

# DIRECTORS' REPORT

It is our great pleasure to present to you the annual report on the activities of your Company and the Group over the past financial year, and to submit the accounts as at 31 December 2003 for your approval.

## Main events of the 2003 financial year and the first months of 2004

---

### PRIVATE EQUITY

#### JOSEPH

In the context of the bank refinancing of all of the advances NPM/CNP granted PROJECT SLOANE (JOSEPH Group), NPM/CNP has given a GBP 50 million guarantee for its subsidiary's commitments. The refinancing has resulted in cash receipts of some EUR 65 million for the NPM/CNP Group.

### VALUE INVESTING

#### TOTAL

After having purchased 2,500,000 call options on TOTAL shares for EUR 210,000 with the same characteristics as the options linked to the exchangeable bonds issued in June 2000, NPM/CNP was, at the beginning of year 2003, hedged against any disposal commitment on its TOTAL portfolio; the exchangeable bonds mentioned above were redeemed in cash (EUR 500 million) in May 2003.

#### FCC

The NPM/CNP Group sold its holding in FOMENTO DE CONSTRUCCIONES Y CONTRATAS in the summer of 2003 for some EUR 300 million, making a capital gain of EUR 66.3 million. The internal rate of return is 10.8% over the three-year holding period.

#### QUICK

In July 2003, GIB (in which NPM/CNP has a 50% holding) took part in the capital increase of its subsidiary QUICK with a EUR 38.5 million debt contribution (which represents 7,987,552 shares at a unit price of EUR 4.82); QUICK'S minority shareholders subscribed to the remainder of the capital increase, which totalled EUR 66.5 million, under the same conditions.

#### ELECTRABEL

In early 2003 the NPM/CNP Group decided to classify the 131,501 ELECTRABEL shares that it had acquired over the 2000 to 2002 financial years as long-term investments; long-term investments have therefore been increased by some EUR 30 million and the cash position reduced by the same amount.

## JOINT CONTROL OF PARGESA/GBL

Following the merger in 2003 of N.F. ASSOCIATES and AGESCA NEDERLAND, the 50% shareholding in PARJOINTCO (joint control vehicle, with Power Corporation, of PARGESA/GBL) is now held directly by AGESCA NEDERLAND. 89.5% of AGESCA NEDERLAND is still owned by NPM/CNP, and 10.5% by the FRÈRE-BOURGEOIS Group.

FRÈRE-BOURGEOIS however holds the majority of the voting rights (51%), thus reflecting the situation that existed at the time of the contribution by it and NPM/CNP of the PARGESA registered and bearer shares; the joint control agreement that existed with N.F. ASSOCIATES has been renewed with AGESCA NEDERLAND.

During the 2003 financial year, GBL redeemed in cash the convertible (into GBL shares) or exchangeable (into SUEZ shares) bonds that had reached maturity, for EUR 257 and 208 million respectively.

For the rest, the PARGESA/GBL Group continued to manage its portfolio, which is focused on four main shareholdings in TOTAL, SUEZ, BERTELSMANN and IMERYS.

## OPERATIONS ON OWN SHARES AND CREATION OF A STOCK OPTION SCHEME

The Group acquired 1,423,822 own shares in 2003, through SLP and COMPAGNIE IMMOBILIÈRE DE ROUMONT, which are indirect subsidiaries of NPM/CNP. 690,000 of these shares were purchased from FINGEN at the beginning of September, and correspond to a part of the shareholding economically attributed to the DASSAULT Group; 700,000 NPM/CNP shares were also purchased from LOVERFIN, which is owned by the staff and the two executive directors of NPM/CNP.

COMPAGNIE IMMOBILIÈRE DE ROUMONT, a NPM/CNP subsidiary, purchased the 700,000 NPM/CNP shares from LOVERFIN and proposed to issue options for the same number of shares (662,100 of which were accepted at the beginning of 2004); staff will therefore continue to share in the Group's future profits and value creation without interruption. The financial issuing terms of the options are identical to LOVERFIN's terms of sale of the NPM/CNP shares.

Following these operations, at the end of 2003, the NPM/CNP Group held 1,794,647 own shares for a book value of EUR 177 million. At that date, NPM/CNP itself held 40,882 own shares, with the remainder being held by its two indirect subsidiaries.

## CASH

At the beginning of the financial year, the net available short-term funds of the NPM/CNP Group (i.e. NPM/CNP and its subsidiaries included in the restricted consolidation) came to EUR 13 million before the appropriation of profits; this amount was negative by EUR 20 million after deduction of own shares held for EUR 33 million.

As at 31 December 2003, the cash position came to EUR 396 million (book value before profit allocation, EUR 219 million after deduction of own shares). The improvement in the cash position is largely due to the sale of the shareholding in FCC (EUR 300 million) and the bank refinancing of PROJECT SLOANE (EUR 65 million). The cash situation includes all of the current assets (of which items other than cash or treasury funds are cash equivalents in NPM/CNP's case) and is net of all debts (including non-financial debts)

and provisions (in particular the GIB provision for risks that have not materialised, NPM/CNP's share of which came to EUR 83.6 million at the end of 2002 and EUR 67.5 million at the end of 2003). The EUR 500 million cash redemption of the bond exchangeable for TOTAL shares in May 2003 has had – by definition – no impact on this net situation.

This is a static situation that does not take into account investment or disposal commitments (see off-balance sheet receivables and commitments set out on page 21 of the financial supplement); similarly, the debts of the equity-accounted shareholdings (the PARGESA Group, companies involved in industrial or commercial activities and specific acquisition vehicles that are financially integrated into the latter) are not considered here. The proforma IFRS accounts published separately from the annual accounts give the fully consolidated picture.

