and the functioning of its internal risk management and control systems. A distinction was made between two categories of risk. First, there are the generic risks that affect more or less every publishing business, and then there are the strategic risks which are specific to Brill as an internationally operating academic publisher. These risks were then classified as being internally or externally determined, and finally assigned colour codes to indicate their

potential effects. The Management has undertaken to review the entire range of risks and checks and balances at least once a year and to assess what measures are necessary. A detailed report will then be submitted to the Supervisory Board for consideration.

Several publishers like Brill have outsourced many of their business processes. This has created a dependency on suppliers and partners with regard to operational matters. Brill has established the important elements of services provided by means of contracts and Service Level Agreements. Brill will moreover maintain control of these services, and therefore has an expert staff and engages advisers when necessary. External editing, the ordering of compositing, printing and binding, order processing and warehousing, reshipping and dispatching of finished product, debt collection and the maintenance of digital platforms and software are all activities that fall into this category. Besides the importance of control, operational aspects must also be considered; it is thus increasingly important that all electronic sales are registered and reported automatically. The management of the numerous book titles and almost countless articles and chapters must ensure that product data such as prices are kept up to date and that exploitation rights are properly documented.

From a logistical point of view, the location of the saved digital file must be known, and whether it is still accessible with the software in use at that time. This last issue has become an important point of attention, particularly regarding licensing, the gradually increasing document delivery sales and printing on demand.

Brill has a strict policy regarding the hedging of currency positions, particularly in the US dollar, where there is little possibility of avoiding exposure. In addition to the normal forward exchange contracts employed to date, attention is now shifting to the

most natural type of hedge, namely transferring costs to suppliers who invoice in US dollars. The growth of the Boston office, which handles publishing as well as sales, and the use of compositors in the Far East, has brought this type of hedging to the fore.

Special attention is devoted to certain risks associated with the specific nature of the trade in products of international publishers. More than 80% of Brill's sales is through intermediaries, mail-order booksellers and periodical agencies. Brill has an adequate credit control for book deliveries. The delivery of periodicals in principle involves no debtor risk, since these publications are only dispatched after the subscription payments have been received. It is however in the publisher's interest that subscribers receive an uninterrupted supply of new deliveries, and the publisher may be inclined occasionally to deliver before payment has been received.

The order and payment process for large packages of periodicals for the big libraries partly escapes the publisher's notice and settlement can take several months or even longer. There is therefore always an element of uncertainty in the projected cash flows, over which, until now, the publishers have had little contractual control.

Brill does not yet own an integrated automated system that can deal with both the printed stock and the digital assets in a closed and consolidated flow of goods. This means that a considerable amount of time is still needed for the monitoring of stock movements, especially now that printing on demand and digital part-deliveries have made the process more complex. There is thus a risk that licences may not be properly updated and monitored, and that products could be delivered without a sale being generated. In 2005, a strictly regulated asset administration and stock control module will be purchased which will assist in the monitoring of exploitation, which is becoming more multi-faceted.

Lastly, there is the category of strategic risks related to the state of the market for academic information. The trend of those who pay for academic research to make the results more or less accessible in the public domain will not entirely fail to affect Brill over time, but Brill's publications are certainly not among those that will be immediately affected. Brill is closely following how the practice of other larger academic publishers is developing in the area of Open Access and Open Archive, and is in contact with the leading opinion-makers in this area. The Management is confident that Brill will successfully adapt to this changing market. The more or less worldwide need among academic libraries to economise and to free up budget is affecting Brill, however the net effect of this is so gradual that Brill will certainly be able to meet this challenge by using price and business models, increased title production and adjusting its product range. As long as Brill continues to attract outstanding staff to ensure an unremitting search for important publications, the Management is sure that a timely adjustment to the changing market will be achieved.

The state of the company's business as a whole regarding risks and control measures is evaluated with the auditor each year, also in preparation for reporting to the Supervisory Board. The Management takes additional interim measures when necessary, and discusses them with the supervisory directors thereafter. The intention is to prepare a full and substantiated management statement with effect from the 2005 reporting year.

Business progress in 2004

While in the comparison between 2003 and 2004 the effect of the acquisition in May 2003 of Martinus Nijhoff Publishers is of course reduced, Brill's organic growth remained strong throughout the year. The net negative effect of the weaker dollar was restricted to 2%. The effect of the stronger euro can largely be passed in higher prices in the North American market. Furthermore, the systematic use of forward exchange

contracts has moderated the effects of currency movements. Despite Brill's products becoming more expensive in the United States, the percentage of sales in the US rose from 33% to 37%. On a percentage basis, Europe lagged somewhat, with sales of no more than 50%. Sales in the Near and Far East developed favourably, as expected, apart from Japan, where sales were slightly disappointing.

The increase in sales was due to a greater number of published book titles and periodical deliveries. The composition of sales was also more favourable, with a higher proportion of higher-priced handbooks and major reference works. Improved sales of titles from previous years also had a positive effect, as did a strong sales effort in the US. Brill increased its prices by an average of 7%.

Subscriptions to book series remained more or less constant. Subscriptions to periodicals rose on balance, but in this category the large and more expensive titles lost subscribers while the less expensive and mostly newer periodicals are still growing. The growth of direct electronic exploitation, and in particular the number of licences to third parties, made up for the reduced number of subscriptions from the libraries.

Gross margin

The gross margin fell slightly; a restrictive print-run policy pressured margins in the short term. This is not because variable costs proportionally rise strongly with smaller print runs; the market for printed material seems to adjusting well to changing demand. The fixed costs, such as project and editorial costs, do however begin to more heavily affect the cost price when initial print runs are low. This effect naturally disappears when later products such as additional print runs or digital re-usage occur. The higher than usual royalty deduction on the contract with The Hague Academy also reduced the margin to a limited extent. Increased sales efforts for the whole Brill publishing

list may push up trade discounts and thereby affect gross margins. Incremental sales, particularly from the back list, are however extremely profitable and will fully compensate for any negative effects on margins.

Result

The result after tax rose by 10% in comparison with 2003, but was affected by a number of one-off cost items. The implementation of IFRS, and particularly the dismantling of the company's warehouse and client service equipment and the subsequent complete outsourcing of this facility involved expenditure in excess of €250,000. Excluding these one-off costs, the result rose 22%.

Product development

Almost 600 books appeared during the year, an increase of 30% compared to 2003. The number of periodical instalments also rose significantly to more than 400. The effect of the policy in place for some years of publishing more larger works could be seen in rising sales and the accumulation of orders for still to be published volumes of encyclopaedias and book series. The costs have to be paid before the benefits are realized, as the development of such works over a number of years involves particularly high editorial and translation costs. A focused effort is being made to increase the rate of circulation of the assets involved in this development, partly by accelerating the development process and expanding exploitation at an early stage. This can be achieved by means of electronic reference, granting licences to third parties and the production of spin-off publications. Among the larger works, important volumes were published, such as Volume II of the Encyclopaedia of Women and Islamic Cultures. Two volumes of Brill's New Paul were published, as was the final volume of the Encyclopaedia of Islam; in 2005 the second edition of this leading standard work will be completed with a concluding index, and the first instalment will be on the roll of the third edition. The exploitation of the

Index Islamicus continues to show a positive development, partly due to the launch of electronic versions and licences.

The offering of new monographs remains well up to standard, and Brill is happy with its contracts portfolio for 2005. Most of the books are to be published in series for which subscriptions have been registered or which will be announced in good time before their launch in the market. Almost every new book will also be available in electronic form, for which interest is beginning to exist at the academic libraries.

Brill will of course continue to publish well-produced printed books with its customary thoroughness.

Increased attention is also being devoted to a restrictive policy regarding costs and print runs, with the objective of reducing the proportion of invested assets to net sales. Technological developments such as toner printing make it possible to significantly reduce the risk of unwanted products by means of very limited editions. The systematic digitalisation of every step in the publishing process means that Brill has medium-neutral files available for every work. This will also increasingly give access to markets outside the traditional bookseller and library channels. Through co-operation with international Internet booksellers, individual clients can also be reached at attractive margins.

Electronic publishing

Sales of electronic products are rising steadily and now amount to more than € 1m. Until now, the new media have played a limited role in Brill's specialised markets. The company had electronic versions of all its periodicals and almost all its book productions available in 2004, and expects the rate of migration from print to electronic to gradually rise. All editorial and commercial processes are already designed for multi-media exploitation. The previously stated expectation that 15% of sales would be in electronic

form has been replaced by an internal target of making 100% of the new and recent lists available on attractive conditions and margins in 2005. This target now would appear to be feasible.

Acquisitions

The integration of Martinus Nijhoff Publishers is complete, and the Arab Law list has turned out to be a good addition to Brill's traditional portfolio, particularly regarding the Islamic Studies. The company competed successfully for the prestigious publishing contract of The Hague Academy, which significantly strengthened Nijhoff's already strong position in international law. Brill has an excellent basis for further growth in the international relations and institutions field, including human rights. The policy is to continue to expand the academic and documentary publishing operations, which are highly focused on the library market, which in operation and sales approach suit Brill's traditional activities very well. In early 2005 agreement was reached on the acquisition of the International Year Book which was previously published by Cambridge Scientific Abstracts. This title generates annual sales of more than € 200,000 and will contribute to the company's earnings in 2005.

Staff and organisation

The subscription administration was outsourced in the summer of 2004, and the order processing and client service for the books was transferred to third parties in October. The warehouse and the distribution department were closed. Five staff who could not be transferred to another part of the company were made redundant. This development made time and capital available to Brill for sales and product development which undoubtedly otherwise would have had to be spent on this essential service. Until mid 2004, Brill had five business units with ten publishers: Brill Academic Publishers in Boston, VSP in Zeist, Religion, History, and Martinus Nijhoff Publishers in Leiden. These units were amalgamated

into a global organisation and redivided into eight market-oriented units with fourteen different programmes. Four new publishers were hired. All programmes were supported by a central editorial and product consultancy agency.

Sales and marketing are managed centrally, with the campaigns being run out of Boston and Leiden. Both the sales management and staff were increased in order to strengthen our resources, partly in the area of electronic exploitation and licensing. We were also able to intensify our marketing in continental Europe and the Middle East.

An internal multi-disciplinary working group has been formed for a long-term strategy in China consisting of five employees, all of whom have knowledge of the Chinese culture. Four of them speak the language. Brill has a long tradition of important publications in Sinology, and the company is therefore well positioned to play an important role in this undoubtedly growing field.

Despite the departure of employees in order settlement and distribution, the staff complement increased in numbers on a full-time basis as a result of the policy of attracting more publishers, marketing and sales employees. The number of staff increased from 83 in the Netherlands and 5 in the US at the end of 2003 to a total of 94 at the end of 2004. The ratio of men to women changed slightly, with the percentage of men employed increasing from 42% to 44%. The part-time percentage fell very slightly from 35% to 34%. Absence due to sick leave remained rather low at 3.7% (2002: 5.9%, 2003: 3.2%). There was a small increase in the number of employees in their 50s, and the distribution by age is currently as follows:

20 –29 years: 15%
30 –39 years: 32%
40 –49 years: 29%
50 –59 years: 24%

With effect from 2005, all publishers, sales people and managers can look forward to a variable remuneration if they meet the agreed measurable targets, most of which relate to growth of the lists while retaining margin and reducing time to market.

