

Le Foyer S.A.



Annual Report 2001



The Grand Duchy of Luxembourg is not only an international financial centre. It also has a rich cultural heritage, which is reflected today in its abundant works of art.

At the start of the 20th century, the creators of these works were generally Luxembourg nationals: Auguste Tremont, Lucien Wercollier, Claus Cito, Joseph Kutter and Sosthène Weis, to name just a few. But, more recently, as we have opened up to the rest of Europe, Luxembourg has become a truly European cultural centre, seamlessly integrating the various cultures of our neighbours.

To demonstrate the diversity and wealth of this cultural heritage, we have illustrated this report with representations of just some of the numerous sculptures on display in the city of Luxembourg, in our towns and villages, and in the countryside. This heritage is a supreme expression of the multi-cultural environment in which residents of the Grand Duchy live.

We therefore invite you to acquaint -or reacquaint- yourselves with just a few of our most important works of art and wish you an enjoyable read of our annual report.



“La grande Isis” from Maggy Stein
Place de la Cathédrale (Luxembourg-City)

Le Foyer is the Grand Duchy of Luxembourg’s leading insurer and offers a full range of products and services, spanning all branches of both Life and Non-Life insurance, to both private individuals and businesses. Le Foyer has two regional offices, in Esch-Sur-Alzette in the south of the country and Ettelbrück in the north. Details of the various insurance companies forming part of the Le Foyer Group, Le Foyer Assurances, Le Foyer Vie, Le Foyer Arag, Le Foyer Santé, Foyer Asset Management, Europ Assistance and Europ Assistance Services (Settler), can be found on our group website www.lefoyer.lu, or by visiting each company’s individual website directly: www.lefoyer-arag.lu, www.fam.lu, www.medecis.lu, www.europ-assistance.lu, www.settler.lu.

**For a new insurance concept,
choose Le Foyer.**

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"Argus III" from Olivier Strebelle,
Dexia Banque Internationale à Luxembourg
Parc Heintz (Luxembourg-City)

The Le Foyer Group's agency network stands out for its dense size and professionalism. Our sophisticated IT tools mean customers can receive on-line advice in their own homes as well as at the agent's offices. Visit our agents' sites at www.lefoyer.lu.

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2001 consolidated financial highlights (31.12.2001)

Consolidated sales

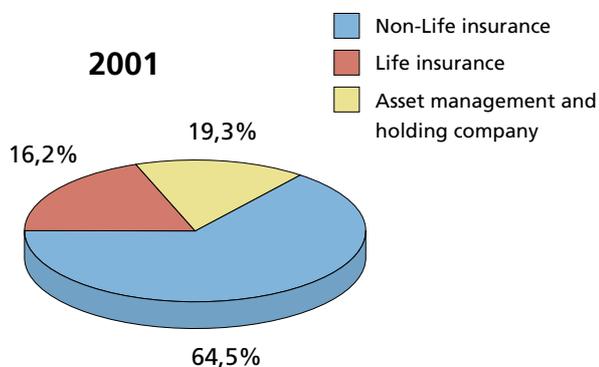
(€ million)	2001	Δ%	2000	Δ%	1999	Δ%	1998	Δ%	1997	Δ%
Gross premiums	467,78	10,8	422,09	25,8	335,93	22,0	275,24	9,8	250,75	22,9
Non-Life	182,36	4,8	173,96	3,0	168,83	5,6	159,96	4,3	153,40	2,2
Life	285,42	15,8	248,13	48,8	167,10	45,0	115,28	18,4	97,35	80,4

(1997-1998 figures included for comparison purposes).

Consolidated net profit

(€ million)	2001	2000
Recurring profit	14,61	16,72
Non-recurring profit	-	10,58
Total	14,61	27,30

Contribution to consolidated profit by sector of activity



	2001	2000	1999	1998	1997
Headcount (at year-end)	371	342	328	286	274,5

(1997-1998 figures included for comparison purposes)

Financial ratios

	2001	2000
Recurring earnings per share (in €)	1,60	1,90
Price / earnings	16,0	25,8
Gross dividend per share (in €)	0,85	0,84
Net dividend per share (in €)	0,68	0,63



“Charlotte” from Pierre Cardot
Place de Clairefontaine (Luxembourg-City)