## Adjusted net assets and Total Performance for Shareholders

The Company's adjusted net assets at the end of 2003 came to EUR 3,292 million (which corresponds to EUR 164.58 per share) after the payment in April 2003 of gross dividends in the amount of EUR 64.8 million (EUR 3.24 per share), compared with EUR 2,999 million (EUR 149.97 per share) in the previous year. It must be remembered that this amount is not an estimate by NPM/CNP of the value of its shares; it is simply a valuation base within which it is up to the analyst to replace the amounts for which the various assets shown at book value (BERTELSMANN and private equity) appear by the value that he intends to attribute to them.

The reader's attention must also be drawn to the fact that, in application of the criteria set out below, the provision of EUR 67.5 million (EUR 3.4 per share) mentioned on pages 12 and 20 of this report and 2 and 21 of the financial supplement is, like all of the debts and provisions, deducted at its book value in the calculation of the adjusted net assets; the reader is reminded that this provision, made when GIB was incorporated into NPM/CNP's accounts, is intended to cover certain risks – that have not materialised to date – linked to GIB's commitments, mainly entered into in the context of the sale of certain holdings; these provisions are periodically re-assessed in line with changes in the identified underlying risks.

At 29 March 2004, the adjusted net assets come to EUR 170 per share.

### THE CRITERIA USED BY NPM/CNP TO CALCULATE THE ADJUSTED NET ASSETS ARE AS FOLLOWS:

|                                     |  |
|-------------------------------------|--|
| <b>PARGESA and GBL</b>              | <b>Own adjusted net assets determined on the basis of the same criteria as those applied by NPM/CNP</b>  |
| <b>Other listed companies</b>       | <b>Market price.</b>   |
| <b>Unlisted companies</b>           | <b>Equity valuation or purchase price (minus any write-offs) if this is greater; the 25.1% shareholding in BERTELSMANN is taken over by GBL at their equity valuation (EUR 1,673 million based on IFRS private equity as at 31 December 2003).</b> |
| <b>OTHER ASSETS AND LIABILITIES</b> |  |
| <b>Own shares</b>                   | <b>Market price</b>  |
| <b>Other listed assets</b>          | <b>Market price</b>  |
| <b>Others</b>                       | <b>Book value</b>  |

The adjusted net assets are published on a weekly basis in the Saturday issue of two Belgian financial newspapers (L'ÉCHO and DE TIJD); they are also available on the Company's web site ([www.npm-cnp.be](http://www.npm-cnp.be)) from the Friday evening. The information published is calculated using the criteria set out above, with, however, some simplification in

that certain changes made to the portfolio or in the level of equity of some unlisted companies since the last closure of the accounts may not be considered; the influence of this simplification should not be greater than 2% of the adjusted net assets.