The new business premises were obtained in December 2004, earlier than expected. The offices of VSP in Zeist were closed and these employees joined their colleagues in Leiden. The new office is a big improvement on the previous aging premises which became too small several years ago. After an extraordinary income item could be reported in 2003 from the partial sale of the ground, account will be taken in 2005 of a modest additional amount, being the proceeds of the last tranche of the sale.

Pension costs

The gross pension premium for Stichting Peltenburg rose 4% compared to 2003. From 2004, new employees have been asked to contribute a proportion of the premium. A study was also made in 2004 to establish to what extent the present final-salary scheme is still in line with what is offered by other industry pension fund and the company's wishes with regard to its policy on employment conditions. The Board of Participants has now been requested to give its advice on an average-salary scheme. The company is moreover investigating to what extent total or partial outsourcing of the pension fund management could be a useful option.

Management

At the General Meeting of Shareholders, Mr. R.J. Kasteleijn resigned as Director of the company for personal reasons, after almost ten years in this position. The supervisory directors wish to express their appreciation for his large contribution to the company's success. Mr. Kasteleijn will continue to be associated with Brill as an adviser.

He currently is the chairman of the board of the pensionfund and is thus in charge of the above-mentioned investigation into changes to the pension scheme.

Works Council

2004 was a busy year for the Works Council. Besides the change to the Management, there were a number of internal reorganisations to be dealt with such as the redefinition of the publishing programme, the formation of a central editorial agency and the outsourcing of order settlement and distribution. The move to the new premises also required the necessary attention. In all cases advice was received in good and constructive discussion. The Supervisory Board attended consultation meetings on two occasions.

Implementation of IFRS

Brill has prepared thoroughly for the changes that will occur on implementation, with adjustments to its sales registration and impairment tests on capitalised publishing rights and goodwill. The effects of the valuation of positions in foreign currencies were also investigated. Finally, the ratio of provisions to allocations with regard to pensions was also recalculated. It can be stated here that with the application of IFRS and in comparison to 'Dutch GAAP', sales in 2004 and the post-tax result would be slightly higher. Shareholders' equity would decline as a result of the formation of a provision for future pension liabilities.

Dividend

The supervisory directors and the Management have evaluated the dividend policy in use up till now. Although the solvency ratio has not yet returned to the level it was before 2002, they have concluded that raising the payout ratio to 50% is sensible and will increase the attractiveness of the company's shares. It was therefore decided to propose a dividend of € 0.53, which would be an increase of 36% compared

to the dividend for 2003. As usual, there will be an option to take the dividend in stock charged to the share premium reserve.

The outlook for 2005

Brill stands for a sustainable growth policy which lays the foundation for proprietary product development, strict maintenance of quality standards and focused sales effort. The publisher expects organic growth to average 6% per annum in the period 2005 – 2008, and on this basis the company's target is to improve its result by an average of at least 10% per annum. The company will strive to achieve this level of growth in 2005 as well, however the Management considers that issuing concrete forecasts for this year at this point would be premature. As previously stated, a solvency ratio of 50% will be maintained. Due in part to the significant amount of capital that is needed for organic growth and in particular for the development of larger works and handbooks, the Management is focusing on reducing the amount of assets invested in work in progress and inventory as a percentage of net sales.

Strategy

Any time there is a change of Management, it is necessary to establish whether the supervisory directors, employees, other stakeholders and the new Director actually share the same view regarding the strategy to be pursued. For these reasons, and also because the company was in the process of determining a new 3-year plan in 2005, the Management has begun consultations with those concerned. Based on the information received and its own observations, a note has been prepared that will subsequently be discussed in detail by Management and the Supervisory Board. For the purpose of transparency, it has been decided to include this note in the annual report. No policy is static, but the Management is confident that the following basic principles can be articulated into stable operational plans.



*Detail of the
printer's mark of
Petrus Quentel,
Mainz, 1535.*



Sales

Brill's portfolio and working methods offer good potential for continuing growth. The targets in the company's current strategic plan will in all probability be comfortably achieved. A strategic plan is now in preparation which has the objective of realising organic growth of at least 6% per year in the next three years. Brill has an excellent reputation on which to build, and there are still many opportunities to expand existing niches and move into related disciplines.

There is also still much potential in the area of acquisitions and partnerships. There are enough high-quality attractive titles, publication programmes and publishers that fit Brill's profile. Our shareholders appear to be ready to provide capital for the right acquisitions and the company's borrowing capacity is far from exhausted. On the basis of this and our expectations for organic growth, an average annual increase in sales of 10% over the next three years is certainly feasible.

Results

Brill can still improve its primary publishing process, and the streamlining of its supporting operations is not yet fully complete. With a healthy 6% increase in its own sales, it should be possible to realise average earnings growth of 10% a year. Brill also expects to be able to make acquisitions, and while this obviously involves costs, the ambition is to realise an extra 10% total growth of earnings per share over the next three years through acquisitions. Brill will continue to maintain its policy of making conservative estimates and a preference for funding which does not involve dilution of shareholders.

Policy proposals and basic principles

Brill is at the service of all its stakeholders. Founded in 1683, the company has developed into an important niche player and a successful business. With its reputation, its mission to serve academic scholars, its

dedicated and well-educated staff, its clear focus and strategy and access to the necessary finance, the company looks forward to a positive future for all its stakeholders. Continuing its uninterrupted track record as an important academic publisher, Brill intends to be a long-term player and therefore all its efforts are directed towards healthy and lasting growth.

The company is accustomed to having a listing on the stock exchange, and has no great difficulty in meeting the obligations, regulations and codes required of public companies. The company has encountered a definite sympathy from many of its shareholders for the particular nature of its publishing as well as a readiness to provide capital when the right investment opportunities arise. Brill's shareholders understand the need for a good balance between on the one hand return generated by a steady increase in value and a decent dividend, and on the other hand the necessity of continuing to build upon the leading position the publishing house has in the market it serves.

Brill maintains a preference for sound balance-sheet ratios, particularly regarding its solvency. At the same time, the firm strives to realise increasing returns for its shareholders. Brill is fortunate that its shareholders prefer to take their dividend in stock, and the intention is that this option should be maintained. Based on the positive expectations the company has for the future and the state of the market, it is now proposed that the payout ratio for 2004 should be raised.

Although Brill's stock is considered to be only moderately liquid, its shareholders appear to be quite satisfied with their small-cap holding. Interest and demand are sufficiently high, and the stock is regularly traded, by both the auction system and through direct transactions between parties. Brill expects at least 25% of the depositary receipts to change hands annually during the period covered by the plan.

Brill's management maintains active contact with its shareholders and financial relations, and also identifies and informs parties that potentially may be interested in the stock. Brill organises road shows and presentations on a limited scale and holds a meeting with financial analysts and the press at least once a year. It also actively carries out its strategy and standpoints within its sector. In its reporting, the company strives to achieve a high degree of transparency regarding its financial condition, business operation and strategy.

Lasting growth is a key theme in Brill's strategy, and this basic principle requires proper understanding and respect for the interests of the stakeholders that help Brill realise its strategy. Brill therefore desires to work towards the future in a dynamic and harmonious relationship with its environment. Brill is deeply rooted in the academic tradition, but also sets itself high commercial standards. This requires constant adaptation to opportunities presented by technology, strict financial management and continuous efforts to optimise the cost structure.

Tactical aspects

The basis for the continuation of Brill's growth lies in the development of new publishing products and the optimal exploitation of its already published and future content. The company will retain its strategic focus as a niche player, and initially therefore efforts to achieve growth will be applied to extending its leading positions in well-defined fields of study. The management takes care that clients' readiness to purchase products within their existing subscriptions is not overestimated. Brill closely monitors the quality of the academic material it publishes by means of stringent assessment procedures, and will never lower its standards. Its 'peer review' process remains an integral and essential part of the publishing process.

Brill intends to concentrate mainly on its strong positions in the Humanities and – through its

Martinus Nijhoff imprint - Public International Law.

There are also good opportunities in the Sciences, such as Biology and History of Science, where Brill has traditionally enjoyed a good reputation. In all these fields there is high-quality and publishable material to be found and commissioned. From these niche areas, Brill will expand its business and extend its leading positions. These subjects include Intellectual History, Book History, Modern History, Historic Language Studies, International Relations, Ethics, Philosophy and some areas of the Social Sciences.

The right approach for Brill to secure a position in such a new niche is to recruit talented and experienced publishers and marketing staff. Brill is seen as an attractive employer, among other reasons because of the quality and the reputation of its publications, the human approach and respect it has for its authors. This also means that the company wishes to offer a multi-media product range, including monograph book projects. The publication of a book often is the initial forming of an acquaintance with an author, and is therefore an excellent basis for developing subsequent publications with follow-on sales such as periodicals, encyclopaedias, manuals and book series. The combination of these product types helps to establish a position in a niche and subsequently strengthen it. The application of low print-run technology and an efficient distribution network enables Brill to maintain the profitability of monographs, also as an independent product group.

Environmental factors

The policy debate in the academic world concerning Open Access and Open Archive mainly occurs in the Sciences, but will not fail to affect the markets that Brill serves. Regarding Open Access, Brill uses methods that have proven successful elsewhere, and the company has set itself up as a multi-media publishing practice with the necessary flexibility as regards its business models. For example, an approach

whereby authors or institutions contribute financially to the publication of material can be used. Brill is moreover convinced that the public debate about the role of publishers and the desirability of self-publishing will continue to focus on publishing practices with relatively little added value. In cases involving extensive editorial and selection processes and inclusion in leading titles, as is usually the case at Brill, this debate will be seen as a challenge rather than a threat. Concerning Open Archive, Brill has started forming alliances with important institutions such as the Koninklijke Bibliotheek [National Library] in The Hague. This will enable Brill to provide the necessary guarantees to its customers that its electronic media products will continue to be usable in the future.

Our clients

The users of Brill's products mostly tend to be scholars in their academic field. Their access to the material on offer is usually through the university library. For many years Brill has used an international network designed for institutional customers, which includes wholesalers, mail-order booksellers and periodicals agencies. There are also direct sales through catalogues, and, increasingly, over the Internet. The company also collaborates with operators of digital platforms and large licensing agreements are made for supplies to groups of libraries in electronic form. A small but highly talented team of sales and marketing people are responsible for relations with these partners and channel management. For its activities in the highly important North American market, Brill has established an office in Boston, Massachusetts. This office also manages a part of the publication programme.

Product development and marketing

While Brill has a reputation as a publisher focusing on libraries, this mainly relates to the way the products are offered and the business models employed (business to business). The development of a new product

however occurs primarily with academic users in mind. For situations in which an author can reach a wider public and the market that has to be reached is beyond the one familiar to Brill, the firm has developed an attractively priced programme of softcover books. The sales staff will have selected suitable trading partners without taking an unacceptable risk or a sizeable inventory risk. Internet booksellers have also begun to take on a more important role and will be used increasingly in the future. When a publication is important for academic education, adoption sales organisations are approached for dedicated distribution to students.

Electronic exploitation

In the last few years, Brill's product range has also become available on a number of digital platforms by means of licences. Contrary to what has occurred in the Sciences, the development of electronic publishing in Brill's market has been more gradual. The occurrence of purchases by consortia of university libraries has also not been as widespread in the humanities and law. There would thus appear to be less need for one-stop shopping in Brill's core markets. Brill therefore uses several channels in the electronic segment, namely direct sales, third-party distribution and licences to resellers for inclusion in larger collections. Brill also works with its fellow publishers, both on an ad-hoc basis and through more long-term relationships. The benefits of scale are relative for niche players with high-quality material and strong titles. With the help of these types of collaboration, Brill's scale is more than sufficient to continue to service the global market, provided that the company complies to the leading technical standards for approaching databanks and individual electronic products.