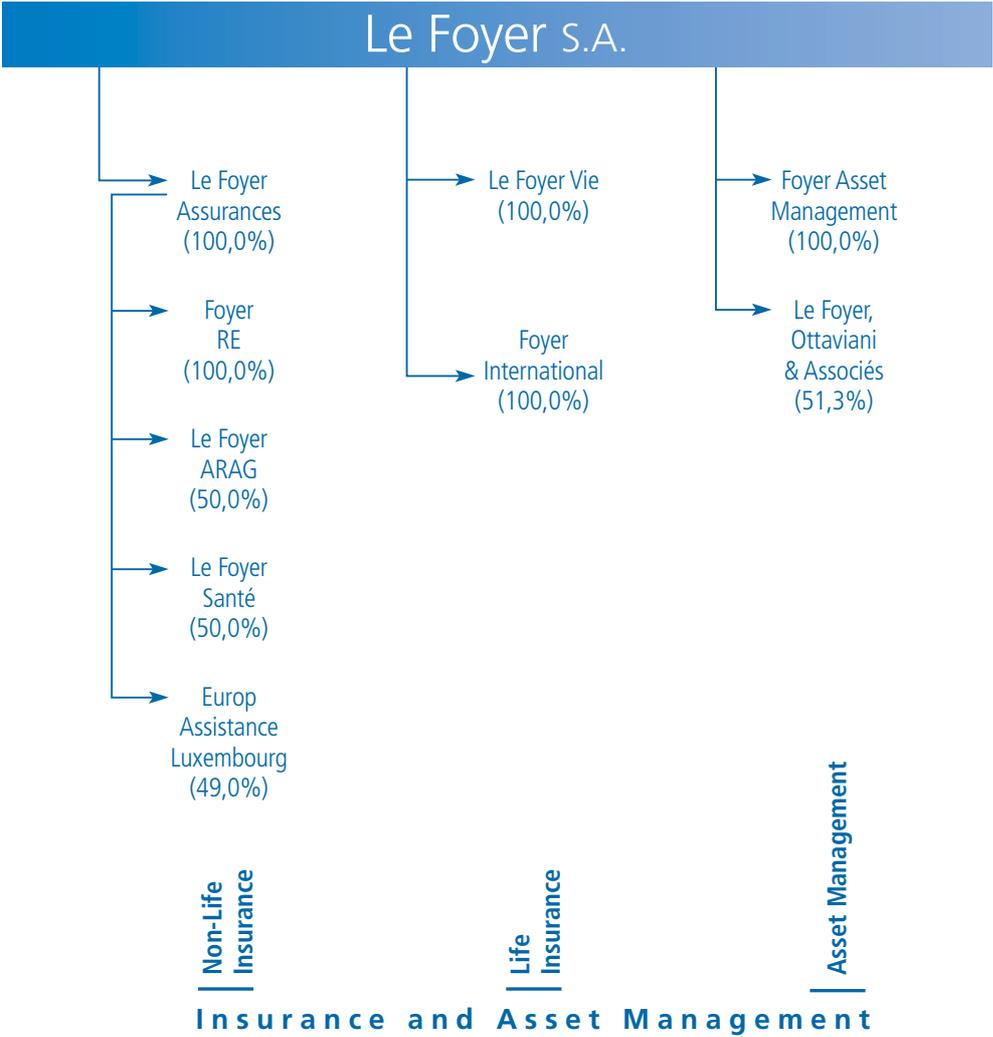
Le Foyer Group is Luxembourg’s foremost insurance group and on average recruits 40 new staff every year.

These new members of our team enjoy career opportunities in a variety of fields, including marketing, IT, finance, accounting and law.

By participating in training programmes and working on a day-to-day basis within highly-skilled, multi-cultural teams, new recruits rapidly progress within the company and move up into positions of greater responsibility.

For a new insurance concept, choose Le Foyer.

Group activities



Board of Directors

Board of Directors of **Le Foyer, Compagnie Luxembourgeoise S.A.**
and Supervisory Organ

François TESCH, President

Romain BECKER

Marcel DELL

Dominique LAVAL

Henri MARX

LUXEMPART S.A.

Etienne VANHYFTE

Théo WORRE

Marcel MAJERUS, Secretary General

Statutory auditors: PricewaterhouseCoopers S.à r.l.