## EVOLUTION OF THE ADJUSTED NET ASSETS IN 2003

### ADJUSTED NET ASSETS (EUR MILLION)

| ASSETS                                  | 31-Dec-02       |                               |              | variation           |               |                 | 31-Dec-03       |                               |              |
|---|-----------------|-------------------------------|--------------|---------------------|---------------|-----------------|-----------------|-------------------------------|--------------|
|   | criteria<br>(1) | adjusted net<br>assets<br>(2) | %            | shareholders<br>(3) | value<br>(4)  | interest<br>(5) | criteria<br>(1) | adjusted net<br>assets<br>(6) | %            |
| <b>Pargesa</b> .....                    | <b>ana</b>      | <b>935.4</b>                  | <b>31.2%</b> |                     | <b>110.5</b>  | <b>-</b>        | <b>ana</b>      | <b>1,045.9</b>                | <b>31.8%</b> |
| <b>Value investing</b> .....            |                 | <b>1,612.4</b>                | <b>53.8%</b> |                     | <b>108.4</b>  | <b>(199.3)</b>  |                 | <b>1,521.5</b>                | <b>46.2%</b> |
| TOTAL.....                              | sm              | 1,117.7                       | 37.3%        |                     | 92.8          | 0.3             | sm              | 1,210.8                       | 36.8%        |
| FCC.....                                | sm              | 257.1                         | 8.6%         |                     | (23.1)        | (234.0)         | sm              | -                             | 0.0%         |
| TAITTINGER / LE LOUVRE.....             | sm              | 205.8                         | 6.9%         |                     | 20.1          | 1.4             | sm              | 227.3                         | 6.9%         |
| QUICK.....                              | sm              | 31.8                          | 1.1%         |                     | 16.3          | 2.5             | sm              | 50.6                          | 1.5%         |
| ELECTRABEL.....                         |                 | -                             | 0.0%         |                     | 2.3           | 30.5            | sm              | 32.8                          | 1.0%         |
| Other shareholdings.....                |                 | -                             | 0.0%         |                     | -             | -               |                 | -                             | 0.0%         |
| <b>Private equity</b> .....             |                 | <b>424.5</b>                  | <b>14.2%</b> |                     | <b>(51.1)</b> | <b>(67.0)</b>   |                 | <b>306.4</b>                  | <b>9.3%</b>  |
| PROJECT SLOANE / JOSEPH.....            | bv              | 103.1                         | 3.4%         |                     | -             | (64.2)          | bv              | 38.9                          | 1.2%         |
| FEM / ENTREMONT.....                    | bv              | 89.1                          | 3.0%         |                     | (45.0)        | -               | bv              | 44.1                          | 1.3%         |
| TRANSCOR.....                           | se              | 72.4                          | 2.4%         |                     | 3.5           | -               | se              | 75.9                          | 2.3%         |
| RASPAIL / CHÂTEAU CHEVAL BLANC.....     | bv              | 33.8                          | 1.1%         |                     | -             | -               | bv              | 33.8                          | 1.0%         |
| ÉDITIONS DUPUIS.....                    | se, bv          | 34.0                          | 1.1%         |                     | (0.4)         | -               | se, bv          | 33.6                          | 1.0%         |
| DISTRIPAR.....                          | se, bv          | 25.7                          | 0.9%         |                     | -             | -               | se, bv          | 25.7                          | 0.8%         |
| IJSBOERKE.....                          | bv              | 25.7                          | 0.9%         |                     | -             | -               | bv              | 25.7                          | 0.8%         |
| CHÂTEAU RIEUSSEC.....                   | bv              | 22.3                          | 0.7%         |                     | -             | -               | bv              | 22.3                          | 0.7%         |
| Other shareholdings.....                | se, bv          | 18.4                          | 0.6%         |                     | (9.2)         | (2.8)           | se, bv          | 6.4                           | 0.2%         |
| <b>Tangible fixed assets</b> .....      | <b>bv</b>       | <b>10.2</b>                   | <b>0.3%</b>  |                     |               | <b>0.3</b>      | <b>bv</b>       | <b>10.5</b>                   | <b>0.3%</b>  |
| <b>Long-term assets</b>                 |                 | <b>2,982.5</b>                | <b>99.4%</b> |                     | <b>167.8</b>  | <b>(266.0)</b>  |                 | <b>2,884.3</b>                | <b>87.6%</b> |
| Deposits, cash and debt                 | bv              | (86.7)                        | -2.9%        | (64.8)              | 174.2         | 178.2           | bv              | 200.9                         | 6.1%         |
| Shares and bonds                        | sm              | 64.3                          | 2.1%         | -                   | 3.6           | (50.0)          | sm              | 17.9                          | 0.5%         |
| Own shares                              | sm              | 39.3                          | 1.3%         | -                   | 11.3          | 137.8           | sm              | 188.4                         | 5.7%         |
| <b>Net cash position</b>                |                 | <b>16.9</b>                   | <b>0.6%</b>  | <b>(64.8)</b>       | <b>189.1</b>  | <b>266.0</b>    |                 | <b>407.2</b>                  | <b>12.4%</b> |
| <b>Adjusted net assets</b>              |                 | <b>2,999.4</b>                |              | <b>(64.8)</b>       | <b>356.9</b>  | <b>-</b>        |                 | <b>3,291.5</b>                |              |
| <b>Adjusted net assets (EUR/action)</b> |                 | <b>149.97</b>                 |              |                     |               |                 |                 | <b>164.58</b>                 |              |

(1) Valuation criteria:

- (a) ana: adjusted net assets;
- (b) sm: stock market price;
- (c) se: shareholders' equity;
- (d) bv: book value.

(2) Adjusted net assets at 31.12.2002;

(3) Flows with the shareholders: only dividends in 2003;

(4) Value creation.

(5) Internal allocation of funds: investments and (divestments) at book value;

(6) Adjusted net assets at 31.12.2003 = (2) + (3) + (4) + (5).

## RESTRICTED CONSOLIDATED PROFIT (GROUP SHARE)

| with cash effect |                      | without cash  | Total         | ASSETS  | Performance for Shareholders |              |
|------------------|----------------------|---------------|---------------|---|------------------------------|--------------|
| operating<br>(7) | non operating<br>(8) | effect<br>(9) | (10)          |   | Total<br>(11)                | %<br>(12)    |
| <b>23.8</b>      | -                    | -             | <b>23.8</b>   | <b>Pargesa</b> .....  | <b>134.3</b>                 | <b>14.4%</b> |
| <b>44.2</b>      | <b>66.3</b>          | <b>1.0</b>    | <b>111.5</b>  | <b>Value investing</b> .....  | <b>218.9</b>                 | <b>13.6%</b> |
| 32.0             | -                    | -             | 32.0          | TOTAL .....   | 124.8                        | 11.2%        |
| 5.5              | 66.3                 | -             | 71.8          | FCC.....  | 48.7                         | 18.9%        |
| 4.3              | -                    | -             | 4.3           | TAITTINGER / LE LOUVRE.....   | 24.4                         | 11.9%        |
| 0.5              | -                    | -             | 0.5           | QUICK.....  | 16.8                         | 52.8%        |
| 1.9              | -                    | 1.0           | 2.9           | ELECTRABEL.....   | 4.2                          | 13.8%        |
| -                | -                    | -             | -             | Other shareholdings.....  | -                            | -            |
| <b>14.6</b>      | <b>0.3</b>           | <b>(53.1)</b> | <b>(38.2)</b> | <b>Private equity</b> .....   | <b>(36.2)</b>                | <b>-8.5%</b> |
| 4.1              | -                    | -             | 4.1           | PROJECT SLOANE / JOSEPH.....  | 4.1                          | 4.0%         |
| 0.5              | -                    | (45.0)        | (44.5)        | FEM / ENTREMONT.....  | (44.5)                       | -49.9%       |
| 5.0              | -                    | -             | 5.0           | TRANSCOR.....   | 8.5                          | 11.7%        |
| 1.0              | -                    | -             | 1.0           | RASPAIL / CHÂTEAU CHEVAL BLANC.....                                     | 1.0                          | 3.0%         |
| 2.7              | -                    | -             | 2.7           | ÉDITIONS DUPUIS <sup>(13)</sup> .....                                   | 2.3                          | 6.8%         |
| 0.3              | -                    | -             | 0.3           | DISTRIPAR <sup>(13)</sup> .....   | 0.3                          | 1.2%         |
| -                | -                    | -             | -             | IJSBOERKE.....  | -                            | 0.0%         |
| 0.5              | -                    | -             | 0.5           | CHÂTEAU RIEUSSEC.....   | 0.5                          | 2.2%         |
| 0.5              | 0.3                  | (8.1)         | (7.3)         | Other shareholdings.....  | (8.4)                        | -45.7%       |
| -                | -                    | -             | -             | <b>Tangible fixed assets</b> .....                                      | -                            | <b>n.s.</b>  |
| <b>82.6</b>      | <b>66.6</b>          | <b>(52.1)</b> | <b>97.1</b>   | <b>Long term fixed asset</b> .....                                      | <b>317.0</b>                 | <b>10.6%</b> |
| 8.9              | -                    | -             | 8.9           | Deposits, cash and debt.....  | 8.9                          |              |
| 3.5              | -                    | 3.0           | 6.5           | Shares and bonds.....   | 7.1                          |              |
| 1.3              | -                    | -             | 1.3           | Own shares.....   | 12.6                         |              |
| <b>13.7</b>      | -                    | <b>3.0</b>    | <b>16.7</b>   | <b>Net cash Position</b> .....  | <b>28.6</b>                  | <b>n.s.</b>  |
| (6.6)            | 17.9                 | -             | 11.3          | Other revenues / (costs).....   | (12.2)                       |              |
| <b>174.2</b>     |                      | <b>(49.1)</b> | <b>125.1</b>  | <b>Restricted consolidated profit</b> .....                             | <b>356.9</b>                 | <b>11.9%</b> |
|                  |                      |               |               | <b>Anti-dilution effect of restructuring operations</b> .....           |                              | <b>0.0%</b>  |
|                  |                      |               |               | <b>After the anti-dilution effect of restructuring operations</b> ..... |                              | <b>11.9%</b> |