The publishing process

Brill is well advanced with the standardisation of its publishing processes, more or less regardless of the form in which the content finally appears.

The process begins with the receipt of a digital copy from the author. The subsequent steps in the process are, to an increasing extent, carried out in digital form, including evaluation, editing, proofreading, correction and final layout. Brill has a small number of uniform content management environments with associated editorial tools. Their purpose is to place the content as quickly as possible in a so-called digital repository for further exploitation, in either printed or digital form. Here too, scale is not a condition for a publisher to be successful. There are numerous good solutions available via the Internet and elsewhere that are based on standards and use generally available software. Brill does not need to maintain a large IT department for this, since a growing number of services are provided ready to use via the Internet through Application Service Providers. This suits the company's preference for outsourcing certain processes, particularly those that are capital-intensive and knowledge-intensive. This of course is without prejudice to Brill's need to maintain knowledge and control of these production tools in house. The flexibility provided by the uses of standards ultimately allows for operational resources and costs to be internationally relocated, which is an excellent way to automatically avoid the negative effects of currency fluctuations.

Investments

Brill prefers to use its operating capital primarily for the development of content. The old office building has been sold, and the new one is leased. The distribution department and the warehouse have been closed, and these services are now provided by third parties. Computer equipment is generally leased and the development of proprietary software is avoided. The ratio between assets used for work in progress and stock, on the one hand, and net sales on the other hand, is actively monitored. Trading debtors increase with book sales, although with some delay. This item is however offset by the item prepaid subscription monies for periodicals. Where possible, Brill will focus

on offering new publishing products and services that contain prepaid elements. Inventories of finished product will decrease in proportion, since the policy on production is determined by the print run necessary for the first year after publication.

This policy is supported by the availability of high-quality production methods using digital printing techniques rather than more conventional printing presses. By storing its content in digital form, Brill can react flexibly to the production required.

Available funds will therefore be applied initially to the development of new products and the purchase of valuable assets. This may involve the payment of acceptable sums for good will. Brill is however not prepared to pay unreasonable amounts in order to enter new markets; with its good starting positions in the relevant markets Brill will be able to grow without having to take out sizable loans or excessively dilute its share capital. Brill will adhere to the principle that acquisitions must contribute to earnings per share in the short term.

Brill has received indications that it is seen as a potentially attractive buyer of publications or publishing programmes. This is due to Brill's wider awareness of the essential aspects of good publishing. The fact that Brill's primary motive is not simply to acquire size and scale undoubtedly is a factor. For potential sellers, it is often important that a buyer will be a worthy successor, with a feel for quality and respect for the group of users and authors that has been so carefully created. Brill feels comfortable with this profile, and therefore expects that opportunities for attractive acquisitions will present themselves during the plan period.



We hereby present our report to holders of depositary certificates on our activities in 2004 and our view of the Dutch Corporate Governance code as published on 9 December 2003 and which came into effect on 1 January 2004.

Activities

As of 31 December 2004, there were 1,653,092 registered shares with a nominal value of € 0,60 in our administration, against which bearer depositary receipts in an equal amount are issued in units of 1 x € 0.60, 10 x € 0.60, 100 x € 0.60 and 1,000 x € 0.60 nominal in CF form. This quantity has changed compared to the number of shares in administration as of 31 December 2003 (1,627,848) due to the distribution of stock dividend and exchange of securities. The activities associated with the administration of the shares are carried out by the administrator of the Stichting, NV Algemeen Nederlands Trustkantoor ANT, Herengracht 420, 1017 BZ, Amsterdam.

The Board of Directors met twice in the reporting year, for the first time in May 2004 to determine how votes would be cast at the General Meeting of Shareholders held on 12 May 2004. At this meeting, the Board of Directors cast its vote for all the shares in administration, which amount to more or less 100 of the total issued share capital. The Board of Directors did not grant any powers to holders of depositary receipts for the purpose of the meeting. The Board did cast its vote in favour of all the proposals submitted by the Management and the Supervisory Board.

A second meeting took place in the autumn, at which the Board of Directors considered its definitive view with regard to Corporate Governance. This view is described below. The Board of Directors of the Stichting took external advice to assist in the forming of its opinion. The members of the Board of Directors of the Stichting receive a remuneration of €3,500.00 per annum.

Composition of the Board

The Board of Directors decided, after the approval of the Management and the Supervisory Board of the company, to change the articles of association of the Stichting so that there will no longer be a distinction made between Directors A and B, whereby it is stipulated that members of the Board of Directors will be appointed by the Board itself (and no longer, as was the case for Director B, by and from the Supervisory Board). Appointments do however require the approval of the company's Supervisory Board. As soon as this change to the articles of association has been notarised, Mr. P.J. Idenburg will step down, and the Board of Directors will appoint Mr. J.M. Boll in his place. The administrative conditions will also be amended so that voting proxy may be granted under normal circumstances. In anticipation of this change, the names of the Board members are listed below with their position, and the dates of their first appointment and the end of their current term of office. This latter date is determined based on the changed articles of association, which provide for a four-year term of office rather than the current term of two years. As a result of the change to the articles of association, Mr. P.J. Idenburg will resign as Director A on the day of the change. He has been a member of the Stichting's Board of Directors since his appointment in 1997 and has made a very valuable contribution, for which the Board of Directors is very grateful.

	appointed:	current term until:
Mr. W.F.C. Stevens	1997	2008
Dr. J.C.M. Hovers	2000	2006
Prof. dr. P.J. Idenburg	1997	2005*
Mr. J.M. Boll	2005*	2009

* after the change to the articles of association

Corporate Governance

As stated in the Stichting's report published last year, the Board of Directors will not observe the principle of the Dutch Corporate Governance code regarding the protective nature of the depositary receipts. The Board takes the view that the validity of this principle is at the very least doubtful, since in article 2:118a. the legislator has expressly made it possible to give depositary receipts a protective nature. The Stichting will however grant voting rights to holders of depositary receipts in compliance with this article, apart from situations involving hostile approaches and the like as stated in article 2:118a. paragraph 2. The same procedure will apply in the event that already granted rights are revoked. The Board of Directors takes this view because in its opinion that good protection against hostile take-overs for a business with the size of Koninklijke NV is essential. Furthermore, the Board is also of the view that it is prepared to give holders of depositary receipts the opportunity to make recommendations in the event that vacancies on the Board of Directors arise. The Board will not follow these recommendations if in its opinion the proposed candidate(s) do not agree with the importance of the protective function of the depositary receipts described above. Moreover, the Board of Directors noted that it wishes to use the most practical method possible for any recommendations, meaning that each year the Stichting's report will state whether any vacancies will arise in the subsequent year so that holders of depositary receipts can make any recommendations known outside the meeting. The Board will follow the Corporate Governance code on the other points relating to trust offices. At the meeting of holders of depositary receipts, the Board of Directors will therefore raise the issue of confidence in the Board and whether it acts sufficiently independently of the company. This question will relate to the composition of the Board of Directors and not to whether depositary receipts should be used as a protective structure. When the changes to the articles and administrative conditions are made, it will also

*Detail of the
printer's mark of
Christoffel Plantijn,
Antwerpen, 1850.*

be stipulated that a Board member may sit on the Board for no more than 12 years (and therefore at most three times four years). No change will be made to the way in which the Board of Directors exercises its voting rights. The provision will state: 'the Stichting will exercise the rights associated with the shares in such a way that the interests of the company and its affiliated companies and all those concerned are protected as far as possible'. The Board is of the opinion that its view regarding the retaining of the protective nature of the depositary receipts means that the interests of the holders of depositary receipts cannot be the pre-eminent consideration in the casting of the votes. Naturally, under normal circumstances the Board of Directors is always prepared to listen to the holders of depositary receipts and take their opinions into account. This also means that the Board will attend the shareholders' meetings of the company and provide a statement regarding its proposed voting if requested.

Declaration of independence

The Management of Koninklijke Brill nv and the Board of Directors of Stichting Administratiekantoor Koninklijke Brill hereby declare that in their collective opinion they are in compliance with the requirements regarding the independence of the Board of Directors of Stichting Administratiekantoor Koninklijke Brill as stated in attachment X to the Listing and Issuing Rules [Fondsenreglement] of Euronext Amsterdam NV of Amsterdam.

Leiden, March 2005

Koninklijke Brill nv
The Management

Trust Office Foundation
The Board of Directors



LABORE ET

CONSTANCIA

The purpose of Stichting Luchtmans is the acquisition of cumulative preference shares in the company's stock and the management thereof, and in particular including the exercise of the voting rights associated with the cumulative preference shares.

Stichting Luchtmans owns an option to take cumulative preference shares in an amount equal to 100% of the issued shares (or depositary receipts) at the time of the exercise of its option in the event of a takeover or threatened takeover of the company. When the option is exercised, only 25% has to be fully paid up. The exercise price is equal to the nominal value. The company has agreed with Stichting Luchtmans that the option can only be exercised on up to 50% of the issued capital if and insofar as the shares (or depositary receipts thereon) are listed on Euronext Amsterdam NV.

The Board of Directors of Stichting Luchtmans consists of three Directors B, Mr. L. de Visser (chairman), Mr. J.H. Koningsveld and Prof. G.H.M. Posthumus Meyjes and two Directors A, Mr. H.P. Spruijt (vice-chairman) and Mr. H.A. Pabbruwe (secretary/treasurer). Directors B are independent from the company in the sense of attachment X to the Listing and Issuing Rules [Fondsenreglement] of Euronext Amsterdam NV.

Leiden, March 2005

The Board of Directors

Declaration of independence

The Management of Koninklijke Brill NV and the Board of Directors of Stichting Luchtmans hereby declare that in their collective opinion they are in compliance with the requirements regarding the independence of the Board of Directors of Stichting Luchtmans as stated in attachment X to the Listing and Issuing Rules [Fondsenreglement] of Euronext Amsterdam NV.

Leiden, March 2005

The Management Koninklijke Brill NV
The Board of Directors of Luchtmans Foundation



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CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2004

Before appropriation of the result, EUR x 1,000

	2004	2003
Assets		
Fixed assets		
Fixed assets [1]	9,449	9,836
Tangible fixed assets [2]	1,853	1,340
Financial fixed assets [3]	180	90
	11,482	11,266
Current assets		
Inventory and lists in preparation [4]	6,933	5,868
Accounts receivable [5]	5,137	4,235
Cash and cash equivalents [6]	1,198	2,126
	13,268	12,229
Total assets	24,750	23,495
Liabilities		
Shareholders' equity [7]	12,605	11,071
Provisions [8]	284	222
Long-term debt [9]	3,500	4,500
Current liabilities [10]	8,361	7,702
Total liabilities	24,750	23,495

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2004

EUR x 1,000

	2004	2003
Net sales ^[11]	19,748	16,301
Changes in inventory of finished product and work in progress	581	442
Other operating income	0	95
Total operating income	20,329	16,838
Costs of raw materials and additives, outsourced work and other external costs	-6,692	-5,300
Wages and salaries	-4,457	-3,435
Social insurance costs ^[12]	-1,220	-1,185
Amortizations and depreciation of intangible and tangible fixed assets	-1,128	-955
Other operating costs	-4,074	-3,335
Total operating costs	-17,571	-14,210
Interest income	15	29
Interest expenses	-170	-130
Financial income and expenses	-155	-101
Result from ordinary operating activities before tax	2,603	2,527
Tax on result from ordinary operating activities ^[13]	-826	-916
Result after tax	1,777	1,611
Earnings per share EUR 0.60		
Result after tax (in EUR)	1.05	0.97
Number of shares used in the calculation of earnings per share	1,688,486	1,659,918

CONSOLIDATED CASH FLOW SUMMARY

EUR x 1,000

	2004	2003
Cash as of 1 January	2,126	4,155
Cash as of 1 January		
Result after tax	1,777	1,611
Amortization and depreciation	1,128	955
Movements in provision	62	111
Movements in operating capital	-1,308	-567
	<u>1,659</u>	<u>2,110</u>
Investment cash flows		
Investments/divestments in intangible fixed assets	-151	-7,551
Investments/divestments in tangible fixed assets	-1,103	-483
Movements in financial assets	-90	-90
	<u>-1,344</u>	<u>-8,124</u>
Finance cash flows		
Long-term debt drawn down	0	5,000
Redemption of long-term debt	-1,000	-500
Dividend distributed in cash	-243	-516
	<u>-1,243</u>	<u>3,984</u>
Cash as of 31 December	<u>1,198</u>	<u>2,126</u>

Notes to the consolidated cash flow summary

General principles

The cash flow summary is drawn up in accordance with the indirect method. The financial resources in the cash flow summary consist of cash. Cash flows in foreign currency are converted at the average exchange rate. Income and expenses arising from interest and tax on profits are included in the cash flow under operating activities.

