

Annual Report 2003



GBL

Groupe Bruxelles Lambert

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The English version is a complete translation of the French version

To obtain information on GBL, please contact:

Carine Dumasy – Tel.: 32-2-547.23.52 – Fax: 32-2- 547.22.85

e-mail: cdumasy@gbl.be

Website: <http://www.gbl.be>

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Ce rapport annuel est aussi disponible en français

On 22 March 2004, the Banking, Finance and Insurance Commission authorized GBL to use the present Annual Report as a reference document each time it publicly offers securities pursuant to the law of 22 April 2003 relating to public offerings of securities, by means of the procedure of dissociated information, and this until publication of the next annual report.

In the context of this procedure, a transaction note needs to be attached to the annual report. The annual report together with the transaction note constitute the issue prospectus in the sense of Chapter IV of the law of 22 April 2003.

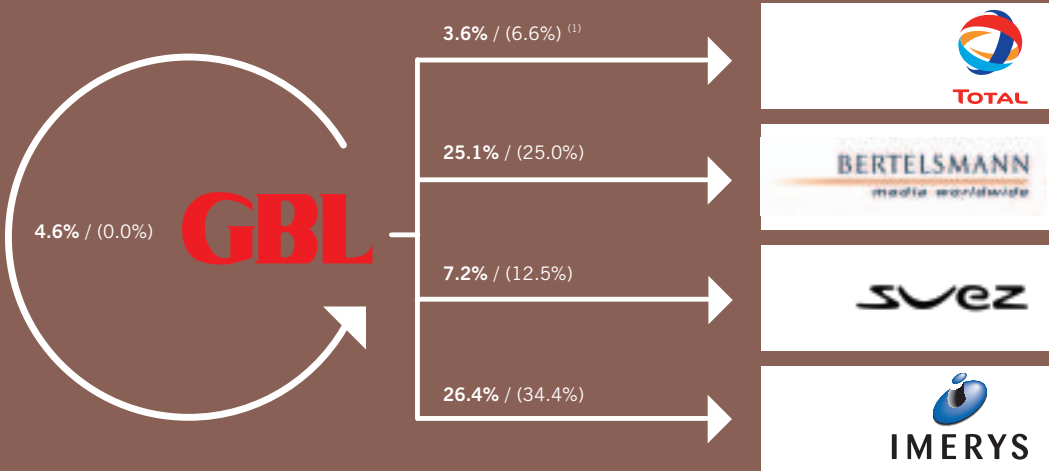
In accordance with article 14 of the law of 22 April 2003, this prospectus must be submitted to the Banking, Finance and Insurance Commission for its approval.

GBL's primary objective is to create value for its shareholders over the medium-term. GBL strives to stimulate and promote the growth of a valuable and balanced portfolio of industrial investments, focusing on a small number of first-class companies operating in a diversified range of sectors in which it is able to exercise its role as a professional shareholder.

GBL's dividend policy seeks to achieve a sound balance between providing an attractive cash yield to shareholders and achieving sustained growth in the capital value of its shares.

GBL organisation chart

On 31 December 2003
% of share capital / (% of voting rights)



(1) Based on the number of voting rights published by the company on 31 December 2003

Message to shareholders

Ladies and Gentlemen,

Growth in the Euro zone was modest in 2003, the third consecutive lean year since the burst of the "bubble", but 2003 nonetheless marked a turning point for the general economic trend.

Indeed, the economy gradually freed itself from the effects of financial turmoil and geopolitical tensions, in particular the recent difficulties in Iraq and the SARS epidemic, and was sustained by North American dynamism and the vigorous Chinese economy. The recovery obviously profited considerably over the short-term from expansionist macro-economic policies, especially in the United States, and from historically low inflation and interest rates.

This positive trend looks set to continue in 2004 with the return to cautious optimism reflecting both the hope for and the reasons to believe in better times, even though the large US balance of payments deficit, the weak dollar and the international political climate, in particular the threat of terrorism, are still cause for concern.

Stock Exchanges anticipated these events, picking up after a very depressed first quarter in 2003. For the year as a whole, the BEL 20 and CAC 40 indices gained 10.8% and 16.1% respectively. They continued to progress in the first few months of 2004 but the context remains volatile.

GBL followed market trends, its share price rising by some 25% since 1 January 2003 while its listed investments put in a mixed performance. The increase in Total's share price lagged behind that of the CAC 40, in particular due to the weak dollar, and in spite of a remarkable operating result. The Suez share, put under pressure at the start of the year, gradually made up its delay as the firm's restructuring efforts started having an impact. Finally, Imerys, noted for its strong management, outperformed the index by far, with more than a 50% increase in its share price during the year.

Meanwhile, Bertelsmann, an unlisted shareholding, put in a sound performance, improving its operating results significantly and strengthening its financial structure.

Our private equity investments continued to develop, with PAI in particular concluding some promising transactions. It is obviously too early to assess the performance of this activity. We also decided to make a break with Rhodia, an unfortunate episode that cost us another EUR 41 million in 2003.

The dividends earned on our investments, in particular the interests in Imerys and Total, which showed strong growth, kept our cash earnings at comfortable levels. These cash results enable us in turn to maintain a generous dividend for our shareholders. We will propose to the General Meeting the payment of a gross dividend per share of EUR 1.49, a 5% increase.

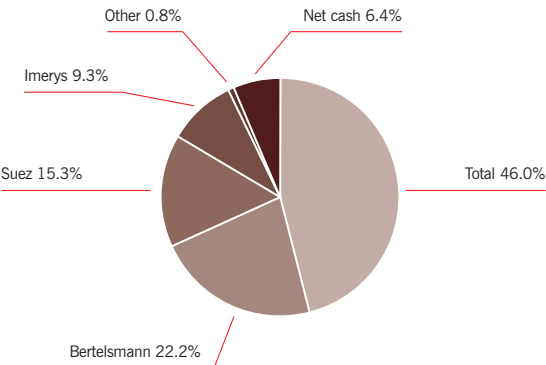
In a climate of economic and financial uncertainty, we have preferred to remain focused on our portfolio, putting into it most of our effort and energy. The portfolio benefited from the actions we took in 2003 and remains solid on the whole. It is our intention to continue developing to the full its potential.

Baron Frère

Key figures

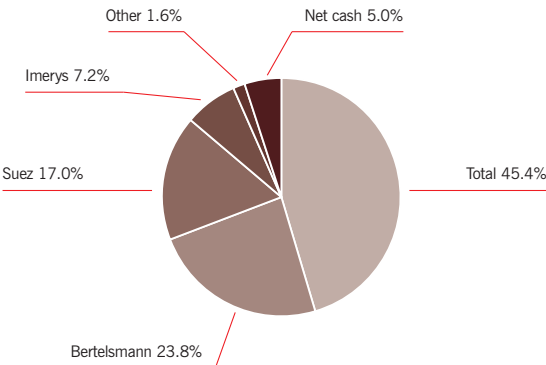
Adjusted net assets on 31 December 2003

(EUR 54.43 per GBL share)



Adjusted net assets on 31 December 2002

(EUR 50.91 per GBL share)



Share price of investments in 2003



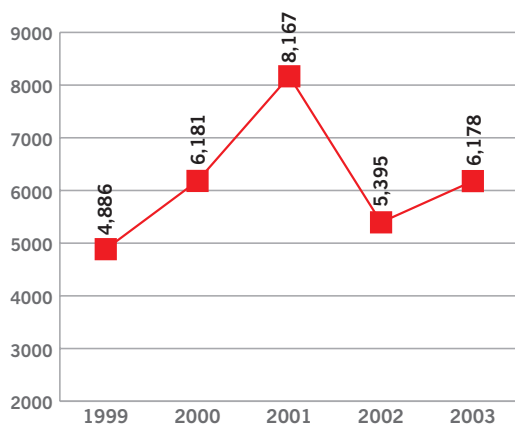
| Global data | 2003 | 2002 | 2001 | 2000 ⁽¹⁾ | 1999 ⁽²⁾ |
|---|----------------|----------------|----------------|---------------------|---------------------|
| in EUR million | IFRS | IFRS | IFRS | IFRS | |
| Consolidated result (group share) | | | | | |
| Cash earnings | 284.4 | 302.4 | 200.3 | 147.3 | 118.0 |
| Mark to market and other non-cash | (29.4) | (14.5) | 30.3 | (23.3) | - |
| Associated companies | 132.5 | (362.7) | (74.0) | 58.6 | 148.7 |
| Eliminations and capital gains | (177.1) | (163.0) | 514.9 | 294.3 | 1,011.5 |
| Net result | 210.4 | (237.8) | 618.1 | 476.9 | 1,278.2 |
| Total distribution⁽³⁾ | 206.1 | 196.4 | 182.6 | 141.4 | 134.4 |
| Balance sheet | | | | | |
| Assets | | | | | |
| Non-current assets | 6,777.6 | 6,646.5 | 9,105.7 | 6,126.7 | 5,547.8 |
| Current assets | 594.2 | 964.6 | 920.0 | 878.5 | 1,634.2 |
| Liabilities | | | | | |
| Shareholders' equity | 6,966.4 | 6,772.3 | 9,142.4 | 5,112.0 | 4,886.8 |
| Minority interests | 0.0 | 0.0 | 0.0 | 902.3 | 1,375.1 |
| Non-current liabilities | 24.4 | 359.9 | 789.6 | 766.6 | 511.8 |
| Current liabilities | 381.0 | 478.9 | 93.7 | 224.3 | 408.3 |
| Stock market capitalisation on 31 December | | | | | |
| | 6,177.9 | 5,395.1 | 8,166.6 | 6,181.3 | 4,886.4 |
| Year-on-year change (in %) | + 14.5 | - 33.9 | + 32.1 | + 26.5 | + 15.3 |
| Adjusted net assets on 31 December | | | | | |
| | 7,528.1 | 7,040.5 | 9,373.1 | 10,016.5 | 8,360.7 |
| Portfolio | 7,051.6 | 6,686.1 | 9,070.1 | 9,970.5 | 8,955.3 |
| Net cash | 476.5 | 354.4 | 303.0 | 46.0 | (594.6) |
| of which own shares | 267.6 | 212.5 | 242.6 | 451.4 | 240.9 |
| Year-on-year change (in %) | + 6.9 | - 24.9 | - 6.4 | + 19.8 | + 42.8 |

(1) The balance sheet does not take into account the change in accounting method for acquisitions of minority interests described on page 50

(2) Figures stated in accordance with the Belgian accounting legislation

(3) Total dividend paid on all shares in issue. Amount for 2003 to be proposed to the Ordinary General Meeting on 27 April 2004

Stock market capitalisation (in EUR million)



GBL share price (2/1/99 = 100)



Shareholder information

Financial calendar 2004 - 2005

| | |
|---|------------|
| Ordinary General Meeting 2004 | 27/04/2004 |
| Publication of results to 31 March 2004 | 5/05/2004 |
| Payment of coupon nr 4 | 7/05/2004 |
| Publication of half-yearly results | 8/09/2004 |
| Publication of results to 30 September 2004 | 16/11/2004 |
| Publication of annual results 2004 | March 2005 |
| Ordinary General Meeting 2005 | 26/04/2005 |

Dividend

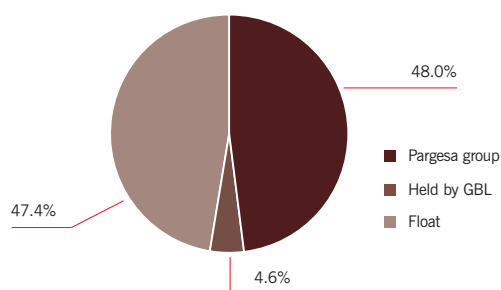
The payment for the financial year 2003 of a gross dividend of EUR 1.49 per GBL share, a 5% increase over the dividend of EUR 1.42 paid for the previous year, will be submitted for approval to the Ordinary General Meeting on 27 April 2004.

This dividend is equal to:

- EUR 1.1175 net per share
- EUR 1.2665 net per share with VVPR strip.

The total distribution for the year amounts to EUR 206.1 million, based on the number of shares entitled to dividend (138,300,053).

Shareholding structure on 31 December 2003 (in %)



The net dividend will be payable from 7 May 2004, either by cheque or by bank transfer to registered shareholders, or in cash upon presentation of coupon nr 4 detached from bearer shares (and, where appropriate, of VVPR strips) at branches of approved Belgian banks and financial institutions, with the financial service provided by ING Belgium.

GBL on the Stock Exchange

GBL shares are listed on the Euronext Brussels market and form part of the BEL 20 and Euronext 100 indices, which reflect the performance of the combined markets of Paris, Amsterdam, Brussels and Lisbon.

The key stock liquidity indicators for the last five years are as follows:

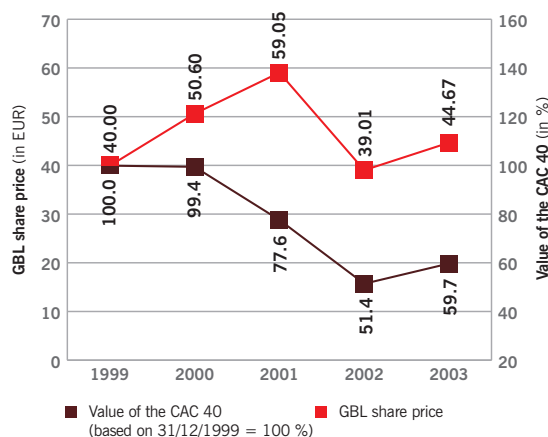
| | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---------|---------|---------|---------|---------|
| Volume traded (in EUR billion) | 1.2 | 1.7 | 2.8 | 2.0 | 1.3 |
| Number of shares traded (in thousands) | 30,343 | 34,412 | 46,592 | 40,220 | 36,240 |
| Average number of shares traded daily | 118,991 | 134,948 | 185,625 | 160,240 | 143,815 |
| Capital traded on the Stock Exchange (in %) | 21.9 | 24.9 | 33.7 | 32.9 | 29.7 |
| Velocity on float (in %) | 45.9 | 51.7 | 101.2 | 72.8 | 63.6 |
| Weight in BEL 20 (in %) | 4.4 | 4.6 | 7.2 | 6.0 | 4.4 |
| Ranking in BEL 20 | 10 | 8 | 6 | 5 | 7 |
| Weight in Euronext 100 (in %) | 0.5 | 0.5 | 0.5 | 0.3 | NA |
| Ranking in Euronext 100 | 57 | 56 | 52 | 64 | NA |

| Figures per share | 2003 | 2002 | 2001 | 2000 | 1999 ⁽¹⁾ |
|--|-------------|-------------|-------------|-------------|---------------------|
| in EUR | IFRS | IFRS | IFRS | IFRS | |
| Consolidated result (group share)⁽²⁾ | | | | | |
| Cash earnings | 2.15 | 2.28 | 1.50 | 1.28 | 0.97 |
| Net result | 1.59 | (1.79) | 4.64 | 4.14 | 10.46 |
| Dividends | | | | | |
| Gross dividend | 1.49 | 1.42 | 1.32 | 1.20 | 1.10 |
| Net dividend | 1.12 | 1.07 | 0.99 | 0.90 | 0.83 |
| Net dividend VVPR | 1.27 | 1.21 | 1.12 | 1.02 | 0.94 |
| Payout ratio (in %) | | | | | |
| Dividend / cash earnings | 69.3 | 62.3 | 88.0 | 93.8 | 113.4 |
| Dividend / net result | 93.7 | (79.3) | 28.4 | 29.0 | 10.5 |
| Share price | | | | | |
| On 31 December | 44.67 | 39.01 | 59.05 | 50.60 | 40.00 |
| Maximum | 45.00 | 64.85 | 71.50 | 62.00 | 41.60 |
| Minimum | 29.32 | 33.10 | 44.10 | 36.60 | 31.12 |
| Yearly average | 39.11 | 50.91 | 59.31 | 51.25 | 34.61 |
| Stock Exchange ratios (in %) | | | | | |
| Dividend / average share price | 3.8 | 2.8 | 2.2 | 2.3 | 3.2 |
| Gross annual return | 18.1 | (31.7) | 19.1 | 29.3 | 18.3 |
| Adjusted net assets | | | | | |
| On 31 December | 54.43 | 50.91 | 67.77 | 82.00 | 68.44 |
| Number of shares on 31 December | | | | | |
| Issued | 138,300,053 | 138,300,053 | 138,300,053 | 122,160,125 | 122,160,125 |
| Basis | 132,257,409 | 132,891,094 | 133,174,003 | 115,100,142 | - |
| Diluted | 135,851,260 | 138,906,866 | 139,329,396 | 121,255,535 | - |
| Held by GBL | 6,313,032 | 5,647,376 | 5,310,143 | 9,359,730 | 6,247,885 |

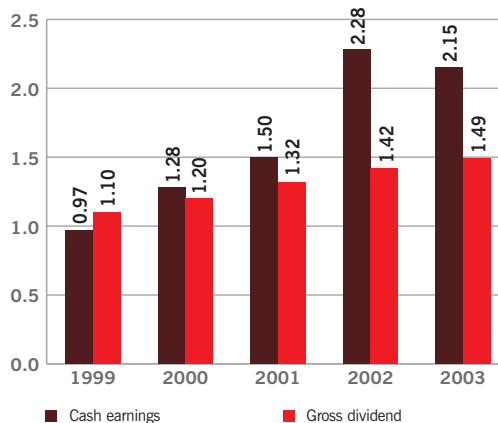
(1) Figures stated in accordance with the Belgian accounting legislation

(2) From 2000 onwards, in accordance with the IFRS, the results per share are calculated on the basis of the number of shares basic

GBL share price and value of the CAC 40



Cash earnings and gross dividend (in EUR)



Financial report

To comply with growing requirements for transparency, completeness and the comparability of financial information, GBL has anticipated European regulations, publishing its consolidated accounts in accordance with the IFRS since 2001.

Result for the year (IFRS)

In 2003, cash earnings – i.e. current income giving rise to cash income for GBL and its wholly-owned subsidiaries – amounts to EUR 284 million, compared to EUR 302 million for 2002, when these earnings were 51% higher than the previous year. The dividends paid by Total, Suez and Bertelsmann account for the bulk of these earnings.

GBL's consolidated financial statement shows a net profit of EUR 210 million, compared to a net loss of EUR 238 million for 2002. The increase in net profit is due in large measure to Bertelsmann's positive contribution (included the non-eliminated part of the dividend) of EUR 100 million, as against a negative contribution of EUR 399 million the previous year. This evolution reflects the combined improvement in operating results and non-recurring results (an impairment of EUR 1.3 billion on Zomba in 2002 and a capital gain of EUR 628 million on the disposal of BertelsmannSpringer in 2003, partially offset by impairments totalling EUR 220 million).

Evolution of adjusted net assets

On 31 December 2003, GBL's adjusted net assets amounted to EUR 7,528 million (EUR 54.43 per share), compared to EUR 7,040 million (EUR 50.91 per share) at the end of 2002.

The EUR 488 million increase reflects:

- the recovery on the Stock Exchange, which favourably influenced the share price of Total (+ 8%) and Imerys (+ 39%);
- the stability of the year-on-year closing price (31 December) of Suez shares;
- maintenance of Bertelsmann's equity capital at its level of EUR 6.6 billion in 2002;
- the dividend payout for 2002 (EUR 196 million).

The breakdown of the adjusted net assets is detailed on page 38 of this annual report.

Acquisition of GBL's own shares

The General Meeting of 22 April 2003 renewed the mandate to the company's Board of Directors, for a period of 18 months, to buy and sell on the Stock Exchange a maximum of 13,830,005 of GBL's own shares, i.e. 10% of issued shares. These buying and selling may not be carried out at a price which is less than 10% below the lowest share price for the 12 months preceding the transaction, or more than 10% above the highest share price of the previous 20 market listings.

This authorisation also covers buying and selling by GBL subsidiaries.

The General Meeting on 27 April 2004 will be asked to renew, for a further 18 months, the decision authorising the Board of Directors to buy and sell the company's own shares, under the same conditions as described above.

As in the past, this authorisation is sought with a view to regulating the share price, increasing share liquidity or covering financial transactions (convertible bonds, stock options, etc.).

In keeping with this policy, in 2003, GBL and Brussels Securities (a wholly-owned subsidiary) acquired on the Stock Exchange 703,816 GBL shares (i.e. 0.51% of its capital) for a total of EUR 28.1 million, at the average share price of EUR 39.94.

GBL also sold 38,160 GBL shares (at EUR 32.78 per share), for a total of EUR 1.3 million, to beneficiaries of the 1999 stock option plan. The sale price corresponded to the exercise price for these options, set in 1999 for the duration of the plan in accordance with the law of 26 March 1999 on the Belgian 1998 action plan for employment. The price criteria decided by the General Meeting on 22 April 2003 for the group's buying and selling of its own shares do not apply to these transactions.

Further to these transactions, GBL's group owned, on 31 December 2003, 6,313,032 of its own shares, or 4.6% of its capital (par value per share of EUR 4.05), of which 2,796,744 GBL shares are in the Brussels Securities portfolio and 3,516,288 are owned by Sagerpar, another wholly-owned GBL subsidiary. The evolution of treasury stock since 31 December 2001 is presented in the appendices to the accounts on page 72.

In accordance with the IFRS rules, the GBL shares held by GBL and its subsidiaries are deducted from equity capital.

Since 31 December 2003, GBL and Brussels Securities have acquired 13,500 GBL shares on the Stock Exchange and sold 91,976 own shares, of which 9,500 in the context of the exercise of options by staff members.

In parallel with the authorisation discussed above given by the General Meeting, GBL's articles of association allow the Board of Directors to buy or sell the company's shares when such transactions are necessary to prevent serious and imminent injury to the company. For this very specific purpose, the Board may act on the market without being bound by the constraints pre-established by the General Meeting. No shares were bought or sold in 2003 by virtue of this power, which was granted to the Board by the General Meeting on 26 April 2001 and expires in May 2004. The General Meeting of 27 April 2004 will be asked to extend this power for three years.

Charitable donations

Our philosophy in respect of charitable donations remains consistent, focusing on contributions to three main sectors:

- charitable organisations
- scientific research
- culture.

The Managing Directors meet regularly to review the many requests for funds and decisions are taken on a case-by-case basis in terms of the merits of each potential beneficiary.

In 2003, a total of EUR 0.7 million was donated to 60 beneficiaries. These included in particular the Fondation Charles-Albert Frère, the Fondation Roi Baudouin, the Fondation Louvain and the Fondation Erasme.

Corporate governance

This chapter describes the operating and internal control rules in force in the company, in line with legal requirements and with the recommendations on corporate governance put out by the market authorities.

1. Board of Directors

1.1. Composition

Chairman, Managing Director

| | |
|-------------|-----------|
| Baron Frère | 2002-2005 |
|-------------|-----------|

Vice-Chairman, Director

| | |
|----------------|-----------|
| Paul Desmarais | 2002-2005 |
|----------------|-----------|

Managing Directors

| | |
|--------------|-----------|
| Gérald Frère | 2002-2005 |
|--------------|-----------|

| | |
|-------------------|-----------|
| Thierry de Rudder | 2003-2006 |
|-------------------|-----------|

Directors

| | |
|---------------------------------|-----------|
| Jean-Louis Beffa ⁽¹⁾ | 2001-2004 |
|---------------------------------|-----------|

| | |
|----------------|-----------|
| Victor Delloye | 2001-2004 |
|----------------|-----------|

| | |
|-----------------|-----------|
| André Desmarais | 2001-2004 |
|-----------------|-----------|

| | |
|-------------------|-----------|
| Paul Desmarais Jr | 2002-2005 |
|-------------------|-----------|

| | |
|--------------------------|-----------|
| Aimery Langlois-Meurinne | 2001-2004 |
|--------------------------|-----------|

| | |
|--------------------------------------|-----------|
| Count Maurice Lippens ⁽¹⁾ | 2001-2004 |
|--------------------------------------|-----------|

| | |
|-----------------------|-----------|
| Michel Plessis-Bélair | 2001-2004 |
|-----------------------|-----------|

| | |
|--------------|-----------|
| Gilles Samyn | 2002-2005 |
|--------------|-----------|

| | |
|-----------------------|-----------|
| Amaury-Daniel de Sèze | 2001-2004 |
|-----------------------|-----------|

| | |
|-----------------------------------|-----------|
| Baron Stéphane ^{(1) (2)} | 2003-2004 |
|-----------------------------------|-----------|

Honorary Managing Directors

| |
|---|
| Count Jean-Pierre de Launoit ⁽³⁾ |
|---|

| |
|------------------|
| Jacques Moulaert |
|------------------|

| |
|---------------|
| Emile Quevrin |
|---------------|

Honorary Directors

Léopold Blampain (†), Jacques de Bruyn, Count Baudouin du Chastel de la Howarderie, Count de Fels, Jacques-Henri Gougenheim, Baron Lambert, Count Jean-Jacques de Launoit, Philippe van der Plancke, Aldo Vastapane

1.2. CVs of Directors

Albert Frère, born on 4 February 1926 in Fontaine-l'Évêque, Belgium, of Belgian nationality

After focusing on the management of various steel businesses in the Charleroi region and the marketing of their products, Baron Frère founded Pargesa Holding jointly with several partners in Geneva in 1981. Pargesa acquired interests in Groupe Bruxelles Lambert in 1982. Since then he has been Managing Director, and Chairman of the Board of Directors since 1987.