(7) Restricted consolidation operating profit (before write-downs).

(8) Restricted consolidation non-operating profit (before write-downs).

(9) Write-downs (operating and non-operating).

(10) Total restricted consolidated result (part of the Group): (7) + (8) + (9).

(11) Total Performance for the Shareholders over the period: (4) + (7) + (8).

(12) Total Performance for the Shareholders over the period: (11)/(2).

(13) Valuation criteria distinct per acquired lot.

## EVOLUTION OF THE ADJUSTED NET ASSETS BETWEEN 1988 AND 2003

### ADJUSTED NET ASSETS (EUR MILLION)

| ASSETS  | 1-April-88      |                               |              | variation           |                |                  | 31-Dec-02       |                               |              |
|---|-----------------|-------------------------------|--------------|---------------------|----------------|------------------|-----------------|-------------------------------|--------------|
|   | criteria<br>(1) | adjusted net<br>assets<br>(2) | %            | shareholders<br>(3) | value<br>(4)   | interest<br>(5)  | criteria<br>(1) | adjusted net<br>assets<br>(6) | %            |
| <b>Pargesa</b> .....                          |                 | -                             | 0.0%         |                     | 688.7          | 357.2            | ana             | 1,045.9                       | 31.8%        |
| <b>Value investing</b> .....                  |                 | 22.8                          | 55.2%        |                     | 182.0          | 1,316.7          |                 | 1,521.5                       | 46.2%        |
| TOTAL .....                                   | sm              | 13.2                          | 32.0%        |                     | 230.9          | 966.7            | sm              | 1,210.8                       | 36.8%        |
| FCC .....                                     | sm              | -                             | 0.0%         |                     | -              | -                |                 | -                             | 0.0%         |
| TAITTINGER / LE LOUVRE .....                  | sm              | -                             | 0.0%         |                     | (26.8)         | 254.1            | sm              | 227.3                         | 6.9%         |
| QUICK .....                                   | sm              | -                             | 0.0%         |                     | 21.4           | 29.2             | sm              | 50.6                          | 1.5%         |
| ELECTRABEL .....                              | sm              | -                             | 0.0%         |                     | 2.3            | 30.5             | sm              | 32.8                          | 1.0%         |
| Other shareholdings .....                     | sm              | 9.6                           | 23.2%        |                     | (45.8)         | 36.2             |                 | -                             | 0.0%         |
| <b>Private equity</b> .....                   |                 | 14.0                          | 33.9%        |                     | (26.1)         | 318.5            |                 | 306.4                         | 9.3%         |
| PROJECT SLOANE / JOSEPH .....                 | bv              | -                             | 0.0%         |                     | -              | 38.9             | bv              | 38.9                          | 1.2%         |
| FEM / ENTREMONT .....                         | bv              | -                             | 0.0%         |                     | (45.0)         | 89.1             | bv              | 44.1                          | 1.3%         |
| TRANSCOR .....                                | se              | -                             | 0.0%         |                     | 54.2           | 21.7             | se              | 75.9                          | 2.3%         |
| RASPAIL / CHÂTEAU CHEVAL BLANC .....          | bv              | -                             | 0.0%         |                     | -              | 33.8             | bv              | 33.8                          | 1.0%         |
| ÉDITIONS DUPUIS <sup>(13)</sup> .....         | se, bv          | -                             | 0.0%         |                     | 4.4            | 29.2             | se, bv          | 33.6                          | 1.0%         |
| DISTRIPAR <sup>(13)</sup> .....               | se, bv          | -                             | 0.0%         |                     | 13.5           | 12.2             | se, bv          | 25.7                          | 0.8%         |
| IJSBOERKE .....                               | bv              | -                             | 0.0%         |                     | (26.0)         | 51.7             | bv              | 25.7                          | 0.8%         |
| CHÂTEAU RIEUSSEC .....                        | bv              | -                             | 0.0%         |                     | -              | 22.3             | bv              | 22.3                          | 0.7%         |
| Other shareholdings .....                     | se, bv          | 14.0                          | 33.9%        |                     | (27.2)         | 19.6             | se, bv          | 6.4                           | 0.2%         |
| <b>Tangible fixed assets</b> .....            | <b>bv</b>       | -                             | <b>0.0%</b>  |                     | -              | <b>10.5</b>      | <b>bv</b>       | <b>10.5</b>                   | <b>0.3%</b>  |
| <b>Long-term assets</b> .....                 |                 | <b>36.8</b>                   | <b>89.1%</b> |                     | <b>844.6</b>   | <b>2,002.9</b>   |                 | <b>2,884.3</b>                | <b>87.6%</b> |
| Deposits, cash and debt .....                 | bv              | 4.5                           | 10.9%        | 117.9               | 2,281.9        | (2,203.4)        | bv              | 200.9                         | 6.1%         |
| Shares and bonds .....                        | sm              | -                             | 0.0%         | -                   | (6.3)          | 24.2             | sm              | 17.9                          | 0.5%         |
| Own shares .....                              | sm              | -                             | 0.0%         | -                   | 12.1           | 176.3            | sm              | 188.4                         | 5.7%         |
| <b>Net cash Position</b> .....                |                 | <b>4.5</b>                    | <b>10.9%</b> | <b>117.9</b>        | <b>2,287.7</b> | <b>(2,002.9)</b> |                 | <b>407.2</b>                  | <b>12.4%</b> |
| <b>Adjusted net assets</b> .....              |                 | <b>41.3</b>                   |              | <b>117.9</b>        | <b>3,132.3</b> | <b>-</b>         |                 | <b>3,291.5</b>                |              |
| <b>Adjusted net assets (EUR/action)</b> ..... |                 | <b>53.83</b>                  |              |                     |                |                  |                 | <b>164.58</b>                 |              |