Distributed dividends are included under the cash flow from finance activities. The acquisition price of assets acquired is included under cash flow from investment activities to the extent that payment has been made in cash.

GENERAL NOTES

System change

The presentation of trading debtors and prepaid sales (periodical subscriptions) was changed in 2004. In previous years advance payments that had not yet been invoiced were deducted from the trading debtors item. From 2004, the full prepaid periodicals sales are included under Accounts payable. The change has no effect on result for the financial year. The different presentation has increased the size of the balance sheet total. The 2003 comparative figures and the figures in the overview for the years 2000–2002 have been adjusted to the new presentation.

Consolidation principles

The financial information of Koninklijke Brill NV and participating interests in which Koninklijke Brill NV exercises a decisive influence on the Board of Directors and the financial policy are consolidated.

Valuation principles

Intangible fixed assets

Publishing rights acquired from third parties are capitalised at the acquisition price, and are subject to straight-line depreciation based on their expected economic life. Goodwill paid is capitalised and subject to straight-line depreciation based on the expected economic life. The other intangible assets include brand rights paid to third parties and are valued at their acquisition price. These rights are subject to straight-line depreciation based on their expected economic life. Information systems of a temporary nature, whether produced in house or not, are valued at the acquisition price or production cost respectively, and are subject to straight-line depreciation based on their expected economic life. If the value that can be realised is lower than the book value thus calculated, additional depreciation is applied. The economic life is evaluated annually.

Tangible fixed assets

The tangible fixed assets are valued at the acquisition price less straight-line depreciation based on the expected economic life. If the value that can be realised is lower than the book value thus calculated, additional depreciation is applied. The economic life is evaluated annually.

Financial fixed assets

The participating interests are reported under financial fixed assets. These are valued at the net asset value. A loan provided to the pension fund is also reported under this item.

Inventory and work in progress

Finished product held in inventory and work in progress are valued at the production cost, including internally charged staff costs of the editorial agency. Raw materials and additives held in inventory are valued at the procurement price.

Accounts receivable

The Accounts receivable are reported at nominal value, after deduction of a provision for uncollectability.

Tax

A deferred tax liability is included for all temporary differences subject to tax. A deferred tax receivable is formed for all deductible temporary differences up to an amount which is likely to equal available taxable profits against which they can be deducted. The valuation of deferred tax liabilities and receivables is based on the fiscal effects of the method of realisation or settlement proposed by the company as at balance sheet date.

The (deferred) tax liabilities and receivables are netted off if the general conditions for netting off apply.

The liability is stated at the present value at the net interest rate.

Other assets and liabilities

All other balance-sheet items are valued at nominal value, apart from the deferred tax liabilities item.

Principles for the determination of the result

Net sales refers to the proceeds of the supply of goods and services to third parties, including (licence) rights, after deduction of discounts and sales tax.

Changes in the inventory of finished product and work in progress also include internally charged staff costs of the editorial agency. Subsidies on the realisation of publishing projects are applied to the 'costs of raw materials and additives, outsourced work and other external costs'.

Straight-line depreciation is applied based on expected economic life. Purchases in the course of the reporting year are written off in proportion to the time interval in question.

Tax is calculated on the basis of the reported result, taking account of tax-exempt items and entirely or partially non-deductible items.

Principles for currency conversion

Balance-sheet items in foreign currencies are valued at the average exchange rate of the relevant forward exchange contracts concluded as at balance-sheet date. Price variances on forward exchange transactions for the hedging of future cash flows are reported after the contracts concerned have been settled. Price variances are applied to the result.

The business conducted abroad qualifies as a direct foreign operation. The assets, liabilities, income and expenses of these operations are converted according to the same principles as the Dutch company itself.

Principles for pension costs

The pension costs consist of premium paid by the company to the pension fund. This premium completely covers the costs, in line with the requirements set by De Nederlandse Bank. Since 1 January 2004 new employees have been asked to make a contribution. This is deducted from the pension costs.

The company has concluded a contract on behalf of its staff in the Netherlands with Stichting Pensioenfonds Peltenburg. Under the contract, the company is obliged to reimburse all losses which may arise from the aging population risk, to the extent that the deficits ensuing from such losses can not be financed with any free capital held by the fund.

The pension scheme is based on the employee's final salary. The principle for the determination of the pension costs is the pensionable salary less an excess, or franchise. The base interest rate used in the calculation of the pension costs is 4%, and the mortality table used is GBM/V 1995-2000 with an age reduction of one year. The method used is the so-called static method. The degree of cover (assets as a percentage of liabilities) at the end of 2004 was 108% (2003 : 107%).

NOTES TO THE CONSOLIDATED BALANCE SHEET

EUR x 1,000

1. Intangible fixed assets	publishing rights		goodwill		other intangible fixed assets		total	
	2004	2003	2004	2003	2004	2003	2004	2003
Acquisition value on 1 January	9,743	2,726	377	85	442	154	10,562	2,965
Plus: investments	20	7,017	0	292	187	288	207	7,597
Minus: divestments	0	0	0	0	0	0	0	0
Acquisition value on 31 December	9,763	9,743	377	377	629	442	10,769	10,562
Amortization on 1 January	-582	-252	-31	-17	-112	-35	-726	-304
Plus: amortization in financial year	-487	-330	-18	-14	-90	-77	-595	-422
Minus: amortization divestments	0	0	0	0	0	0	0	0
Amortization on 31 December	-1,069	-582	-49	-31	-202	-112	-1,320	-726
Book value on 31 December	8,694	9,161	328	346	427	330	9,449	9,836

The amortization applied is based on a fixed percentage of the acquisition price per group as shown in the adjacent table:

Publishing rights	5%
Goodwill	5%
Other intangible fixed assets	10% and 20%

2. Tangible fixed assets	buildings and grounds		other tangible fixed assets		assets taken out of use		total	
	2004	2003	2004	2003	2004	2003	2004	2003
Acquisition value on 1 January	1,721	1,719	3,539	3,058	0	0	5,260	4,777
Plus/minus: reclassification	-1,721	0	0	0	1,721	0	0	0
Plus: investments	510	38	710	481	0	0	1,220	519
Minus: divestments	0	-36	-1,851	0	-84	0	-1,935	-36
Acquisition value on 31 December	510	1,721	2,398	3,539	1,637	0	4,545	5,260
Depreciation on 1 January	-1,306	-1,256	-2,614	-2,084	0	0	-3,920	-3,340
Plus/minus: reclassification	1,306	0	0	0	-1,306	0	0	0
Plus: depreciation in financial year	-2	-50	-541	-530	-47	0	-590	-580
Minus: depreciation divestments	0	0	1,793	0	25	0	1,818	0
Depreciation on 31 December	-2	-1,306	-1,362	-2,614	-1,328	0	-2,692	-3,920
Book value on 31 December	508	415	1,036	925	309	0	1,853	1,340

The depreciation applied is based on a fixed percentage of the acquisition price per group as shown in the adjacent table:

Buildings and grounds	0%, 4%, 5% and 10%
Other business assets	10%, 20%, 25% and 33%

In 2003 a contract was signed with BAM Nelissen Van Egteren BV for the sale of the property, which will take place in two tranches. The book profit on the sale will be taken as each tranche is concluded. Transfer of the first tranche took place at the end of 2003. In the determination of the book profit on the property, the costs for treatment of ground pollution were taken into account. BAM Nelissen Van Egteren BV constructed an office building on the site at the end of 2003.

Brill has signed a contract to rent this building; the term of this contract is 10 years. The building was delivered in November 2004 and the move was made in December 2004, after which the old building and the land not transferred were taken out of use. Demolition and soil decontamination will be carried out in 2005. Once the site is declared clean it will be transferred. The current value of the other fixed business assets does not differ significantly from the book value.

3. Financial Fixed Assets

	2004	2003
As per 1 January	90	0
With: subordinated loan to Stichting Pensionfonds Peltenburg	90	90
As per 31 December	180	90

In 2004 De Nederlandse Bank in its capacity as the supervising body of all Dutch based pensionfunds, imposed increased demands on solvability levels and consequently the Stichting Pensioenfonds Peltenburg received new balance sheet instructions. To increase the equity of the pensionfund a general subordinated loan was agreed upon between Brill and the Stichting Pensioenfonds Peltenburg. The loan will be supplied to

the Stichting Pensioenfonds Peltenburg in three annual installments of EUR 90 thousand each. The second installment was paid in 2004. The annual interest on the loan is 4%. The loan has no fixed term. The term of the loan for the pensionfund is five years, unless the loan is no longer needed as an integral part of the necessary reserves. Such a decision requires the consent of De Nederlandse Bank.

4. Inventory and lists in preparation	2004	2003
Finished product	5,567	4,769
Work in progress	1,358	1,094
Raw materials and additives	8	5
Total inventory and work in progress	<u>6,933</u>	<u>5,868</u>

5. Accounts receivable	2004	2003
Trading debtors	4,563	3,861
Other accounts receivable	557	374
Deferred tax receivable	17	0
Total accounts receivable	<u>5,137</u>	<u>4,235</u>

Trading debtors and other accounts receivable are short term in nature.

In the accounting principles under 'system change', it is stated that from 2004, sales of periodicals invoiced in advance will no longer be included in the item trading debtors. The figure for 2003 has been adjusted to the new method. There is also a deferred tax receivable due to a difference in treatment of sales costs between the commercial and fiscal accounts, which is mainly short term in nature.

6. Cash

This item is at the company's disposal.

7. This item is at the company's disposal.	2004	2003
Situation on 1 January	11,071	9,976
Plus: result for financial year	1,777	1,611
Minus: dividend	-243	-516
	<u>1,534</u>	<u>1,095</u>
Situation on 31 December	<u>12,605</u>	<u>11,071</u>

8. Provisions

Provision for deferred corporation tax
Provisions for acquisitions

2004	2003
284	143
0	79
<u>284</u>	<u>222</u>

The provision for deferred corporation tax is long term in nature and relates to the capitalized publishing rights of VSP and Martinus Nijhoff. The combined nominal value is EUR 0.4m, and the average maturity is 11 years. The deferred items have been stated at their present value at an interest rate of 4.27%.