Paul Desmarais, born on 4 January 1927 in Sudbury, Ontario, Canada, of Canadian nationality

After earning a degree in business administration from the University of Ottawa (Canada), Paul Desmarais took control of a bus transport company in Sudbury (Ontario) in 1951. In 1959, he founded Transportation Management Corporation Limited. He went on to acquire Provincial Transport Limited in 1960 and effective control of Entreprises Gelco Limitée in 1962. In 1968, he acquired a controlling interest in Power Corporation of Canada, an international management and holding company. He was its Chairman and Managing Officer from 1968 to 1996. Today, he chairs the firm's Executive Committee. Paul Desmarais has been a Director of Groupe Bruxelles Lambert since 1982 and today is Vice-Chairman of the Board of Directors.

Gérald Frère, born on 17 May 1951, in Charleroi, Belgium, of Belgian nationality

After studies in Switzerland, Gérald Frère joined the family company, the group Frère-Bourgeois (Belgium), where he took up the duties of Managing Director. He is also Chairman of the Board of Directors of Compagnie Nationale à Portefeuille S.A. (CNP-NPM) and a Regent of the Banque Nationale de Belgique (National Bank of Belgium).

He was appointed to the Board of Directors of Groupe Bruxelles Lambert in 1982. In 1993, he became Managing Director and is since that time Chairman of the Executive Committee.

(1) Independent Director, i.e. a Director within the meaning of Article 524 of the Company Code (see 1.5.)

(2) Co-opted by the Board of Directors on 26 March 2003 to complete the term of office of Baron Goossens, deceased on 8 November 2002. The General Meeting of 22 April 2003 ratified this co-optation

(3) Vice-Chairman, Honorary Managing Director

Thierry de Rudder, born on 3 September 1949, in Paris, of French/Belgian nationality

Thierry de Rudder has degrees in mathematics from the University of Geneva and the Free University of Brussels (ULB) and a MBA from the Wharton School in Philadelphia.

He began his career in the United States, joining Citibank in 1975, where he held various posts in New York and then in Europe. In 1986, he joined Groupe Bruxelles Lambert, and is today Managing Director.

Jean-Louis Beffa, born on 11 August 1941, in Nice, of French nationality

A graduate of the "Ecole polytechnique", Jean-Louis Beffa is "Ingénieur en Chef des Mines" and holds degrees from the National College of Petroleum Engineering and the Political Science Institute in Paris.

He began his career as an engineer at the Fuel Directorate of the Ministry for Industry, and then as Head of the Refinery Service and Deputy Director. In 1974, he joined Compagnie de Saint-Gobain, of which he is today Chairman and Chief Executive Officer. He was named a Director of Groupe Bruxelles Lambert in 1999.

Victor Delloye, born on 27 September 1953, of Belgian nationality

Victor Delloye has a law degree from the Catholic University of Louvain (UCL) and is a graduate of the School of Business Studies (ICHEC). Since the 1989-1990 academic year, he has been a lecturer at the Solvay Business School's master's programme in business management.

He joined the group Frère-Bourgeois in 1987 and has been Director and General Secretary of CNP-NPM since 1994. He was appointed a Director of Groupe Bruxelles Lambert in 1999.

André Desmarais, born on 26 October 1956 in Ottawa, of Canadian nationality

André Desmarais has a degree in accounting from Concordia University in Montreal.

He began his career in the real estate firm Corporation Campeau Limitée and went on to work at the Canadian Justice Ministry and Public Prosecutor's Office, then at Richardson Greenshields, a securities broker. Since 1983, he has held several executive offices in Power Corporation of Canada. He was appointed Chairman and Head of Operations in 1991, then Chairman and Co-Chief Management Officer in 1996. He has been a Director of Groupe Bruxelles Lambert since May 1990.

Paul Desmarais Jr, born on 3 July 1954, in Sudbury, Ontario, Canada, of Canadian nationality

Paul Desmarais Jr has a degree in business studies from the McGill University in Montreal and a MBA from INSEAD in Fontainebleau.

He began his career in England with S.G. Warburg & Co. Ltd., moving on to Standard Brands Incorporated in New York. In 1981, he joined Power Corporation of Canada, of which he is now Chairman of the Board and co-Chief Management Officer. He has been a Director of Groupe Bruxelles Lambert since 1990.

Aimery Langlois-Meurinne, born on 27 May 1943, of French nationality

Aimery Langlois-Meurinne has a degree from the "Ecole Nationale d'Administration" (ENA).

He began his career with Paribas (France) and worked several years in New York (AG Becker Paribas and Merrill Lynch Capital Markets). He is Director, Managing Director of Pargesa Holding S.A. and was appointed a Director of Groupe Bruxelles Lambert in 1993.

Maurice Lippens, born on 9 May 1943, of Belgian nationality
Count Maurice Lippens has a doctorate in law from the Free University of Brussels (ULB) and a MBA from Harvard Business School.

He began his career in corporate turnaround and in venture capital. He was successively Director, Managing Director and Chairman-Managing Director of the group AG, which became Fortis in 1990. He has been Chairman of Fortis since that date. He was appointed a Director of Groupe Bruxelles Lambert in 2001.

Michel Plessis-Bélair, born on 26 March 1942, in Montreal, of Canadian nationality

Michel Plessis-Bélair holds a master's degree in business from the Montreal Business School and a MBA from the Columbia University in New York. He is also a Fellow of the Order of Certified Accountants of Quebec.

He began his career with Samson, Bélair, moving on in 1975 to Société Générale de Financement du Québec, where he held various management posts and of which he was also Director. In 1986, he joined Power Corporation of Canada and Power Financial Corporation, of which he is today Vice-Chairman of the Board and Head of Financial Services and Executive Vice-President and Head of Financial Services, respectively. He has been a Director of Groupe Bruxelles Lambert since 1990.

Gilles Samyn, born on 2 January 1950, in Cannes, of French/Belgian nationality

Gilles Samyn is a graduate of the Solvay Business School (ULB), where he has held research and teaching posts since 1970. He began his career in the "Mouvement Coopératif Belge" in 1972 and joined Groupe Bruxelles Lambert in late 1974. After a year of self-employment, he joined the group Frère-Bourgeois in 1983, of which he is now Managing Director. He is also Vice-President and Managing Director of CNP-NPM. Gilles Samyn was named a Director of Groupe Bruxelles Lambert in 1987.

Amaury-Daniel de Sèze, born on 7 May 1946, of French nationality

Amaury-Daniel de Sèze has a degree from the "Centre de Perfectionnement dans l'Administration des Affaires" and the Stanford Graduate School of Business. His business career began at Bull General Electric. From 1978 to 1993, he was with the group Volvo, where he was Chairman of Volvo Europe and member of the group's Executive Committee. In 1993, he joined Paribas Affaires Industrielles, where he is now Chairman and Chief Executive Officer. He is also a member of the Executive Committee of BNP Paribas and a Director of Pargesa. He was appointed a Director of Groupe Bruxelles Lambert in 1994.

Jean Stéphenne, born on 1 September 1949, in Furfooz, near Dinant, Belgium, of Belgian nationality

Baron Stéphenne holds a degree in chemical engineering and agronomy from the Gembloux Agricultural University, and a degree in management from the Catholic University of Louvain (UCL). He began his career with SmithKline-Rit, where he moved up the ranks to become Chairman and Chief Executive Officer. He chaired the UWE (Union Wallonne des Entreprises) from 1997 to 2000. He is also Chairman of the Board of Directors of the Scientific Adventures Parc in Frameries. He was named a Director of Groupe Bruxelles Lambert in 2003.

1.3. Rules governing the appointment of Directors and the renewal of their Directorship

The articles of association establish that there must be at least three Directors and that they shall be elected by the General Meeting for a term of office of no more than three years. The Directors may be re-elected for successive terms of three years at most.

Should a directorship fall vacant, the remaining Directors may co-opt a Director to fill this office on a temporary basis. In such a case, the next General Meeting proceeds with the final election.

Nominations for the election of Directors are tabled to the General Meeting based on their abilities and according to the company's needs. The Board of Directors tables the nominations on the recommendation of the Nomination and Remuneration Committee.

The company does not have any formal internal rules of procedure governing the exercise of the office of Director.

1.4. Age limits

The Board of Directors has set the age limits of 62 years for Managing Directors and 70 years for other Directors. These limits do not apply, however, to the Chairman and Vice-Chairman. Moreover, the Board of Directors is entitled to make exceptions to this general rule on a case-by-case basis.

1.5. Statutory appointments

The terms of office of Messrs Jean-Louis Beffa, Victor Delloye, André Desmarais, Aimery Langlois-Meurinne, Michel Plessis-Bélair, Amaury-Daniel de Sèze, Count Maurice Lippens and Baron Stéphenne will come to an end at the Ordinary General Meeting of 27 April 2004. The Board proposes the renewal of their term of office for a three-year period, except the one of Mr André Desmarais who doesn't apply for his reelection as Director. Furthermore, it is proposed to elect Mr Arnaud Vial, First Vice-President Finance of Power Corporation of Canada and Power Financial Corporation.

The Board will also put a proposal to the General Meeting to designate for the first time Mr Jean-Louis Beffa, Count Maurice Lippens and Baron Stéphane as Independent Directors within the meaning of Article 524 of the Company Code, which establishes that, to be independent, a Director must meet at least the following criteria:

1. for a two-year period prior to the appointment, the Director must not have held the office of Director, manager, member of the Executive Committee, or Director in charge of daily management or member of management for either the company or for a company or person associated with it within the meaning of Article 11; this condition shall not apply either to a Director whose independence is acted for the first time in accordance with Article 524 of the Company Code or to extensions of the term of office of an Independent Director;
2. the Director may not have, either in the company or in a company or person associated with it within the meaning of Article 11, a spouse or person with whom he legally cohabits, or family or person related within the second degree by marriage holding the office of Director, manager, member of the Executive Committee or Director in charge of daily management or member of management with a financial interest as laid down in point 3.;
3. • the Director may hold no ownership rights representing a tenth or more of the authorized capital, social funds or of a category of shares of the company;
 - if he holds ownership rights that represent a share of less than 10%:
 - through the addition of ownership rights with those held in the same company by companies over which the Independent Director has control, these rights may not make up one tenth of the authorised capital, social funds or of a category of shares of the company;
 - or
 - the deeds of settlement for such shares or exercise of the ensuing rights may not be subject to contractual stipulations or unilateral undertakings to which the Independent Director has subscribed;
4. the Director may not have any relations with any company which could bring his independence into question.

As a reminder, from 1 January 2004, the Company Code allows that Independent Directors intervene in the context of the regulation of conflicts of interest within a group of companies.

2. Functioning of the Board of Directors

The Board of Directors determines the company's strategic objectives, takes investment or disinvestment decisions and determines all other measures necessary for achieving its policy. Since the company's main activity is to manage a portfolio of investments in a small number of leading companies, these investments are reviewed at every meeting. The Board also adopts the budget and reviews and adopts the accounts. It reports on its management to the General Meeting and prepares draft resolutions to be put to the vote of the Meeting. It organises the company's management, supervision of its management and auditing of its accounts. It sets in place the structures and resources needed to attain these objectives: it sets up different committees, within the Board or outside it, and appoints the Directors in charge of day-to-day management.

Currently, the Board is assisted by the Executive Committee, the Nomination and Remuneration Committee and the Audit Committee. These committees, whose composition and role are detailed in this report, submit proposals to the Board with a view to decision-taking and report on their activities, at least once a year, to the Directors. The Committees Rules of Procedure provide that their members may be assisted by experts in carrying out their tasks.

The Board of Directors has appointed three Managing Directors, Baron Frère and Messrs Gérard Frère and Thierry de Rudder, who are responsible for the day-to-day management of the company. Each represents the company within the limits of day-to-day management, acting jointly with another Managing Director. The Managing Directors report regularly to the Board and to the different Committees formed within it on the state of GBL's affairs, particularly in respect of changes in shareholding, the supervision of subsidiaries and the group's financial management.

The Board of Directors meets regularly and whenever the company's interests require. It met on four occasions in 2003.

Save in the case of an urgently convened meeting, all Directors receive information and documents relating to the items on the agenda prior to the meeting.

The Board passes resolutions by a simple majority of the Directors present or represented. Each Director may mandate another Director to represent him and vote on his behalf at a meeting of the Board. Provided at least half the Directors are present, any Director may also express his opinion and vote in writing. In the event of a parity of votes, the Chairman of the meeting shall have tie-breaking power.

In exceptional cases duly warranted by urgency and the social interests of the company, the articles of association allow resolutions to be passed in writing, provided they are approved unanimously by the Directors. In February 2003, the Board used this procedure to appoint Count Maurice Lippens as a member of the Nomination and Remuneration Committee to replace Baron Goossens, deceased in November 2002.

The Board is particularly attentive to possible conflicts of interest with a shareholder or with another company of the group and to the implementation of the specific procedures laid down by Articles 523 and 524 of the Company Code.

Other than in situations provided for by the law and what is established for Committees, the company has not adopted any special procedures to allow one or more Directors to request the advice of an independent expert. Any Director may, however, submit such a request for consideration by the Board.

The company has also subscribed civil liability insurance for members of the Board of Directors.

3. Committees established by the Board of Directors

3.1. Executive Committee

3.1.1. Composition

Gérald Frère, Chairman
 Paul Desmarais
 Paul Desmarais Jr
 Baron Frère
 Michel Plessis-Bélair
 Thierry de Rudder
 Gilles Samyn
 Amaury-Daniel de Sèze

3.1.2. Role

The Executive Committee is responsible for all matters of group strategy and makes in this context specific recommendations to the Board of Directors.

3.1.3. Frequency of meetings

The Executive Committee met on four occasions in 2003.

3.2. Nomination and Remuneration Committee

3.2.1. Composition

Count Maurice Lippens, Chairman ⁽¹⁾
 Michel Plessis-Bélair
 Gilles Samyn
 Amaury-Daniel de Sèze

3.2.2. Role

The Nomination and Remuneration Committee submits proposals to the Board of Directors on the appointment of Directors and, where necessary, on their independence within the meaning of Article 524 of the Company Code. It makes recommendations with respect to remuneration for Board and Board Committee members, Managing Directors and senior management. It also advises the Board on the company's remuneration policy, including employee profit-sharing schemes.

The Committee reports at least once a year on its activities to the Board, which is invited to approve its report.

3.2.3. Remuneration policy

The remuneration of Directors, with the exception of Managing Directors, is determined by the General Meeting on a proposal from the Nomination and Remuneration Committee. The latter submits proposals in accordance with prevailing market conditions for comparable companies.

The remuneration of Managing Directors is composed of two elements: fixed fees determined with reference to an average market value, and a stock option plan constituting a medium-term investment in the company's performance (for details, see page 64).

Managing Directors are entitled to a specific pension plan financed out of a pension fund.

(1) Since 21 February 2003 to replace Baron Goossens

3.2.4. Publication of remunerations

The Committee is guided by the laws in force and the recommendations of the Federation of Enterprises in Belgium in respect of information on the remuneration of Directors and Managing Directors. The remuneration taken into account is that received personally by the Directors from all consolidated companies and associated companies.

3.2.5. Frequency of meetings

The Committee met on two occasions in 2003.

3.3. Audit Committee

3.3.1. Composition

The Committee is composed of non-executive Directors.

Its members are:

Jean-Louis Beffa, Chairman

Michel Plessis-Bélair

Gilles Samyn

3.3.2. Role

The Audit Committee provides support to the Board of Directors in its tasks of supervision, and particularly for the analysis of:

- parent company and consolidated accounts;
- accounting rules;
- internal control system;
- review with external auditors of the scope of their work and the conclusions of their audits;
- financial information for distribution to shareholders and third parties.

The Committee submits recommendations in respect of the appointment of the Statutory Auditor and the Auditor's fees, while guaranteeing the Auditor's independence.

3.3.3. Functioning

The functioning of the Audit Committee is governed by rules drawn up by the Board. In carrying out its tasks, the Audit Committee has access to all company information and employees. It may call upon the Managing Directors and the Financial Director, as well as external experts, inviting them to attend its meetings if necessary. It meets at least twice a year and reports at least once a year on its activities to the Board, which is invited to approve its report.

3.3.4. Frequency of meetings

In 2003, the Audit Committee met on four occasions. The Statutory Auditor attended each of these meetings, either in person or by telephone.

4. Day-to-day management and supervision

The Board has appointed three Managing Directors to handle the company's day-to-day management. The company is represented, within the limits of the day-to-day management, by two Managing Directors acting jointly.

The company does not have a General Management Committee within the meaning of the Company Code.

The Management and the Managing Directors meet regularly in the Internal Committee, which monitors the group's operational activities and reviews needed management actions.

The Internal Committee has the following members:

Gérald Frère, Chairman

Baron Frère

Thierry de Rudder

Patrick De Vos

Esther Jakober

Ann Opsomer

Olivier Pirotte

The management team is made up as follows:

Finance

Consolidation, Budget

Accounts

Treasury, Investment Portfolio

Legal and Tax Matters

Tax

Investments and Research

Human Resources, IT and Administration

Patrick De Vos

Yves Désiront

Axelle Henry

André Helbo

Marc Desclez

Pascal Peigneux

Ann Opsomer

Pascal Reynaerts

Esther Jakober

Olivier Pirotte

Marie Skiba

Michel Hucklenbroich

Fabienne Prozenko

5. Audit

The Extraordinary General Meeting of 26 April 2001 appointed
DELOITTE & TOUCHE

Revisers d'Entreprises SC s.f.d. SCRL
represented by Mr Michel Denayer

as Statutory Auditor for a term of three years and set the fees for
this assignment at EUR 50,000.

At group level (GBL and its wholly-owned subsidiaries), total fees
for services provided in 2003 by Deloitte & Touche
(International) amounted to EUR 111,690, breaking down as
follows:

| in EUR | |
|--|--------|
| Audit of GBL accounts | 50,000 |
| Audit of accounts of wholly-owned subsidiaries | 21,670 |
| Special assignments related to the Auditor's term of office and other audit assignments requested by the Audit Committee | 15,470 |
| Tax advice | 2,650 |
| Implementation of the IFRS | 21,900 |

The Statutory Auditor's term of office expires at the Ordinary
General Meeting on 27 April 2004. The Board will submit a
proposal to the General Meeting for the renewal of this appointment
for three years and for an increase in the fees paid to the Statutory
Auditor to EUR 70,000 annually.

6. Profit appropriation and dividend policy

The profit appropriation policy proposed by the Board of
Directors aims to maintain a balance between an attractive cash
yield for shareholders and a growth in the value of the GBL
share. The dividend payout level is backed up by cash earnings.

6.1. Appropriation of profit by Groupe Bruxelles Lambert (parent company accounts)

| in EUR thousand | 2003 | 2002 |
|--|-------------|-------------|
| Profit available for appropriation | 2,478,971 | 2,343,209 |
| <i>Profit for the year available for appropriation</i> | 332,148 | 256,057 |
| <i>Profit carried forward from the previous year</i> | 2,146,823 | 2,087,152 |
| Profit to be carried forward | (2,272,904) | (2,146,823) |
| <i>Profit to be carried forward</i> | 2,272,904 | 2,146,823 |
| Profit to be distributed | (206,067) | (196,386) |
| <i>Dividends</i> | 206,067 | 196,386 |

6.2. Appropriation of profits

Taking into account the profit carried forward of
EUR 2,146,823,155.50, the profit available for appropriation
amounts to EUR 2,478,971,175.23. The Board of Directors will
propose the following appropriation to the General Meeting to be
held on 27 April 2004:

| in EUR | |
|--------------------------------|------------------|
| Dividend on 138,300,053 shares | 206,067,078.97 |
| To be carried forward | 2,272,904,096.26 |

6.3. Dividend per share

| in EUR | 2003 | | 2002 | |
|------------------------|-------|--------|-------|-------|
| | Gross | Net | Gross | Net |
| Per share | 1.490 | 1.1175 | 1.420 | 1.065 |
| Per share + strip VVPR | 1.490 | 1.2665 | 1.420 | 1.207 |

7. Relations with dominant shareholders

Under an agreement concluded in 1990, the Power and
Frère-Bourgeois/CNP-NPM groups exercise joint control, through
the Dutch holding company Parjointco, over Pargesa Holding S.A.,
which controlled 48.0% of GBL's capital on 31 December 2003.
In September 1996, this agreement, initially entered into for a term
of 11 years, was extended until 2014. The agreement does not
provide for the establishment of any specific shareholder
Committees.

8. Employee stock option plan

On 15 June 1999, the Board of Directors of Groupe Bruxelles Lambert S.A. approved a resolution creating a stock option plan for group employees and Managing Directors. For details, see note 5. E. to the consolidated accounts, page 65.

9. General information

9.1. Corporate identity

9.1.1. Name

Groupe Bruxelles Lambert
Groep Brussel Lambert
in abbreviated form "GBL"

The French and Dutch registered names may be used together or separately.

9.1.2. Registered office

24, avenue Marnix - 1000 Brussels

The registered office may be transferred to any other address in Belgium on a decision by the Board of Directors.

9.1.3. Legal form, setting-up and statutory publications

The company was incorporated on 4 January 1902 as a limited liability company under Belgian law, by deed enacted by Edouard Van Halteren, Notary in Brussels, published in the Annexes to the Moniteur Belge of 10 January 1902, reference number 176. The articles of association have been amended on a number of occasions, most recently by a deed enacted on 26 April 2001 published in the Annexes to the Moniteur Belge of 24 May 2001, reference number N 20010524-47 and 48.

9.1.4. Register of Legal Persons

The company is listed in the Register of Legal Persons (RPM) under business number 0407.040.209. This number replaces the Trade Register Number (3.902), the VAT number and, in time, the social security number.

9.1.5. Term

The company is incorporated for an unlimited period.

9.1.6. Objects

In accordance with Article 2 of its articles of association, the objects of the company are to:

- conduct on its own behalf or on behalf of third parties any and all real estate, financial and portfolio management transactions; to this end, it may set up companies or bodies, acquire shares therein, and conduct any financing, payment, lending, security or deposit transactions;
- carry out any studies and provide technical, legal, accounting, financial, commercial, administrative or management assistance, on behalf of companies or bodies in which it directly or indirectly owns shares, or on behalf of third parties;
- provide on its own behalf or on behalf of third parties any transport or transit operations.

The company may take an interest, through capital contributions or mergers, in any existing or future companies or bodies whose objects might be similar or related to its own or that might be of such a nature as to confer any advantage in the pursuit of its corporate objects.

9.1.7. Availability of company documents for public consultation

The company's articles of association may be consulted at the Registry of the Brussels Commercial Court, at the company's registered office and on its website (<http://www.gbl.be>).

The annual accounts are deposited with the Banque Nationale de Belgique (National Bank of Belgium). Resolutions relating to the appointment and resignation of members of the company's executive bodies are published in the Annexes to the Moniteur Belge.

Financial announcements relating to the company are published in the financial press and daily newspapers. Other documents available for public inspection may be consulted at the company's registered office.

The company's annual report is sent each year to registered shareholders and to any person requesting a copy; it is available free of charge at the registered office.

The annual reports for the last three financial years as well as all documents referred to in this paragraph may be consulted on the company's website.

9.1.8. Activities

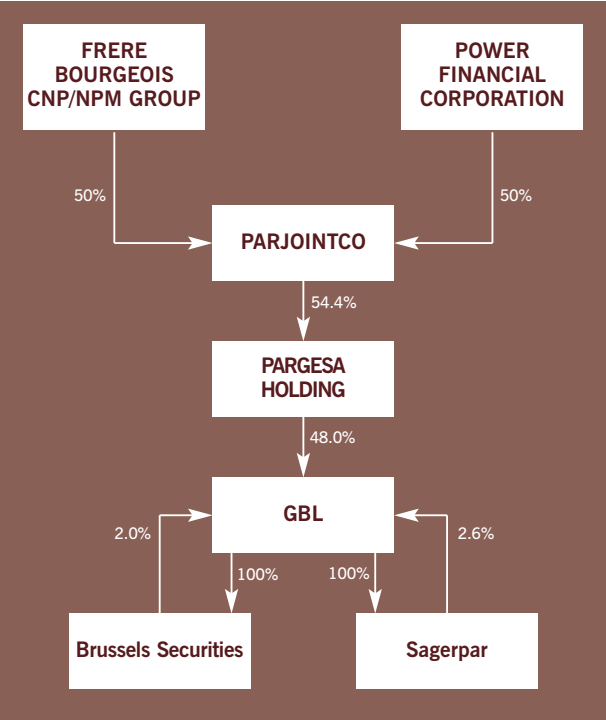
GBL is a holding company which owns a limited number of investments in leading companies. GBL supports the development of these companies and counts among their major shareholders.

9.2. Shareholding structure on 30 April 2001

GBL's shareholding structure is as follows, based on the latest declaration made on 30 April 2001 pursuant to Article 1 of the law of 2 March 1989 on the publication of major shareholdings.

| Shareholders | Number of shares | % |
|---|------------------|-------|
| Pargesa Netherlands B.V. Rodenrijse laan 23b - NL-3037 XB Rotterdam | 66,700,695 | 48.23 |
| Sagerpar Avenue Marnix 24, 1000 Brussels | 3,751,385 | 2.71 |
| Brussels Securities Avenue Marnix 24, 1000 Brussels | 1,327,169 | 0.96 |
| Fonds de Pension GBL Avenue Marnix 24, 1000 Brussels | 7,500 | 0.01 |
| Total held by Pargesa and associated companies | 71,786,749 | 51.91 |

9.3. Shareholding structure of GBL on 31 December 2003



Investments on 31 December 2003

| | |
|--------------------------|-----------|
| Total | 20 |
| Bertelsmann | 24 |
| Suez | 28 |
| Imerys | 32 |
| Other investments | 36 |

The following pages present for each operating investment:

- a description of the company's activities, key events during the year and financial results;
- a table of key figures showing consolidated financial and operating data for each company;
- the contribution to GBL's adjusted net assets and result.

A glossary containing definitions of key words used in this annual report can be found on page 86.