(1) Valuation criteria:

- (a) ana: adjusted net assets;
- (b) sm: stock market price;
- (c) se: shareholders' equity;
- (d) bv: book value.

(2) Adjusted net assets at 01.04.1988.

(3) Flows with the shareholders: net capital increases (EUR 916.1 million), less dividends (EUR 798.2 million).

(4) Value creation.

(5) Internal allocation of funds: investments and (divestments) at book value.

(6) Adjusted net assets at 31.12.2003: (2) + (3) + (4) + (5).

(7) Restricted consolidation operating profit (before write-downs).

(8) Restricted consolidation non-operating profit (before write-downs).

(9) Write-downs (operating and non-operating).

(10) Total restricted consolidated result (Group): (7) + (8) + (9).

(11) Total Performance for the Shareholders over the period: (4) + (7) + (8).

(12) Total Performance for the Shareholders (compound annual rate of return).

(13) Valuation criteria distinct per acquired lot.

## RESTRICTED CONSOLIDATED PROFIT (GROUP SHARE)

| with cash effect |                      | without cash   | Total          | ASSETS   | Performance for Shareholders |              |
|------------------|----------------------|----------------|----------------|--|------------------------------|--------------|
| operating<br>(7) | non operating<br>(8) | effect<br>(9)  | (10)           |  | Total<br>(11)                | %<br>(12)    |
| 238.5            | 1.0                  | -              | 239.5          | <b>Pargesa</b> .....   | <b>928.2</b>                 | <b>11.5%</b> |
| 457.2            | 1,029.1              | (14.3)         | 1,472.0        | <b>Value investing</b> .....                                     | <b>1 668.3</b>               | <b>10.4%</b> |
| 298.4            | 496.7                | -              | 795.1          | TOTAL .....  | 1 026.0                      | 9.2%         |
| 16.4             | 66.3                 | -              | 82.7           | FCC .....  | 82.7                         | 10.8%        |
| 11.4             | -                    | -              | 11.4           | TAITTINGER / LE LOUVRE .....                                     | (15.4)                       | -2.3%        |
| 0.5              | -                    | -              | 0.5            | QUICK .....  | 21.9                         | 66.3%        |
| 1.9              | -                    | 1.0            | 2.9            | ELECTRABEL .....   | 4.2                          | 13.8%        |
| 128.6            | 466.1                | (15.3)         | 579.4          | Other shareholdings .....  | 548.9                        | 13.3%        |
| <b>120.5</b>     | <b>145.3</b>         | <b>(82.0)</b>  | <b>183.8</b>   | <b>Private equity</b> .....                                      | <b>239.7</b>                 | <b>10.2%</b> |
| 25.1             | -                    | -              | 25.1           | PROJECT SLOANE / JOSEPH .....                                    | 25.1                         | 8.1%         |
| 8.6              | -                    | (45.0)         | (36.4)         | FEM / ENTREMONT .....  | (36.4)                       | -12.1%       |
| 28.0             | 2.7                  | -              | 30.7           | TRANSCOR .....   | 84.9                         | 23.1%        |
| 3.6              | -                    | -              | 3.6            | RASPAIL / CHÂTEAU CHEVAL BLANC .....                             | 3.6                          | 4.4%         |
| 15.2             | -                    | -              | 15.2           | ÉDITIONS DUPUIS <sup>(43)</sup> .....                            | 19.6                         | 10.1%        |
| 15.4             | -                    | -              | 15.4           | DISTRIPAR <sup>(43)</sup> .....                                  | 28.9                         | 10.7%        |
| -                | -                    | (26.0)         | (26.0)         | IJSBOERKE .....  | (26.0)                       | -10.7%       |
| 2.7              | -                    | -              | 2.7            | CHÂTEAU RIEUSSEC .....   | 2.7                          | 5.1%         |
| 21.9             | 142.6                | (11.0)         | 153.5          | Other shareholdings .....  | 137.3                        | 14.9%        |
| -                | -                    | -              | -              | <b>Tangible fixed assets</b> .....                               | -                            | <b>n.s.</b>  |
| <b>816.2</b>     | <b>1,175.4</b>       | <b>(96.3)</b>  | <b>1 895.3</b> | Long-term assets .....   | <b>2 836.2</b>               | <b>10.6%</b> |
| 150.9            | -                    | -              | 150.9          | Deposits, cash and debt .....                                    | 150.9                        |              |
| 5.5              | 20.7                 | -              | 26.2           | Shares and bonds .....   | 199.8                        |              |
| 4.2              | 20.7                 | -              | 24.9           | Own shares .....   | 38.3                         |              |
| <b>362.5</b>     | <b>20.7</b>          | <b>(9.8)</b>   | <b>373.4</b>   | Net cash Position .....  | <b>389.0</b>                 | <b>n.s.</b>  |
| (65.9)           | (27.0)               | -              | (92.9)         | Other revenues / (costs) .....                                   | (92.9)                       |              |
| <b>2,281.9</b>   |                      | <b>(106.1)</b> | <b>2,175.8</b> | <b>Restricted consolidated profit</b> .....                      | <b>3 132.3</b>               | <b>10.6%</b> |
|                  |                      |                |                | Anti-dilution effect of restructuring operations .....           |                              | <b>0.8%</b>  |
|                  |                      |                |                | After the anti-dilution effect of restructuring operations ..... |                              | <b>11.4%</b> |