9. Long-term debt

Situation on 1 January
Plus: standby roll-over loan agreement
Minus: redemption

Situation on 31 December

2004	2003
4,500	0
0	5,000
-1,000	-500
<u>-1,000</u>	<u>4,500</u>
<u>3,500</u>	<u>4,500</u>

In mid 2003 a standby roll-over loan agreement was concluded of EUR 5m with a maturity of 5 years. Redemption is paid in 3-monthly installments of EUR 250 thousand each.

The interest-rate risk is hedged with an interest-rate swap.

The average effective interest per year of this swap is 4.27%.

A right of pledge on the inventory and accounts receivable has been granted as collateral.

10. Current liabilities

Accounts payable
(periodical subscriptions)
Trading creditors
Tax on profit
Other taxes and social
insurance premiums
Sundry creditors
Accruals and deferred income
Total accounts payable

2004	2003
3,314	3,874
1,689	1,478
196	570
389	301
2,441	1,193
332	286
<u>8,361</u>	<u>7,702</u>

The item sundry creditors includes EUR 1.2m in one-off items. First, this concerns not yet released book profit on the land still to be transferred to BAM Nelissen Van Egteren bv. The final amount of this book profit partly depends on the costs of cleaning the ground and cannot yet be established. There are also one-off items relating to accounts still to be paid connected with the new building and the outsourcing of the order processing. The accruals and deferred income item relates to costs associated with staff.

Real value

The book value of the assets and liabilities, as included in the balance sheet, does not differ significantly from the real value.

Financial instruments

The following gives information on the financial instruments and derivatives used for the management of these risks.

Currency risk

Besides income and expenses in euros, the company also has a significant proportion of its income and expenses in US dollars. Its policy is to hedge the balance-sheet items in US dollars using foreign exchange transactions. The effect of this is included in the valuation of the monetary items at the end of 2004. There are also foreign exchange transactions concluded to hedge the free cash flow in US dollars. To cover this risk, at the end of 2004 the company had foreign exchange transactions with a value of USD 0.8m at an average exchange rate of USD 1.33 per euro. The market value of these contracts at the end of was EUR 0.6m.

Interest-rate risk

The interest-rate risk on the long-term loan is hedged with an interest-rate swap. Notes on this item are included in the notes on long-term debt.

Credit risk

The company's activities are concentrated in Western Europe, the United States and Japan. Most transactions are executed through traders. The end users are mainly institutional clients. Subscriptions to periodicals are paid in advance. Orders from private clients are supplied after payment is received. The company has procedures and guidelines to limit its credit risk. There is also a reserve in the balance sheet for uncollectable receivables which is related to the size and age of the outstanding debtor balance

Liabilities not appearing in the balance

Bank guarantee

A bank guarantee of EUR 0.9m, with regard to the rental agreement of the offices has been given to BAM Nelissen Van Egteren bv.

Lease and rental agreements sheet

The cash liabilities arising from the lease of company cars and the rent of the offices at the end of 2004 are shown in the table below.

	2005	2006	2007	2008	2009	2010 f.f.
Company cars	67	58	22	14	0	0
Rent	310	319	328	338	348	1,905
Total	377	377	350	352	348	1,905

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

11. Division of sales and business result by product

	books		periodicals		total	
	2004 % totaal	2003 % totaal	2004 % totaal	2003 % totaal	2004	2003
Net sales	13,450 68%	10,608 65%	6,298 32%	5,693 35%	19,748	16,301
Business result	2,017 73%	1,722 68%	740 27%	811 32%	2,757	2,533
Business result as % of sales	15%	16%	12%	14%	14%	16%

Geographical division of sales

	2004	2003
Europe	51%	55%
North America	37%	33%
Rest of the world	12%	12%
Total	100%	100%

This division is based on invoiced sales. The final delivery to the end client can differ. Business activities are carried out by product and sales area, which do not contain any separate segments with their own return and risk profile. For this reason no classification is given by result and asset elements.

12. Social insurance costs

	2004	2003
Pension premium (retirement and early retirement)	610	588
Other social insurance costs	610	597
Total social insurance costs	1,220	1,185

In the 2003 annual report, the early retirement premium was reported under Other social insurance costs. This item is now reported under pension premium. The figures for 2003 have been amended to reflect the changed presentation.

Employees

An average of 91 people were employed by the company in 2004 on a full-time basis (2003: 83), distributed as follows:

	2004	2003
Management and staff departments	20%	19%
Publishers and editorial agency	42%	42%
Operations, marketing and sales	38%	39%
Total	100%	100%

13. Tax

The tax on profit from ordinary business operation was approximately EUR 826,000. (2003: EUR 916,000).

The tax burden was 31.7% (2003: 36.2%).

The main components were:

	2004	2003
Applicable rate	33.7%	33.5%
Not valued compensation for losses	0.0%	-0.2%
Not valued compensation for losses and tax facilities	0.0%	-0.3%
Interest-rate effect from showing present value of deferred tax	-1.0%	1.3%
Other	-1.0%	1.9%
Effective tax burden	31.7%	36.2%

CORPORATE BALANCE SHEET AS OF 31 DECEMBER 2004

Before appropriation of the result in EUR x 1,000

	2004	2003
Assets		
Fixed assets		
Intangible fixed assets	9,449	9,836
Tangible fixed assets [14]	1,833	1,334
Financial fixed assets [15]	434	235
	11,716	11,405
Current assets		
Inventory and work in progress	6,552	5,535
Accounts receivable on group companies	302	325
Other receivables	5,060	4,148
Cash and cash equivalents	1,181	2,073
	13,095	12,081
Total assets	24,811	23,486
Liabilities		
Shareholders' equity		
Shareholders' equity Issued capital [16]	1,021	1,002
Share premium reserve [17]	248	267
General reserve [18]	9,559	8,191
Result for financial year	1,777	1,611
	12,605	11,071
Provisions	284	222
Long-term debt	3,500	4,500
Current liabilities	8,422	7,693
Total liabilities	24,811	23,486

CORPORATE PROFIT AND LOSS ACCOUNT FOR 2004

In EUR x 1,000

	2004	2003
Net sales	19,272	15,889
Movements in inventory of finished product and work in progress	557	442
Other operating income	0	95
Total operating income	19,829	16,426
Costs of raw materials and additives, outsourced work and other external costs	-6,542	-5,133
Wages and salaries	-4,019	-3,143
Social insurance costs	-1,220	-1,185
Amortization and depreciation of tangible and intangible fixed assets	-1,128	-955
Other operating costs	-4,304	-3,517
Total operating costs	-17,213	-13,933
Interest income	15	36
Interest expenses	-164	-130
Financial income and expenses	-149	-94
Result from ordinary operating activities before tax	2,467	2,399
Tax on result from ordinary operating activities	-799	-894
Result from ordinary operating activities after tax	1,668	1,505
Result from participating interests	136	129
Tax on result from participating interests	-27	-23
	109	106
Result after tax	1,777	1,611

NOTES TO THE CORPORATE ACCOUNT

Please refer to the notes to the consolidated annual financial statements.

	buildings and grounds		other tangible fixed assets		assets taken out of use		out of use	
	2004	2003	2004	2003	2004	2003	2004	2003
14. Tangible fixed assets								
Acquisition value on 1 January	1,721	1,719	3,533	3,058	0	0	5,254	4,777
Plus/minus: reclassification	-1,721	0	0	0	1,721	0	0	0
Plus: investments	510	38	696	475	0	0	1,206	513
Minus: divestments	0	-36	-1,851	0	-84	0	-1,935	-36
Acquisition value as of 31 December	510	1,721	2,378	3,533	1,637	0	4,525	5,254
Amortization on 1 January	-1,306	-1,256	-2,614	-2,084	0	0	-3,920	-3,340
Plus/minus: reclassification	1,306	0	0	0	-1,306	0	0	0
Plus: amortization in financial year	-2	-50	-541	-530	-47	0	-590	-580
Minus: amortization divestments	0	0	1,793	0	25	0	1,818	0
Amortization as of 31 December	-2	-1,306	-1,362	-2,614	-1,328	0	-2,692	-3,920
Book value as of 31 December	508	415	1,016	919	309	0	1,833	1,334

	2004	2003	
15. Financial fixed assets			
The composition of the financial fixed assets is:			
			ownership
Brill USA, Inc. Boston, US	134	145	100%
Brill Academic Publishers, Inc. Boston, US	120	0	100%
Subtotal participating interests	254	145	
Subordinated loan to Stichting Pensioenfond Peltenburg	180	90	
	434	235	

The development of the book value of the participating interests was:

	2004	2003
Situation as of 1 January	145	39
Result in financial year	130	142
Price variances on the valuation of participating interests	-21	-36
Movements of participating interests in financial year	109	106
Stand per 31 december	254	145

16. Issued capital

	2004		2003	
	EUR x 1,000	Shares	EUR x 1,000	Shares
Issued capital on 1 January	1,002	1,669,560	988	1,646,420
Stock dividend previous financial year	19	32,445	14	23,140
Issued capital on 31 December	1,021	1,702,005	1,002	1,669,560

17. Share premium reserve

	2004	2003
Share premium reserve	267	281
Minus: distribution of stock dividend previous financial year	-19	-14
Situation as of 31 December	248	267

18. General reserve

	2004	2003
Situation as at 1 January	8,191	7,326
Plus: profit distribution previous financial year	1,611	1,381
Minus: distribution dividend previous financial year	-243	-516
	1,368	865
Situation as of 31 December	9,559	8,191

REMUNERATION OF SUPERVISORY DIRECTORS AND THE DIRECTOR

The company is managed by a director monitored by the Supervisory Board. The total remuneration paid to the management was EUR 465,485, compared to EUR 399,530 in 2003. The supervisory directors receive an annual salary in return for their services. They do not receive any bonus or deferred payment such as options to acquire equity. They do not accumulate pensions rights at the company's expense. The management's

remuneration has already been explained in the relevant section above. The differences in the basis for the bonus lie in the fact that the bonus distribution for Mr. Kasteleijn related to distribution in the previous financial year, whereas Mr. Pabbruwe's bonus distribution is related to the result in the financial year itself.

Remuneration of the supervisory directors

	2004	2003
H.A. van Karnebeek	18,750	17,016
P.J. Idenburg	15,000	13,613
H.P. Spruijt	15,000	13,613
	<u>48,750</u>	<u>44,242</u>

Remuneration of the director

	2004	2003
R.J. Kasteleijn (until the end of May)		
Salary	69,332	135,257
Bonus distribution (over previous financial year)	124,790	170,168
Pension costs	25,220	49,863
	<u>219,342</u>	<u>355,288</u>
Pension rights accumulated as of 31 December	55,563	52,444
H.A. Pabbruwe (as of May)		
Salary	115,673	0
Bonus distribution (for the current financial year)	45,000	0
Pension costs	36,720	0
	<u>197,393</u>	<u>0</u>
Pension rights accumulated as of 31 December	3,139	0

Remuneration of former directors

	<u>2004</u>	<u>2003</u>
R.J. Kasteleijn (from June)		
Salary	71,222	0
Bonus distribution	0	0
Pension costs	<u>35,307</u>	<u>0</u>
	<u>106,529</u>	<u>0</u>

OTHER DATA

Profit appropriation

Profit appropriation rule in the articles of association

Profit appropriation is made in accordance with article 25 of the articles of association, which states that the profit is distributed as follows:

- a. distribution of dividend on the amount paid up on the cumulative preference shares.
- b. the Combined Meeting determines the amount to be reserved after deduction of the distribution mentioned in item a.
- c. the Supervisory Board determines the director's bonus.
- d. the Supervisory Board determines the bonus payments to other staff in consultation with the director.
- e. the amount remaining after distribution of the dividend on the cumulative preference shares, the reserves and the bonus payments is at the disposal of the General Meeting of Shareholders for distribution to the holders of ordinary (depository receipts on) shares.