Formed by the successive mergers of the groups Total, PetroFina and Elf Aquitaine, Total is one of the world's leading oil and gas groups, and a major player in the Chemicals sector



Activities

Total is one of the world's top-ranking integrated oil companies. Its activities are based in more than 100 countries and cover the entire oil industry chain: from Upstream – exploration, development and production of oil and gas – to Downstream – refining and distribution of oil products and international trading of crude oil and refined products. Total is also an important operator in the Chemicals sector.

Upstream, the group's hydrocarbon reserves amount to some 11.4 billion boe, giving the

company more than 12 years of supplies at its current production rate. The group, with an asset portfolio covering the OECD zone and emerging countries, has some of the oil industry's highest growth prospects thanks to its investments in major projects with limited technical costs and in highly promising blocks. Operating in the liquefied natural gas industry, Total is also expanding its activities to related market segments such as gas distribution and electricity generation.

Downstream, the group is a leader in Europe and Africa. It manages refining capacity of 2.7 million barrels a day and sells 3.7 million barrels a day of refined products. Total owns shares in 28 refineries and operates a network of around 16,700 service stations, mostly under the Total and Elf trade names, primarily in Europe and Africa.

Total's Chemicals activities, organised under the Atofina banner, are among European or world leaders on most of their markets. These include petrochemicals and commodity polymers activities, typical of major integrated oil companies, along with intermediate chemicals and performance polymers, and speciality chemicals focusing on processing technologies for rubber and coating products.

Key events in 2003

The year 2003 marked the completion of the internal programmes introduced in 2000 following the mergers of Total, PetroFina and Elf.

During 2003, in a favourable environment for the oil industry, continued growth in hydrocarbons production, implementation of productivity programmes and share buy-backs brought net earnings per share, excluding non-recurring items, to a record level of EUR 11.56, a 23% increase over 2002 (+ 47% stated in dollars); the group's return on average capital employed of 19% in 2003 was the highest level among the group's main competitors.

Upstream

For 2003 as a whole, production of hydrocarbons totalled 2.54 million boe/d, compared to 2.42 million boe/d in 2002, or a growth of 5%, in line with target figures. The zones contributing most to this growth were Sincor in Venezuela, Balal and South Pars in Iran, Amenam in Nigeria and for gas, the Gulf of Mexico, Indonesia and the North Sea.

The group's proven reserves continued to expand in 2003, reaching 11.4 billion boe. For consolidated subsidiaries for the period 2001-2003, the reserve replacement rate stood at 145% with corresponding discovery and reserve replacement costs of 0.7 \$/boe and 4.3 \$/boe respectively.

Downstream

In refining, 2003 saw the launch of studies on the construction of a distillate hydrocracker at the refinery in Normandy, France, which will cost EUR 500 million over the period 2003-2006. Volumes refined rose by 6% to 2.5 million barrels a day, with capacity utilisation rate of 92%, up from 88% in 2002.

On the marketing side, the group continued optimising its positions on its key markets by buying or selling service stations.

Chemicals

The main events in 2003 were the disposal of the paints activity and the acquisition of 50% in a joint venture with Samsung in the Daesan petrochemical complex in Korea, which has so far shown satisfactory results.

The group is also studying a reorganisation of its Chemicals business line that would involve the creation, alongside the petrochemicals and speciality units, of a decentralised subsidiary with turnover of around EUR 5 billion, consolidating chlorochemicals, intermediate and performance products. This subsidiary will have the aim of becoming an independent operator.

For the group as a whole, the medium-term strategy remains in keeping with the strategy pursued to date. New performance improvement objectives have been set for the 2004-2008 period. They consist in raising hydrocarbon production to an average of 4% based on annual investments of EUR 9 to 10 billion a year, the bulk of which (75%) Upstream.

Total has also confirmed its strategy of divesting in the medium-term from Sanofi Synthélabo and approves of that firm's bid to merge with Aventis.

www.total.com

Total financial communication:

Ladislav Paszkiewicz

Tel.: +33-1-47.44.58.53

Fax: +33-1-47.44.58.24

Financial report

In a favourable environment for the oil industry, consolidated turnover for 2003 amounted to EUR 105 billion, a 2% increase over 2002.

Operating result from business segments, excluding non-recurring items, rose by 18% in 2003 to EUR 13.0 billion, compared to EUR 11.0 billion in 2002. The growth and the synergy and productivity programmes contributed for EUR 1.1 billion to this result, assisted by the overall positive impact of a more favourable environment (EUR 0.8 billion) and the consequences of the lower level of refinery turnarounds (EUR 0.2 billion). In particular,

- Upstream, the positive effects of expanding production (+ 5%) and the rise in the average price of crude oil (+ 15% to 28.8 \$/barrel) more than compensated for the depreciation of the dollar against the euro (average parity of 1.13 in 2003 compared to 0.95 in 2002); the sector's operating result was up 13% to EUR 10.5 billion in 2003.
- Downstream, the recovery of refining and marketing margins in Europe brought about a sharp rise to EUR 2.0 billion in the operating result of this branch in 2003.
- in Chemicals, operating result slipped by 28% to EUR 0.6 billion; the industry suffered from an economical environment that took its toll on margins and from the worsening of the environment due to the weak dollar.

Net result, group's share, excluding non-recurring items, rose by 17% in 2003 to EUR 7.3 billion (stated in dollars, + 40% to \$ 8.3 billion). After the group's buy-backs of share in 2003, net earnings per share, excluding non-recurring items, amounted to EUR 11.56 for the year, an increase of over 23%.

Net result, group's share, amounted to EUR 7.0 billion, compared to EUR 5.9 billion in 2002. This figure includes non-recurring items for a negative total amount of EUR 0.3 billion for 2003 (comparable to the 2002 level).

In 2003, gross investments of the group totalled EUR 7.7 billion (EUR 8.7 billion in 2002). Investments broke down as follows: some 69% Upstream, 16% Downstream and 15% in Chemicals. Divestments calculated at sale price amounted to EUR 1.9 billion and included in particular the sale of the paints activity. The group's net cash flow came to EUR 6.6 billion, compared to EUR 4.7 billion in 2002.

The General Meeting of shareholders on 14 May 2004 will be asked to approve the Board's proposal to distribute a net dividend of EUR 4.70 per share, a 15% increase over the previous year. The dividend will be paid in cash on 24 May 2004.

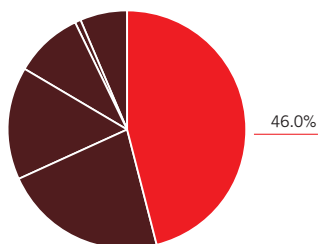


Data stated in accordance with the French GAAP**Financial data**

| in EUR million | 2003 | 2002 | 2001 |
|--|-------------|-------------|-------------|
| Shareholders' equity | 30,406 | 32,146 | 33,932 |
| Market capitalisation | 95,680 | 93,527 | 113,231 |
| Net current result (excluding non-recurring items) | 7,344 | 6,260 | 7,518 |
| Net result | 7,025 | 5,941 | 7,658 |
| in EUR | | | |
| Net current result per share (excluding non-recurring items) | 11.56 | 9.40 | 10.85 |
| Net result per share | 11.06 | 8.92 | 11.05 |
| Net dividend per share | 4.70 | 4.10 | 3.80 |
| Share price | 147.40 | 136.10 | 160.40 |
| Number of shares in issue | 649,118,236 | 687,190,510 | 705,934,959 |
| Percentage of share capital held by the group | 3.6 | 3.4 | 3.3 |
| Percentage of voting rights held by the group | 6.6 | 6.2 | 6.3 |

Operating data

| in EUR million | 2003 | 2002 | 2001 |
|---|---------|---------|---------|
| Turnover | 104,652 | 102,540 | 105,318 |
| Operating result of activity sector (excluding non-recurring items) | 13,004 | 10,995 | 13,121 |
| Operating cash flow | 12,487 | 11,006 | 12,303 |
| Gross investments by sectors of activity | 7,728 | 8,657 | 10,566 |
| Debt / equity ratio (in %) | 25.9 | 28.6 | 30.9 |
| Hydrocarbon reserves (in million boe) | 11,401 | 11,203 | 10,978 |
| Hydrocarbon production (in thousand boe/d) | 2,539 | 2,416 | 2,197 |
| - liquid (in thousand barrels/d) | 1,661 | 1,589 | 1,454 |
| - gas (in million cubic feet/d) | 4,786 | 4,532 | 4,061 |
| Sales of petroleum products (in thousand barrels/d) | 3,652 | 3,380 | 3,434 |
| Employees (in units) | 110,783 | 121,469 | 122,025 |

Contribution to GBL's adjusted net assets

EUR 3,462 million
(EUR 3,196 million in 2002)

Total's contribution to GBL's adjusted net assets and result

At end December 2003, the value of GBL's 3.6% share in Total amounted to EUR 3,462 million (EUR 3,196 million in 2002), making it GBL's biggest asset, accounting for over 45% of adjusted net assets. This increase of EUR 266 million is the result of a 8% rise in the share price as of 31 December, when share price closed at EUR 147.40 at end 2003, as against EUR 136.10 at end 2002. GBL's shareholding in Total did not change in the course of the year 2003.

Total's contribution to GBL's net result corresponds to GBL's net dividend from the oil group, namely EUR 82 million in 2003 compared to EUR 76 million in 2002. Net dividend per share distributed by Total rose by 8% to EUR 4.10 per share.

Number of GBL representatives in statutory bodies in 2003: 2

Bertelsmann is an international media and entertainment company. Its core business is the creation of excellent media content. Taking leading positions in major markets, the company strives to inspire people's daily lives all over the world with its products and services



Activities

Bertelsmann produces, serves and markets media. It's content is created by RTL Group, Europe's leading television, radio and TV production group, by Random House, the world's biggest book-publishing group, by Grüner + Jahr, Europe's largest magazine publisher, and by Bertelsmann Music Group (BMG), a leading company in the global music market. Arvato is a media services provider, while Direct Group Bertelsmann is the global market leader in media distribution via clubs and on the Internet.

Key events in 2003

RTL Group

RTL Group was able to improve its revenues and earnings in 2003 in a challenging market environment: revenues amounted to EUR 4.5 billion against EUR 4.4 billion the previous year, while operating EBITA rose to EUR 503 million from EUR 465 million the previous year, all stations in the group raising their viewer market share and profitability. RTL Group's companies relied on innovative programming, a more diversified revenue structure and strict cost control to counteract continuing weak advertising volume,

most notably in Germany. 2003 saw a number of small corporate transactions paving the way for continued growth outside the two important major television markets of Germany and France: in Spain, RTL Group strengthened its influence in the Spain's Antena 3 group of channels. In Croatia, RTL Group was awarded a license for a TV channel to be launched during the first half of 2004.

Random House

In 2003, an economically challenging year for the book industry, Random House group enhanced its position as the global leader in trade book publishing. Revenues amounted to EUR 1.8 billion compared to EUR 2.0 billion the previous year, while operating EBITA reached EUR 147 million after EUR 168 million the previous year. The decline in revenues and profits is attributable to foreign currency effects, which result mainly from the conversion of dollars to euro for the greatest part of Random House's business, which is done in the United States. Adjusted for currency effects, Random House revenues and profits increased slightly. In Germany, Random House extended its operations significantly by acquiring Heyne Verlag. Random House became the first Western trade book publisher to enter the Asian book market by forming a joint venture with Kodansha, Japan's leading book publisher. A similar landmark collaboration was signed in Korea with JoongAng Ilbo publishers. J. M. Coetzee, whom Random House has long published in the United Kingdom, Canada, Australia, and Spain won the Nobel Prize for Literature.

Grüner + Jahr

Innovations, leading to the launch of new titles and line extensions like "Femme Actuelle Shopping" and "Télé 2 semaines" in France, along with unwavering cost discipline, were at the heart of business activities for the international magazine publisher Grüner + Jahr in 2003. Although revenues declined to EUR 2.5 billion (previous year: EUR 2.8 billion) due to diminished advertising income, portfolio streamlining and currency effects, and despite further steep investments, the company managed to improve its operating EBITA to EUR 234 million (previous year EUR 226 million). Last year's revenues were impacted among other things by the discontinuation of the US women's magazine "Rosie", which was discontinued at year-end 2002. The company sold its Central and

Eastern European newspaper holding to the Swiss publisher Ringier.

Bertelsmann Music Group

In 2003, Bertelsmann Music Group (BMG) continued to do business in a strongly shrinking market. Yet, revenues stayed level with the previous year at EUR 2.7 billion even after adjusting for currency and portfolio effects. Operating EBITA amounted to EUR 110 million, after EUR 125 million in 2002 before reorganisation and restructuring charges of EUR 73 million.

In December 2003, Bertelsmann AG and Sony Corporation agreed to merge their recorded music divisions to the "Sony BMG" joint venture, on a 50/50 basis. This is seen as a bold move to save costs and revitalize the music business in difficult markets. The transaction is subject to antitrust approval. BMG won 22 Grammy Awards in 2003, a record testify to creative excellence across all musical genres and regional borders. The year's top sellers included the work of BMG stars Avril Lavigne, Pink, Britney Spears, Alicia Keys, R. Kelly, OutKast, Dido, Christina Aguilera, Justin Timberlake, Dave Matthews and Eros Ramazzotti.

Meanwhile, BMG's economic environment in 2003 was still shaped by challenges including copying, file-sharing and counterfeits, industry-side price dumping and competition from new entertainment products. To curb unauthorized copying, BMG stepped up its efforts to educate public authorities, business and consumers.

Arvato

In 2003, the media service provider Arvato generated revenues of EUR 3.6 billion, slightly down from the previous year (EUR 3.7 billion), but was able to improve its operating EBITA to a record of EUR 261 million (previous year: EUR 217 million). The Arvato Services unit again proved to be an important growth engine. The unit is comprised of Arvato Direct Services, one of the world's biggest service providers in Customer Relationship Management, and Arvato Logistics Services, a global provider of Supply Chain Management. Arvato Print found itself facing massive fluctuations in capacity utilization, along with increasing pricing pressure. Nevertheless, the printing unit was able to bolster its leading position with investments in state-of-the-art technology. At the end of 2003, construction began on a high-tech gravure printing plant in Treviglio, Italy. This project involves investments totalling approximately EUR 100 million.

www.bertelsmann.com

Bertelsmann communication:

Oliver Herrgesell

Tel.: +49-52.41.80.24.66

Fax: +49-52.41.80.66.13

e-mail: oliver.herrgesell@bertelsmann.de

Direct Group

By focusing on Club businesses, Direct Group generated an earnings leap in 2003 despite a revenue decline to EUR 2.3 billion (previous year: EUR 2.7 billion); operating EBITA, which in 2002 was EUR – 150 million, improved to EUR 4 million despite a tough economic climate, bringing the group to break-even.

The improved operating results are evidence of successful rehabilitation measures: a focus on core business, systematic withdrawal from pure e-commerce, and the increased delegation of responsibility to local management as part of strengthening the decentralized organization.

The division also relied on active cost management.

Parallel to its reorganization, Direct Group began enhancing the appeal of its Clubs by modernizing stores and launching media campaigns. For the first time, selected books were promoted worldwide as part of a joint marketing initiative. A new joint venture with a Chinese partner ("21st Century Bookchain") is expected to bring further growth. Bertelsmann is the first international media company to be given the opportunity to build a nationwide book retail chain. At year-end, the worldwide book and music clubs of the group counted approximately 32 million members.

Financial Report

Overall, and in the light of the current state of the economy, Bertelsmann made an overall satisfactory progress in 2003. The outset of a global economic recovery observed during the year differed greatly by geographical region. While the US economy recovered appreciably, especially in the second half of the year, the euro region was slow to follow suit. In

Germany, the economy failed to rise above previous year levels, in particular due to a lack of domestic demand. Bertelsmann further strengthened its core businesses and achieved an operating result above previous year. The group again met all its key financial targets.

Especially due to the weakening of the US dollar against the euro, the group's revenues declined by 8.3%, from EUR 18.3 billion to EUR 16.8 billion. Adjusted for currency and portfolio effects, group revenues remained largely unchanged year-on-year.

Despite a tough market environment and through an optimization of business processes and cost structures, operating EBITA amounted to EUR 1,123 million (excluding BMG's restructuring charges of EUR 73 million) against EUR 936 million the previous year. This translates to operating ROS of 6.7%, well above the 5.1% generated during the previous year. Major contributors to this rise in earnings were Direct Group, Arvato and RTL Group. RTL Group and Arvato each reported one of their best results ever.

Capital gains totalled EUR 620 million against EUR 2.9 billion in 2002. These were generated mainly by the sale of BertelsmannSpringer (EUR 628 million), Direct Group's disposal of its holding in Barnesandnoble.com (EUR 145 million) and Grüner + Jahr's sale of its Eastern European newspaper businesses. Special items also include a EUR 234 million provision for a lawsuit against Bertelsmann AG, in which two former employees of AOL Germany were granted damages in a court of first instance. Other non-recurring items mainly due to restructurings amounted to EUR – 73 million (integration of Zomba and restructuring of BMG).

The litigation related to Napster, a former music file sharing service previously owned by Bertelsmann, has not given rise to any charges as the company is convinced that these claims are without any foundation or merits. Accordingly, Bertelsmann has filed a motion to dismiss the complaints with the court of New York. No decision has yet been reached on this motion.

Net result (group share) amounted to EUR 154 million, against EUR 928 million in 2002. The group reduced its net financial debt from EUR 2.7 billion in 2002 to EUR 0.8 billion in 2003.

BERTELSMANN
media worldwide

Data stated in accordance with the IFRS

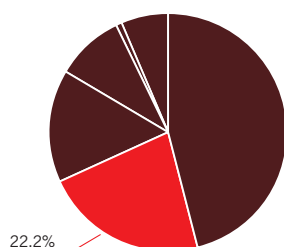
Financial data

| Result | 2003 | 2002 | 2001 |
|---|--------|---------|-----------|
| in EUR million | | | Pro forma |
| Turnover | 16,801 | 18,312 | 18,979 |
| Operating EBITA | 1,123 | 936 | 573 |
| Internet losses | - | - | (808) |
| Special items | (73) | (111) | (927) |
| Depreciation of goodwill and similar rights | (717) | (784) | (856) |
| Impairments of goodwill and similar rights | (220) | (1,668) | (518) |
| Capital gains and losses | 620 | 2,918 | 5,533 |
| Financial result | (322) | (266) | (433) |
| Taxes | (203) | (57) | (1,186) |
| Minority interests | (54) | (40) | (143) |
| Net income (after minority interests) | 154 | 928 | 1,235 |
| Percentage of share capital held by the group | 25.1 | 25.1 | 25.1 |
| Percentage of voting rights held by the group | 25.0 | 25.0 | 25.0 |

Divisions' results

| | | |
|--------------------|----------|-------|
| in EUR million | Turnover | EBITA |
| | 2003 | 2003 |
| RTL Group | 4,452 | 503 |
| Random House | 1,776 | 147 |
| Grüner + Jahr | 2,481 | 234 |
| BMG | 2,712 | 37 |
| Arvato | 3,639 | 261 |
| Direct Group | 2,286 | 4 |
| Disposal under way | 158 | - |

Contribution to GBL's adjusted net assets



EUR 1,673 million
(EUR 1,678 million in 2002)

Bertelsmann's contribution to GBL's adjusted net assets and result

Bertelsmann, as an unlisted consolidated company, is included in GBL's adjusted net assets in the amount equivalent to GBL's share in Bertelsmann's equity capital. This approach does not represent an estimate of Bertelsmann's value, but merely an accounting reference. It is up to the market to determine the real value of the interest.

The stake in Bertelsmann was entered in the amount of EUR 1,673 million (22% of GBL's adjusted net assets), representing the 25.1% share in its equity capital (IFRS) for 2003 (EUR 6,666 million). Bertelsmann's contribution for 2002 totalled EUR 1,678 million.

Bertelsmann's contribution (included the non-eliminated part of the dividend) to GBL's net result totalled EUR 100 million, compared to EUR – 399 million for the previous year, mostly as a result of the impairment on Zomba in 2002.

Number of GBL representatives in statutory bodies in 2003: 2

Suez is an international industrial and services group operating in the Energy (electricity-gas) and Environment (water-waste) sectors, serving industry, local communities and individuals



Activities

The Energy business line, built largely on Suez-Tractebel, is developing its activities in production of electricity and heat, trading, transport and distribution of electricity and gas (natural and liquefied), and energy and industrial services: engineering, installation, maintenance and operation, notably of heat-generating sites or networks.

This division's strategy is based on strengthening its positions in Europe and the selective international development of its gas activities.

The Environment business line is made up of Water and Waste services through Suez Environnement. In the Water sector, the group has a worldwide presence in water management and waste-water treatment for communities and industry. In the Waste sector, Suez manages (collection, sorting, recycling, treatment, recovery and storage) industrial and household waste, including special waste. The division is focusing on organic growth, particularly in Europe, with emphasis on international growth markets and activities.

Key events in 2003

The year 2003 saw the implementation of the Action Plan 2003-2004, announced at the start of the year with the objectives of strengthening the group's financial structure and boosting its profitability.

In a still difficult economy, Suez:

- carried out a programme for the disposal of assets – Nalco, Northumbrian, Cespa, Codenet, Paris Première, financial investments, etc. – and for the termination of certain contracts (Puerto Rico, etc.); in 2003 it reduced its net debt by 42% and invested capital by 37%, refocused its activities on Energy and Environment, and reduced its risk exposure in emerging markets. This disposal plan continued in early 2004 with the sale of 29% of M6 and of Noos, thus signalling the firm's pull-out from Communication activities;
- deployed the Optimax plan, an operation aimed in essence at improving the group's operating performance by cutting costs (EUR 0.6 billion in 2003) and optimising its invested capital through actions on its investments (slashing these by nearly 50% in 2003 to EUR 4.3 billion) and working capital (down by EUR 0.8 billion at end 2003);
- improved the group's liquidity by consolidating and extending the average life span of its debts while diversifying its financing sources.

In addition to these disposals and contract terminations, 2003 was a year of strengthening and optimising the group's positions in its core businesses. New electric power stations went on-line, new assets were acquired in Italy, Poland and France, LNG activities were developed further and the group's shareholding in Electrabel was raised to 50.1%.

After a year of consolidation, Suez has confirmed its strategy based on the development of its Energy and Environment activities, for which it projects average organic growth in turnover and gross operating result of between 4% and 7% a year.

Financial report

The impact of the Action Plan was charged in full to the 2003 results, consisting in an extraordinary negative result (EUR – 2.9 billion) from losses on disposals, impairments related to the sale of residual assets in the Communication sector, and restructuring costs.

The capital gain on the sale of M6 (EUR 0.8 billion) will be entered into the books for 2004.

In this particular context, the results registered by Suez in 2003 were spearheaded by organic growth in its two businesses.

Group turnover, excluding trading, amounted to EUR 39.6 billion, a level virtually unchanged (– 2.8%) from 2002 in spite of the disposals. Turnover in Europe and North America accounted for 90% of the total, of which 80% for Europe alone. Organic growth, i.e. at constant group structure and exchange rates, was over 6%, with all businesses contributing to this result.

Gross operating result (EBITDA) totalled EUR 6.0 billion, a 17.1% decrease compared to 2002 (+ 4.9% at constant group structure and exchange rates).

The Energy business line contributed 67% of this result, with EUR 4.0 billion, down by 3% from 2002; on a comparable basis, EBITDA increased by 8.3%, in particular owing to the performances of Electricité Gaz Europe (EGE) in the natural gas sector and of Electricité Gaz International (EGI), which commissioned new power stations and continued developing its LNG activities.

Gross operating result for the Environment business line, excluding Nalco, came to EUR 1.9 billion, a decrease of EUR 0.4 billion (– 17.4%), due to the disposal of Northumbrian and Cespa, and to unfavourable exchange rates; at comparable basis, EBITDA grew by 4.7%. This performance resulted primarily from sustained organic growth in France and in Europe in the Water and Waste business lines.

www.suez.com

Suez financial communication:

Arnaud Erbin

Tel.: +33-1-40.06.64.89

Toll-free number in France: 0800-177-177

Toll-free number in Belgium: 0800-25-125

Net current income, group's share, amounted to EUR 0.7 billion, slipping by 14.2% compared to 2002 under the impact of disposals, unfavourable exchange rates and lower dividend received after the sale of equity investments. At comparable group structure and exchange rates, net current income, group's share, rose by 29%.

Net result, group's share, amounted to a loss of EUR 2.2 billion, including the extraordinary loss of EUR 2.9 billion due to implementation of the Action Plan.

Group's cash flow in 2003 stood at EUR 3.7 billion (EUR 4.9 billion in 2002), taking into account EUR 0.7 billion in extraordinary items; current cash flow (excluding extraordinary items) amounted to EUR 4.4 billion, i.e. growth of 7.1% at comparable group structure and exchange rates. The group's net indebtedness amounted to EUR 15.0 billion at end 2003 (EUR 26.0 billion at end 2002) for total equity capital of EUR 11.7 billion (EUR 15.8 billion at end 2002).

The General Meeting of shareholders on 27 April 2004 will be asked to approve the Board's proposal to maintain the net dividend at its 2003 level of EUR 0.71 per share. The dividend will be payable from 3 May 2004.

