

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

2003 was marked by SARS⁽¹⁾, the war in Iraq and constant terrorist threat or activity. From an economic point of view, the year was characterised by low interest rates, the fall in the dollar and a sluggish recovery on the main markets on which NPM/CNP and the companies of its group operate.

Starting from a “low” level compared with previous performance, the stock markets rose, probably in anticipation of an economic upturn that is however taking a long time to come, at least in Europe.

Against this background, we feel that our Company has performed satisfactorily over the year. The adjusted net assets per share have risen from EUR 150 to over EUR 164, a 9.7% increase (after a EUR 3.24 dividend, which brings the internal rate of return for the year to 11.9%). In restricted consolidation, operating profit per share is up 20% to EUR 4.64, whilst total profit comes to EUR 6.26, a 25% increase.

As was the case last year, our confidence in the future, based on the quality of our portfolio, means that we are proposing a 5% increase in the gross dividend per share to EUR 3.40, which represents 3.2% of the stock market price at 31 December 2003.

Since the redeployment of NPM/CNP by the FRÈRE Group in April 1988, performance can be summarised as follows:

- a return, in terms of adjusted net assets per share, of 11.4% per annum (compound annual rate), confirming our role as a creator of value for the shareholder;

- a dividend that represents over 40% of this return and has increased from EUR 1.93 to EUR 3.40 per share between April 1988 and April 2004, with growth each year (with the exception of one plateau in 1992 when PETROFINA, the Group's biggest asset, halved its own dividend).

We have therefore fulfilled our MISSION in the short, medium and long term.

Even though 2003 was a better year than 2002 for over 85% of our estimated net assets, not everything is going well.

The ENTREMONT Group suffered considerably in 2003, and the decision was made to recapitalise it at the beginning of 2004. The luxury products sector has been affected, sometimes significantly (we should note, however, the good performance of TAITTINGER champagne and CHEVAL BLANC), together with DUPUIS, which has undergone minor restructuring, and SUEZ.

By contrast, from TOTAL (net profit up 18%, gross dividend increased by almost 15%), through TRANSCOR, which achieved its best performance to date (net profit of EUR 22.7 million on shareholders' funds of some EUR 90 million), IMERYS (net profit up 11.7%, dividend up 16.2%), BERTELSMANN (which has considerably reduced its debt and saw a 20% increase in operating income) and “little” IJSBOERKE (which should still confirm its recovery even without a heatwave), to DISTRIPAR and the profits on liquid assets, the rest of our assets performed well.

(1) Severe Acute Respiratory Syndrome

Alongside our partners ACKERMANS & VAN HAAREN, we have successfully incorporated GIB and ensured the refinancing and subsequent recovery of QUICK. Depending on how future events unfold, the takeover of GIB could give rise to strong performance for the Company and its partner, given the net capital invested.

With regard to disinvestments, the sale of FOMENTO DE CONSTRUCCIONES Y CONTRATAS (FCC) resulted in a capital gain of EUR 66 million, which corresponds to a compound annual rate of return of 10.8% over a period (2000-2003) during which this type of performance was difficult to achieve.

Our STRATEGY is therefore continuing to bear fruit, and we strongly believe that the decisive role played by the oil industry in that strategy is for the good of our shareholders. For the rest, we feel that the broad diversification of our portfolio reflects an adequate risk spread.

It must also be remembered that NPM/CNP's cash position has always been positive, or at worst very slightly negative, which contributes to what we see as a low-risk profile.

2003 also gave the managers an opportunity to continue to implement their MANAGEMENT PHILOSOPHY.

This was set out in detail last year in the message to the shareholders, which put forward the various processes on which it is based.

This year, we would more particularly like to emphasise the total transparency that characterises our attitude in the implementation of this philosophy, both externally with regard to our shareholders – it's the least we can do – and the financial

community, and internally with regard to our shareholdings (through candid, i.e. factual, reporting) or within the holding's small management team. Like total quality, this total transparency (within the bounds, of course, of the confidentiality of certain information the disclosure of which would conflict with the company's interests) cannot be decreed, but must be part of everyday life until it becomes a process, a management philosophy, in itself. We are therefore assured of the co-operation of independent members of

the Boards of Directors of unlisted companies in our portfolio. These independent Directors act as catalysts in numerous areas and we would like to thank them for this.

This transparency naturally extends to our partnerships and is one of the key factors in gaining the vital respect of our partners.

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It must be noted that, although these processes (networks, value creation, transparency, etc.) coexist in most circumstances, there are others in which the vagaries of the environment and the internal problems of certain groups or companies mean that we have to prioritise one or other of them.

Since 1998, the Company's staff have been associated with the future of NPM/CNP, until recently through LOVERFIN, which owned 3.5% of the capital. This system had the advantage of not involving any agency costs, as the interests of the staff and shareholders were fully aligned in terms of stock market price and dividend. The shares were non-transferable for a period of 5 years, ending at the end of 2003, and were largely debt-financed. Faced with the problem of extending the financing on attractive terms and given the existence of regulations (that did not exist in 1998) on share option schemes, it was thought that it would be appropriate to continue the incentive scheme in another way. The Group therefore exercised its right of pre-emption and bought back the 700,000 shares owned by LOVERFIN at the end of 2003. It then issued a staff share option scheme on identical financial terms (LOVERFIN's selling price of the NPM/CNP shares, minus the price paid for the options).

The staff of NPM/CNP will therefore continue to have a share in the Group's future performance, which is an integral part of our Management Philosophy. Once again this year, the staff members have shown the commitment, the enthusiasm and the motivation we expected from them.

Now, at the beginning of 2004, it would be unwise to make any sort of prediction for the financial year. Our only certainty is that future performance will require a great deal of hard work.

The environment will continue to be difficult. Paradoxically, the high price of the "company" assets will continue to be inflated by the fierce competition engaged in by the private equity funds, which have considerable financial resources. This factor might therefore restrict the investments that we could make with our available liquid assets, as was the case last year, despite the large number of potential investments examined.

You the Shareholder will have to make an effort in 2004 in that our financial information is set to become more complex due to the introduction of the IFRS (International Financial

Reporting Standards). Listed companies throughout Europe will have to adopt these standards. The Company will therefore be subject to them, even though they are not particularly suited to the economic reality that underlies the activities of a professional shareholder like NPM/CNP. This new accounting reference system will however have the virtue of increasing our transparency towards you. The worth of this transparency will lie in the effort you make to take in the information available. We have been preparing you for it for two years through a process that has consisted of providing you with accounts and analyses produced on the basis of the standards that will apply as of 2004. However, the real leap must be taken for the coming financial year.

Fortunately, since 1990, we have placed the emphasis on the restricted consolidated accounts, which are based on the finan-

cial flows (dividends and interest) coming from our investments; these will remain the starting point of the accounts we will provide you with and on which you can rely. These “home-made” accounts will continue to form the basis of the information we give you, as they enable us to monitor the performance of our Mission.

From our point of view, the consolidated accounts (which will be set out in accordance with the IFRS) supplement the restricted accounts and give an overview of the Group’s influence, but do not have the clarity or simplicity of the restricted accounts.

We can assure you that, in any event, we will be available to support you in understanding our efforts to provide you with transparent information.

Gérald Frère
Chairman




Gilles Samyn
Managing Director