Proposed profit appropriation for 2004 financial year

Proposed profit appropriation for 2004 financial year
A dividend will be proposed to the General Meeting of Shareholders of EUR 0.53 per (depository receipt on a) share of nominal EUR 0.60 in cash or (depository receipts on) shares charged to the share premium reserve at a conversion ratio to be published at a later date. This will be established after an option period following the General Meeting of Shareholders.
See the "Information for Shareholders" for further details.

	EUR x 1,000
Dividend (depository receipts on) ordinary shares	895
Reserve to the General Reserve	882
	<hr/> 1,777 <hr/>

If the General Meeting of Shareholders accepts this proposal, the profit of EUR 1,777 thousand will be distributed according to the table on the right.

Leiden, 16 March 2005

Supervisory Board

H.A. van Karnebeek
P.J. Idenburg
H.P. Spruijt

Director

H.A. Pabbuwe

AUDITOR'S DECLARATION

Assignment

We have audited the annual financial statements for 2004 of Koninklijke Brill NV of Leiden included in this report. The annual financial statements are drawn up under the responsibility of the company's management. Our responsibility is to provide an auditor's declaration regarding the annual financial statements.

Activities

Our audit was carried in accordance with generally accepted guidelines in the Netherlands regarding audit assignments. These state that our audit should be planned and carried out in such a way that a reasonable degree of certainty can be obtained that the annual financial statements do not contain any inaccuracies of material significance. An audit includes an investigation by means of sample observations of information supporting the amounts in and notes to the annual financial statements. An audit also involves an assessment of the principles for financial reporting that were used in the preparation of the annual

financial statements and the principal estimates made by the company's management, as well as an evaluation of the annual financial statements as a whole. We are of the opinion that our audit forms a sound basis for our assessment.

Assessment

We are of the opinion that these annual financial statements give a reliable representation of the size and composition of the assets as at 31 December 2004 and of the result for 2004 in accordance with generally accepted principles for financial reporting in the Netherlands, and that they comply with the statutory provisions for annual financial statements as specified in Title 9 Book 2 of the Dutch Civil Code.

Rotterdam, 16 March 2005

Ernst & Young Auditors

OVERVIEW OF THE YEARS 2000–2004

In EUR x 1,000

Assets overview 2000–2004	2004	2003	2002	2001	2000
Fixed assets	11,482	11,266	4,098	3,867	3,316
Inventory and work in progress	6,933	5,868	4,032	3,403	2,791
Current assets	5,137	4,235	4,789	3,405	5,607
Cash and cash equivalents	1,198	2,126	4,156	3,660	2,533
Current liabilities	–8,361	–7,702	–6,988	–5,274	–6,368
Working capital	4,907	4,528	5,989	5,194	4,563
Total investment	16,389	15,793	10,087	9,061	7,879
Shareholders' equity	12,605	11,071	9,976	8,931	7,744
Provisions	284	222	111	130	135
Long-term debt	3,500	4,500	0	0	0
Total financing	16,389	15,793	10,087	9,061	7,879

Results overview
2002–2004

	2004	2003	2002	2001	2000
Sales	19,748	16,301	14,008	13,094	11,576
Sales costs	–6,692	–5,300	–4,393	–4,532	–3,941
Gross margin	13,056	11,001	9,615	8,562	7,635
Personnel costs	–5,096	–4,178	–3,918	–3,578	–3,144
Other operating costs	–4,074	–3,335	–3,006	–2,618	–2,459
Operating result before depreciation of intangible and tangible fixed assets (EBITDA)	3,886	3,488	2,691	2,366	2,032
Amortization of tangible fixed assets	–590	–580	–494	–467	–563
Operating result before depreciation of intangible fixed assets (EBITA)	3,296	2,908	2,197	1,899	1,469
Depreciation of intangible fixed assets	–538	–375	–169	–121	–5
Operating result	2,758	2,533	2,028	1,778	1,464
Financial income and expenses	–155	–101	41	65	22
Book profit on sale of property	0	95	0	0	0
Result from ordinary operating activities before tax	2,603	2,527	2,069	1,843	1,486
Tax on result from ordinary operating activities	–826	–916	–688	–593	–491
Result after tax	1,777	1,611	1,381	1,250	995

APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

With effect from the 2005 financial reporting year, Koninklijke Brill BV will report in accordance with the new International Financial Reporting Standards (IFRS). The comparative figures for 2004 will then be adjusted accordingly. Although most of the IFRS standards are final, and have now been ratified by the European Commission and supported by the

relevant regulators, some of the standards have only been recently published. Any conclusions regarding the effect of the transition from the generally accepted principles for financial reporting in the Netherlands to the IFRS are therefore provisional.

Opening balance sheet 1 January 2004

The table below shows the effect of IFRS on the balance sheet as of 1 January 2004 per balance sheet item.

Effect of IFRS on the opening balance sheet as of 1 January 2004

Category	Degree	Notes
Fixed assets	Very slightly positive	Very slight < 1%
Current assets	Slightly positive	Slight 1–5%
Cash	None	Moderate 5–10%
Shareholders' equity	Significantly negative	Significant > 10%
Long-term liabilities and (pension) provisions	Significantly positive	
Accounts payable	Very slightly positive	

The main issues regarding the implementation of IFRS in the balance-sheet opening date as of 1 January are:

Fixed assets

The reporting guideline for corporate acquisitions stipulates that assets acquired in the past should be specified from the publishing rights and goodwill, if a reliable valuation of the asset at the time of purchase is available. This has little effect on the fixed assets, to the extent that the publishing rights and goodwill are capitalised in the balance sheet.

Pension provisions and shareholders' equity

The provisions will in the future be reported as part of the long-term liabilities, which will increase because of the way staff pension schemes have to be treated under the new rules. IFRS also differentiates between flat-rate pension schemes (defined benefit) and avail-

able premium schemes (defined contribution).

In the latter category, the amounts should be included in the calculation of the results and there should be no differences to the existing rules.

The liabilities arising from the flat-rate schemes should in the future however be included in the balance sheet, after deduction of the value of funds administered by third parties and outstanding investments.

The liabilities are equal to the cash value of the allocated pension rights, and include a calculation of future increases in the claims due to salary increases. Taking account of expected salary increases, personnel changes and the development of investments now is the most important difference from the present accounting principles. Since most local pension plans are based on flat-rate schemes, the difference in valuation will be significant. The correction that will be the consequence of this will be charged to shareholders' equity.

Results 2004

The largest positive effect on the result will come from the valuation of acquisitions and the treatment of goodwill. In principle publishing rights and goodwill will no longer be written off, an annual impairment test will be used to assess to what extent the valued publishing rights and goodwill are still fully valued. Although Koninklijke Brill NV expects that most of the existing amortisation of publishing rights and

goodwill will disappear from the profit and loss account, part of this amortisation in the IFRS annual financial statements will be shown in the item amortisation of (other) intangible fixed assets.

Effect of IFRS on the result for 2004

Category	Degree of effect
Net sales	Very slightly positive
Sales costs	Very slightly negative
Operating costs	Slightly negative
Depreciation of tangible fixed assets	None
Amortisation of intangible fixed assets	Significantly positive
Interest and extraordinary items (net)	None
Tax	Significantly negative
Result after tax	Moderately positive

The effects of the transition to IFRS will not affect the strategy, the operating of the business or the cash flows of Koninklijke Brill and the historical image of Koninklijke Brill will not significantly change.

INFORMATION FOR SHAREHOLDERS

Brill shares

Koninklijke Brill NV has been listed on Euronext Amsterdam since July 1997. The register of shareholders in Koninklijke Brill NV is managed by:

NV Algemeen Nederlands Trustkantoor ANT
PO Box 11063
1001 GB Amsterdam
T +31 20 52 22 555

ANT also acts as the administrator of Stichting Administratiekantoor Koninklijke Brill. Registered shareholders may also address questions about share ownership, changes of address or dividend payments to the above-mentioned trust office.

Stock split

The General Meeting of Shareholders approved a stock split on 14 May 2002 whereby the nominal value of one (depository receipt on a) share was changed from € 1.20 to two (depository receipts on) shares of € 0.60. The split came into effect on 19 August 2002. All share data has been adjusted accordingly.

Number of shares

The number of outstanding shares with a nominal value of € 0.60 on 31 December 2004 was 1,702,005 (on 31 December 2003: 1,669,560). The changes in

the number of outstanding shares compared to the previous year are shown in the notes to the corporate account.

Of the total number of outstanding shares as of 31 December 2004, 1,653,092 depository receipts were issued and 48,913 registered shares were recorded in the share register.

Dividend 2004

At the General Meeting of Shareholders on 11 May 2005, it will be proposed that a dividend of € 0.53 per (depository receipt on a) share of € 0.60 be distributed with the option to take the dividend entirely in cash or entirely in (depository receipts on) shares charged to the share premium reserve at an exchange ratio to be determined at a later date. These new (depository receipts on) ordinary shares will participate fully in the earnings in 2005.

The value of the stock dividend will be at the same level as the cash dividend. The number of dividend rights giving entitlement one new (depository receipt on a) ordinary share will be determined as a whole number using the average closing prices of Koninklijke Brill NV shares on 2 June 2005 and the two preceding stock-exchange days.

Major Holdings in Listed Companies Disclosure Act [Wet Melding Zeggenschap] 1996

Pursuant to the Dutch Major Holdings in Listed Companies Disclosure Act 1996, the following holders of depository receipts, as far as the company was aware on 31 December 2004, a holding of 5% or more:

Reported holdings	Size	Reporting date
Orange Deelnemingen Fund NV	10%–25%	8 december 2004
Martin Group Ltd	5%–10%	16 juni 2003
J.W. Leemans	5%–10%	19 augustus 1997
Otterbrabant Beheer NV	5%–10%	19 augustus 1997

Financial agenda 2005

General Meeting of Shareholders

11 May 2005

Announcement of dividend

12 May 2005

Ex-dividend date

13 May 2005

Option period

13–30 May 2005

Setting of conversion ratio

2 June 2005, after stock market close

Dividend payable

6 June 2005

Announcement of result for the first half of 2005

23 August 2005, after stock market close

Investor relations

Koninklijke Brill NV is pleased to provide as much as possible relevant information to existing and potential shareholders and other interested parties. Copies of annual and semi-annual reports are available on the Internet at www.brill.nl, behind the 'investor relations' link, or from the address below:

KONINKLIJKE BRILL NV

Investor Relations

PO Box 9000

2300 PA Leiden

T +31 71 53 53 500

F +31 71 53 17 532

E ir@brill.nl

www.brill.nl

Tuta sub aegide Pallas

Printer's marks through the ages

Paul Hoftijzer



IUSTINI HISTORIAE PHILIPPICAE

Cum integris Commentariis

IAC. BONGARSII, FRANC. MODII,
MATTH. BERNECCERI, M. Z. BOX-
HORNII, IS. VOSSII, I. FR. GRONO-
VII, I. G. GRAEVII, T. FABRI,
I. VORSTII, I. SCHEFFERI,

Et exceptis H. LORITI GLASSANI atque
EDITORIS OXONIENSIS.