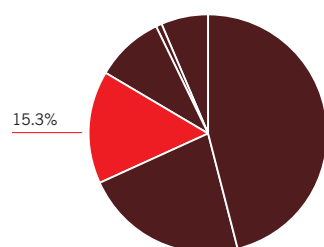


Data stated in accordance with the French GAAP**Financial data**

| in EUR million | 2003 | 2002 | 2001 |
|---|---------------|---------------|---------------|
| Shareholders' equity | 6,896 | 10,578 | 14,397 |
| Market capitalisation | 16,052 | 16,663 | 34,681 |
| Net current result | 747 | 871 | 1,192 |
| Net result | (2,165) | (863) | 2,087 |
| in EUR | | | |
| Result per share | (2.18) | (0.85) | 2.08 |
| Net dividend per share | 0.71 | 0.71 | 0.71 |
| Share price | 15.93 | 16.54 | 34.00 |
| Number of shares in issue | 1,007,679,806 | 1,007,422,403 | 1,026,280,965 |
| Percentage of share capital held by the group | 7.2 | 7.2 | 7.1 |
| Percentage of voting rights held by the group | 12.5 | 12.5 | 12.5 |

Operating data

| in EUR million | 2003 | 2002 | 2001 |
|--|---------|---------|---------|
| Turnover (excluding trading activities) | 39,622 | 40,784 | 38,490 |
| Gross operating income (EBITDA) | 6,011 | 7,254 | 7,738 |
| Operating result | 3,205 | 3,708 | 4,064 |
| Net debt | 14,991 | 26,005 | 28,009 |
| Financial investment and capital expenditure | 4,306 | 8,332 | 7,821 |
| Cash flow | 3,727 | 4,857 | 4,817 |
| Debt / equity ratio (in %) | 128 | 165 | 118 |
| Employees (in units) | 172,500 | 198,750 | 190,000 |

Contribution to GBL's adjusted net assets

EUR 1,154 million
(EUR 1,198 million in 2002)

Suez's contribution to GBL's adjusted net assets and result

The value of GBL's 7.2% interest in Suez accounted for 15% of GBL's adjusted net assets, compared to 17% in 2002. It amounted to EUR 1,154 million, very stable in comparison to its 2002 level of EUR 1,198 million, the share price on 31 December having fluctuated very little (EUR 15.93 at end 2003, compared to EUR 16.54 at end 2002).

The Suez contribution to GBL's net result corresponds to the latter's share in the net dividend payout plus recovery of withholding tax on Suez's profit distribution. Suez thus contributed for EUR 44 million in dividends to GBL's net result for 2003 plus EUR 18 million in recovery of withholding tax, amounts comparable to 2002 levels.

Number of GBL representatives in statutory bodies in 2003: 2

World leader in minerals processing,
present in 36 countries



Activities

Imerys occupies leading positions in each of its four business segments: Specialty Minerals, Pigments for Paper, Building Materials and Refractory & Abrasives. Its products are used in a wide variety of applications for daily life.

Key events in 2003

In 2003, in spite of the unfavourable evolution of several external factors (particularly exchange rates and energy costs), Imerys substantially improved its main financial indicators: the net current result rose for the 12th consecutive year,

operating margin continued to rise and financial debt was reduced further. This performance stems from:

- higher sales volumes following a two-year decline;
- more value added to the product portfolio, which once again was reflected in a favourable development of the price/mix component;
- sustained efforts to cut production costs in all business activities;
- substantial reduction in net financial expenses.

Total turnover registered by Imerys amounted to EUR 2,729 million compared with EUR 2,863 million in 2002, a 4.7% decline.

This shrinkage is largely due to a negative exchange rate impact of EUR 229 million. Changes in group structure had a very limited effect and concerned two elements having opposite impacts:

- the contribution to turnover of the acquisitions realised primarily in 2002 but also in 2003;
- the negative impact of small divestments or cessations of activities in calcium carbonate in North America in 2002, and in Specialty Minerals and Refractory & Abrasives in 2003.

Specialty Minerals

The Specialty Minerals business serves a number of markets, of which nearly 60% are related to construction, and is active on five continents. This business expanded in 2003, but with very contrasting performance between different segments and geographical areas. New construction was dynamic in both the United States and Europe, where after two years of decline, the tile market improved slightly, while tableware continued to slip. The automotive market remained mediocre in the United States and in Europe alike.

Turnover of the Specialty Minerals business amounted to EUR 763 million, down by 8% from 2002.

This decrease takes into account:

- a strong negative impact of exchange rates;
- a positive impact of changes in group structure resulting, on the one hand, from the full-year effect of acquisitions made in 2002 and the contribution of the acquisitions carried out late in 2003 and, on the other, from the sale of the dimension stone activities of the American Performance Minerals division.

At comparable group structure and exchange rates, turnover rose by 2.9% thanks to higher sales volumes and the slight improvement in the price/mix component.

Pigments for Paper

The Pigments for Paper business consolidates the activities of production and marketing of kaolin and natural and precipitated calcium carbonates, mineral components essential to the global paper industry.

After the sharp decline registered in 2001 and a slight upturn in 2002, world production of printing and writing papers grew very little (+ 2.1%) in 2003, with sharply contrasting situations from one region to the next. In Europe, while the rise in paper demand was limited, business was healthy for the division's major paper-making customers owing to growth in their exports to the United States and Asia. Paper production in North America declined slightly compared with the same period in 2002, with a sharper decrease in the United States than in Canada. In Asia, the paper market remained buoyant throughout the year.

The Pigments for Paper business registered turnover of EUR 749 million, down by 6.8% from 2002.

Excluding the impact of exchange rates and changes in group structure, it rose by 4.6%. This performance reflects a significant growth in volumes of sales throughout the year, and an improvement in the price/mix component.

Building materials

After the downturn in the previous year and in spite of difficult weather conditions at the start of the year, the French clay roof tiles market expanded by 3% in 2003. Renovation activity was very dynamic and individual new housing activity registered a slight rise over the period. On the French structure bricks market, which is entirely related to new housing, clay products grew by 2.5%, continuing to win market shares from concrete.

The environment was contrasted on the Iberian Peninsula, with sound activity in Spain and a slow market in Portugal.

The Building Materials business had turnover of EUR 652 million, up by 5% from 2002.

Excluding the impact of changes in group structure, the business grew by 3.3%. This growth reflects further improvement in the price/mix component driven by the division's innovation strategy and a rise in volume of sales, mainly in the French roofing activity.

www.imerys.fr

Imerys financial communication:
Isabelle Biarnès
Tel.: +33-1-45.38.28.92
Fax: +33-1-45.38.70.43
e-mail: actionnaires@imerys.com

Refractories & Abrasives

Steel production, an important market for refractories, remained stable in Europe and declined slightly in the United States. Other refractory markets, with the exception of foundry, stood up relatively well. Abrasives markets were on the decline, especially in Europe, where the competitiveness of customers who traditionally export their production was affected by the depreciation in the US dollar against the euro. Automotive and aeronautical production declined in both the United States and Europe. Construction markets alone turned in a positive performance.

Turnover of the Refractories & Abrasives business amounted to EUR 594 million, down by 6.6% from 2002.

This decrease was due to a negative exchange rate effect (– 8.3%) and a slightly positive effect from changes in group structure linked on the one hand to the full-year effect of the acquisition of a production unit of minerals for abrasives in Brazil and, on the other, to the gradual reduction of the refractory minerals trading activity in the United States.

At comparable group structure and exchange rates, sales rose by 0.7% over the period thanks mainly to the improvement in the price/mix component.

Financial report

Operating result amounted to EUR 372 million (+ 2.8%). This positive operating performance resulted from the effects of a rise in volume of sales, improvement of the price/mix component and actions to keep production and central costs under control.

It also takes account of the EUR 5 million impact of changes in group structure. These positive factors helped compensate for a strongly negative (EUR – 25 million) exchange rate impact and the unfavourable evolution of certain external costs (particularly energy, accounting for EUR – 19 million, of which around half for natural gas in the United States).

The group's share of net current result amounted to EUR 219 million (+ 11.1%). This growth resulted from the rise in operating result and a further significant decrease in net financial expenditure. The latter reflects primarily the drop in the US dollar and in interest rates, as well as the shrinking of the group's debt from the previous year. The current tax charge totals EUR 108 million, compared with EUR 98 million in 2002, owing to the group's increase in taxable income.

The group's share of net income amounts to EUR 160 million (+ 11.7%). This takes into account:

- a non-recurring net result of EUR – 26 million (EUR – 3 million in 2002);
- a depreciation of goodwill of EUR – 33 million (EUR – 51 million in 2002).

A net dividend of EUR 5.00 per share (up by 16.3% from 2002), payable from 18 May 2004, will be recommended to the General Meeting of shareholders on 3 May 2004, along with a division of the nominal value of Imerys share by 4.



Data stated in accordance with the French GAAP**Financial data**

| in EUR million | 2003 | 2002 | 2001 |
|---|------------|------------|------------|
| Shareholders' equity | 1,410 | 1,472 | 1,577 |
| Market capitalisation | 2,649 | 1,897 | 1,715 |
| Net current result | 219 | 197 | 171 |
| Net result | 160 | 143 | 79 |
| in EUR | | | |
| Net current result per share | 13.91 | 12.45 | 10.75 |
| Dividend per share ⁽¹⁾ | 5.00 | 4.30 | 3.70 |
| Share price | 166.90 | 120.40 | 107.80 |
| Number of shares in issue | 15,870,745 | 15,751,950 | 15,906,683 |
| Percentage of share capital held by the group | 26.4 | 26.6 | 26.3 |
| Percentage of voting rights held by the group | 34.4 | 20.5 | 20.5 |

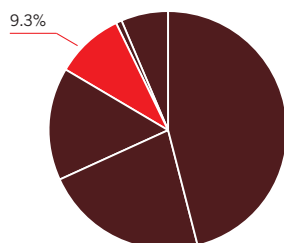
Operating data

| in EUR million | 2003 | 2002 | 2001 |
|------------------------------------|--------|--------|--------|
| Turnover | 2,729 | 2,863 | 2,898 |
| Operating result | 372 | 361 | 344 |
| Operating cash flow ⁽²⁾ | 378 | 409 | 398 |
| Capital expenditure | 125 | 149 | 176 |
| Net debt | 986 | 1,160 | 1,411 |
| Debt / equity ratio (in %) | 70 | 80 | 89 |
| Employees (in units) | 13,802 | 14,594 | 14,497 |

(1) Excluding tax credit

(2) Operating income plus net depreciation and amortization charges and other transfers to provision, less taxes on operating result

Imerys publishes its accounts in accordance with French standards (French GAAP). The recognised share of Imerys in GBL's accounts has been restated in accordance with the information provided by Imerys to ensure consistency with the IFRS used by the group. See also page 56

Contribution to GBL's adjusted net assets

EUR 699 million
(EUR 504 million in 2002)

Contribution by Imerys to GBL's adjusted net assets and result

Imerys' contribution to GBL's adjusted net assets at the end of 2003 amounted to EUR 699 million, an increase of nearly EUR 195 million over the previous year, at comparable portfolio. This performance reflects the significant rise in the Imerys share price (+ 39%) to EUR 166.90 a share. Imerys represents some 10% of GBL's adjusted net assets on 31 December 2003.

The contribution of Imerys to GBL's net result through consolidation using the equity method amounted to EUR 33 million, compared to EUR 36 million for 2002. This decrease, in appearance contradictory with the increase (+ 12%) in the French GAAP net result published by the company, originates from different adjustments that are compulsory in IFRS and which GBL took into account in calculating the Imerys contribution.

Number of GBL representatives in statutory bodies in 2003: 2

Against the holding by the group GBL since more than 2 years of Imerys' shares, GBL receives double voting rights and the percentage of voting rights passed from 20.5% in 2002 to 34.4% in 2003.

Other investments

In addition to its four strategic investments, GBL also holds interests that are more modest in terms of the group's portfolio, including the following:

Rhodia

As a result of Rhodia's financial weakness, combined with the prospect of refinancing needs and unsatisfactory profits, GBL decided to dispose of its stake in the firm, which since 2001 had been considered as a non-strategic investment.

On 31 December 2003, GBL still held a 4.9% share in Rhodia, with a book value of EUR 31 million. In the course of the year, the cost for GBL of marking this share down to its market value amounted to EUR 41 million.

Rhodia represented 0.4% of GBL's adjusted net assets at the end of the year and paid GBL a dividend of EUR 1.2 million in 2003.

Since the start of this year, GBL has carried on its disposals at the Stock Exchange, further reducing its share, which currently stands at about 0.5%.

PAI Europe III

In 2001, GBL made an undertaking to invest EUR 40 million in the private equity fund PAI Europe III, which is worth a total of EUR 1,816 million.

At the end of December 2003, GBL paid a total of EUR 17.9 million, or around 45% of its commitment.

These paid-up funds were used for the acquisition of shares by PAI Europe III in:

- United Biscuits, a UK firm that produces and distributes biscuits and snacks;
- LD Com, a French provider of infrastructure, bandwidth and services for telecom and Internet operators;
- Mivisa, a Spanish producer of metal packing products;
- Antargaz, LPG distributor in France;
- Elis, European leader in textile leasing, refreshment services (coffee machines and water distributors) and hygiene services;
- Panzani, Europe's number two producer of pasta, rice, couscous and sauces;
- Provimi, developer, manufacturer and distributor of animal nutritional products;
- Yoplait, number two after Danone in fresh dairy products.

In December 2003, PAI Europe III signed an agreement for a controlling stake in SAEKO, a leading European maker of coffee machines for home use.

In January 2004, PAI Europe III received a bid on Antargaz from UGI Corporation and concluded a deal with the main shareholders in Vivarte for the acquisition of a controlling share in the group.

Sagard – Private Equity Partners (Sagard)

In 2001, GBL made an undertaking to invest EUR 50 million in Sagard, a private equity fund worth more than EUR 500 million. This fund focuses on investments in medium-sized enterprises, mostly in French-speaking Europe, and aims to provide a superior yield while providing a certain leverage effect.

On 31 December 2003, GBL paid a total of EUR 3.2 million.

Viventures 2

Launched in 2000, Viventures 2 invests in start-ups in the communications technologies, telecoms and Internet sectors, with a business-to-business orientation.

The fund totals EUR 300 million. GBL has made an undertaking to invest EUR 24 million, of which EUR 6.3 million were paid at end 2003.

In 2003, following Vivendi's pull-out from the fund and the sale of the management company, GBL and other investors began a procedure for an early withdrawal from the fund.

Accounts as at 31 December 2003

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Economic summary

The evolution of GBL's adjusted net assets and result provide two key indicators for assessing the group's performance.

1. Adjusted net assets

The publishing of the adjusted net assets on a weekly basis is part of the communication process aimed at current and potential GBL shareholders. The weekly adjusted net assets are calculated using the same rules applied when determining the quarterly adjusted net assets. However, minor events that have occurred since the last closing of the books can at times be disregarded in the figures published weekly. The combined effect of all these factors will not exceed 2% of the adjusted net assets.

Valuation principles

GBL's adjusted net assets are a conventional reference obtained by adding to the group's net cash the investments constituting the financial assets valuing according to the following principles:

- the share price for listed companies;
- the group share of shareholders' equity of unlisted companies and consolidated using the equity method;
- the book value of unlisted companies, not consolidated and not integrated using the equity method.

A. Breakdown of adjusted net assets on 31 December 2003

On 31 December 2003, adjusted net assets amounted to EUR 7,528 million, or EUR 54.43 per share, compared to EUR 7,040 million and EUR 50.91 respectively at the end of the previous year.

Given GBL's constant portfolio in 2003, this evolution mainly reflects:

- the recovery on the Stock Exchange, which favourably influenced the share price of Total (+ 8%) and Imerys (+ 39%);
- the stability of the year-on-year closing price (31 December) of Suez shares;
- maintenance of Bertelsmann's equity capital at its level of EUR 6.6 billion in 2002;
- the dividend payout for 2002 (EUR 196 million).

The table below gives a detailed view of GBL's adjusted net assets, showing the different elements of the group's investment portfolio and its net cash position.

| | 31 December 2003 | | | 31 December 2002 | | |
|----------------------------|------------------|----------------|--------------|------------------|----------------|--------------|
| | Share | % | | Share | % | |
| | price | | | price | | |
| | in EUR | in EUR million | | in EUR | in EUR million | |
| Total | 147.40 | 3,462 | 46.0 | 136.10 | 3,196 | 45.4 |
| Bertelsmann | - | 1,673 | 22.2 | - | 1,678 | 23.8 |
| Suez | 15.93 | 1,154 | 15.3 | 16.54 | 1,198 | 17.0 |
| Imerys | 166.90 | 699 | 9.3 | 120.40 | 504 | 7.2 |
| Rhodia | 3.55 | 31 | 0.4 | 7.89 | 75 | 1.1 |
| Other investments | | 33 | 0.4 | | 35 | 0.5 |
| Portfolio | | 7,052 | 93.6 | | 6,686 | 95.0 |
| Net cash ⁽¹⁾ | | 476 | 6.4 | | 354 | 5.0 |
| Adjusted net assets | | 7,528 | 100.0 | | 7,040 | 100.0 |

(1) Including GBL's own shares: EUR 268 million in 2003 compared to EUR 213 million in 2002

As a reference for the inclusion of Bertelsmann in GBL's adjusted net assets, the Board of Directors decided to use, from 31 December 2001, an amount equal to GBL's share in Bertelsmann's consolidated equity capital. This approach is consistent with the group's usual handling of unlisted shares and refers to a known and objective accounting item published officially and periodically by Bertelsmann.

As in the past, this measure does not represent an estimate of the value of the investment, but merely an accounting reference. It is up to the market to determine the real value of the interest.

B. GBL's adjusted net assets per share since 1994

The table below shows the evolution of GBL's adjusted net assets per share since 1994, reflecting changes in the GBL investment portfolio and in percentage holdings in the different investments.

| in EUR | 2003 | 2002 | 2001 | 2000 ⁽¹⁾ | 1999 ⁽¹⁾ | 1998 ⁽¹⁾ | 1997 ⁽¹⁾ | 1996 ⁽¹⁾ | 1995 ⁽¹⁾ | 1994 ⁽¹⁾ |
|----------------------------|--------------|--------------|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total | 25.03 | 23.11 | 27.24 | 25.21 | 21.10 | - | - | - | - | - |
| Bertelsmann | 12.10 | 12.13 | 16.46 | - | - | - | - | - | - | - |
| Suez | 8.35 | 8.67 | 17.81 | 19.28 | 17.41 | 17.40 | 5.40 | 1.38 | - | - |
| Imerys | 5.05 | 3.64 | 3.26 | 4.15 | 5.07 | 2.93 | 2.93 | 3.16 | 1.58 | 1.31 |
| Rhodia | 0.22 | 0.54 | 0.62 | 1.48 | 1.64 | - | - | - | - | - |
| Other investments | 0.24 | 0.26 | 0.19 | 2.43 | 1.77 | 1.53 | 4.42 | 4.99 | 3.90 | 4.58 |
| RTL Group | - | - | - | 29.07 | 26.32 | 8.13 | 4.84 | 5.16 | 5.59 | 5.68 |
| PetroFina | - | - | - | - | - | 13.01 | 6.74 | 5.45 | 4.61 | 4.76 |
| BBL | - | - | - | - | - | - | 4.65 | 3.53 | 2.62 | 2.16 |
| Royale Belge | - | - | - | - | - | - | 4.20 | 2.84 | 2.59 | 2.16 |
| Tractebel | - | - | - | - | - | - | - | - | 3.37 | 2.54 |
| Portfolio | 50.99 | 48.35 | 65.58 | 81.62 | 73.31 | 43.00 | 33.18 | 26.51 | 24.26 | 23.19 |
| Net cash | 3.44 | 2.56 | 2.19 | 0.38 | (4.87) | 4.93 | 2.49 | 2.43 | 0.32 | 0.14 |
| Adjusted net assets | 54.43 | 50.91 | 67.77 | 82.00 | 68.44 | 47.93 | 35.67 | 28.94 | 24.58 | 23.33 |
| Share price | 44.67 | 39.01 | 59.05 | 50.60 | 40.00 | 34.71 | 26.57 | 20.25 | 19.83 | 18.69 |

(1) Per share figures adjusted for the division of the GBL share by five

C. Share price of portfolio investments since 1994

The table below shows the evolution of the share price of GBL portfolio investments over a period of 9 years.

| in EUR | Annual composite | | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 |
|------------------------------------|------------------|--------|--------|--------|----------------------|----------------------|----------------------|----------------------|----------------------|-------|-------|------|
| | growth rate | | | | | | | | | | | |
| GBL | | | | | | | | | | | | |
| Share price ⁽¹⁾ | 10.2% | 44.67 | 39.01 | 59.05 | 50.60 | 40.00 | 34.71 | 26.57 | 20.25 | 19.83 | 18.69 | |
| Adjusted net assets ⁽¹⁾ | 9.9% | 54.43 | 50.91 | 67.77 | 82.00 | 68.44 | 47.93 | 35.67 | 28.94 | 24.58 | 23.33 | |
| Total | 11.2% | 147.40 | 136.10 | 160.40 | 158.40 | 132.50 | 86.76 | - | - | - | - | |
| Suez | 2.1% | 15.93 | 16.54 | 34.00 | 38.90 ⁽²⁾ | 31.82 ⁽²⁾ | 35.00 ⁽²⁾ | 20.31 ⁽²⁾ | 13.78 ⁽²⁾ | - | - | |
| Imerys | 8.7% | 166.90 | 120.40 | 107.80 | 121.00 | 148.00 | 85.37 | 114.03 | 116.78 | 89.18 | 78.66 | |
| Rhodia | (36.9%) | 3.55 | 7.89 | 8.98 | 16.50 | 22.44 | - | - | - | - | - | |

(1) Share price and adjusted net assets from 1994 to 2000 are adjusted to take into account the division of the GBL share by five

(2) After division of the share by five

D. Statutory Auditor's opinion on the adjusted net assets

The methodology used to calculate the adjusted net assets has been reviewed by the Statutory Auditor. The implementation of this methodology results in a value of EUR 54.43 per GBL share on 31 December 2003.

E. Weekly publication of adjusted net assets

The adjusted net assets are published weekly on GBL website (<http://www.gbl.be>). This value is calculated in accordance with the rules set out on page 86 of the annual report, using certain simplified assumptions whose combined effect does not exceed 2% of the adjusted net assets.

2. Earnings analysis

The tables shown below are intended to present a more precise picture of the different elements that make up GBL's consolidated result, stated in accordance with the IFRS:

- **Cash earnings** show the amount of cash generated from dividends on investments and management of net cash, less general overheads and taxes.
- **Mark to market and other non-cash** items show the changes in fair values of the financial instruments shown in GBL's assets and liabilities (other than the financial assets revalued through shareholders' equity). These variations are unrealized and do not influence the group's cash position.
- The **associated companies** column comprises GBL's share in their earnings and the depreciation of goodwill on these investments.
- **Eliminations and capital gains** comprise the cancelling out of dividends received from associated companies and earnings on disposals and impairments accounted for by consolidated companies.

| 31 December 2003 | Cash earnings | Mark to market and other non-cash | Associated companies | Eliminations and capital gains | Consolidated (IFRS) |
|--|---------------|---|-------------------------|--------------------------------------|------------------------|
| in EUR million | | | | | |
| Net earnings from associated companies | - | - | 71.5 | - | 71.5 |
| Net dividends on financial assets | 283.9 | - | 61.0 | (138.0) | 206.9 |
| Interest income and expenses | 7.0 | (16.4) | - | - | (9.4) |
| Other financial income and expenses | 7.1 | (8.0) | - | - | (0.9) |
| Other operating income and expenses | (17.8) | (0.9) | - | - | (18.7) |
| Earnings on disposals and impairments | - | - | - | (39.1) | (39.1) |
| Income taxes | 4.2 | (4.1) | - | - | 0.1 |
| Net result | 284.4 | (29.4) | 132.5 | (177.1) | 210.4 |

| 31 December 2002 | Cash earnings | Mark to market and other non-cash | Associated companies | Eliminations and capital gains | Consolidated (IFRS) |
|--|---------------|---|-------------------------|--------------------------------------|------------------------|
| in EUR million | | | | | |
| Net earnings from associated companies | - | - | (425.5) | - | (425.5) |
| Net dividends on financial assets | 290.8 | - | 62.8 | (150.5) | 203.1 |
| Interest income and expenses | 15.1 | (22.0) | - | - | (6.9) |
| Other financial income and expenses | 17.4 | 13.9 | - | - | 31.3 |
| Other operating income and expenses | (15.4) | (0.6) | - | - | (16.0) |
| Earnings on disposals and impairments | - | - | - | (12.5) | (12.5) |
| Income taxes | (5.5) | (5.8) | - | - | (11.3) |
| Net result | 302.4 | (14.5) | (362.7) | (163.0) | (237.8) |

GBL's consolidated financial statement shows a net result of EUR 210 million, compared to a loss of EUR 238 million for 2002. The rise in net result is due in large measure to Bertelsmann's positive contribution (including the non-eliminated part of the dividend) of EUR 100 million, as against a negative contribution of EUR 399 million the previous year. This evolution reflects the combined improvement in operating results and non-recurring results (an impairment of EUR 1.3 billion on Zomba in 2002 and a capital gain of EUR 628 million on the disposal of BertelsmannSpringer in 2003, partially offset by impairments totalling EUR 220 million).

Cash earnings in 2003 – namely results that gave rise to a cash movement for GBL and its wholly-owned subsidiaries – are stable at EUR 284 million, compared to EUR 302 million for 2002, when cash earnings were 51% higher than the previous year. Dividends paid by Total, Suez and Bertelsmann account for the bulk of these earnings.

Excluding depreciation of goodwill and earnings on disposals and impairments, consolidated net result amounts to EUR 303 million, compared to EUR 333 million in 2002.