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"La grande musicienne" from Henri Laurens
Parc Tony Neuman (Luxembourg-Limpertsberg)

Management

Chief Executive:	François Tesch
Deputy Chief Executive:	Henri Marx
Director, Finance:	Marcel Dell
Director, Information Technology:	Daniel Albert
Director, Life (Non-Residents):	Jean-Louis Courange
Director, Human Resources:	Benoît Dourte
Director, Health Insurance	Olaf Engemann
Director, Sales and Marketing:	Gilbert Wolter
Director, Legal:	Marcel Majerus
Director, Foyer Asset Management:	Michel Janiak
Director, Reinsurance:	Etienne Vanhyfte
Deputy Director, Non-Life Subscriptions:	Paul Fohl
Deputy Director, Non-Life Claims:	Adèle Lamberty
Assistant Director, Legal:	Alain Huberty
Assistant Director, Finance:	Christine Joly
Assistant Director, Life (Residents):	John Richarts
Le Foyer, Ottaviani & Associés S.A.:	Louis Ottaviani Managing Director

Santiago Van Der Elst
Member of the Management Committee



"Jeune Somali" from Georg Kolbe
Château de Colpach

Letter from the President

In 2001 the industrialised world went into recession after several years of uninterrupted growth. The economic downturn triggered massive losses on the stock markets, particularly technology and internet stocks, and also took its toll on corporate profits for 2001.

Luxembourg did not escape the general economic slowdown. GDP continued to grow, but at a slower rate of 5,0%, down from 8,0% in 2000.

Against this fragile economic backdrop, on a same-structure basis the consolidated sales of **Le Foyer S.A.** rose by 10,9%, to € 467,78 million, outstripping the sector average for 2001. This growth was driven mainly by the sale of our Life insurance products outside Luxembourg under the free provision of services regime. This healthy advance took the weighting of Life insurance in total group sales to 61,0%.

Non-Life sales rose by just 4,7% but still generated 64,5% of the group's consolidated profit.

Recurring consolidated net profit was € 14,61 million in 2001, down from € 16,72 million in 2000. This 12,6% decline is attributable entirely to value adjustments on the securities portfolio necessitated by poor stock market performances. Technical profit was in fact higher than in 2000.

Equities listed on the Luxembourg stock exchange were subject to particularly severe adjustments following the government's decision to gradually abolish the RAU Law giving tax breaks to investors in Luxembourg-based companies.

Le Foyer S.A. was able to cushion the impact of equity losses on its profits by adopting prudent asset weighting strategies and taking a selective approach to stockpicking that avoided tech and internet stocks.



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"Kopf" from Jeannot Bewing
Bâtiment Jean Monnet
Rue Alcide de Gasperi (Kirchberg)

Looking to the future we plan to continue our niche targeting strategy, which entails:

- Cementing our lead in the Grand Duchy of Luxembourg and expanding into neighbouring countries;
- Expanding our cross-border Life insurance activities under the free provision of services regime, offering products to financial institutions for sale to their private banking clients, and
- Strengthening our asset management business by focussing on the strengths of Luxembourg's financial markets.

Though still subject to the financial and technical ups and downs that typify the insurance business, the outlook for 2002 is good.

Tariffs rose following the tragic events of September 11, particularly industrial risk tariffs. **Le Foyer S.A.** was also able to renew its reinsurance contracts for 2002 without any increase in costs, thanks to its rigorous subscriptions policy.

Cuts to both personal and corporate income tax rates, plus new tax provisions favourable to the Life insurance business in Luxembourg, should also help boost the profits of **Le Foyer S.A.** in 2002.

Finally, I would like to thank all our customers for their loyalty to the group, and all our partners, agents and employees for their unstinting efforts in 2001, without which **Le Foyer S.A.** would not have been able to record such strong growth.

François Tesch



"Fusée" from Lucien Wercollier
Parc Tony Neuman (Luxembourg-Limpertsberg)



"La Chaise" from Magdalena Jetelová,
Banque Européenne d'Investissement
Boulevard Konrad Adenauer (Kirchberg)

Le Foyer uses state-of-the-art technologies to communicate with its customers and partners. Its e-business unit regularly updates the information on the website www.lefoyer.lu and adds new services.

The site is one of the most visited insurance sites in Luxembourg.

For a new insurance concept, choose Le Foyer.

Consolidated management report

Consolidated management report of the **Le Foyer S.A.** presented at the Annual General Meeting of Shareholders held on 4 April 2002.

Consolidated results

Le Foyer S.A.'s consolidated sales rose by 10,8% in 2001, to € 467,78 million, up from € 422,09 million in 2000.

Life insurance sales were the main engine of growth and, as a result, their weighting in total group sales rose from 58,8% to 61,0%. Non-Life insurance remains, however, the main contributor to profit, especially recurring profit, accounting for 73,0% in 2000 and 64,5% in 2001. The contribution of Life insurance to recurring profit, meanwhile, rose to 16,2% in 2001 from 13,8% in 2000.