## OPINION OF THE STATUTORY AUDITORS ON THE ADJUSTED NET ASSETS

To the shareholders of NATIONALE PORTFEUILLEMAATSCHAPPIJ/COMPAGNIE NATIONALE À PORTEFEUILLE,

We have examined the calculation of the adjusted net assets per share of NPM/CNP as of 31 December 2003. This calculation was made by NPM/CNP based on its shareholders' equity, that of the holding companies controlled alone or jointly, and the assets held in their respective shareholdings, the latter being valued according to the criteria described on page 13. This opinion does not constitute any valuation by us of the shares of the Company; in particular, we do not express any opinion as far as the method and the criteria used in this calculation. In conclusion, we confirm that the use of these criteria produces a value of EUR 164.58 per NPM/CNP share cum dividend at 31 December 2003.

29 March 2003

The Statutory Auditors

KPMG  
 Reviseurs d'Entreprises S.C.C.  
 Represented by Michel DE SAIVE

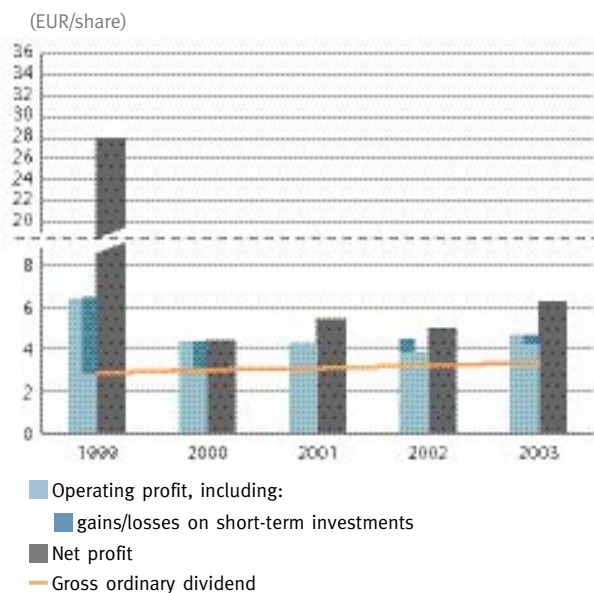
DELOITTE & TOUCHE  
 Reviseurs d'Entreprises S.C. s.f.d. S.C.R.L.  
 Represented by Michel DENAYER

## Results

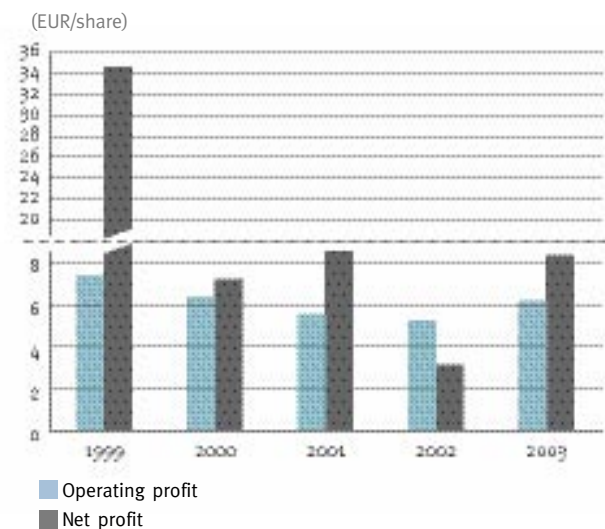
The **restricted consolidated profit** comes to EUR 125.1 million (EUR 6.26 per share) for 2003, compared with EUR 99.9 million (EUR 4.99 per share) in the previous financial year.