A. Net earnings from associated companies

| in EUR million | December 2003 | | | December 2002 | | |
|---|---------------|-------------|-------------|----------------|-------------|----------------|
| | Bertelsmann | Imerys | Total | Bertelsmann | Imerys | Total |
| Net result excluding | 80.8 | 44.5 | 125.3 | 83.5 | 49.4 | 132.9 |
| - Depreciation of goodwill | (146.7) | (9.9) | (156.6) | (165.4) | (9.5) | (174.9) |
| - Earnings on disposals and impairments | 104.5 | (1.7) | 102.8 | (379.4) | (4.1) | (383.5) |
| Net earnings from associated companies | 38.6 | 32.9 | 71.5 | (461.3) | 35.8 | (425.5) |

Bertelsmann

In 2003, the weakness of the US dollar against the euro contributes largely to the decline in the group's earnings (– 8.3%), which shrinks from EUR 18.3 billion to EUR 16.8 billion. Changes in the portfolio also play an important role. Taking into account the adjustments needed as a result of exchange rate effects and the evolution of the portfolio, the group's earnings are virtually unchanged year-on-year.

In spite of a difficult market context, operating EBITA rises to EUR 1,123 million in 2003 (not including EUR 73 million of special items, essentially restructuring costs for BMG and Zomba), 20% higher than the result of EUR 936 million in 2002. This is reflected in an operating margin of 6.7%, markedly higher than the previous year's 5.1%. The companies mainly responsible for these improvements in operating results are: Direct Group, Arvato and RTL Group.

The decrease in the group's share of net result, from EUR 928 million to EUR 154 million, is the result of several factors:

- the decline in capital gains: from EUR 2,918 million in 2002 – essentially AOL Europe – to EUR 620 million in 2003 – primarily BertelsmannSpringer;
- the significant decline in provisions: an impairment of EUR 1.3 billion was made on the Zomba option in 2002;
- finally the increase in financial expenses (EUR 322 million) and taxation (EUR 203 million).

Based on the information published by the company, Bertelsmann registered a net result of EUR 154 million in 2003, which breaks down as follows:

| in EUR million | 2003 | 2002 |
|---|--------------|------------|
| Operating EBITA | 1,123 | 936 |
| "Special items" | (73) | (111) |
| EBITA | 1,050 | 825 |
| Capital gains and losses | 620 | 2,918 |
| Depreciation of goodwill and similar rights | (717) | (784) |
| Impairments on goodwill and similar rights | (220) | (1,668) |
| Net financial expenses | (322) | (266) |
| Taxes | (203) | (57) |
| Net result | 208 | 968 |
| Minority interests | (54) | (40) |
| Net result, group's share | 154 | 928 |

Bertelsmann's contribution to GBL's net result for 2003 amounts to EUR 39 million compared to EUR – 461 million the previous year. In 2003, Bertelsmann's performance results in large measure from the capital gain on the disposal of BertelsmannSpringer (GBL's share EUR 158 million), partially offset by various impairments (GBL's share EUR 55 million). This contrasts with 2002, which saw Bertelsmann's contribution shaped by the impairment on the Zomba option (EUR 326 million) and the cancellation in GBL's accounts of the capital gain on AOL Europe.

Added to GBL's share in Bertelsmann's results comes an amount of EUR 61 million (EUR 63 million in 2002) representing the share not eliminated in consolidation of the total preferential dividend of EUR 120 million (EUR 135 million in 2002) collected by GBL at the end of May 2003.

Imerys

Total turnover registered by Imerys amounts to EUR 2,729 million compared with EUR 2,863 million in 2002, a 4.7% decline. This shrinkage is almost entirely due to a negative exchange rate impact of EUR 229 million. Consolidation effects are very limited. In 2003, in spite of the unfavourable evolution of several external factors (currency rates and cost of energy, in particular), Imerys shows considerable improvement in its main financial indicators: net current result rises for the twelfth consecutive year, operating margin continues to rise and financial debt is reduced further. The French GAAP net result, group's share, amounts to EUR 160 million, compared to EUR 143 million in 2002.

GBL's share calculated for Imerys in IFRS for 2003 differs by EUR – 27 million from the results stated in French GAAP published by Imerys, primarily due to two elements:

- a provision used by Imerys during the financial year and linked to the costs of its pension obligations in England, which is not recognised in IFRS;
- an adjustment of deferred taxes liabilities related to a Brazilian subsidiary of Imerys, which was handled as a change of methodology by Imerys and directly charged to equity capital under French GAAP, while it is recognised as a result in the IFRS for GBL.

The contribution by Imerys to GBL's result for 2003 amounts to EUR 33 million compared to EUR 36 million in 2002.

B. Net dividends on financial assets

| in EUR million | 2003 | 2002 |
|----------------|--------------|--------------|
| Bertelsmann | 120.0 | 135.0 |
| Total | 81.9 | 75.9 |
| Suez | 62.2 | 62.7 |
| Imerys | 18.0 | 15.5 |
| Other | 1.8 | 1.7 |
| Total | 283.9 | 290.8 |

Net dividends collected by GBL amount to EUR 284 million, compared to EUR 291 million in 2002. This decrease is mainly the result of the smaller dividend paid by Bertelsmann, partially offset by the higher dividends paid by Total and Imerys.

At consolidated level, on the other hand, net dividends are slightly up (EUR 207 million compared to EUR 203 million) due to the elimination of the "ordinary" part of the Bertelsmann dividend (EUR 59 million of a preferential dividend of EUR 120 million, compared to EUR 72 million of a preferential dividend of EUR 135 million in 2002).

C. Interest income and expenses

The decrease in interest income and expenses (EUR 7 million, compared to EUR 15 million) in cash earnings reflects the decline in interest rates and the cash repayment of GBL convertible bonds and of some Suez exchangeable bonds.

The non-cash elements of interest income and expenses (EUR – 16 million in 2003 and EUR – 22 million in 2002) are related to the loan stock convertible into GBL shares and to the obligations exchangeable for Suez shares. They correspond to the actuarial amortization of the spread between the nominal rate of the loan stock and the prevailing market rate at the time of issue. The decrease is also due to the cash repayments.

D. Other financial income and expenses

Other financial income and expenses are marked by the absence of trading operations. In 2002, they were primarily made up of capital gains on Suez and Total options.

E. Earnings on disposals and impairments

Non-current results in 2003 were mainly composed of an additional impairment on Rhodia in the amount of EUR 38 million. In 2002, this impairment amounted to EUR 10 million.

Consolidated accounts (IFRS)

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GBL has anticipated the European regulation, publishing its consolidated accounts since 2001 in accordance with the International Financial Reporting Standards (IFRS, formerly known as IAS).

In 2003, GBL decided to change the accounting methodology used for the treatment of acquisition of minority interests. This decision, which is in compliance with the IFRS, results in an adjustment to the balance sheets for 2002 and 2001 and for the 2001 results. Further information is given in the accounting principles, page 50.

Consolidated income statement for the period ended 31 December (IFRS)

| in EUR million | Notes | 2003 | 2002 | 2001 |
|--|-------|--------------|----------------|--------------|
| Net earnings from associated companies ⁽¹⁾ | 1 | 71.5 | (425.5) | (74.0) |
| <i>Net result excluding</i> | | 125.3 | 132.9 | 49.6 |
| - <i>Depreciation of goodwill</i> | | (156.6) | (174.9) | (127.8) |
| - <i>Earnings on disposals and impairments</i> | | 102.8 | (383.5) | 4.2 |
| Net dividends on financial assets | | 206.9 | 203.1 | 140.5 |
| <i>Gross dividends</i> | 2 | 232.4 | 227.7 | 164.2 |
| <i>Withholding taxes</i> | | (25.5) | (24.6) | (23.7) |
| Interest income and expenses | | (9.4) | (6.9) | (0.6) |
| <i>Financial assets</i> | | 1.0 | 1.6 | 1.1 |
| <i>Current assets</i> | | 19.6 | 31.1 | 42.7 |
| <i>Creditors</i> | 3 | (30.0) | (39.6) | (44.4) |
| Other financial income and expenses | | (0.9) | 31.3 | 59.8 |
| <i>Gains on shares and derivatives</i> | 4 | 0.1 | 36.4 | 64.5 |
| <i>Other</i> | | (1.0) | (5.1) | (4.7) |
| Other operating income and expenses | | (18.7) | (16.0) | (14.0) |
| Earnings on disposals of and impairments on financial assets | 2 | (39.1) | (12.5) | 514.9 |
| Income taxes | 6 | 0.1 | (11.3) | (8.5) |
| Profit from current operations | | 210.4 | (237.8) | 618.1 |
| Minority interests | | 0.0 | 0.0 | 0.0 |
| Net result | | 210.4 | (237.8) | 618.1 |
| Earnings per share basic | 7 | 1.59 | (1.79) | 4.64 |
| Earnings per share diluted | 7 | 1.59 | (1.63) | 4.52 |

(1) Including joint ventures in 2001

Consolidated balance sheet for the period ended 31 December (IFRS)

| in EUR million | Notes | 2003 | 2002 | 2001 |
|--|-------|----------------|----------------|-----------------|
| Non-current assets | | 6,777.6 | 6,646.5 | 9,105.7 |
| Negative goodwill | 2 | 0.0 | 0.0 | 0.0 |
| Tangible assets | 9 | 17.3 | 21.4 | 26.0 |
| Financial assets | | 6,754.2 | 6,614.5 | 9,062.3 |
| <i>Shareholding in associated companies</i> | 1 | 2,075.2 | 2,105.8 | 2,720.8 |
| <i>Other equity investments</i> | 2 | 4,678.4 | 4,507.9 | 6,341.5 |
| <i>Amounts receivable after one year</i> | | 0.6 | 0.8 | 0.0 |
| Deferred taxes | 6 | 6.1 | 10.6 | 17.4 |
| Current assets | | 594.2 | 964.6 | 920.0 |
| Short-term advances | | 0.3 | 0.2 | 0.2 |
| Investment securities | 4 | 31.3 | 26.9 | 34.6 |
| Cash and cash equivalents | 11 | 514.9 | 908.7 | 871.0 |
| Other current assets | | 47.7 | 28.8 | 14.2 |
| Total assets | | 7,371.8 | 7,611.1 | 10,025.7 |
| Shareholders' equity | | 6,966.4 | 6,772.3 | 9,142.4 |
| Capital | 12 | 559.8 | 559.8 | 559.8 |
| Share premium account | | 2,023.3 | 2,023.3 | 2,023.3 |
| Consolidation reserves | | 4,383.3 | 4,189.2 | 6,559.3 |
| Minority interests | | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | | 24.4 | 359.9 | 789.6 |
| Convertible and exchangeable bonds | 3 | 0.0 | 200.7 | 629.0 |
| Other amounts payable after one year | 3 | 18.6 | 149.3 | 149.3 |
| Deferred taxes | 6 | 3.1 | 3.5 | 4.5 |
| Provisions | | 2.7 | 6.4 | 6.8 |
| Current liabilities | | 381.0 | 478.9 | 93.7 |
| Amounts payable after one year due within one year | 3 | 331.6 | 443.3 | 0.0 |
| Other financial debt | | 1.3 | 4.6 | 4.5 |
| Tax liabilities | | 22.5 | 2.6 | 3.5 |
| Derivatives | 4 | 6.9 | 2.1 | 62.3 |
| Other creditors | 13 | 18.7 | 26.3 | 23.4 |
| Total liabilities | | 7,371.8 | 7,611.1 | 10,025.7 |

Cash flow statement (IFRS)

| in EUR million | 2003 | 2002 | 2001 |
|---|----------------|----------------|----------------|
| Cash flow from current operations | 250.1 | 229.6 | 202.2 |
| Earnings before interest and taxes | 219.7 | (219.6) | 627.2 |
| Adjustments for: | | | |
| Earnings from associated companies | (71.5) | 425.5 | 74.0 |
| Dividends paid by associated companies | 77.0 | 87.7 | 53.4 |
| Revaluation to market value | (0.7) | (9.0) | (64.2) |
| Earnings on disposals of and impairments on financial assets | 39.1 | 12.5 | (514.9) |
| Other | (2.6) | 0.4 | 0.8 |
| Interest income and expenses received (paid) | (12.5) | (3.9) | (3.5) |
| Taxes paid | - | - | (0.3) |
| Change in financial trading instruments | 0.5 | (41.0) | 48.0 |
| Change in working capital requirements | 1.1 | (23.0) | (18.3) |
| Cash flow from investment activities | 7.2 | (16.5) | 152.2 |
| Acquisitions of: | | | |
| Associated companies, shareholdings and minority interests | (0.7) | (1.5) | (254.7) |
| Other tangible and intangible assets | (0.2) | (0.2) | (0.6) |
| Other financial investments and assets | (1.5) | (19.3) | (0.5) |
| Proceeds from disposals of tangible and intangible assets | - | - | 0.1 |
| Disposals of financial assets | 9.6 | 4.5 | 385.2 |
| Proceeds from disposals of other financial investments and assets | - | - | 22.7 |
| Cash flow from funding activities | (651.7) | (174.8) | (275.6) |
| Dividends paid | (188.4) | (175.7) | (135.3) |
| Amounts received from loans | 16.4 | 15.0 | 22.6 |
| Repayment of loans | (452.8) | - | (124.0) |
| Net changes in own shares | (26.9) | (14.1) | (14.3) |
| Dividends paid to minority shareholders | - | - | (24.6) |
| Net increase (reduction) in cash and cash equivalents | (394.4) | 38.3 | 78.8 |
| Cash and cash equivalents at start of financial year | 909.3 | 871.0 | 792.2 |
| Cash and cash equivalents at end of financial year | 514.9 | 909.3 | 871.0 |

Table of changes in shareholders' equity

| in EUR million | Capital subscribed | Share premium account | Revaluation reserve | Differences on translation | Own shares | Consolidation reserve | Total |
|---------------------------------------|-----------------------|-----------------------------|------------------------|----------------------------------|----------------|--------------------------|----------------|
| Notes | 12 | | 2 | 1 | 12 | 8 | |
| Balance on 31 December 2001 | 559.8 | 2,023.3 | 1,879.4 | 36.0 | (179.1) | 4,207.0 | 8,526.4 |
| Change of accounting methodology | - | - | 911.2 | - | - | (295.2) | 616.0 |
| Balance on 1 January 2002 | 559.8 | 2,023.3 | 2,790.6 | 36.0 | (179.1) | 3,911.8 | 9,142.4 |
| Dividends | - | - | - | - | - | (175.7) | (175.7) |
| Changes on GBL's own shares | | | | | | | |
| Acquisitions | - | - | - | - | (20.2) | - | (20.2) |
| Disposals | - | - | - | - | 5.7 | 0.4 | 6.1 |
| Market value of financial assets | - | - | (1,873.7) | - | - | - | (1,873.7) |
| Changes in differences on translation | - | - | - | (65.6) | - | - | (65.6) |
| Other | - | - | (3.9) | 40.4 | - | (39.7) | (3.2) |
| Net result | - | - | - | - | - | (237.8) | (237.8) |
| Balance on 31 December 2002 | 559.8 | 2,023.3 | 913.0 | 10.8 | (193.6) | 3,459.0 | 6,772.3 |
| Dividends | - | - | - | - | - | (188.4) | (188.4) |
| Changes on GBL's own shares | | | | | | | |
| Acquisitions | - | - | - | - | (28.1) | - | (28.1) |
| Disposals | - | - | - | - | 1.3 | (0.1) | 1.2 |
| Market value of financial assets | - | - | 229.0 | - | - | - | 229.0 |
| Changes in differences on translation | - | - | - | (24.3) | - | - | (24.3) |
| Other | - | - | - | - | - | (5.7) | (5.7) |
| Net result | - | - | - | - | - | 210.4 | 210.4 |
| Balance on 31 December 2003 | 559.8 | 2,023.3 | 1,142.0 | (13.5) | (220.4) | 3,475.2 | 6,966.4 |

Accounting principles

The accounting period covers 12 months and concerns the accounts for the period ending 31 December 2003 drawn up by the Board of Directors at its meeting of 30 March 2004.

General accounting principles and standards

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS, formerly known as IAS) published on 31 December 2003 by the International Accounting Standards Board (IASB) and the interpretations of the IFRS published on 31 December 2003 by the International Financial Reporting Interpretations Committee of the IASB (IFRIC).

Against a background of internationalisation of financial markets and harmonisation of European accounting standards and with a view to growing interest among foreign investors, GBL decided to publish its consolidated accounts in accordance with the IFRS beginning with financial year 2001. Use of the IFRS is a response to growing requirements for transparency, completeness and comparability of financial information.

The accounts have been prepared in accordance with the historical cost valuation convention with the exception of certain financial instruments, which are stated at their fair value. The financial years are defined in accordance with the commitment accounting method. All significant consolidated and associated companies close their accounts on 31 December. All information required in accordance with the 4th and 7th European Union directives is published.

Change in accounting method: acquisition of minority interests

The accounting conventions and principles are consistent for the accounts of the three years presented.

It should be noted, however, that a new methodology was adopted by the Board of Directors on 20 November 2003 for the statement of acquisitions of minority interests in companies in which GBL has a controlling interest, with the aim of publishing more relevant and reliable financial information. This change is meant to:

- simplify the reading of the financial statements;
- present more clearly the latent result on Total and Suez;
- bring the level of consolidated equity capital closer to the value of adjusted net assets.

For the years presented, this change only concerns the transactions for the acquisition of Electrafina shares by GBL. The previous methodology involved the revaluing at market value of shares held by Electrafina (Total, Suez, RTL Group, etc.) up to the percentage of shares acquired by GBL. The revaluations generated sizeable negative goodwill (EUR 616 million on 31 December 2001 and 2002). Stated as a deduction from assets, this negative goodwill was maintained until the disposal of the related investments.

Under the new methodology, these transactions will not give rise to a revaluation of assets and are entered through a simple transfer of minority interests to group reserves. This methodology, which is in conformity with the IFRS, is applied retrospectively and the comparative periods presented in the annual report have consequently been restated.

The main modifications in the balance sheet and profit and loss accounts may be summarised as follows:

- **Disappearance of negative goodwill:** the change results in the disappearance of negative goodwill in exchange for an increase of EUR 616 million in equity capital. The balance sheet total increases by the same amount.
- **Adjustment of latent results on Suez and Total:** the net price that will serve as the basis for calculation of the result on disposals will be less by EUR 295 million.
- **Adjustment of result:** application of the new rules leads to an increase in earnings for 2001 of EUR 135.5 million, but has no effect on results for 2002 and 2003.

Further to the change in methodology, the synthetic balance sheet and income statement for 2001 and 2002 are as follows:

Consolidated income statement

| in EUR million | 2002 | 2001 | | |
|--|----------------------|--------------|--------------|--------------|
| | Published = restated | Published | Adjustments | Restated |
| Net earnings from associated companies | (425.5) | (133.6) | 59.6 | (74.0) |
| Net dividends on financial assets | 203.1 | 140.5 | - | 140.5 |
| Interest income and expenses | (6.9) | (0.6) | - | (0.6) |
| Other financial income and expenses | 31.3 | 59.8 | - | 59.8 |
| Other operating income and expenses | (16.0) | (14.0) | - | (14.0) |
| Income taxes | (11.3) | (8.5) | - | (8.5) |
| Earnings on disposals and impairments | (12.5) | 439.0 | 75.9 | 514.9 |
| Net result for the year | (237.8) | 482.6 | 135.5 | 618.1 |

Consolidated balance sheet

| in EUR million | 2002 | | | 2001 | | |
|---------------------------|----------------|--------------|----------------|----------------|--------------|-----------------|
| | Published | Adjustments | Restated | Published | Adjustments | Restated |
| Non-current assets | 6,030.5 | 616.0 | 6,646.5 | 8,489.7 | 616.0 | 9,105.7 |
| Consolidation adjustment | (616.0) | 616.0 | - | (616.0) | 616.0 | - |
| Tangible assets | 21.4 | - | 21.4 | 26.0 | - | 26.0 |
| Financial assets | 6,614.5 | - | 6,614.5 | 9,062.3 | - | 9,062.3 |
| Deferred taxes | 10.6 | - | 10.6 | 17.4 | - | 17.4 |
| Current assets | 964.6 | - | 964.6 | 920.0 | - | 920.0 |
| Total assets | 6,995.1 | 616.0 | 7,611.1 | 9,409.7 | 616.0 | 10,025.7 |
| Shareholders' equity | 6,156.3 | 616.0 | 6,772.3 | 8,526.4 | 616.0 | 9,142.4 |
| Minority interests | - | - | - | - | - | - |
| Non-current liabilities | 359.9 | - | 359.9 | 789.6 | - | 789.6 |
| Current liabilities | 478.9 | - | 478.9 | 93.7 | - | 93.7 |
| Total liabilities | 6,995.1 | 616.0 | 7,611.1 | 9,409.7 | 616.0 | 10,025.7 |

Methods and scope of consolidation

The consolidated accounts, stated before appropriation of profit, include those of GBL and of affiliated companies, including joint ventures and associated companies. Together, these form the group.

Companies controlled

Companies controlled are fully consolidated. Control is presumed to exist when the group holds more than 50% of the voting rights of a company.

The equity method is applied to companies controlled jointly with group's partners (joint ventures).

Intra-group balances and transactions and any resulting potential profits or losses are eliminated.

Newly acquired companies are consolidated from the effective date of acquisition in accordance with the purchase method.

Associated companies

If the group has a significant influence in a company, it is considered as an associated company. The exercise of a significant influence is presumed to exist when the group holds more than 20% of the voting rights, either directly or indirectly through its subsidiaries.

Positive and negative goodwill (badwill)

The difference between the acquisition cost and the fair value of net assets acquired is stated in the balance sheet under assets.

Goodwill is amortized using the linear method over a period of 20 years.

Where negative goodwill corresponds to anticipated losses and/or expenses identified in the acquisition plan, which may be reliably estimated while not representing identifiable liabilities on the date of acquisition, this fraction of negative goodwill is entered under income in the income statement when the anticipated losses and expenses are charged to the accounts.

Where negative goodwill does not correspond to anticipated losses and/or expenses, it is entered as income in the income statement as follows:

- the amount of negative goodwill not exceeding the fair value of the identifiable non-monetary assets acquired is recorded in the accounts as income over the remaining weighted average useful life of the amortizable identifiable assets acquired.
- where the majority of the assets acquired cannot be amortized, the negative goodwill corresponding to the value of these assets is held on the balance sheet until their disposal or impairment.
- where the majority of the assets acquired can be amortized, the negative goodwill in excess of the fair value of identifiable non-monetary assets acquired is stated in the accounts immediately as income.

Negative goodwill thus released is stated as a deduction from positive goodwill in the balance sheet under assets.

Tangible assets

Tangible assets are stated in the accounts at their acquisition or production cost, less accumulated amortization and any other specific depreciation.

Tangible assets are depreciated using the linear method over their estimated useful life.

Equity investments in associated companies

Associated companies are stated in the consolidated financial statements using the equity method.

Other equity investments

Other equity investments stated under financial assets include investments in companies in which the group does not exercise a significant influence. This absence of significant influence is presumed if the group does not hold more than 20% of the voting rights, either directly or indirectly. These investments are treated as being shares available for disposal and are initially stated in the accounts at acquisition cost. They are revalued at their fair value when the accounts are closed at the end of each financial year based on the closing share price for the listed shares. Changes in the fair value of these investments between the closing of two financial years are stated in the accounts under shareholders' equity.

When an investment is sold, the difference between the net proceeds of the sale and the book value (book value on the date of sale, adjusted by the amount of shareholders' equity accumulated through periodic revaluations to the fair value of the investment) is stated on the credit or debit side of the income statement.

Amounts receivable after one year

Bonds, considered as investments to be held to their maturity (subject to the group having the express intention and ability to hold them to maturity), and loans and receivables granted by the group are valued at their amortized cost, i.e. the amount at which they were initially entered in the accounts or minus the accumulated amortization of any difference between the initial amount and the amount at maturity, minus any amounts written off for depreciation or non-recoverability.

Other current financial assets

Derivatives considered to be held for trading purposes are initially entered at cost, i.e. the fair value of the consideration given in exchange. After their initial accounting, the derivatives are valued at their fair value at the end of each financial year. Changes in the fair value between the closing of two financial years are entered in the income statement.

Bonds, considered as investments to be held to their maturity (subject to the group having the express intention and ability to hold them to maturity), and loans and amounts issued by the group are valued at their amortized cost, i.e. the amount at which they were initially entered in the accounts or minus the accumulated amortization of any difference between the initial amount and the amount at maturity, minus any amounts written off for depreciation or non-recoverability.

Other financial instruments initially entered at cost are revalued to their fair value at the end of each financial year. Changes in the fair value of these investments between the closing of two financial years are entered in the income statement.

Impairment of assets

The book values of the group's assets other than taxes are re-examined at the end of each financial year to determine whether they have fallen. Should this appear to be the case, an estimate is made of the amount recoverable from the asset, which is the highest amount between the net realisable value of the asset and its useful value, corresponding to the present value of the future anticipated cash flow.

Impairment of assets previously entered in the accounts is written back if the estimates of the recoverable value of the assets have changed. The book value of an asset, after a previously recorded impairment has been written back, may not exceed the net book value that would have been calculated if there had been no impairments in previous financial years.

Impairments of goodwill may not be written back unless they have been caused by specific external events which are unlikely to be repeated and unless the increase in the recoverable amount serves clearly to cancel out the effect of this specific event.

Taxes

Taxes payable on profit for the financial year include both current and deferred taxes. They are entered in the income statement unless they relate to entered items directly related to shareholders' equity, in which case they are also entered under shareholders' equity.

Current taxes are the taxes to be paid on the taxable profit for the financial year, calculated in accordance with the tax rates in force or in the process of coming into force on the last day of the financial year, plus adjustments relating to previous financial years.

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

The following differences are disregarded: non-tax-deductible goodwill and initial valuations of assets and liabilities not affecting the book or taxable profit.

Deferred taxes are calculated according to the manner in which the assets and liabilities are expected to be realised or settled, based on the tax rates in force or coming into force on the last day of the financial year.