The table below gives the breakdown of consolidated sales between the Life and Non-Life businesses in 2000 and 2001, plus year-on-year growth rates in each business.

(€ million)	2001	%	2000	%	Δ%
Non-Life insurance	182,36	39,0	173,96	41,2	4,8
Life insurance	285,42	61,0	248,13	58,8	15,0
TOTAL	467,78	100	422,09	100	10,8

Consolidated net profit for 2001 came out at € 14,61 million, down from € 27,30 million in 2000.

The table below gives a breakdown of consolidated net profit in 2000 and 2001, by branch of insurance, separating recurring profit from exceptional profit.

(€ million)	Recurring profit		Exceptional profit		TOTAL	
	2001	2000	2001	2000	2001	2000
Non-Life insurance	9,43	12,22	–	7,26	9,43	19,48
Life insurance	2,36	2,30	–	4,87	2,36	7,17
Asset management	2,78	2,13	–	–	2,78	2,13
Le Foyer S.A. (holding company)	0,04	0,07	–	-1,55	0,04	-1,48
TOTAL	14,61	16,72	–	10,58	14,61	27,30



"Mère et Enfant" from Baltazar Lobo
Parc de la Villa Vauban (Luxembourg-City)



"Sarreguimines" from Frank Stella
HypoVereinsbank Luxembourg S.A.
Rue Alphonse Weicker (Kirchberg)

Consolidated net recurring profit was 12,6% lower in 2001 at € 14,61 million, down from € 16,72 million in 2000. This fall in recurring profit is attributable to value adjustments on the securities portfolios of group insurance companies necessitated by poor stock market performances. In Luxembourg these poor performances were rendered more severe by the government's announcement that the RAU Law was to be abolished.

The exceptional profits registered in 2000 essentially consisted of capital gains on tax-exempt sales of participating interests. No participating interests were sold in 2001.

The parent company's contribution to consolidated profit was a positive € 0,04 million in 2001, whereas in 2000 its contribution was a negative € 1,48 million, the result of non-recurring expenses of € 1,55 million linked to the group's flotation on the Luxembourg and Brussels stock exchanges.

At the end of 2001 the group sold its 51,0% stake in Spanish Life insurance company **Clave** to its Spanish partner, so realising a small capital gain. The decision to sell followed a change in strategy on the part of the Spanish partner.

Non-Life insurance

The group's Non-Life insurance business includes the following companies: **Le Foyer Assurances** (100,0%), which is fully consolidated, plus **Europ Assistance** (49,0%), **Le Foyer-ARAG** (50,0%), and **Le Foyer Santé** (50,0%), which are reported by equity method. The table below gives key figures for the Life insurance business in 2000 and 2001.

(€ million)	2001	2000	Δ%
Sales	182,36	173,96	4,8
Recurring profit	9,43	12,22	-22,8
Capital gains on sales	-	7,26	-
Net profit	9,43	19,48	-51,6

Sales grew in all branches of insurance. In Motor insurance inflows were boosted by an increase in tariffs in September 2000, which offset the drop in fully comprehensive Motor sales relative to the previous year. After two years of cuts to Industrial Risk tariffs, insurance terms in this branch became noticeably tougher in 2001.

Recurring profit was lower in 2001 than in 2000, due to substantial adjustments to the value of securities as a result of the stock market downturn, particularly in the first nine months of the year. Technical profit did on the other hand edge up slightly, thanks to a drop in claims expenses and profits realised on the release of provisions for the settlement of claims outstanding from previous years.

Le Foyer Assurances's figures were not directly affected by the September 11 attacks in the US.

The EUR 7,26 million capital gain on sales recorded in 2000 corresponds to the additional sum **Luxempart** was required to pay **Le Foyer Assurances** to retain the **Le Foyer Finance** securities acquired in 1999.

The group's captive reinsurance company, **Foyer RE**, recorded a slight increase in its provision for fluctuations in the claims rate, taking the value of the reserve from € 32,33 million to € 32,66 million. The healthy technical results recorded by the captive reinsurance company were significantly diminished by adjustments to the value of securities as a result of the stock market downturn.

Life insurance

The group's Life insurance business embraces **Le Foyer Vie** (100,0%), which operates in Luxembourg, and **Foyer International** (100,0%), which operates outside Luxembourg under the free provision of services regime. Both are fully consolidated.