Curavit

ABRAHAMO GRONOVIO

Edidit Secunda.



LUGDUNI BATAVORUM.

Apud SAMUELEM et JOANNEM LUCHEMBOUR,

Austriacis Typographis. 1766.

Tuta sub aegide Pallas



All Brill publications bear a modern printer's mark. First introduced in 1990, the mark was designed by Anthon Beeke who based it on earlier marks [1] The mark harks back to the famous mantel painting by Nicolaas Meyers dating from around 1750. Now on display at Brill's new offices, Meyers' mantel painting originally hung in the mansion located at Rapenburg 69 in Leiden, which had been home to Brill's predecessors, the Luchtmans family, for many years. The painting depicts Pallas Athena, the goddess of wisdom, Hermes, the god of trade and messenger to the gods, and three putti playing at their feet with books and prints. It emphasises the close ties between the literary trade and science that were first established with the invention of the art of printing. After all, the printing press made the distribution of knowledge and information faster than ever before. What makes this allegory of a bookstore so special is

that it doubles as a portrait of Samuel Luchtmans, son of the founder Jordaen Luchtmans, and his family. [2] The motto on the current printer's mark, 'Tuta sub aegide Pallas' (Pallas is safe behind her shield), however, was taken from a much earlier mark used by the Luchtmans firm, first introduced in 1714. [3] It symbolises Athena's protection of science in general and the University of Leiden in particular. Athena is depicted with all her attributes of war – a shield depicting a frightening Medusa head, a helmet and a lance –, as well as her loyal owl perched on a book. In the background are the Leidse Burcht and a classic temple, the latter a clear reference to the university.

2. *Nicolaas Meyers,
Allegory of a bookstore,
around 1750.
Brill corporate collection.*



1. *Brill's modern
printer's mark. Design
by Anthon Beeke, 1990.*



6. *One of the twentieth-
century printer's marks
used by Brill*

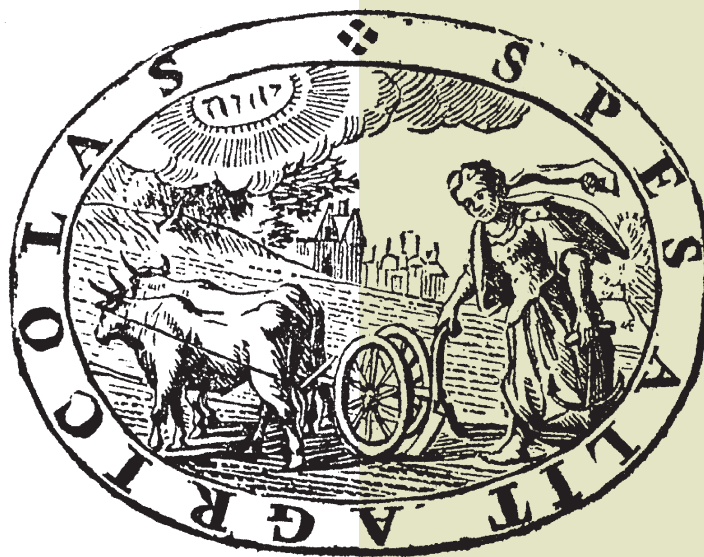


3. *'Tuta sub aegide Pallas',
Samuel Luchtman, 1714.*

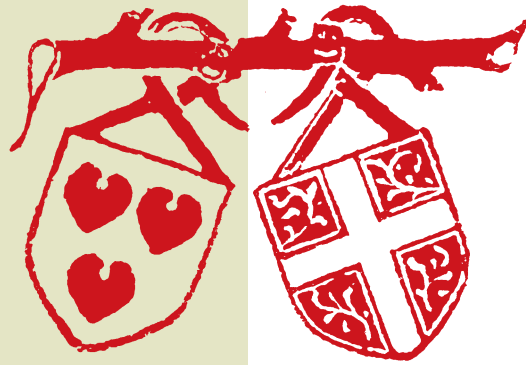


5. *'Deo duce ingenio arte vigilantia
labore', Samuel en Johannes
Luchtman, around 1750.*

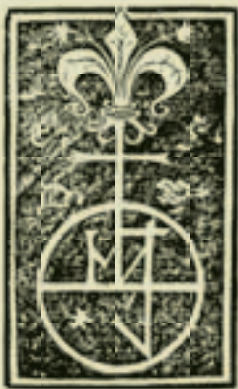
4. *'Spes alit agricolas',
Jordaan Luchtman, 1685.*



The Luchtman firm used many printer's marks. One of its earliest marks bore the image of a farmer ploughing, carrying the motto 'Spes alit agricolas' (Hope feeds farmers), a quote from Elegiae by Roman writer Tibullus. [4] Several more marks were used in the eighteenth century, including a complicated illustration of a woman standing supporting a flame on her head, holding a hammer and carpenter's square in her hands, accompanied by a common crane clutching a stone, symbol of perceptivity. The motto was 'Deo duce ingenio arte vigilantia labore' (Led by God, with ingenuity, art, perceptivity and effort). [5] In the twentieth century Brill used a number of marks initialled Evert Jan Brill, the man who took over the Luchtman firm in 1848. [6]



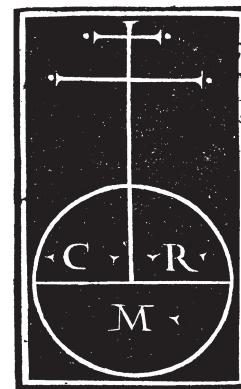
7. Mauricius Yemantszoon and Jacob Jacobszoon van der Meer, Delft, 1473.



8a. Johannes Grüniger, Straatsburg, 1498.



8b. Uldrich Scinzenzeler, Milan, 1500.



8c. Georgius de Rusconibus, Venice, 1509.

Luchtmans and Brill's printer's marks are rooted in old traditions. Marks with images deemed impossible to forge were used to fight one of the great evils which the publishing industry faced even then: pirate copies. All too often, malicious printers would print poorly edited but successful publications on cheap paper, and sell these at prices below the original price. This could seriously affect the original publisher. But printer's marks played another role, too. They also served to express the identity of the publisher and his business, turning the marks into trademarks that in some cases lived on for centuries, as is the case for Brill.

Initially, printer's marks bore simple illustrations, such as the printer-publisher's coat of arms. One Dutch example is the so-called 'Delft bible', the first bible translation in Dutch, printed by Mauricius Yemantszoon and Jacob Jacobszoon van der Meer in Delft in 1477. [7] Beautifully stylised monograms were also used. [8] Over the years, the images started to take on a symbolic meaning, based on classical or Christian themes.

Celebrated Venetian printer-publisher Aldus Manutius introduced his mark of a dolphin embracing an anchor [9a and b], an image first found on Roman coins, in 1499. The matching slogan 'Festina lente' (Hasten slowly) was the motto used by Emperor August. According to Erasmus, a friend of Manutius, the anchor symbolised the period of reflection required to write a book, and the dolphin the speed with which the work travelled around the world thanks to the art of printing. On the other side of the Alps, in Basel, Johannes Froben, who also entertained close ties with Erasmus, was using a printer's mark depicting a staff with two snakes and a pigeon, a reference to Matthew 10:16: 'I send you forth as sheep in the midst of wolves; be ye, therefore, wise as serpents, and harmless as doves.' [10]



9b. Aldus Manutius, Venice, 1513.

FLAVII IOSEPHI OPERA



BASILEAE M D XLIIII

10. Emblem of Johannes Froben, here in a publication by his son Hieronymus, Basel, 1544.



9a. Earliest emblem used by Aldus Manutius. From: *Hypnerotomachia Poliphili* (Venice, 1499).



These pictorial epigrams were favoured particularly by humanist-oriented printers, who used them as a calling card to potential authors and customers. In selecting their printer's mark they were inspired by classical and biblical proverbs and stories, and by the new genre of emblematics, the art of words and images, which became immensely popular particularly following the publication of *Emblematum liber* (1531) by Italian lawyer Andrea Alciato. In the sixteenth and seventeenth century numerous emblem collections were published, ingenious combinations of motto, image and caption. Many of these symbols found an alternative use as printer's mark. Take for instance Willem Steelsius, a sixteenth-century printer in Antwerp, who copied his emblem bearing the motto 'Res parvae concordia crescunt' (Harmony makes small estates great) [11] directly from Alciato, while Willem Christiaensz van der Boxe, a seventeenth-century printer in Leiden, based his emblem of an ostrich bearing the motto 'Nil penna sed usus' (Not the pen but its use) on *Nucleus emblematum* (1611), a collection by Gabriel Rollenhagen. [12] A sensible choice, as Rollenhagen's caption read: 'The ostrich has no use for its wings, since he does not know how to use them. Similarly, it is not the pen that makes a man a writer, but its use.'



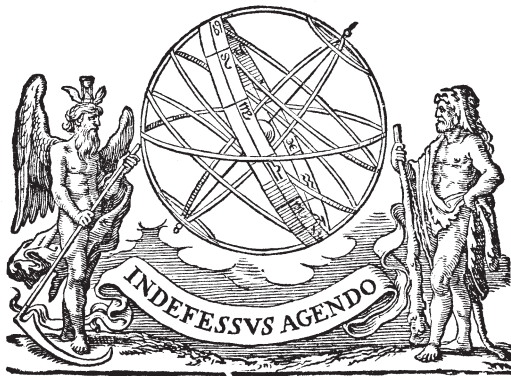
12. Willem Christiaensz van der Boxe, *Leiden, 1642.*



11. Printer's mark used by Willem Steelsius from: *Claude Paradin & Gabriele Simeoni, Heroica et symbola, Antwerp, 1563.*



14. Christoffel Plantijn,
Antwerp, 1580.



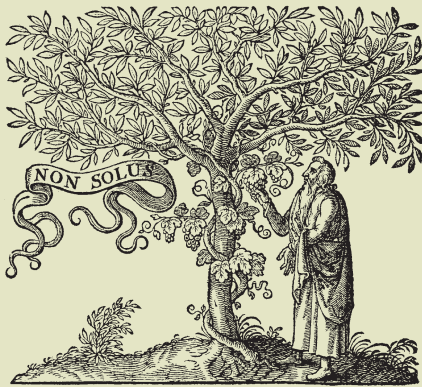
13. Willem Jansz Blaeu,
Amsterdam, 1633.

Occasionally learned friends would assist in creating a printer's mark. Leiden-based humanist Petrus Scriverius, for example, assisted his publisher Willem Jansz Blaeu in Amsterdam in 1621 in designing the latter's new printer's mark. It shows a celestial globe, symbolising Blaeu's specialisation in the field of cartography and seamanship, with on the left Kronos, god of time with an hourglass on his head and a scythe in his hand, and on the right Heracles with his club. [13] The motto 'Indefessus agendo' (Tireless in work) was taken from book IX of Ovid's *Metamorphoses*, which describes Heracles' tortures. Blaeu's emblem was probably inspired by the much more familiar printer's mark 'Labore et constantia' (Through labour and perseverance), which Christoffel Plantijn and his descendants in Antwerp and Leiden had been using extensively in a variety of forms since 1557. [14] It displays a compass, where the moving leg refers to labour and the fixed leg to perseverance. It is a truly appropriate emblem, since Plantijn was attracted to the philosophy of neostoicism, which centres on the concept of perseverance vis-à-vis the insecurities of human existence. One of Plantijn's best-selling books was, moreover, *De constantia* by its author Justus Lipsius, published in Leiden in 1584.