Moreover, deferred taxes liabilities in respect of investments in subsidiaries are not entered in the accounts, however, if the group can control the date on which the temporary difference will reverse and if it does not expect the temporary difference to reverse within the foreseeable future.

Deferred taxes assets are recorded in the accounts if the taxable profits are likely to materialise in such a manner as to allow them to be offset against tax losses and credits. Deferred taxes assets are not recorded in the accounts if it becomes unlikely that the taxable profits against which they could be offset will be realised.

Cash and cash equivalents

Cash comprises current account balances.

Cash equivalents include bank deposits and investments with a maturity date of no more than three months from the date of acquisition; those with maturity dates in excess of three months are considered as short-term investments.

Negotiable securities held until their maturity date are valued at their amortized cost, while those held for trading purposes are valued at their fair value at the end of the financial year. Profits and losses on these securities are recorded in the income statement.

Own shares

When GBL's own shares are bought or sold, the amount paid or received is entered as a reduction or increase of shareholders' equity. Movements in respect of these shares are shown in the table of changes in shareholders' equity. No profits or losses on these movements are entered in the income statement.

Appropriation of profit

The dividends paid by GBL to its shareholders are entered as a deduction of shareholders' equity for their gross amount, i.e. before withholding tax. The financial statements are drawn up before appropriation of profit.

Pensions and similar obligations

The company's commitments for defined pensions and similar obligations are valued according to the Projected Unit Credit method, in conformity with the principles of IAS 19 (revised in 2000).

When the fair value of the assets of the pension scheme exceeds the amount of its commitments, the assets recorded in the accounts are limited to the present value of all economic benefits in the form of repayments under the scheme or a reduction of future contributions to the scheme. Actuarial differences and past service costs are recorded immediately.

Provisions

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

The amount entered as a provision corresponds to the most accurate estimate of the expenditure required to liquidate the obligation existing on the last day of the financial year.

Provisions for restructuring are not entered in the accounts unless the group has approved a detailed and formal restructuring plan and the restructuring has either begun or been announced publicly. Costs relating to the group's current operations are not taken into account.

Long-term debt

Long-term debt comprises bank loans and bonds. These are initially entered at their fair value received in exchange, less transaction costs. After their initial accounting, they are valued at their amortized cost (initial amount less repayments of principal, plus or minus the cumulative amortization of any difference between the initial amount and value on maturity).

Short-term debt

Short-term debt comprises bank advances and bonds. These are initially entered at their fair value received in exchange, less transaction costs. After their initial accounting, they are valued at their amortized cost (initial amount less repayments of principal, plus or minus the cumulative amortization of any difference between the initial amount and value on maturity).

Derivatives

Financial derivative instruments are initially entered at cost and then revalued at their fair value at the end of each financial year. Changes in the fair value of these financial instruments between the closing of two financial years are entered in the income statement.

Items denominated in foreign currencies

Assets and liabilities in the accounts of group companies denominated in foreign currencies are translated into euros at the exchange rates of the last day of the financial year. Unrealised translation differences appearing as a result of application of this principle are entered as gains or losses for the year. Non-monetary assets and liabilities are entered in the accounts using the exchange rates applicable on the date of transaction.

In the consolidated accounts, differences on translation on the shareholders' equity of consolidated companies and companies consolidated using the equity method are not entered in the income statement for the year but are carried to shareholders' equity under the "Differences on translation" heading. Gains and losses headings in foreign currencies are translated into euros at the average exchange rates for the financial year. Differences on translation arising from the differences between average rates and year-end rates are carried to shareholders' equity under the "Differences on translation" heading.

Interest

Interest income and expenses comprise interest to be paid on loans and interest to be received on deposits. Interest income received is recorded prorata temporis in the income statement, taking into account the effective interest rate on the deposit.

Dividends

Dividends relating to financial assets or investment bonds are entered on the date on which their distribution is decided. The amount of withholding tax is entered as a deduction against gross dividends.

Information by sector

By virtue of the company's activities as a holding company, it is not possible to present information by sector of operation or geographical area. Readers of the financial statements may, however, find this information with respect to companies in which the group GBL holds an interest in the chapter relating to investments and also in their financial statements.

Exchange rates used

| | Year-end rate | | | Average rate | | |
|-----------|---------------|------|------|--------------|------|------|
| | 2003 | 2002 | 2001 | 2003 | 2002 | 2001 |
| US Dollar | 1.26 | 1.05 | 0.88 | 1.13 | 1.02 | 0.90 |

Notes

In the interest of consistency, the notes to the accounts are grouped by nature and not in the order of appearance of the headings in the income statement and balance sheet. This arrangement is meant to facilitate analysis of all the influences of the same nature on the financial statements of assets and liabilities.

1. Bertelsmann and Imerys consolidated using the equity method

A. Group share of net earnings

Analysis of contributions from associated companies:

| 2003 | | | |
|---------------------------------------|-------------|-------------|-------------|
| in EUR million | Bertelsmann | Imerys | Total |
| Net result excluding | 80.8 | 44.5 | 125.3 |
| Depreciation of goodwill | (146.7) | (9.9) | (156.6) |
| Earnings on disposals and impairments | 104.5 | (1.7) | 102.8 |
| Group share of net earnings | 38.6 | 32.9 | 71.5 |

| 2002 | | | |
|---------------------------------------|----------------|-------------|----------------|
| in EUR million | Bertelsmann | Imerys | Total |
| Net result excluding | 83.5 | 49.4 | 132.9 |
| Depreciation of goodwill | (165.4) | (9.5) | (174.9) |
| Earnings on disposals and impairments | (379.4) | (4.1) | (383.5) |
| Group share of net earnings | (461.3) | 35.8 | (425.5) |

| 2001 | | | | |
|---------------------------------------|---------------|-------------|--------------|---------------|
| in EUR million | Bertelsmann | Imerys | Other | Total |
| Net result excluding | 9.2 | 27.0 | 13.4 | 49.6 |
| Depreciation of goodwill | (91.2) | (10.6) | (26.0) | (127.8) |
| Earnings on disposals and impairments | - | - | 4.2 | 4.2 |
| Group share of net earnings | (82.0) | 16.4 | (8.4) | (74.0) |

The evolution of the earnings from associated companies is set out in detail in the economic summary, page 41, and in the section of the annual report dealing with GBL's investments.

Significant non-recurring items:

- In 2003, Bertelsmann had net capital gains of EUR 620 million (mainly on the disposal of BertelsmannSpringer) and impairments totalling EUR 220 million.
- The share taken into account above for Imerys in IFRS in 2003 differs from the results stated in French GAAP published by Imerys, primarily due to two elements:
 - a provision used by Imerys during the financial year and linked to the costs of its pension obligations in England, which is not recognised in IFRS;
 - an adjustment of deferred taxes liabilities related to a Brazilian subsidiary of Imerys, which was handled as a change of methodology by Imerys and directly charged to equity capital under French GAAP, while it is recognised as a result in the IFRS for GBL.
- On 31 December 2002, Bertelsmann registered impairments of EUR 1.7 billion, of which EUR 1.3 billion on its investment in Zomba, with GBL's share amounting to EUR 324 million.

- In 2002 and 2001, capital gains realised by Bertelsmann on the disposal of shares in AOL Europe and Inc. were not entered in GBL's income statement because these shares had been revalued at their fair value on the date of acquisition (the contribution is detailed in the economic summary on page 42).
- On 31 December 2001, GBL's share in Bertelsmann's net earnings included a write-back of negative goodwill of EUR 104.9 million. This negative goodwill corresponds to operating losses identified at the time the investment was acquired.

B. Dividends

Dividends paid by companies consolidated using the equity method are eliminated and replaced by GBL's share in their earnings.

In the case of Bertelsmann, GBL receives a dividend that is higher than its share in the equity capital. Accordingly, in the consolidated results, only the "ordinary" part of this dividend (EUR 59 million in 2003 and EUR 72 million in 2002) is eliminated and an amount of EUR 61 million (EUR 63 million in 2002) is maintained under gross dividends (see note 2. A.).

C. Share in the equity of associated companies

| | Share in the equity of associated companies | Goodwill | Total |
|-------------------------------------|---|-------------|----------------|
| in EUR million | | | |
| Balance on 31 December 2001 | 2,682.9 | 37.9 | 2,720.8 |
| Earnings for the year | (423.1) | (2.4) | (425.5) |
| Dividends | (87.7) | - | (87.7) |
| Differences on translation | (66.1) | - | (66.1) |
| Change in percentage of integration | (2.4) | 2.4 | 0.0 |
| Change in revaluation reserves | (37.4) | - | (37.4) |
| Other | 1.7 | - | 1.7 |
| Balance on 31 December 2002 | 2,067.9 | 37.9 | 2,105.8 |
| Earnings for the year | 73.8 | (2.3) | 71.5 |
| Dividends | (77.0) | - | (77.0) |
| Differences on translation | (27.1) | - | (27.1) |
| Change in percentage of integration | 0.5 | (0.5) | 0.0 |
| Change in revaluation reserves | 7.8 | - | 7.8 |
| Other | (5.8) | - | (5.8) |
| Balance on 31 December 2003 | 2,040.1 | 35.1 | 2,075.2 |

D. Differences on translation

| in EUR million | Bertelsmann | Imerys | Other | Total |
|----------------------------|--------------|---------------|--------------|---------------|
| On 31 December 2001 | (5.9) | 38.1 | 3.8 | 36.0 |
| Additions during the year | (24.2) | (37.0) | (4.4) | (65.6) |
| Other | 40.4 | - | - | 40.4 |
| On 31 December 2002 | 10.3 | 1.1 | (0.6) | 10.8 |
| Additions during the year | 13.5 | (40.6) | 2.8 | (24.3) |
| On 31 December 2003 | 23.8 | (39.5) | 2.2 | (13.5) |

E. List of associated companies

| Name | Registered office | % of shares held | | | % of voting rights | | | Main activity |
|----------------|-------------------|------------------|------|------|--------------------|------|------|---------------------|
| | | 2003 | 2002 | 2001 | 2003 | 2002 | 2001 | |
| Bertelsmann AG | Gütersloh | 25.1 | 25.1 | 25.1 | 25.0 | 25.0 | 25.0 | Media |
| Imerys | Paris | 26.4 | 26.7 | 26.3 | 34.4 | 20.5 | 20.5 | Minerals processing |
| RTL Group | Luxembourg | - | - | 26.9 | - | - | 26.9 | Media |
| SFPG | Paris | - | - | 46.1 | - | - | 46.1 | Holding |

2. Suez, Total and other investments**A. Gross dividends**

Analysis of contribution by investment:

| in EUR million | 2003 | 2002 | 2001 |
|----------------|--------------|--------------|--------------|
| Total | 96.3 | 89.2 | 77.5 |
| Suez | 73.2 | 73.7 | 78.5 |
| Bertelsmann | 61.0 | 62.8 | - |
| Other | 1.9 | 2.0 | 8.2 |
| Total | 232.4 | 227.7 | 164.2 |

In 2003, dividends paid by Suez included a gross amount of EUR 22 million (EUR 22 million in 2002 and EUR 30 million in 2001) in tax refunds.

B. Earnings on disposals of and impairments on financial assets

| in EUR million | 2003 | 2002 | 2001 |
|--|---------------|---------------|---------------|
| Rhodia | (3.0) | - | - |
| Editeco | 2.7 | - | - |
| Generali Belgium | - | 3.4 | - |
| Lasmo | - | - | 89.0 |
| RTL Group | - | - | 503.1 |
| Suez | - | - | 7.4 |
| Other | 1.0 | 0.7 | 1.2 |
| Capital gains and losses on disposals of subsidiaries and other investments | 0.7 | 4.1 | 600.7 |
| Rhodia | (37.9) | (10.4) | (86.1) |
| SN Airholding | - | (4.7) | - |
| Other | (1.9) | (1.5) | 0.3 |
| Impairments and reinstatement of impairments | (39.8) | (16.6) | (85.8) |
| Total | (39.1) | (12.5) | 514.9 |

As the economic environment in which Rhodia operates did not evolve compared to 2002 or 2001, an additional depreciation of EUR 38 million (EUR 10 million in 2002 and EUR 86 million in 2001) was entered on this investment based on the share price on 31 December 2003.

C. Market value and variations

| | 31.12.2001 | Investment fund earnings | Acquisitions | Impairments | Change in revaluation reserves | Disposals | 31.12.2002 |
|---------------------------|----------------|-----------------------------|--------------|---------------|--------------------------------------|--------------|----------------|
| in EUR million | | | | | | | |
| Total | 3,767.7 | - | - | - | (571.4) | - | 3,196.3 |
| Suez | 2,463.6 | - | - | - | (1,265.1) | - | 1,198.5 |
| Rhodia | 85.8 | - | - | (10.4) | - | - | 75.4 |
| PAI Europe III | 9.4 | 0.6 | 8.8 | (0.6) | - | - | 18.2 |
| Sagard | - | (1.1) | 1.9 | - | - | - | 0.8 |
| Viventes 2 | 1.9 | - | 3.3 | (0.2) | - | - | 5.0 |
| Other | 13.1 | - | 1.6 | (0.7) | 0.2 | (0.5) | 13.7 |
| Total market value | 6,341.5 | (0.5) | 15.6 | (11.9) | (1,836.3) | (0.5) | 4,507.9 |

| | 31.12.2002 | Change in scope | Investment fund earnings | Acquisitions | Impairments | Change in revaluation reserves | Disposals | 31.12.2003 |
|---------------------------|----------------|--------------------|-----------------------------|--------------|---------------|--------------------------------------|--------------|----------------|
| in EUR million | | | | | | | | |
| Total | 3,196.3 | - | - | - | - | 265.3 | - | 3,461.6 |
| Suez | 1,198.5 | - | - | - | - | (44.2) | - | 1,154.3 |
| Rhodia | 75.4 | - | - | - | (37.9) | - | (6.5) | 31.0 |
| PAI Europe III | 18.2 | - | 0.3 | 0.3 | - | - | (1.5) | 17.3 |
| Sagard | 0.8 | - | (1.2) | 1.2 | - | - | - | 0.8 |
| Viventures 2 | 5.0 | - | - | - | (1.8) | - | - | 3.2 |
| Other | 13.7 | (2.5) | - | - | - | - | (1.0) | 10.2 |
| Total market value | 4,507.9 | (2.5) | (0.9) | 1.5 | (39.7) | 221.1 | (9.0) | 4,678.4 |

Investments in listed companies are valued on the basis of the share price at the end of the financial year.

D. Revaluation reserves on investments

| | | | | |
|----------------------------------|----------------|----------------|---------------|----------------|
| in EUR million | Suez | Total | Other | Total |
| On 31 December 2001 | 603.5 | 1,280.6 | (4.7) | 1,879.4 |
| Change of accounting methodology | 577.8 | 333.4 | - | 911.2 |
| On 1 January 2002 | 1,181.3 | 1,614.0 | (4.7) | 2,790.6 |
| Change in market value | (1,265.1) | (571.4) | (37.2) | (1,873.7) |
| Other | - | - | (3.9) | (3.9) |
| On 31 December 2002 | (83.8) | 1,042.6 | (45.8) | 913.0 |
| Change in market value | (44.2) | 265.4 | 7.8 | 229.0 |
| On 31 December 2003 | (128.0) | 1,308.0 | (38.0) | 1,142.0 |

The Board of Directors adopted a change of accounting methodology which has the effect of increasing revaluation reserves by EUR 911 million (cf. "Accounting principles" page 50).

Revaluation reserves correspond to the difference between the book value and the market value of investments detailed in the above point, and to GBL's share in the revaluation reserves of associated companies included in "Other".

E. Negative goodwill

As a result of the change in accounting methodology described and justified in the "Accounting Principles", page 50, GBL's balance sheet no longer includes negative goodwill.

3. Creditors

A. Interest expenses on debt

| in EUR million | 2003 | 2002 | 2001 |
|--|---------------|---------------|---------------|
| Interest on convertible and exchangeable loan stocks | (24.8) | (33.9) | (35.9) |
| Interest on long-term financial debt | (4.8) | (4.8) | (6.5) |
| Interest on short-term debt | (0.4) | (0.9) | (2.0) |
| Total | (30.0) | (39.6) | (44.4) |

On 31 December 2003, interest on convertible and exchangeable loan stocks included EUR 16 million (EUR 22 million in 2002 and 2001) of actuarial depreciation of the difference between the nominal interest rate and the market rate on the date of issue. This amount is added to the interest actually paid.

| in EUR million | Convertible GBL | Exchangeable Suez | Total |
|--|--------------------|----------------------|--------------|
| Component of debt on issue date | 225.9 | 364.3 | 590.2 |
| Interest accumulated on 31 December 2001 | 17.5 | 21.3 | 38.8 |
| Balance on 31 December 2001 | 243.4 | 385.6 | 629.0 |
| Acquisitions by the group | (7.0) | - | (7.0) |
| Interest for the year | 5.5 | 16.5 | 22.0 |
| Balance on 31 December 2002 | 241.9 | 402.1 | 644.0 |
| of which payable within one year | 241.9 | 201.4 | 443.3 |
| Interest for the year | 2.9 | 13.5 | 16.4 |
| Repayment at maturity | (244.8) | (208.0) | (452.8) |
| Balance on 31 December 2003 | 0.0 | 207.6 | 207.6 |
| of which payable within one year | 0.0 | 207.6 | 207.6 |

B. Loan stock convertible into GBL shares

Loan stock convertible into GBL shares with face value of EUR 252 million, issued on 9 July 1998 and guaranteed by 4,999,238 shares held by GBL, was fully reimbursed in cash on 9 July 2003. Taking account of bonds held by a GBL fully-owned subsidiary, the net reimbursement totalled EUR 245 million.

C. Loan stocks exchangeable for Suez shares

In autumn 2000, GBL issued two sets of bonds exchangeable for Suez shares. The two issues guaranteed by Suez shares, which GBL was obliged to hold until maturity or exercise of the option, had the following characteristics:

| | Issue 1 | Issue 2 |
|--|-----------------|-----------------|
| Face value | EUR 208 million | EUR 210 million |
| Date of issue | 10 October 2000 | 31 October 2000 |
| Term | 3 years | 4 years |
| Nominal interest rate | 1.00% | 1.75% |
| Number of Suez shares to be allocated in case of exercise of options | 5 million | 5 million |

The funds raised by the issue of this exchangeable loan stocks were divided into a long-term debt component and a derivative component entered under current liabilities. The component entered under current liabilities represents the market value of the purchase options included in the loan stock on the date of issue. The latter component is revalued at its market value at the end of each financial year through the income statement.

In July 2002, GBL bought options on Suez shares, cancelling all 10,000,000 call options included in the Suez exchangeable bonds. As a result, at end 2003 issue 1 was reimbursed in cash and issue 2 will be reimbursed in cash in 2004.

D. Other long-term financial debt

| | Starting date | Maturity | Nominal interest rate | 2003 | 2002 | 2001 |
|----------------|---------------|----------|-----------------------|--------------|--------------|--------------|
| in EUR million | | | | | | |
| USD bank loan | 2000 | - | 1.69% | 18.6 | 25.3 | 25.3 |
| EUR bank loan | 1999 | 2004 | 3.78% | 124.0 | 124.0 | 124.0 |
| Total | | | | 142.6 | 149.3 | 149.3 |

On 31 December 2003, the bank loan of EUR 124 million reimbursed in early 2004 was entered under "Amounts payable after one year due during the year".

On 31 December 2003, the market value totalled EUR 18.6 million (EUR 24.6 million in 2002) for the USD bank loan and EUR 124.1 million (EUR 127.7 million in 2002) for the EUR bank loan, which is entered under amounts payable after one year due within one year.

4. Shares and derivatives

A. Income on shares and derivatives

| | 2003 | 2002 | 2001 |
|----------------------------------|------------|-------------|-------------|
| in EUR million | | | |
| Dividends | - | - | 0.3 |
| Losses and gains on sales | - | 70.8 | - |
| Losses and gains on revaluations | 0.1 | (34.4) | 64.2 |
| Total | 0.1 | 36.4 | 64.5 |

In 2002, all option transactions on Suez and Total shares were closed. The purchase of the 10,000,000 Suez call options included in the exchangeable bonds and of the options on Total shares registered net results of EUR 23 million and EUR 19 million respectively, including the reversal of all revaluation losses and gains recognised in previous years (EUR – 23 million and EUR – 9 million respectively).

Revaluation gains in 2001 stemmed from the revaluation at market value of the Suez options relating to the exchangeables (EUR 55 million) and call and put options on Total shares issued by the group (EUR 9 million).

B. Investment securities

| in EUR million | 2003 | 2002 | 2001 |
|---------------------------|-------------|-------------|-------------|
| Shares | 25.2 | 20.5 | 28.3 |
| Deposits and bonds | 6.0 | 6.0 | 6.0 |
| Other | 0.1 | 0.4 | 0.3 |
| Total market value | 31.3 | 26.9 | 34.6 |

Investment securities include, among others, 11,500 Pargesa shares with market value of EUR 24 million (EUR 20 million in 2002 and EUR 25 million in 2001). These shares are held to cover the exercise of the options described in note 5. E.

The investment securities are evaluated on the basis of stock market listings.

C. Derivatives issued

| in EUR million | 2003 | 2002 | 2001 |
|--------------------------|------------|------------|-------------|
| Options on shares | 6.8 | 1.8 | 62.0 |
| Pargesa | 6.3 | 1.8 | 7.4 |
| Suez | - | - | 30.5 |
| Total | 0.5 | - | 23.4 |
| Pioneer | - | - | 0.7 |
| Other | 0.1 | 0.3 | 0.3 |
| Total | 6.9 | 2.1 | 62.3 |

In accordance with IAS 39, options are evaluated at their market value through the income statement from 1 January 2001. Earlier revaluations were entered under reserves.

5. Other operating income and expenses**A. Details on other operating income and expenses**

| in EUR million | 2003 | 2002 | 2001 |
|---------------------------------|---------------|---------------|---------------|
| Income for services rendered | - | - | 0.1 |
| Other income | 0.9 | 0.8 | 1.3 |
| Other operating income | 0.9 | 0.8 | 1.4 |
| Sundry goods and services | (13.5) | (11.6) | (10.5) |
| Personnel costs | (4.6) | (4.1) | (3.5) |
| Depreciations | (1.2) | (0.8) | (1.3) |
| Other | (0.3) | (0.3) | (0.1) |
| Other operating expenses | (19.6) | (16.8) | (15.4) |

B. Average number of employees

| | 2003 | 2002 | 2001 |
|------------------------|------|------|------|
| Parent company | 14 | 15 | 15 |
| Consolidated companies | 34 | 36 | 37 |

C. Personnel costs

| | | | |
|--|--------------|--------------|--------------|
| in EUR million | 2003 | 2002 | 2001 |
| Remuneration | (2.8) | (2.6) | (2.3) |
| Social security | (0.9) | (0.7) | (0.7) |
| Contributions to defined benefit pension plans | (0.8) | (0.7) | (0.4) |
| Other | (0.1) | (0.1) | (0.1) |
| Total | (4.6) | (4.1) | (3.5) |

D. Remuneration paid to members of administrative and management bodies

| | | | |
|----------------|------|------|------|
| in EUR million | 2003 | 2002 | 2001 |
|----------------|------|------|------|

Consolidated accounts:

Total amount, after deduction of amounts retroceded to GBL,
paid for the year to Directors of the parent company in respect
of their function in the parent company, its subsidiaries
and associated companies:

| | | | |
|---|-------|-----|-----|
| Managing Directors | 4.8 | 4.0 | 4.1 |
| <i>Gross remuneration</i> | 5.8 | 3.6 | 3.7 |
| <i>Pension contributions</i> | 1.9 | 0.4 | 0.4 |
| <i>Reinstatements of pension provisions</i> | (2.9) | - | - |
| Non-executive Directors | 1.2 | 0.9 | 1.0 |

Total amount, after deduction of amounts retroceded to GBL,
paid for the year to members of the Internal Committee of
the parent company in respect of their function in
the parent company, its subsidiaries and associated companies:

| | | | |
|--|-------|-----|-----|
| <i>Gross remuneration</i> | 7.1 | 4.7 | 4.6 |
| <i>Pension contributions</i> | 2.2 | 0.6 | 0.6 |
| <i>Reinstatments of pension provisions</i> | (2.9) | - | - |

Statutory accounts:

Direct and indirect remuneration and pensions paid to
Directors and chargeable to the income statement,
subject to this declaration not relating exclusively
or principally to the situation of one single identifiable person:

| | | |
|-----|-----|-----|
| 7.2 | 4.0 | 4.0 |
|-----|-----|-----|

E. Employee stock option plan

In 1999, a stock option plan concerning 249,650 GBL shares and 11,500 Pargesa shares was subscribed by employees of GBL and its Belgian subsidiaries and by its Managing Directors. The terms of the issue complied with the provisions of the Act of 26 March 1999 relating to the 1998 Belgian employment action plan setting out various arrangements.

These options form part of the stock option plan for GBL and its subsidiaries for 10 years from the date of issue, a time period that corresponds to the initial life of the options. On 26 March 2003, the Board of Directors passed a resolution, further to a change in legislation, to extend the life of these options for three years, the expiry date thus changing to 30 June 2012.

Given the exchange parity value of 5 GBL shares for 1 GBL S.A. share following the merger by absorption of GBL by Electrafina, the stock option plan now concerns 1,248,250 GBL shares.

The exercise price of the GBL option (1 option entitles the holder to 5 shares) was set in 1999 at EUR 163.9, corresponding to the final closing price immediately preceding the offer, and the exercise price for the Pargesa option was set at CHF 2,338.2, corresponding to the average price during the 30-day period preceding the offer.

In case of the exercise of options, the company may choose between assigning existing shares or issuing new shares.