The table below sets out the key non-consolidated figures for this branch of insurance.

(€ million)	2001	2000	Δ%
Sales	285,42	248,13	15,0
Foyer International	240,05	203,30	18,1
Le Foyer Vie	45,37	44,83	1,2
Recurring profit	2,36	2,30	2,6
Foyer International	0,66	-1,17	-
Clave	-	0,03	-
Le Foyer Vie	1,70	3,44	-50,6
Capital gains on sales	-	4,87	-
Net profit	2,36	7,17	-67,0



Despite the difficult market scenario of 2001, **Foyer International** posted an 18,1% advance in sales and furthered its commercial policy of forging partnerships with financial institutions, such as banks and other finance sector professionals. The subsidiary's rapid expansion led to the introduction of restructuring measures that have already borne fruit at service quality level. After a year of losses in 2000, **Foyer International** posted a profit of € 0,66 million in 2001.

Le Foyer Vie posted a 1,2% increase in domestic sales, the low figure being largely due to the loss of a major group insurance contract. Excluding non-recurring sales, individual insurance rose by 9,1% and group insurance by 4,9%. The Life business should enjoy rapid growth in both individual and group insurance from the end of 2002, following fiscal and legal reforms.

Le Foyer Vie's recurring profit fell sharply in 2001 due to value adjustments on the securities portfolios following poor stock market performance.

Capital gains on sales posted in 2000 represent the proceeds of the sale of our interest in **BIL-Vie**.

The group insurance business is currently in the midst of a reorganisation and computerisation drive.

Asset Management

Le Foyer's Asset Management business is carried out by the following companies: **Foyer Asset Management** (100,0%), which is fully consolidated, and **Le Foyer, Ottaviani & Associés** (51,3%), which is reported by equity method.

The table below set out the results of these two companies.

(€ million)	2001	2000	Δ%
Net profit	2,78	2,13	30,4
Foyer Asset Management	2,48	2,44	1,6
Le Foyer, Ottaviani & Associés	0,30	-0,31	-



Despite a fragile financial climate, the asset management business enjoyed a 30,4% rise in net profit in 2001.

Foyer Asset Management was able to offset falling equity brokerage volumes by maintaining very steady bond trading volumes.

Le Foyer, Ottaviani & Associés moved from a loss-making situation in 2000 to a profit in 2001 thanks to the sale of new financial products to its private banking clients.

Outlook

Most of the Group's interests held up well despite the difficult economic climate in 2001.

Thanks to a sound subscriptions policy in insurance and a cautious approach to asset management, **Le Foyer S.A.** was able to contain the drop in its recurring profit whilst at the same time posting sales growth outstripping the sector average.

Despite the financial and technical ups and downs that typify the insurance sector, **Le Foyer S.A.** is well placed to increase net profit in 2002.

To enable **Foyer International** to manage the recent growth in new premiums written, **Le Foyer S.A.** is set to carry out a € 10,00 million capital increase. Of this capital, 25,0% will be fully paid up.

Luxembourg, 15 March 2002

The Board of Directors



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"Sava Alexandra" from Germaine Richier
Private collection



"Sopransolo" from Wilhelm J.A. Bouter,
Chambre des Métiers (Kirchberg)

Le Foyer offers its customers and agents a round-the-clock service for the settlement of motor claims by telephone. This highly valued service makes the claims settlement process in the event of accident both simpler and faster. By making life easier for its customers, Le Foyer offers much more than just a simple damage settlement service.

**For a new insurance concept,
choose Le Foyer.**

Non-Life insurance

Strong advance in sales.

Tariff adjustments in Motor Civil Liability.

Lack of capital gains on sale of participating interests.

Value adjustments on the securities portfolio.

Rapid expansion in **Le Foyer Santé**.

Solid technical results.

The total value of Motor premiums written in 2001 was 5,3% higher than in 2000 at € 85,96 million.

Growth in fully comprehensive Motor sales was slightly lower, however, at 4,1%, reflecting slower growth in new car sales in Luxembourg, an increasing tendency to self-insurance in the large Motor market and fiercer competitive pressure on prices.

Motor Civil Liability sales were up 6,6% thanks to a tariff adjustment in the luxury vehicle segment. Although the frequency of material damage claims on this type of policy remains high, no increase in bodily injury claims was apparent last year.

Key events in 2001 included the change to the tariff structure of our flagship **mobile** product and the introduction of loyalty incentives for our Motor insurance customers.