15. Charles Estienne,
Paris, 1556.



16. Abraham and
Bonaventura Elzevier,
Leiden, 1647.

The fact that printers and publishers occasionally imitated marks of famous predecessors demonstrates just how much value people attached to those all-important printer's marks. The most illustrious sixteenth-century French printing dynasty was the Estienne family of printers. One of their marks depicted an old man beside a wild olive tree bearing the motto 'Noli altum sapere' (Be not lofty) [15], a reference to a letter from Paul to the Romans 11:16-24, warning against disbelief and pride. The emblem used by the Elzevier family in Leiden in the seventeenth century bears a close resemblance [16], although the tree was replaced by an elm embraced by a vine. The implicit message referring to both classical and emblematic sources 'together strong' is emphasised by the associated motto 'Non solus' (Not alone). When Rotterdam bookseller J.G. Robbers started his publishing firm 'Elsevier' in 1880, almost 200 years after the original company in Leiden had collapsed, he had the sense to re-establish the use of the earlier printer's mark. And Elsevier Reed uses it to this very day.





18. Pieter van Steenwijck,
Vanitas with books, around 1655.
 'De Lakenhal' Municipal Museum, Leiden.



17. Pieter Leffen, Leiden, 1651.

The variety of printer's marks used in the sixteenth and seventeenth century was overwhelming, combining countless images, motifs and themes. Yet one category was represented more than any other: flora and fauna. There are hundreds of printer's marks with trees, flowers, birds, reptiles, fish, mammals and even insects, often in a classical-mythological and/or biblical setting. The seventeenth-century printer Pieter Leffen from Leiden, for example, used an emblem depicting an Egyptian phoenix rising from the fire, a symbol that had been used before in Leiden. The motto was 'Ex morte immortalitas' (Immortality from death). [17] Leffen, for example, used it on the title page of his publication of the Latin oration on the death of celebrated Dutch admiral Maarten Harpertsz Tromp in 1653, written by Leiden professor Anthonie Thysius jr. The book also features on a vanitas still life which Delft painter Pieter van Steenwijck made some years later and which partly depicts the printer's mark with phoenix. [18] Well-informed contemporaries are certain to have picked up on this veiled reference to Tromp's immortal fame.



19. Jean des Tournes,
Lyon, 1557.



21. Melchior Sessa,
Venice, 1505.

Apart from the intellectual interplay between word and image, it is the graphical expression that makes sixteenth and seventeenth printer's marks so attractive. This is due in part to the fact that most were cut in wood, a medium that relied on solid lines and black and white contrasts. Some brands, such as the brands used by sixteenth-century publishers Jean des Tournes [19] from Lyon and Petrus Perna [20] from Basel, are fine examples of the art of woodcarving. Moreover, many printer's marks are humorous. Take for example the brands used by sixteenth-century Venetian printing dynasty Sessa, all depicting a cat trapping a mouse in its mouth. It seems unlikely that this referred to the relationship publisher - author. [21]



20. Petrus Perna,
Basel, 1580.

Touching in its mythical absurdity is the emblem used by Mainz-based publisher Petrus Quentel, depicting Kronos, the god of time, eating his own children [22] in the belief that this would dispel the prophecy that one of his sons – who later turned out to be Zeus – would depose him and take the throne of gods. The associated motto was derived from Ovid’s *Fasti*: ‘Tempora labuntur, tacitisque senescimus annis. Et fugiunt freno non remorante dies’ (Time glides by and we grow old with the silent years; and the days flee away with no restraining curb).

The use of printer’s marks gradually declined in the eighteenth century. While the emblem of Amsterdam-based publisher Gerard onder de Linden with the appropriate motto ‘Tiliae sub tegmine tutus’ (Safe underneath the foliage of the lime tree) [23] was one of the many beautiful brands still being used and executed as engravings or etches, the rich symbolism of the earlier emblems generally seemed to lose some of its power. An increasing number of publishers presented their books with unadorned, simple typographical title pages. The second half of the nineteenth century saw a revival, however.

Tempus nosce,



Omnia rodit edax, uel sint adamantina Tempus.

22. Petrus Quentel,
Mainz, 1535.



23. Gerard onder de Linden,
Amsterdam, 1734

Fascinated by tradition, many publishers once again felt the need to express their professional pride in their own personal image. Personal initials were frequently added to the existing motto and image. The mark used by leading publisher A.W. Sijthoff, the driving force behind the modernisation of the Leiden literary industry, showed an eagle perched on a rock surveying the area around him. The motto was 'Altyt Waek Saem' (Always Watchful). [24] Others turned to the (post-) incunabulum age for inspiration. Take for example Martinus Nijhoff's mark, the illustrious nineteenth century publisher from The Hague, later taken over by Brill in 2003, which combines the monogram of Wouter Nijhoff, the founder's grandson, with his own personal motto 'Alles komt teregt' (Everything will be alright). [25]



24. A.W. Sijthoff, Leiden, second half of the nineteenth century.



25. Martinus Nijhoff, Den Haag, 1922.



26. Oxford University Press, 1975.

The twentieth century saw a new development with the printer's and publisher's marks losing their symbolic significance almost entirely, reducing them to signets or logos based on a single image or the initial letters of the publishing firm. The images were created with input from famous designers. Fine examples are the marks that were introduced by De Bezige Bij and Van Oorschot in the Netherlands, Penguin in Great Britain and Fischer Verlag in Germany. They were designed by the people who also designed logos for airlines, food wholesalers, banks and insurance companies, and many others. The brand's power of expression shifted towards visual appeal and styling. Its identity consisted of appearance, rather than content. Fortunately, some publishing firms remain loyal to their traditional printer's mark. Oxford University Press, for example, is still using its seventeenth-century emblem displaying an open book with the psalmist's words 'Dominus illuminatio mea' (The Lord is my light), also the motto of the oldest university in England. [26] Not very surprisingly, it is usually the companies with long histories and a strong level of self-awareness that continue to use their traditional marks. Brill is one of them.

Most illustrations in this article have been selected from books in the Brill collection and from the Bibliotheca Thysiana, a seventeenth-century public library at Rapenburg in Leiden, founded by testament by Joannes Thysius (1622-1653).

There is a wealth of abundantly illustrated literature on European printer' marks. The titles below are merely a modest selection.

- H.W. Davies, *Marks of early printers, 1457 – 1560. Their history and development, with a chapter on portrait figures of printers* (London, 1935).
- H. Grimm, *Deutsche Buchdruckersignete des XVI. Jahrhunderts* (Wiesbaden, 1965).
- P. van Huisstede & J.P.J. Brandhorst, *Dutch printer's marks, 15th – 17th century. A catalogue*, 3 vols. + CD Rom (Nieuwkoop, 1999).
- M.J. Husung, *Die Drucker- und Verlegerzeichen Italiens im XV. Jahrhundert* (Munich, 1929).
- R.B. McKerrow, *Printer's and publisher's marks in England and Scotland, 1558 – 1640* (London, 1913).
- Ph. Renouard, *Les marques parisiennes des XVe et XVIe siècles* (Paris, 1926 – 28).
- L. Schlüter & P. Vinken, *The Elsevier Non Solus imprint* (Amsterdam, 1997).
- L.C. Silvestre, *Marques typographiques, ou, recueil des monogrammes, chiffres, enseignes, emblèmes, devises, rébus et fleurons des libraires et imprimeurs* (Paris, 1867).
- E. Weil, *Die deutschen Druckerzeichen des XV. Jahrhunderts* (Munich, 1924).

Also refer to the Mnemosyne website (www.mnemosyne.org) and printer's marks databases at the Universitat de Barcelona (<http://eclipsi.bib.ub.es/imp/impcat.htm>) and the printer's marks databases at the University of Florida (<http://web.uflib.ufl.edu/spec/rarebook/marks/mark.htm>).

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ABOUT THIS ANNUAL REPORT

Corporate identity

Following the increase of the number of styles and logos in the nineties, partly as a result of some acquisitions, Brill decided to standardize a number of forms of expression in 2004. At the time of writing this report, a new corporate identity is being designed. The report before you is a first step to a renewed profile.

The name

Brill uses different business names. For legal and corporate issues, the company presents itself publicly as Koninklijke Brill nv. As a publishing company, it uses the name Brill or, where appropriate, the imprints VSP and Martinus Nijhoff Publishers.

This does not confuse the academic target groups served by Brill, since the names are known among them.

Imprints

Brill wishes to build on its international reputation, the foundation of which was laid more than three hundred years ago. Brill wishes to be recognised immediately in those niches where the publishing company operates. That is why it has chosen the imprint that adorns the cover of this report. The fact that this choice was made from a multitude of historically sound alternatives is demonstrated in the article following the annual accounts. Apart from that, there will also be room to keep using valuable imprints with a strong identity such as Martinus Nijhoff.

Profiling

Brill wishes to be known as a modern, service-orientated publishing company, which maintains high quality standards and controls a long-term strategy. Predictability and reliability in respect of authors and customers are constant values of that process. When expanding into new publishing areas, Brill tries to follow its special academic orientation. Of old, the company has specialised in languages,

cultures, religions and history. To that, Nijhoff adds a strong and recognised position in international law. The range of special characters brightening up the cover of this report symbolises one of these competencies. The multi-coloured nature of this motif was gratefully used during the opening of the new office on 6 April 2005.

Past, present and future

The publishing company sees itself in the context of a powerful tradition, which offers an extremely valuable starting position for the future as well.

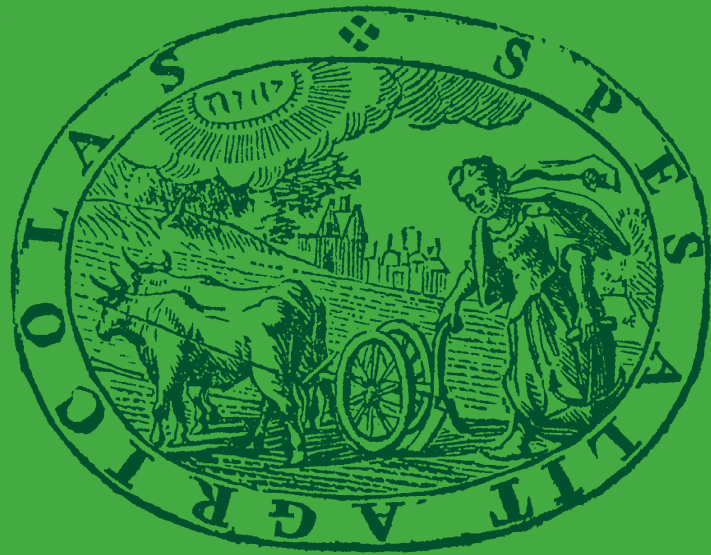
We are grateful to Professor Paul Hoftijzer for his willingness to write and edit a series of articles for Brill in the next years as well - articles which place Brill in the light of the history of scholarly work, the publishing business and the history of the book.

Technology

One of the conditions for continued functional production lies in the ability to apply new technologies. This annual report was prepared digitally, as are Brill's other publications. When immediate demand indicates as such, offset printing is preferred for the time being. That is how the Dutch version was printed.

The English version however is subject to the printing on demand technology, which means that small numbers or even single issues can be printed if necessary. Brill now applies this approach to the regular publishing process as well.

In all cases, the digital version is the starting point for both the initial print run and any subsequent delivery. The report has of course been placed on the company's website where it can be consulted, downloaded and requested for printing.





BRILL