The **consolidated profit** comes to EUR 166.6 million (EUR 8.33 per share), against EUR 61.9 million (EUR 3.09 per share) in 2002.

RESTRICTED CONSOLIDATED PROFIT



CONSOLIDATED PROFIT



**Restricted consolidated operating profit** is up 20% at EUR 92.7 million (EUR 4.64 per share) compared with the figure for 2002 (EUR 77.1 million or EUR 3.85 per share), mainly due to an improvement in the profits on liquid assets; against a background of recovery on the stock markets, trading profit has risen to EUR 6.2 million, compared with a loss of EUR 11.8 million in the previous year.

Income from the shareholdings is down 2% to EUR 82.6 million (compared with EUR 84.4 million in 2002). The suspension of the posting of income on the advances granted to FEM/

ENTREMONT until it returns to better fortunes on the one hand, and the changes in the perimeter of the portfolio (bank refinancing of the advances granted to PROJECT SLOANE/JOSEPH, sale of PALAIS DU VIN, classification of ELECTRABEL shares as long-term investments) on the other, have had a negative effect of EUR 1.8 million and EUR 1.4 million respectively. It must also be remembered that at the end of 2002 the NPM/CNP Group received additional income (EUR 2.3 million) linked to the TOTAL dividends, which a change in French tax legislation has eradicated.

The **consolidated operating profit** (EUR 123.4 million or EUR 6.17 per share in 2003 compared with EUR 104.1 million or EUR 5.20 per share in 2002) takes into account the changes in the results of the equity-accounted companies; detailed commentary for each company is given on pages 37 to 58 of this report. The significant decline in FEM/ENTREMONT'S

profits (its contribution has fallen by EUR 11.9 million) was more than offset by the first application of equity accounting to QUICK and TAITTINGER/LE LOUVRE and the overall improvement in the performance of the other shareholders.

#### CONTRIBUTION TO THE OPERATING PROFIT AT 31 DECEMBER 2003 (EUR ,000)

|  | Restricted consolidated <sup>(1)</sup> |        |        | Consolidated <sup>(1)</sup><br>(transitive breakdown) |               |               |
|--|--|--------|--------|---|---------------|---------------|
|  | 2001                                   | 2002   | 2003   | 2001  | 2002          | 2003          |
| Dividends and interest income from long-term investments | 76,492                                 | 84,351 | 82,556 | 104,743   | 111,451       | 115,640       |
| BERTELSMANN / RTL GROUP.....                             | -                                      | -      | -      | <b>-7,750</b>   | <b>-2,204</b> | <b>-566</b>   |
| DISTRIPAR .....  | 649                                    | 430    | 321    | <b>3,394</b>  | <b>1,088</b>  | <b>4,306</b>  |
| ÉDITIONS DUPUIS .....                                    | 2,385                                  | 2,474  | 2,691  | <b>2,413</b>  | <b>2,768</b>  | <b>672</b>    |
| ELECTRABEL.....  | -                                      | -      | 1,902  | -   | -             | 1,902         |
| ENTREMONT (FEM).....                                     | 2,744                                  | 2,469  | 488    | <b>935</b>  | <b>5,059</b>  | <b>-6,805</b> |
| FCC.....   | 4,825                                  | 5,355  | 5,473  | 4,825   | 5,355         | 5,473         |
| IJSBOERKE.....   | -                                      | -      | -      | <b>-3,741</b>   | <b>300</b>    | <b>3,579</b>  |
| IMERYS .....   | -                                      | -      | -      | <b>14,099</b>   | <b>16,108</b> | <b>15,866</b> |
| JOSEPH (PROJECT SLOANE) .....                            | 7,413                                  | 7,678  | 4,116  | <b>8,663</b>  | <b>6,828</b>  | <b>3,179</b>  |
| PARGESA.....   | 19,840                                 | 22,595 | 23,796 | -   | -             | -             |
| QUICK .....  | -                                      | -      | 503    | -   | -             | <b>5,401</b>  |
| SAINT LOUIS SUCRE (INVEPARCO).....                       | -                                      | -      | -      | <b>11,451</b>   | -             | -             |
| SUEZ.....  | -                                      | -      | -      | 7,716   | 7,236         | 7,184         |
| TAITTINGER / LE LOUVRE.....                              | 3,266                                  | 3,847  | 4,316  | 3,266   | 3,847         | <b>11,207</b> |
| TOTAL.....   | 28,013                                 | 31,895 | 32,005 | 35,625  | 40,653        | 41,453        |
| TRANSCOR .....   | 3,689                                  | 4,025  | 4,990  | <b>15,155</b>   | <b>17,690</b> | <b>18,289</b> |
| Wine-production activities.....                          | 2,530                                  | 2,864  | 1,521  | <b>4,160</b>  | <b>4,335</b>  | <b>3,132</b>  |
| Other equity-accounted companies .....                   | -                                      | -      | -      | <b>3,126</b>  | <b>1,654</b>  | <b>523</b>    |
| Other non-equity accounted companies.....                | 1,138                                  | 719    | 434    | 1,406   | 734           | 845           |
| Other net operating profit.....                          | 8,528                                  | -7,285 | 10,155 | 6,273   | -7,368        | 7,755         |
| OPERATING PROFIT.....                                    | 85,020                                 | 77,066 | 92,711 | 111,016   | 104,083       | 123,395       |
| <b>of which from equity-accounted companies.....</b>     | -                                      | -      | -      | <b>51,905</b>   | <b>53,626</b> | <b>58,783</b> |

(1) The restricted consolidated income, apart from the profits of consolidated financial companies (own holding companies), includes the dividends from PARGESA and companies in which NPM/CNP has a stake of 20% or more. In the consolidated accounts, those dividends are eliminated and replaced by the results of PARGESA, broken down here transitively into its various components, and of companies accounted for using the equity method.