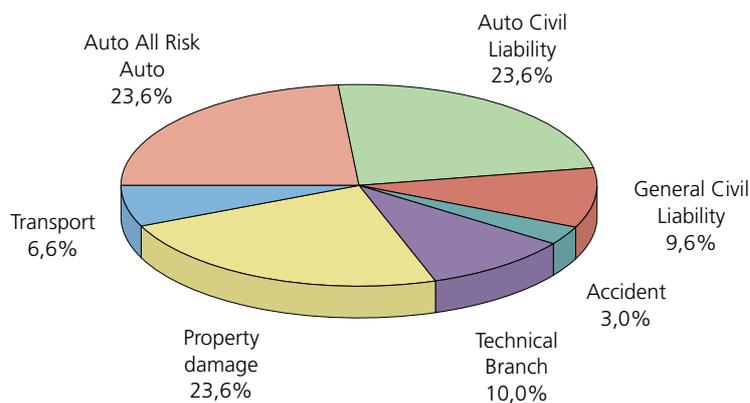
Finally, the rising number of Theft claims (particularly home-jacking) continues to make a dent on the profitability of this type of cover.



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"La Croissance" from Lucien Wercollier
Cour de Justice des Communautés Européennes
(Kirchberg)

Breakdown of premiums





"Sculpture en granit" from Pierre Culot
Dexia Banque Internationale à Luxembourg
Parc Heintz, (Luxembourg-City)

After several consecutive years of tariff cuts in the Corporate Risks market, the September 11 attacks prompted market players, under pressure from the reinsurers, to hike tariffs, particularly those providing cover against terrorist attack. Claims expenses fell overall, thanks to a fall in major Fire claims.

General Civil Liability sales rose by 8,0% on the back of healthy growth in Industrial and Commercial Risks and Professional Civil Liability premiums written. Profits in this branch of insurance were boosted by the successful settlement of several major claims, although the claims rate in Doctors and Hospitals Professional Liability continued to rise.

In Technical branches of insurance, our decision to cease providing cover in Film Production (since we considered this a loss-making business) resulted in a slight drop in sales.

The success of our Protected Driver cover, which we sell as part of our **mobile** product, helped boost Accident insurance sales, which rose by 6,6%.

We are proud of the success of our new **medicis** product range, which was launched in March 2000 by our subsidiary **Le Foyer Santé**. At the end of 2001, our second year in this business, growth was in line with our forecasts. Our other specialist subsidiaries, **Le Foyer-ARAG** (Legal Protection), **Europ Assistance** and **Europ Assistance Services** (Settler, a company providing relocation services for directors of Luxembourg-based companies), all posted satisfactory results.

Financial position

The table below shows sales and profit figures from 1997 to 2001:

CONSOLIDATED NON-LIFE INSURANCE

(€ million)	2001	2000	1999	1998	1997
Le Foyer Assurances sales	182,19	173,94	168,83	159,96	153,40
% change	4,7	3,0	5,5	4,2	2,2
Sales, equity-reported companies	2,97	2,22	1,87	1,80	1,57
% change	33,8	18,6	3,8	14,6	9,0
Total sales before consolidation	185,16	176,16	170,70	161,76	154,97
% change	5,1	3,2	5,5	4,3	2,3
Recurring consolidated net profit	9,43	12,22	11,03	12,69	13,11
% change	-22,8	10,7	-13,0	-3,2	9,5
Capital gains on sale of participating interests	–	7,26	52,00	56,86	–
Consolidated net profit	9,43	19,48	63,03	69,55	13,11
% change	-51,5	-69,1	-9,3	430,5	9,5
Headcount (at year-end)	303	294	265	246	246

Sales were 4,7% higher in 2001 than in 2000, at € 182,19 million, up from € 173,94 million.

Net profit in 2001 came out at € 9,43 million, down from € 19,48 million the previous year. This decline is attributable to a lack of capital gains on the sale of participating interests in 2001 and a fall in recurring profits after value adjustments on the securities portfolio in the course of the year.

Outlook

Though still subject to the financial and technical ups and downs that typify the insurance sector, the outlook for 2002 is good.

The increase in Industrial and Special Risks tariffs following the September 11 attacks should improve profitability in this branch of insurance in 2002.

The tariff adjustment applied in Motor General Civil Liability in 2001, meanwhile, should help absorb the increase in claims expenses.

Reinsurance

Deteriorating conditions on the reinsurance market.

Renewal of reinsurance contracts.