Number of GBL shares corresponding to the options issued on 30 June 1999

| | 01.01.2003 | Exercise in 2003 | 31.12.2003 |
|------------------------|------------------|------------------|------------------|
| Vested right | 685,625 | (38,160) | 727,465 |
| Vested right from 2005 | 562,625 | - | 482,625 |
| Total | 1,248,250 | (38,160) | 1,210,090 |

Of the 1,248,250 GBL shares corresponding to the options issued, 679,000 were allocated to members of the Internal Committee, of which 460,000 to Managing Directors.

The options exercised in 2003 were honoured through the allocation of existing shares (32,350 in the first half of the year and 5,810 in the latter half) and had no significant impact on GBL's consolidated accounts.

Number of Pargesa shares corresponding to options issued on 30 June 1999

| | 01.01.2003 | 31.12.2003 |
|------------------------|---------------|---------------|
| Vested right | 7,250 | 8,250 |
| Vested right from 2005 | 4,250 | 3,250 |
| Total | 11,500 | 11,500 |

Of the 11,500 Pargesa shares corresponding to the options issued, 9,500 were allocated to Managing Directors.

Accounting methodology

GBL share options

GBL share options are not entered in consolidated financial statement.

Pargesa share options

The Pargesa shares covering the options issued are held by GBL and entered in the accounts under "Investment Securities".

The options are entered on the balance sheet under "liabilities".

The options and shares are revalued at market value at the end of each financial year through the income statement.

F. Pensions and similar obligations

The Managing Directors and the majority of GBL employees are members of a defined benefits pension scheme financed by a pension fund and a group insurance policy.

GBL's pension obligations on 31 December 2003 through the pension fund were largely covered and are detailed below.

Commitments related to the pension scheme equal:

| in EUR million | 2003 | 2002 | 2001 |
|--|---------------|---------------|---------------|
| Present value of funded obligations | 41.7 | 36.6 | 33.8 |
| Fair value of plan assets | (54.1) | (49.7) | (57.2) |
| | (12.4) | (13.1) | (23.4) |
| Unrecognised actuarial losses | - | - | - |
| Unrecognised past service costs | - | - | - |
| Effect of the asset ceiling | 12.4 | 13.1 | 23.4 |
| Amount entered in balance sheet | 0.0 | 0.0 | 0.0 |

The pension scheme's assets include shares issued by GBL in the amount of EUR 0.4 million over the 3 financial years.

The net charge for 2003 came to EUR 2.6 million (EUR 1.0 million in 2002 and EUR 0.8 million in 2001). The net charge was partially offset in the accounts by the use of a provision in the amount of EUR 2.0 million.

| in EUR million | 2003 | 2002 | 2001 |
|--------------------------------|------------|------------|------------|
| Current service cost | 1.0 | 0.7 | 0.5 |
| Interest expenses | 2.0 | 1.9 | 1.9 |
| Expected return on plan assets | (3.5) | (3.9) | (4.5) |
| Net actuarial losses | 3.8 | 10.5 | 9.2 |
| Past service costs | - | - | - |
| Effect of the asset ceiling | (0.7) | (8.2) | (6.3) |
| Net charge | 2.6 | 1.0 | 0.8 |

The net charge is entered under the headings "Personnel costs" and "Sundry goods and services".

The real return on covering assets in 2003 amounted to EUR 2.4 million (EUR – 5.8 million in 2002 and EUR – 4.6 million in 2001).

The change in amounts entered in the balance sheet is shown in the following table:

| in EUR million | 2003 | 2002 | 2001 |
|--------------------------------------|------------|------------|------------|
| Amount entered on 1 January | 0.0 | 0.0 | 0.0 |
| Net charge | 2.6 | 1.0 | 0.8 |
| Contributions paid | (2.6) | (1.0) | (0.8) |
| Amount entered on 31 December | 0.0 | 0.0 | 0.0 |

The main actuarial assumptions are:

| | 2003 | 2002 | 2001 |
|---------------------------------|-------|-------|-------|
| Discount rate | 5.50% | 5.50% | 5.50% |
| Expected return | 7.00% | 7.00% | 7.00% |
| Average rate of salary increase | 5.50% | 5.50% | 5.50% |
| Inflation rate | 2.50% | 2.50% | 2.50% |

6. Taxes

A. Taxes on profit

| | | | |
|---|--------------|-------------|------------|
| in EUR million | 2003 | 2002 | 2001 |
| Current foreign taxes | (4.2) | 5.5 | 0.3 |
| Sub-total | (4.2) | 5.5 | 0.3 |
| Deferred taxes: | | | |
| - for the year | 4.1 | 6.2 | 8.0 |
| - attributable to a change in tax rate | - | (0.4) | 0.2 |
| Sub-total | 4.1 | 5.8 | 8.2 |
| Total taxes relating to GBL and its subsidiaries | (0.1) | 11.3 | 8.5 |

Deferred taxes correspond to a theoretical calculation and not to cash flow.

| | | | | |
|--|--------------|---------------|---------------|---------------|
| in EUR million | 2003 | | 2002 | |
| Pre-tax profit | 210.3 | | (226.5) | |
| Taxes at Belgian rate | 71.5 | 33.99% | (91.0) | 40.17% |
| Profit from companies consolidated using the equity method | (24.3) | | 170.9 | |
| Permanent differences | (42.2) | | (72.7) | |
| Change in deferred taxes due to a change in tax rate | - | | (0.4) | |
| Unused tax losses | 1.7 | | - | |
| Taxes levied on a basis other than profit | (4.6) | | 5.3 | |
| Effect of rates applicable in other jurisdictions | (2.2) | | (0.8) | |
| Effective charges and tax rates for the year | (0.1) | N.A. | 11.3 | N.A. |

B. Deferred taxes

| | Liabilities Associated companies | Assets Tax losses | Net |
|--|--|-------------------------|-------|
| in EUR million | | | |
| On 1 January 2002 | (4.5) | 17.4 | 12.9 |
| Entered in income statement for the year | 0.3 | (6.5) | (6.2) |
| Effect of change of rate | 0.7 | (0.3) | 0.4 |
| On 1 January 2003 | (3.5) | 10.6 | 7.1 |
| Entered in income statement for the year | 0.4 | (4.5) | (4.1) |
| On 31 December 2003 | (3.1) | 6.1 | 3.0 |

On 31 December 2003, unused tax losses that can be carried forward by the group amounted to EUR 18 million (EUR 31 million in 2002 and EUR 49 million in 2001). Deferred taxes assets were recognised on all these losses.

7. Result per share

Result per share basic and diluted results from the following calculations:

A. Result

| in EUR million | 2003 | 2002 | 2001 |
|--|-------|---------|-------|
| Net result used to determine result per share basic | 210.4 | (237.8) | 618.1 |
| Influence of financial instruments with diluting effect: | | | |
| Interest on convertible loan stocks (net of taxes) | 6.1 | 11.6 | 11.7 |
| Net result used to determine result per share diluted | 216.5 | (226.2) | 629.8 |

B. Number of shares

| | 2003 | 2002 | 2001 |
|---|-------------|-------------|-------------|
| Outstanding shares | 138,300,053 | 138,300,053 | 138,300,053 |
| Own shares at start of year | (5,647,376) | (5,310,143) | (4,999,238) |
| weighted changes during the year | (395,268) | (98,816) | (126,812) |
| Weighted average number of shares used to determine result per share basic | 132,257,409 | 132,891,094 | 133,174,003 |
| Influence of financial instruments with diluting effect: | | | |
| Convertible loan stock (note 3. B.) | 2,383,761 | 4,767,522 | 4,907,143 |
| Stock options (note 5. E.) | 1,210,090 | 1,248,250 | 1,248,250 |
| Weighted average number of shares used to determine result per share diluted | 135,851,260 | 138,906,866 | 139,329,396 |

8. Dividends

A dividend of EUR 1.42 per share (EUR 1.32 in 2002 and EUR 1.20 in 2001) was paid to shareholders on 9 May 2003.

The Board of Directors will propose a gross dividend of EUR 1.49 per share for 2003, payable from 7 May 2004. These financial statements presented before appropriation of profit do not reflect this dividend, which is subject to approval by the shareholders at the General Meeting on 27 April 2004.

The total dividend to be paid amounts to EUR 206.1 million, since the proposal by the Board of Directors concerns 138,300,053 shares.

9. Tangible fixed assets

| in EUR million | Land and buildings | Furniture and vehicles | Other tangible assets | Total |
|---|-----------------------|---------------------------|--------------------------|-------------|
| a. Acquisition value | | | | |
| On 31 December 2001 | 0.0 | 2.8 | 26.7 | 29.5 |
| Acquisitions | - | - | - | 0.0 |
| Disposals | - | (0.3) | - | (0.3) |
| Differences on translation | - | - | (4.2) | (4.2) |
| Cancellation | - | - | (0.1) | (0.1) |
| On 31 December 2002 | 0.0 | 2.5 | 22.4 | 24.9 |
| Acquisitions | - | 0.2 | - | 0.2 |
| Disposals | - | (0.2) | - | (0.2) |
| Differences on translation | - | - | (3.7) | (3.7) |
| Other | 0.2 | - | - | 0.2 |
| On 31 December 2003 | 0.2 | 2.5 | 18.7 | 21.4 |
| b. Accumulated depreciation | | | | |
| On 31 December 2001 | 0.0 | 1.9 | 1.6 | 3.5 |
| Changes for the year | - | 0.1 | 0.6 | 0.7 |
| Cancellation | - | (0.3) | (0.1) | (0.4) |
| Differences on translation | - | - | (0.3) | (0.3) |
| On 31 December 2002 | 0.0 | 1.7 | 1.8 | 3.5 |
| Changes for the year | - | 0.2 | 1.0 | 1.2 |
| Cancellation | - | (0.2) | - | (0.2) |
| Differences on translation | - | - | (0.4) | (0.4) |
| On 31 December 2003 | 0.0 | 1.7 | 2.4 | 4.1 |
| c. Net book value at end of year (a – b) | 0.2 | 0.8 | 16.3 | 17.3 |

10. Subsidiaries

| Name | Registered office | % of shares held | | | % of voting rights | | | Main activity |
|--|-------------------|------------------|-------|-------|--------------------|-------|-------|------------------------|
| | | 2003 | 2002 | 2001 | 2003 | 2002 | 2001 | |
| Belgian Securities B.V. | Amsterdam | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | Holding |
| Brussels Securities | Brussels | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | Holding |
| Electrafina Investments | Brussels | 100.0 | - | - | 100.0 | - | - | Holding |
| G.B.L. Coordination Center | Brussels | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | Coordination centre |
| GBL Finance S.A. Holding | Luxembourg | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | Holding |
| GBL Overseas Finance N.V. | Curaçao | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | Holding |
| GBL Participations | Brussels | 100.0 | - | - | 100.0 | - | - | Holding |
| GBL Verwaltung GmbH | Gütersloh | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | Holding |
| GBL Verwaltung Sàrl | Luxembourg | 100.0 | - | - | 100.0 | - | - | Holding |
| Immobilière rue de Namur | Luxembourg | 100.0 | - | - | 100.0 | - | - | Real estate |
| Interenergy Investment Corporation S.A. Holding | Luxembourg | - | 100.0 | 100.0 | - | 100.0 | 100.0 | Holding |
| Sagerpar | Brussels | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | Holding |

11. Cash and cash equivalents

| | | | |
|---------------------------|--------------|--------------|--------------|
| in EUR million | 2003 | 2002 | 2001 |
| Deposits | 91.6 | 415.1 | 76.5 |
| Bonds | 410.7 | 480.8 | 791.9 |
| Other | 12.6 | 12.8 | 2.6 |
| Total market value | 514.9 | 908.7 | 871.0 |

12. Capital

A. Issued capital

On 31 December 2003, fully paid-up share capital amounted to EUR 559,802,625.54. It is made up of 138,300,053 shares without nominal value.

All shares representing the share capital have the same rights.

In accordance with Article 28 of the company's articles of association, each share entitles its holder to one vote. GBL has not issued any other class of shares such as non-voting or preferential shares.

| Number of shares | 2003 | 2002 | 2001 |
|---|--------------------|--------------------|--------------------|
| In issue on 1 January | 138,300,053 | 138,300,053 | 122,160,125 |
| Cancellation of own shares | - | - | (4,360,095) |
| Merger of Electrafina and Groupe Bruxelles Lambert S.A. | - | - | 20,500,023 |
| In issue on 31 December | 138,300,053 | 138,300,053 | 138,300,053 |

| Capital structure | Number of shares |
|-------------------|------------------|
| Registered | 72,693,495 |
| Bearer | 65,606,558 |

B. Authorised capital

The Extraordinary General Meeting on 25 May 1999 renewed for a five-year period the authorisation granted to the Board of Directors to:

- increase the capital, once or more, up to a total of EUR 125 million;
- decide one or more issues of bonds convertible into shares or subscription rights or other securities carrying future rights to shares in the company, up to a total value such that the capital increases that may result from the exercise of subscription or conversion rights attached to the bonds, rights or shares, shall not exceed the above authorised limit.

In both cases, the Board of Directors may, in the interest of the company, limit or cancel shareholders' preferential subscription rights in conformity with the terms and conditions laid down by law.

This authorisation, first granted in 1987, was renewed on 25 May 1993, 28 May 1996 and 25 May 1999 and remains valid for a five-year period from 19 June 1999, i.e. until June 2004. On 31 December 2003, authorised capital still stood at EUR 125 million, which will allow to create at most 30,881,431 shares based on the capital on 31 December 2003.

The Extraordinary General Meeting on 27 April 2004 will be asked to renew this authorisation for an additional five-year period from the date of publication in the Annexes to the Moniteur Belge.

The Board of Directors is also authorised to increase the capital through contributions in kind or in cash, with restrictions or cancellations of shareholders' preferential subscription rights in the event of a public takeover bid.

The capital increases realised by virtue of this authorisation shall be charged against the remaining amount of authorised capital. This authorisation is valid for a period of three years from 26 April 2001, i.e. until April 2004. The Extraordinary General Meeting will be asked to renew this authorisation for a three-year period from 27 April 2004.

C. Capital history of GBL (ex-Electrafina) since 1 January 2001

| Dates | Change | Capital in EUR | Number of shares |
|--------------------------------------|---|-----------------------|--------------------|
| 1/1/01 | Situation on this date | 358,884,629.88 | 39,724,422 |
| 26/4/01 | Division of Electrafina share by 3 | - | 79,448,844 |
| 26/4/01 | Capital increase following absorption of Groupe Bruxelles Lambert S.A. and change of name to Groupe Bruxelles Lambert | 610,800,625.00 | 117,800,030 |
| 26/4/01 | Capital reduction ⁽¹⁾ | (409,882,629.34) | (98,673,243) |
| Situation on 31 December 2003 | | 559,802,625.54 | 138,300,053 |

(1) Capital reduction to increase the ordinary reserve with a view to partial reconstitution of the company's ability to pay dividends, which was sharply reduced after cancellation of GBL's own shares

D. Own shares

This heading comprises the cost of acquisition of GBL shares held by group companies. On 31 December 2003, the group held 6,313,032 shares.

| | |
|--|------------------|
| Shares held on 31 December 2001 | 5,310,143 |
| Acquisitions during the year | 441,659 |
| Disposals during the year | (104,426) |
| Shares held on 31 December 2002 | 5,647,376 |
| Acquisitions during the year | 703,816 |
| Disposals during the year | (38,160) |
| Shares held on 31 December 2003 | 6,313,032 |

13. Other short-term debt

| | | | |
|-------------------------------|-------------|-------------|-------------|
| in EUR million | 2003 | 2002 | 2001 |
| Trade debts | 0.9 | 0.4 | 0.6 |
| Remuneration and social debts | 0.6 | 0.6 | 0.5 |
| Unpaid accrued interest | 3.0 | 6.8 | 7.9 |
| Other | 14.2 | 18.5 | 14.4 |
| Total | 18.7 | 26.3 | 23.4 |

14. Off balance sheet rights and commitments

| | | | |
|---------------------------------------|-------------|-------------|-------------|
| in EUR million | 2003 | 2002 | 2001 |
| Unused and confirmed credit lines | 300.0 | - | - |
| Investment and divestment commitments | 91.6 | 92.4 | 45.8 |
| <i>Investment commitments</i> | 86.6 | 87.4 | 40.8 |
| <i>Divestment commitments</i> | 5.0 | 5.0 | 5.0 |
| Put and call options issued | 16.6 | 19.9 | 959.5 |
| Interest and asset swaps concluded | 43.1 | 48.1 | 172.7 |
| Miscellaneous | 9.5 | 11.0 | 11.4 |

Financial derivatives

GBL's group uses financial derivatives within strict limits with the aim of increasing cash return. They are valued at market value. These transactions are also entered under off balance sheet rights and commitments at their notional value, which does not represent the risk on current transactions. The risk is only a small percentage of the notional value.

Investment commitments

On 31 December 2003, these related mainly to uncalled amounts subscribed with the investment funds PAI Europe III, Sagard and Viventures 2, which totalled EUR 22 million, EUR 47 million and EUR 18 million respectively.

On 31 December 2002, investment commitments related mainly to uncalled amounts subscribed with the investment funds PAI Europe III, Sagard and Viventures 2, which totalled EUR 21 million, EUR 48 million and EUR 18 million respectively.

Investment commitments on 31 December 2001 related mainly to the fund PAI Europe III in which GBL agreed to invest EUR 40 million, of which EUR 10 million had already been paid up during the year.

Put and call options issued

All options on Suez and Total existing on 31 December 2001 were cancelled in 2002.

Put and call options existing on 31 December 2001 comprised call options on Suez shares issued as part of the exchangeable bonds described in note 3. C. (EUR 418.0 million) and put and call options on Total shares. Options on Total shares were issued in the latter half of 2001 and came to maturity in the second half of 2002. This involved the sale of call options for 1,600,000 Total shares and a notional value of EUR 281.1 million and of put options for 1,600,000 Total shares and a notional value of EUR 230.0 million.

RTL Group litigation

Legal proceedings were brought before the courts in Luxembourg in 2001 by a number of RTL Group minority shareholders against GBL, Bertelsmann, RTL Group and the Directors of RTL Group representing GBL and Bertelsmann, seeking cancellation of the transfer by GBL's group of RTL Group shares to Bertelsmann and to obtain compensation for alleged injury.

On 8 July 2003, the Luxembourg court declared the shareholders' action inadmissible.

On 8 October 2003, the shareholders appealed the decision.

Rhodia litigation

In early 2004, minority shareholders in Rhodia initiated proceedings against GBL and two of its Directors before the Paris Trade Court, calling in question their responsibility as Directors of Rhodia.

15. Transactions with related parties

| in EUR million | Associated companies |
|-----------------------------------|----------------------|
| Investment securities | 24.3 |
| Derivatives issued | 6.3 |
| Net dividends on financial assets | 0.6 |

The amounts entered under "Investment securities" and "Derivatives issued" relate to options on Pargesa shares described in note 5. E. and shares held to cover the exercise of these options.

Remuneration of Directors and members of the Internal Committee

Details on remuneration paid and options on GBL shares allocated to Directors and members of the Internal Committee are given in note 5. D.

Number of the issuer's shares held by members of the administrative, management and supervisory bodies

The members of the Board of Directors hold a total of 500 GBL registered shares.

Report of the Statutory Auditor

Report of the Statutory Auditor to the Annual General Meeting of shareholders on the consolidated financial statements for the year ending on 31 December 2003

To the shareholders,

In accordance with the legal and statutory requirements, we report on our audit assignment which you have entrusted to us.

We have examined the consolidated annual accounts for the year ended 31 December 2003, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of EUR 7,371.8 million and an income statement resulting in a profit, for the year of EUR 210.4 million (group's share). Financial statements of a subsidiary included in the consolidated financial statements using the equity method, of which the equity method accounted for income amounts to EUR 39 million and the equity value amounts to EUR 1,673 million, have been audited by other auditors. We relied on their opinion. In addition, we have performed specific procedures with respect to the Directors' report.

Unqualified audit opinion on the financial statements

Our examination has been conducted in accordance with the auditing standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free of material misstatement and are in compliance with the Belgian legal and regulatory requirements.

In accordance with these standards we have taken into account the administrative and accounting organization of your company as well as the procedures of internal control. The responsible officers of the company have clearly replied to all our requests for information and explanations. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the accounting policies used, the significant estimates made by the company and the overall presentation of the consolidated annual accounts. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of GBL as at and for the year ended 31 December 2003 which have been prepared in accordance with IFRS, present fairly the financial position of the group, and the results of its operations, and the disclosures made in the notes to the accounts are adequate.

Additional certifications

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

- The Directors' report includes the information required by the Companies Code and is in accordance with the consolidated financial statements.
- As indicated in the appendix to the financial statements, the consolidated financial statements have been prepared in accordance with IFRS and the regulations of the Seventh Directive has been substantially complied with.

Brussels, 30 March 2004

The Statutory Auditor,

DELOITTE & TOUCHE
Reviseurs d'Entreprises SC s.f.d. SCRL
Represented by Michel Denayer

Consolidated figures over 10 years

| in EUR million | 2003 | 2002 ⁽¹⁾ | 2001 ⁽¹⁾ |
|--|--------------------|---------------------|---------------------|
| Balance sheet | IFRS | IFRS | IFRS |
| Non-current assets | 6,777.6 | 6,646.5 | 9,105.7 |
| Current assets | 594.2 | 964.6 | 920.0 |
| Total assets | 7,371.8 | 7,611.1 | 10,025.7 |
| Shareholders' equity | 6,966.4 | 6,772.3 | 9,142.4 |
| Minority interests | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 24.4 | 359.9 | 789.6 |
| Current liabilities | 381.0 | 478.9 | 93.7 |
| Total liabilities | 7,371.8 | 7,611.1 | 10,025.7 |
| Income statement | IFRS | IFRS | IFRS |
| Net earnings from associated companies | 71.5 | (425.5) | (74.0) |
| Net dividends on financial assets | 206.9 | 203.1 | 140.5 |
| Interest income and expenses | (9.4) | (6.9) | (0.6) |
| Other financial income and expenses | (0.9) | 31.3 | 59.8 |
| Other operating income and expenses | (18.7) | (16.0) | (14.0) |
| Income taxes | 0.1 | (11.3) | (8.5) |
| Earnings on disposals of and impairments on financial assets | (39.1) | (12.5) | 514.9 |
| Minority interests | 0.0 | 0.0 | 0.0 |
| Net result for the year | 210.4 | (237.8) | 618.1 |
| Gross dividend ⁽³⁾ | 1.49 | 1.42 | 1.32 |
| Coupon number for dividend ⁽⁴⁾ | 4 | 3 | 2 |
| Adjusted net assets per share ⁽³⁾ | 54.43 | 50.91 | 67.77 |
| Number of shares in issue ⁽³⁾ | 138,300,053 | 138,300,053 | 138,300,053 |
| Number of warrants in circulation ⁽³⁾ | 0 | 0 | 0 |
| Number of GBL shares held by GBL ⁽³⁾ | 6,313,032 | 5,647,376 | 5,310,143 |

(1) Figures retreated to take into account the change in accounting method for acquisitions of minority interests described on page 50

(2) Figures stated in accordance with Belgian accounting legislation

(3) Data adjusted to take into account the multiplication by 5 of the number of shares following the merger on 26 April 2001

(4) Coupon paid between 1994 and 1999 concern Groupe Bruxelles Lambert S.A. (prior to the merger on 26 April 2001)

| 2000 | 1999 ⁽²⁾ | 1998 ⁽²⁾ | 1997 ⁽²⁾ | 1996 ⁽²⁾ | 1995 ⁽²⁾ | 1994 ⁽²⁾ |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| IFRS | | | | | | |
| | | | | | | |
| 6,126.7 | 5,547.8 | 3,531.3 | 3,657.7 | 3,835.2 | 3,484.0 | 3,200.0 |
| 878.5 | 1,634.2 | 2,538.5 | 1,813.4 | 871.0 | 506.3 | 453.3 |
| 7,005.2 | 7,182.0 | 6,069.8 | 5,471.1 | 4,706.2 | 3,990.3 | 3,653.3 |
| 5,112.0 | 4,886.8 | 3,599.5 | 2,908.3 | 2,198.2 | 1,874.0 | 1,839.0 |
| 902.3 | 1,375.1 | 1,108.9 | 1,987.3 | 1,910.0 | 1,452.1 | 1,230.2 |
| 766.6 | 511.8 | 390.2 | 307.9 | 338.2 | 207.2 | 302.8 |
| 224.3 | 408.3 | 971.2 | 267.6 | 259.8 | 457.0 | 281.3 |
| 7,005.2 | 7,182.0 | 6,069.8 | 5,471.1 | 4,706.2 | 3,990.3 | 3,653.3 |
| | | | | | | |
| IFRS | | | | | | |
| | | | | | | |
| 93.7 | | | | | | |
| 127.9 | | | | | | |
| (4.3) | | | | | | |
| 34.3 | | | | | | |
| (15.8) | | | | | | |
| (6.8) | | | | | | |
| 354.5 | | | | | | |
| (106.6) | | | | | | |
| 476.9 | 1,278.2 | 882.1 | 786.5 | 418.7 | 163.7 | 164.4 |
| | | | | | | |
| 1.20 | 1.10 | 1.07 | 1.04 | 0.99 | 0.97 | 0.97 |
| | | | | | | |
| 1 | 39 | 38 | 37 | 36 | 35 | 33 |
| | | | | | | |
| 82.00 | 68.44 | 47.93 | 35.67 | 28.94 | 24.58 | 23.33 |
| | | | | | | |
| 122,160,125 | 122,160,125 | 122,160,125 | 121,499,700 | 117,543,795 | 117,543,035 | 117,543,000 |
| 0 | 0 | 0 | 7,418,190 | 11,374,095 | 11,374,855 | 11,374,890 |
| 9,359,730 | 6,247,885 | 4,999,635 | 0 | 0 | 0 | 0 |

Abridged balance sheet and income statement on 31 December

In accordance with Article 105 of the Company Code, the non-consolidated accounts are presented hereafter in an abridged version of the annual accounts, which does not reproduce all the attachments required by law, nor the Statutory Auditor's report. The complete version of the non-consolidated annual accounts, as deposited with the Banque Nationale de Belgique (National Bank of Belgium), are available on request from the company's registered office. They will also be available on the website www.gbl.be.