**Non-operating profit** (EUR 32.4 million in restricted consolidation and EUR 43.2 million in consolidation) is made up

of the following items:

| (EUR ,000)  | Restricted consolidated | Consolidated (transitive breakdown) |
|---|-------------------------|-------------------------------------|
| Capital gain on FOMENTO DE CONSTRUCCIONES Y CONTRATAS.....                    | 66,298                  | 66,298                              |
| Write-backs on GIB provisions.....  | 16,142                  | 16,142                              |
| Non-operating profit BERTELSMANN.....   | -                       | 12,068                              |
| Write-down on VIVENTURES.....   | -7,053                  | -7,261                              |
| Write-off / extraordinary goodwill amortization ENTREMONT.....                | -45,000                 | -21,269                             |
| Write-down on RHODIA.....   | -                       | -4,724                              |
| Ordinary goodwill amortization by (jointly) controlled holding companies..... | -                       | -18,533                             |
| Other non-operating profit, net.....  | 2,028                   | 527                                 |
| <b>Non-operating profit.....</b>  | <b>32,415</b>           | <b>43,248</b>                       |

In particular, the FEM/ENTREMONT situation was evaluated with care, in view of the additional sums that could be invested by the ENTREMONT Group's shareholders (in the region of EUR 32 million by the end of 2004) to meet FEM's cash requirements. An objective evaluation of FEM was carried out based on the results expected for it and its subsidiary ENTREMONT; in accordance with reasonable assumptions with regard to the estimation of the future profitability of the Group, particularly in terms of milk and industrial product prices, a write-off of EUR 45.0 million has been entered against this shareholding in restricted consolidation; this does not appear in full in the consolidated accounts, and given the negative results (mainly goodwill amortizations) accumulated in the consolidated accounts on this shareholding in the past, the impact in consolidation is limited to EUR 24.5 million (EUR 21.3 million of which is extraordinary).

Write-backs on provisions of EUR 16.1 million were recorded following the end and/or revaluation of certain risks linked to guarantees given on the sale of shareholdings by GIB. In this context, NPM/CNP's restricted consolidated balance sheet at 31 December 2003 includes residual provisions for identified risks that have not materialised of EUR 67.5 million.

NPM/CNP will make available at the General Meeting of 15 April 2004 (and on its web site at [www.npm-cnp.be](http://www.npm-cnp.be)) an analysis of the economic operating contribution, comprising, in addition to the consolidated operating profit, NPM/CNP's transitive share in the operating profit of the non-equity accounted companies (mainly TOTAL, SUEZ, and, for the first part of the year, FOMENTO DE CONSTRUCCIONES Y CONTRATAS) instead of the dividends collected issued by them.

## Prospects

For 2004, it is of course premature to predict a trend for the consolidated accounts, as this depends fundamentally on a global upturn in the economy and the ability of certain companies (ENTREMONT in particular) to successfully complete the restructuring they have undertaken.

Barring unforeseen circumstances, the anticipated restricted consolidated recurring profit should allow the Company to continue its dividend policy.

## Appropriation of profit

At the end of the 2003 financial year, the balance available for appropriation comes to EUR 1,368,589,854.63, i.e. the profits from the financial year to be appropriated of EUR 158,252,893.41

plus the retained earnings of EUR 1,210,336,961.22.

The Board of Directors proposes the following appropriation of profits:

| (IN EUROS)  |                  |
|---|------------------|
| Gross dividend per share of EUR 3.40 paid on 20,000,000 shares..... | 68,000,000.00    |
| Transfer to reserves for own shares.....                            | 2,443,605.11     |
| Profits carried forward .....                                       | 1,298,146,249.52 |

This proposed distribution represents a 5% increase in the dividend per share.

The dividend will be made payable from 22 April 2004, on presentation of coupon nr 53 at the registered office or at the following financial institutions:

Subject to approval by the Ordinary General Meeting of Shareholders of 15 April 2004, the dividend made payable will be:

- EUR 2.55 net per share (withholding tax at 25%)
- EUR 2.89 net per share accompanied by a VVPR strip (Reduced Withholding Tax strip - withholding tax at 15%).

| in Belgium   | in Luxembourg          |
|--------------|------------------------|
| BANK DEGROOF | BNP PARIBAS LUXEMBOURG |
| DEXIA BANK   |                        |
| FORTIS BANK  |                        |
| ING BELGIUM  |                        |

## Donations and Art

---



- Since 2000, the NPM/CNP Group has contributed to the efforts of the Fondation Charles-Albert Frère, an association formed to help the physically and mentally disabled, the socially disadvantaged and victims of poverty. NPM/CNP continued to support the association in 2003 with a donation of EUR 250,000. This will also be the case in 2004 and 2005.
- NPM/CNP has also responded positively to the Walloon Region initiative by contributing EUR 50,000 in 2003 to support the FREE foundation (Fondation pour la Recherche et L'Enseignement de l'Esprit d'Entreprendre), which aims to bring together a variety of schemes to develop entrepreneurship in Wallonia.
- As opportunities arise, the NPM/CNP Group is adding to its own contemporary art collection to be displayed at the head office; three works were purchased in 2003 for a total of EUR 524,000.