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"Mahatma Gandhi" from Amar Nath Sehgal
Parc de la Ville (Luxembourg-City)

External reinsurance

8,5% of total premiums written were ceded in reinsurance in 2001. Thanks to a lack of major claims, the reinsurers posted a net profit of € 5,34 million on this business.

The dramatic events of September 11 (2001) caused conditions in the reinsurance market to worsen. But despite this deterioration, thanks to the technical quality of our tariff setting tools and the rigorous conditions we apply to subscriptions and risk selection, we were able to renew our excess of loss pertaining to reinsurance contracts on reasonable terms. The renegotiation of these terms will not therefore drag down our 2002 profits, relative to 2001 levels.

Internal reinsurance

Le Foyer Assurances retrocedes some of its premiums to its own captive reinsurance company, **Foyer RE**. The profit growth posted by this company between 1997 and 2001 is shown in the table below.

(€ million)	2001	2000	1999	1998	1997
Gross premiums written	20,10	20,29	19,41	17,48	15,05
% change	-0,9	4,5	11,0	16,1	398,0
Profit	0,33	8,05	3,35	6,36	5,56
% change	-95,9	140,3	-47,3	14,4	4,9

The 2001 figure represents a profit of € 0,33 million, down from € 8,05 million in 2000. This sharp decline is due to downward adjustments to the value of securities in the **Foyer RE** portfolio as a result of poor stock market performance.

Life insurance

Strong advance in sales.

Upturn in recurring profit.

Value adjustments on the securities portfolio.

Lack of capital gains on sales of participating interests.

The table below shows sales and profit posted by **Le Foyer** Life insurance activities between 1997 and 2001.

CONSOLIDATED LIFE INSURANCE

(€ million)	2001	2000	1999	1998	1997
Le Foyer Vie sales	45,34	44,83	37,00	35,00	39,80
% change	1,1	21,2	5,7	-12,1	-15,5
Foyer International sales	240,34	203,30	127,30	77,50	49,90
% change	18,2	59,7	64,3	55,3	807,3
Total sales before consolidation	285,68	248,13	164,30	112,50	89,70
% change	15,2	51,0	46,0	25,4	70,5
Consolidated recurring net profit	2,36	2,30	3,70	4,10	3,20
% change	2,5	-37,7	-9,8	28,1	28,0
Capital gains on participating interests	-	4,90	10,20	21,80	-
Consolidated net profit	2,36	7,17	13,90	25,90	3,20
% change	-67,1	-48,4	-46,3	709,4	28,0
Headcount (at year-end)	52	48	34	28	28

Life insurance sales rose by 15,2% to € 285,68 million in 2001, up from € 248,13 million in 2000. Consolidated net profit came out at € 2,36 million, down from € 7,17 million. The disparity between 2000 and 2001 figures is due to the lack of capital gains on the sale of participating interests in 2000.

On the domestic market, **Le Foyer Vie** posted a 1,1% advance in sales. This low figure is largely due to the loss of a major group insurance contract. Excluding non recurring sales, individual insurance rose by 9,1% and group insurance by 4,9%. Growth in individual life insurance was driven mainly by a strong uptake of pension products and of residual balance remainders.

Le Foyer Vie's recurring profit fell sharply in 2001 due to value adjustments on the securities portfolio following poor stock market performance.

On the international markets, **Foyer International** distributes its Life insurance products under the free provision of services regime from its base in the Grand Duchy of Luxembourg. Despite a difficult market backdrop in 2001, **Foyer International** posted an 18,2% rise in sales. **Foyer International's** development strategy is to enter into commercial partnerships with financial institutions, such as banks and other finance sector professionals, outside Luxembourg. The company has enjoyed steady growth on all markets where it has a presence and by 2001 the rapid expansion of recent years had created a need for reorganisation and administrative restructuring. The measures introduced have already borne fruit, improving service quality for both customers and partners. After reporting an overall loss in 2000, in 2001 **Foyer International** posted a profit of € 0,66 million.



Outlook

Our Research Department has developed a number of new individual Life insurance products linked to investment funds and new regular and flexible premium products are due to be launched in 2002.

The insurance businesses should continue to enjoy the benefits arising from the new legislation on supplementary pension plans that came into force on 1 January 2000, as more and more companies look set to begin offering their employees this type of pension plan.

The deadline for application of this new legislation on supplementary group pension plans was originally 31 December 2001 but has now been put back to 31 December 2003. Accordingly, we now have two additional years to advise our existing corporate clients on the new pension plans that they should introduce in their companies.