Further, the optional presentation of income statements specific to holding companies used up until the end of 2002 by GBL no longer applies. The law of 2 August 2002 on supervision of the financial sector and financial services did away with the specific legal status of holding companies. Consequently, the presentation of the income statement used from 2003 is identical to that used by all companies not subject to a particular set of rules in matters of presentation of annual accounts. For ease of comparison with the accounts of previous years, the income statements for the years 2002 and 2001 have been adapted to the presentation of the accounts used for 2003.

The Statutory Auditor's Report on the annual accounts was unqualified.

Abridged balance sheet (after appropriation)

| in EUR million | 2003 | 2002 | 2001 |
|--|----------------|----------------|----------------|
| Fixed assets | 7,873.9 | 7,862.2 | 7,863.8 |
| Current assets | 10.5 | 10.6 | 16.5 |
| Total assets | 7,884.4 | 7,872.8 | 7,880.3 |
| Shareholders' equity | 6,725.1 | 6,599.0 | 6,539.4 |
| Share capital and share premium account | 2,271.3 | 2,271.3 | 2,271.3 |
| Reserves | 2,180.9 | 2,180.9 | 2,180.9 |
| Profit carried forward | 2,272.9 | 2,146.8 | 2,087.2 |
| Provisions and deferred taxes | 17.1 | 11.2 | 36.4 |
| Creditors | 1,142.2 | 1,262.6 | 1,304.5 |
| Amounts payable after one year | - | 334.0 | 799.1 |
| Amounts payable within one year and accruals and deferred income | 1,142.2 | 928.6 | 505.4 |
| Total liabilities | 7,884.4 | 7,872.8 | 7,880.3 |

Income statement

Expenses

| in EUR million | 2003 | 2002 | 2001 |
|--|--------------|--------------|----------------|
| II. Operating charges | 17.8 | 14.4 | 13.0 |
| B. Miscellaneous goods and services | 15.9 | 12.0 | 11.3 |
| C. Remuneration, social security and pensions | 1.9 | 1.6 | 1.4 |
| D. Depreciation and amounts written off the value of establishment expenses and tangible and intangible assets | 0.1 | - | 0.5 |
| E. Amounts written off the value of stocks, contracts in progress and trade receivables | - | 0.7 | - |
| F. Provisions for liabilities and charges | (0.1) | - | (0.3) |
| G. Other operating expenses | - | 0.1 | 0.1 |
| V. Financial expenses | 50.3 | 71.4 | 75.4 |
| A. Debt expenses | 22.4 | 27.4 | 43.7 |
| B. Amounts written off current assets | 0.1 | 11.6 | 0.4 |
| C. Other financial expenses | 27.8 | 32.4 | 31.3 |
| VIII. Extraordinary expenses | 48.3 | 16.3 | 229.7 |
| B. Amounts written off the financial assets | 38.7 | 16.3 | 86.1 |
| C. Provisions for extraordinary liabilities and charges | 6.6 | (0.4) | 10.7 |
| D. Losses on disposal of fixed assets | 3.0 | - | 126.2 |
| E. Other extraordinary expenses | - | 0.4 | 6.7 |
| XI. Profit for the year | 332.1 | 256.1 | 1,295.9 |
| Total | 448.5 | 358.2 | 1,614.0 |

Income

| in EUR million | 2003 | 2002 | 2001 |
|---|--------------|--------------|----------------|
| I. Sales and services | 0.9 | 0.9 | 1.2 |
| A. Turnover | - | - | 0.1 |
| D. Other operating income | 0.9 | 0.9 | 1.1 |
| IV. Financial income | 388.1 | 328.2 | 310.7 |
| A. Income from financial assets | 387.6 | 306.8 | 286.4 |
| B. Income from current assets | 0.5 | 0.6 | 15.4 |
| C. Other financial income | - | 20.8 | 8.9 |
| VII. Extraordinary income | 59.5 | 29.1 | 1,302.1 |
| B. Reinstatement of amounts written off financial assets | - | - | 1.1 |
| C. Reinstatement of provisions for extraordinary liabilities and expenses | - | 25.0 | - |
| D. Gains on disposals of fixed assets | 59.5 | 4.1 | 1,301.0 |
| Total | 448.5 | 358.2 | 1,614.0 |

Resolutions proposed to the shareholders

Agenda of the Ordinary General Meeting on 27 April 2004

1. Management Report of the Board of Directors and Reports of the Statutory Auditor on the financial year 2003

2. Annual accounts for the year ended 31 December 2003

Proposal for approval of the financial statements for the year ended 31 December 2003, including appropriation of profit.

3. Discharge of the Directors

Proposal for the discharge to be granted to the Directors for duties performed during the year ended 31 December 2003.

4. Discharge of the Statutory Auditor

Proposal for the discharge to be granted to the Statutory Auditor for duties performed during the year ended 31 December 2003.

5. Statutory appointments

- **Non-renewal of the term of office as Director of André Desmarais**

- **Renewal of Directors' terms of office**

Proposal for re-election as Directors, for a term of three years, of Jean-Louis Beffa, Victor Delloye, Maurice Lippens, Aimery Langlois-Meurinne, Michel Plessis-Bélair, Amaury-Daniel de Sèze and Jean Stéphane, whose term of office expires at this meeting.

- **Appointment of a Director**

Proposal for appointment of Arnaud Vial as Director for a three-year term.

- **Ascertainment of the independence of Directors**

Proposal for the ascertainment, for the first time in accordance with Article 524 paragraph 4 of the Company Code, of the independence of the following Directors:

- Jean-Louis Beffa,
- Maurice Lippens, and
- Jean Stéphane,

subject to renewal of their term of office as Directors referred to in the preceding item; these persons meet the different criteria laid down in Article 524 paragraph 4, paragraph 2, 2) to 4) of the Company Code.

- **Renewal of the term of office of the Statutory Auditor**

Proposal for the renewal of the term of office of the Statutory Auditor, Deloitte & Touche Reviseurs d'Entreprises SC s.f.d. SCRL, represented by Michel Denayer, for a further three years and for the establishment of the Auditor's fees at EUR 70,000 a year, not subject to indexing and excluding VAT.

6. Miscellaneous

Agenda of the Extraordinary General Meeting on 27 April 2004

I. Proposal to renew the authorisations to be granted in respect of the authorised capital

- a) Special Report by the Board of Directors, in accordance with Article 604, paragraph 2 of the Company Code, setting out the specific circumstances in which it may use the authorised capital and the objectives it will seek to attain by doing so.
- b) Proposal to renew the authorisation granted to the Board of Directors, for a period of five (5) years from the date of publication in the Annexes to the Moniteur belge of the authorisation to be given by the Extraordinary General Meeting of twenty-seventh April two thousand four, to proceed with capital increases, in the amount of one hundred twenty-five million euros (EUR 125,000,000.00), in one or more instalments, under the conditions established in provisions laid down by law, in accordance with the arrangements to be determined by the Board. These capital increases may be effected by cash contributions, contributions in kind within legal limits, incorporation of available or unavailable reserves or share premiums, with or without the creation of new shares, preferential or not, with or without voting rights, with or without subscription rights.

Accordingly, proposal to terminate, on the date of publication of the above authorisation, the authorisation given by the Extraordinary General Meeting of twenty-fifth May nineteen hundred ninety-nine.

- c) Proposal to authorise the Board of Directors, within the framework of the above authorisation and in the event of the issue of new shares to be subscribed in cash, in the interests of the company and in accordance with the conditions established in legal provisions, to limit or abolish the preferential rights of shareholders, even for one or more given persons other than members of the personnel of the company or of its subsidiaries.
- d) Proposal to authorise the Board of Directors, when it makes use of the above authorisation, to amend the articles of association so as to modify the amount of registered capital and the number of shares, to complete the capital history and to indicate the extent to which it has used its power to increase the capital.
- e) Proposal to entitle the Board of Directors, for an additional period of three (3) years, to increase the capital under the conditions required by legal provisions, in case of a public takeover bid on shares issued by the company, following receipt of the communication referred to in Article 607 of the Company Code, under the conditions laid down in Article 607, paragraph 2, point 2. Accordingly, proposal to terminate the authorisation given by the General Meeting on twenty-sixth April two thousand one.
- f) Proposal to authorise the Board of Directors, when the capital increase comprises a share premium, to allocate the latter to an unavailable account that shall constitute, like the capital, the guarantee for third parties.
- g) Accordingly, proposal to replace Article 13 of the articles of association with the following:
 - “ 1. The registered capital may be increased or reduced by a decision of the General Meeting, taken in the form and according to the terms provided for amendments of the articles of association.
 - “ 2. - In addition, the Board of Directors is authorised to increase the registered capital in one or more instalments, in the amount of one hundred twenty-five million euros (EUR 125.000.000,00); this authorisation will be valid for a period of five years from the date of publication of the minutes of the Extraordinary General Meeting on twenty-seventh April two thousand four.
 - “ - This authorisation may be renewed once or more, for a period of no more than five years, by the General Meeting of shareholders acting in accordance with the conditions laid down by law.
 - “ - The capital increases decided pursuant to this authorisation may be carried out in cash, through contribution in kind within prescribed legal limits, through incorporation of available or unavailable reserves or share premiums, with or without the creation of new shares, preferential or not, with or without voting rights, and with or without subscription rights.
 - “ - When, acting by virtue of this authorisation, the Board of Directors decides to increase the capital through the issue of new shares to be subscribed in cash, it may, in the interests of the company and under the conditions required by legal provisions in force, limit or abolish the preferential rights of former shareholders, even those of one or more given persons other than members of the personnel of the company or of its subsidiaries.
 - “ - In any case, the Board of Directors shall be entitled to conclude, under such terms as it shall see fit, any agreement to provide for the subscription of all or part of the new shares to be issued.
 - “ - When making use of the authorisation to increase the capital, the Board is entitled with the right to substitute to amend the articles of association to modify the amount of registered capital and, if new shares are issued, the number of shares, to complete the capital history, and through a provisional statutory measure, to indicate the extent to which it has made use of its power to increase the capital.
 - “ 3. - The Board of Directors is expressly entitled to carry out, in case of a public takeover bid on shares issued by the company, capital increases under the conditions laid down by law, with restrictions on or abolition of shareholders' preferential rights, following receipt by the company of the communication referred to in Article 607 of the Company Code, under the conditions required by Article 607, point 2.
 - “ - The capital increases carried out by the Board of Directors pursuant to this authorisation shall be charged against the remaining authorised capital.

- “ 4. When the capital increase decided by the Board of Directors comprises a share premium, the amount of the premium, after any cost apportionment, must be allocated to an unavailable account that shall constitute, like the capital, the guarantee for third parties and may only be reduced or abolished by a decision of the General Meeting acting under the quorum and majority conditions required for a reduction on capital, subject to its incorporation of the capital by the Board of Directors as provided for in point 2.”
- h) - Proposal to renew the authorisation granted to the Board of Directors, for a period of five (5) years from the date of publication of the authorisation in the Annexes to the Moniteur belge to be granted by the Extraordinary General Meeting of twenty-seventh April two thousand four, to issue, in accordance with legal provisions, in one or more instalments, convertible bonds or bonds exchangeable for shares, subordinated or not, subscription rights or other financial instruments, whether attached to bonds or other securities or not, and which can give rise in time to capital increases in a maximum amount such that the amount of capital increases that can result from exercise of the conversion or subscription rights, attached or not to such securities, is not in excess of the capital remaining authorised by article 13 of the articles of association.
- Accordingly, proposal to terminate on the date the above authorisation takes effect, the authorisation given by the extraordinary General Meeting of twenty-fifth May nineteen hundred ninety-nine.
 - Proposal to authorise the Board of Directors to limit the preferential rights of shareholders, even for one or more given persons other than members of the personnel of the company or of its subsidiaries, in case of the issue of convertible bonds or bonds exchangeable for shares.
- i) Proposal to authorise the Board of Directors to adapt the articles of association after each capital increase.
- j) Proposal to authorise the Board of Directors to allocate the share premiums to a non-distributable account, which as regards the share capital, shall constitute a guarantee for third parties.
- k) Accordingly, proposal to replace Article 14 of the articles of association with the following:
- Article 14:
- “ 1. The company may issue bonds.
 - “ 2. In the case of bonds other than those referred to in item 3 below, the decision may be taken by the Board of Directors which shall determine the interest type and rate, the arrangements and time of amortization or repayment, special guarantees and any other terms of issue.
 - “ 3. In the case of convertible bonds or bonds exchangeable for shares, subordinated or not, subscription rights or other financial instruments, attached to bonds or other securities or not, which can give rise in time to capital increases, the decision shall be taken by the General Meeting acting in accordance with the conditions laid down by law, or by the Board of Directors within the limits of the authorised capital.
 - “ To this effect, the Board of Directors is authorised to decide upon the issue of these securities, in one or more instalments, up to such a maximum amount that the amount of the capital increases that might result from the exercise of the conversion or subscription rights, whether or not attaching to such securities, is not in excess of the limits of the capital still authorised by Article 13 of the articles of association.
 - “ This authorisation is valid for a period of five years from the date of publication in the Annexes to the Moniteur Belge of the minutes of the (General Meeting) of twenty-seventh April two thousand four.
 - “ This authorisation may be renewed once or more for a duration not to exceed five years by the General Meeting of shareholders resolving under the conditions as laid down by law.”
 - “ When the Board of Directors carries out one of the above share issues, it is authorised to limit or abolish, in the interests of the company and in accordance with the conditions laid down by existing legal provisions, the preferential rights of former shareholders, even in favour of one or several specific persons other than members of the personnel of the company or of its subsidiaries for an issue of convertible bonds or of bonds exchangeable for shares.

- “ When using the authorisation to issue convertible bonds or bonds exchangeable for shares or subscription rights or other financial instruments, the Board is authorised, with the right to substitute, to indicate in a statutory transitional provision, the extent to which the issues might increase the capital and the number of shares in issue, and it may, as bonds are converted or reimbursed or subscription rights or rights on other securities are exercised, adapt in the articles of association the amounts of registered capital subscribed and the number of shares in issue and complete the capital history.
- “ Share premiums, if they exist, will be allocated to “share premium accounts” which in respect of the registered capital, shall constitute a guarantee for third parties and may only be used in accordance with provisions laid down by law for reductions on registered capital, save in the case of these premiums being incorporated into the capital account.”

- I) Proposal to reserve out of the amount of authorised capital of one hundred twenty-five million euros (EUR 125,000,000.00) mentioned in point b, a sum of four million eight hundred fifty-nine thousand six hundred seventy-six euros, one thousand six hundred sixty-six cents (EUR 4,859,676.1666); this instalment corresponds to the amount of the capital increase further to the possible exercise of two hundred forty thousand one hundred eighteen (240,118) stock options issued on fifteenth June nineteen hundred ninety-nine, and not yet exercised on twenty-fifth March two thousand four. These stock options were issued in the context of the authorised capital of twenty-eighth May nineteen hundred ninety-six by société anonyme “GROUPE BRUXELLES LAMBERT S.A.”, absorbed by the present company on twenty-sixth April two thousand one.

II. Proposal for temporary authorisations to be given to the company to buy and dispose of its own shares

- a) Proposal to authorise the Board of Directors for a period of eighteen (18) months, beginning on the date of the General Meeting adopting the decision to grant this authorisation, to buy and dispose of at most thirteen million, eight hundred thirty thousand and five (13, 830,005) of its own shares in the company on the Stock Exchange, for an exchange value of no less than ten per cent (10%) below the lowest price of the twelve (12) months preceding the transaction and no more than ten per cent (10%) above the highest price of the last twenty listings preceding the transaction, and to authorise the subsidiaries of this company, within the meaning of Articles 5, 6 and 627 of the Company Code, to buy and dispose of shares in the company under the same conditions. Accordingly, proposal to terminate, on the date the above authorisation takes effect, the temporary authorisation to acquire shares in the company on the Stock Exchange, given by the General Meeting on twenty-second April two thousand three.
- b) Proposal to authorise the Board of Directors, for a further period of three years from the date of publication in the Annexes to the Moniteur Belge of the authorisation to be given by the extraordinary General Meeting of twenty-seventh April two thousand four, to buy the company's shares with a view to sparing the company imminent and serious harm.
- c) Proposal to authorise the Board of Directors, for a further period of three years from the date of publication in the Annexes to the Moniteur Belge of the authorisation to be given by the Extraordinary General Meeting of twenty-seventh April two thousand four, to dispose of shares in the company in the cases provided for in Article 622, point 2 of the Company Code, when such disposal is necessary to spare the company imminent and serious harm.
- d) Accordingly, proposal to maintain the current wording of Article 8 of the articles of association, subject to the following modifications:
- deletion of paragraph 3,
 - insertion of the following text, after the current paragraph 6:

“ These authorisations are valid for a period of three years from the date of publication of the minutes of the Extraordinary General Meeting of twenty-seventh April two thousand four.”

III. Proposal to amend the following articles of the articles of association, in particular to adapt them to recent legislative provisions

- Article 6, paragraph 1: add the words “, they bear an order number”.
- Article 7, paragraph 3: replace the words “of a brokerage firm” by “of a lawfully approved intermediary”.
- Article 15, paragraph 4: replace by:
 - “ Where a legal person is appointed as a Director, this legal person shall appoint a permanent representative charged with exercising these duties in the name of and on behalf of the legal person. This representative shall be bound by the same conditions and shall incur the same civil and penal liability as if he were carrying out the duties in his own name and on his own behalf, without prejudice to the joint liability of the legal person he represents. The legal person may only revoke this representative if his successor is designated simultaneously.”
- Article 16: replace by:
 - “ 1. The Board of Directors elects, from among its members, a Chairman and may elect one or more Vice-Chairman.
 - “ 2. The Board of Directors may confer the day-to-day management and representation of the company in respect of this management to one or more of its members who shall be named Managing Directors;
 - “ Those charged with day-to-day management may confer special powers on any agent.
 - “ The Board of Directors may entrust the management of part of the company's business to one or more Directors with power of attorney chosen from its members and entrust special powers to any agent.
 - “ In case of the co-existence of several delegations of power, the Board of Directors shall establish the respective duties.
 - “ The Board may revoke at any time the persons mentioned in the preceding paragraphs.
 - “ 3. The Board of Directors may also:
 - “ a) delegate its management powers to a management committee constituted of members appointed from its members or otherwise, without such delegation encompassing the company's general policy or all the acts reserved to the Board of Directors by law or by the articles of association.
 - “ b) create from among its members and under its responsibility one or more consultative committees whose composition and duties that could include the one provided by Article 133 § 6 of the Company Code it shall define, such as an appointment committee, a remuneration committee or others.
 - “ c) create from among its members and under its responsibility an Audit Committee whose composition and duties it shall define; this Audit Committee shall be charged in particular with providing ongoing follow-up of the duties performed by the Auditor.
 - “ 4. The Board of Directors shall establish the duties, powers and fixed or variable remuneration, charged against general overheads, of the persons to whom it delegates powers.”
- Article 20, paragraph 1: Insert between the words “Management Committee” and “shall be recorded” the words “and all other Consultative or Audit Committees”.
- Article 20, paragraph 2: replace the start of the sentence “These minutes” by “The minutes of the meetings of the Board of Directors.”
- Article 22: Add the following:
 - “ Where the Auditor is a company, it is obliged to designate a permanent representative; in case of a change of permanent representative due to death, illness or other causes, the modification shall be published in the Annexes to the Moniteur belge.”
- Article 26: create a paragraph 4 worded as follows:
 - “ The shareholders may, acting unanimously, take in writing any decisions that come within the powers of the General Meeting, with the exception of those that must be passed by an official document.”

- Article 30, paragraph 1: replace: “paragraphs 2 to 5” by “paragraphs 2 to 4”.
- Article 30, paragraph 2: replace “If the amendment concerns the company's object” by “If the amendment concerns in particular the company's object”.

IV. Other amendments to the articles of association

Proposal to amend the following articles:

- Article 19:
 - paragraph 3: replace “telegram, fax or telex” by “or any other means of (tele)communication having a physical medium”.
 - in paragraph 4: replace “letter, telegram, fax or telex” by “in writing or by any other means of (tele)communication having a physical medium.”
- Article 27, paragraph 1: delete “in the Belgian newspapers”.
- Article 33, paragraph 3: delete “published in a Paris newspaper.”
- Create an Article 41 worded as follows:
 - “ The courts with jurisdiction for the location of the registered office shall have exclusive competence for any disputes between the company, its shareholders, bondholders, directors, auditors and liquidators in respect of the company's business and the execution of these articles of association, unless expressly decided otherwise by the company.”
- Create an Article 42 worded as follows:
 - “ The shareholders intend to comply in full with the Company Code.
 - “ Consequently, the provisions of that Code not explicitly waived shall be considered written into these articles of association and the clauses running counter to the imperative provisions of the said Code shall be assumed to be unwritten.”

TRANSITIONAL PROVISION: delete.

V. Proposal to give all powers

To the Board of Directors for the implementation of the resolutions to be passed on the above subjects.

Glossary

The glossary only contains the terms not defined by the International Financial Reporting Standards specific to GBL's financial data. For terms relating to financial data on its investments, found in pages 20 to 36, readers of the GBL's annual report should refer to the definitions provided by each company in its annual report or on its website.

| | |
|--------------------------------------|---|
| Adjusted net assets | <p>GBL's Adjusted net assets are a conventional reference obtained by adding to the group's Net cash the investments constituting the financial assets valuing according to the following principles:</p> <ul style="list-style-type: none"> • the share price for listed companies; • the group share of shareholders' equity of unlisted companies and consolidated using the equity method; • the book value of unlisted companies not consolidated, and not integrated using the equity method. <p>Adjusted net assets take into account the exercise of warrants and options when these are “in the money”, i.e. when the share price is higher than the exercise price. By virtue of the precautionary principle, however, a shareholding is valued at its realisation value if this is known and if it is less than the reference value.</p> <p>Adjusted net assets ignore any difference of valuation resulting from the exercise of a controlling power by GBL on its investments.</p> |
| Earnings analysis | <p>the tables contained in this analysis are intended to present a more precise picture of the different elements that make up GBL's consolidated result, stated in accordance with the IFRS:</p> <ul style="list-style-type: none"> • Cash earnings show the amount of cash generated from dividends on investments and management of net cash, less general overheads and taxes. • Mark to market and other non-cash items show the changes in fair values of the financial instruments shown in GBL's assets and liabilities (other than the financial assets revalued through shareholders' equity). These variations are unrealized and do not influence the group's cash position. • The associated companies column comprises GBL's share in their earnings and the depreciation of goodwill on these investments. • Eliminations and capital gains comprise the cancelling out of dividends received from associated companies and earnings on disposals and impairments accounted for by consolidated companies. |
| Market capitalisation (market value) | is the value of a company calculated by multiplying the share price by the number of shares and existing bonds redeemable in shares. |
| Net cash | Net cash entered in the adjusted net assets includes all GBL's current assets and current and non-current liabilities, to which its own shares are added. Net cash items are valued at their fair value. Own shares are valued at the share price or at the exercise price of the financial instruments they cover (e.g. stock options) if these are “in the money”. |
| Annual average share price | the arithmetic mean of the share price at the close of each day's trading during the financial year. |
| Gross dividend | the dividend before deduction of withholding tax. |

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|---|--|
| GAAP | Generally Accepted Accounting Principles. |
| IFRS | International Financial Reporting Standards (formerly known as IAS). |
| Number of shares basic | the Weighted average number of GBL's shares held by GBL on 31 December of the previous financial year, less the number of shares bought or sold during the year, prorata temporis. |
| Number of shares diluted | Number of shares basic plus potential shares. Potential shares correspond to call options granted by the group. |
| Number of shares in issue | the number of shares making up the capital on 31 December. |
| Weighted average number of shares | obtained by adding, prorata temporis, any shares issued as a result of capital increases to the number of shares in issue on 31 December of the previous year. |
| Percentage of share capital held by the group | the percentage interest held directly and indirectly by the group through consolidated companies, calculated on the basis of the number of shares in issue on 31 December. |
| Result | profit or loss excluding minority interests and before transfers to or from tax-exempt reserves. |
| Earnings on disposals and impairments | all capital gains and losses on the disposal of financial assets and impairments on financial assets and goodwill. |
| Gross annual return | <p>calculated on the share price and the gross dividend received,</p> $\text{Gross dividend received} + \text{change in share price from 1 January to 31 December}$ <p>it equals $\frac{\text{Share price on 1 January}}$</p> |
| VVPR strip | presented with the corresponding share dividend coupon, the VVPR strip entitles the holder to the 15% reduced rate of withholding tax, instead of the normal 25% rate. |
| Velocity on float (%) | the ratio between the number of shares traded on the Stock Exchange and the float on 1 January of the financial year. |

For further information

Groupe Bruxelles Lambert
Avenue Marnix 24 – B-1000 Brussels
RPM: Brussels
VAT: BE 0407 040 209
ING: 310-0065552-66
Website: <http://www.gbl.be>

To obtain information on GBL, please contact:
Carine Dumasy – Tel.: 32/2/547.23.52 – Fax: 32/2/547.22.85
e-mail: cdumasy@gbl.be

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