Research is currently under way to develop new products compatible with the provisions of the new regulations that will shortly supplement the tax reforms and, more specifically, the extension of the tax deductions applicable to certain items of special expenditure under article 111bis of Luxembourg tax law.

Prospects for future expansion in the Life insurance market remain good, especially for sales under the free provision of services regime.

The group's robust finances, independence and status as a Luxembourg-registered company constitute considerable advantages in its strategy of forging commercial partnerships for the sale of products outside national borders.

The market for individual Life insurance should also benefit from the new tax provisions applicable to Life insurance products linked to investment funds and the better tax deductibility conditions applicable to retirement savings products introduced under article 111bis of Luxembourg tax law.



"Enlacement" from Lucien Wercollier
Parc de la Villa Vauban (Luxembourg-City)

Asset Management

Slight upturn in profit.

Bond market broking business buoyant, offsetting fall in the volume of equity market transactions.

The group's third business line, alongside Non-Life and Life insurance, is asset management, where it is represented by **Foyer Asset Management** and **Le Foyer, Ottaviani & Associés**. These subsidiaries provide asset management for institutional clients, wealth management and financial brokerage services.

Foyer Asset Management has successfully established itself as the number two player by volumes traded on the Luxembourg securities exchange and is the first financial institution in Luxembourg to have been admitted as a member of **Euronext** Paris.

In association with **Delta Lloyd Securities**, **Foyer Asset Management** also publishes **Luxembourg Equity Research**, a bulletin providing financial information on Luxembourg's listed companies.

Foyer Asset Management reported very high bond market trading volumes on behalf of its clients. This offset the marked drop in equity market transactions.

Net profit on the asset management business was 30,3% higher than in 2000 at € 2,78 million.

(€ million)	2001	2000	1999	1998
Asset under management	1 046,6	1 236,0	1 098,6	968,3
Net profit	2,78	2,13	0,86	0,58

Outlook

A new software application installed at the end of 2001 should allow for considerable increases in the volume of transactions handled in coming years.

We plan to continue broadening our team of brokers and dealers, as well as our team of analysts and management advisors, so as to secure sustained growth in our asset management activities.



"Pomone" from Aristide Maillol
Château de Colpach

Le Foyer has been active in asset management since 1922, the year in which its insurance company was founded.

Today the Group provides asset brokerage and management services to institutional investors and companies through its subsidiary Foyer Asset Management, offering clients the benefits of its knowledge of the financial markets and presence on the Paris, Brussels, Amsterdam and Luxembourg stock markets.

Foyer Asset Management regularly publishes Luxembourg Equity Research, financial research on Luxembourg's listed companies.

This research can be accessed online at www.equity.lu, where visitors can also sign up to receive all new publications automatically by email.

**For a new insurance concept,
choose Le Foyer.**



"La famille" from Charlotte Engels,
Domaine du Kiem (Kirchberg)

Positioned at the cutting edge of the newly liberalised life insurance market, Foyer International offers asset management solutions to a top-end international customer base. Its partners in this business are mainly institutional investors and finance sector professionals.

**For a new insurance concept,
choose Le Foyer.**

Report from the statutory auditor

To the Shareholders of **Le Foyer, Compagnie Luxembourgeoise S.A.**

We have inspected the accompanying consolidated accounts of "**Le Foyer, Compagnie Luxembourgeoise S.A.**" and its subsidiaries for the financial year ended 31 December 2001 and have read the supporting management report. The consolidated accounts and consolidated management report have been approved by the Board of Directors. Our responsibility is to express an opinion on these consolidated accounts, based on our audits, and to verify that the consolidated management report is consistent with them.

We conducted our audits in accordance with international audit standards. These standards require that we plan and perform our audits in such a way as to obtain a reasonable guarantee that the consolidated accounts contain no material misstatements. As part of the audit process, we also examine a random selection of the documentary evidence supporting the amounts and information contained in the consolidated accounts. The process also entails assessing the accounting principles and methods used and significant estimates made by the Board of Directors in preparing the consolidated accounts, as well as evaluating the overall presentation of the accounts. We believe that our audits provide a reasonable basis on which to express an opinion.

In our opinion, the accompanying consolidated accounts provide, in accordance with the legal and regulatory provisions in force in Luxembourg, a true and fair view of the assets and liabilities and financial position of "**Le Foyer, Compagnie Luxembourgeoise S.A.**", and its subsidiaries at 31 December 2001 and of their consolidated results for the financial year ended on this date.

The consolidated management report is consistent with the consolidated accounts.

Luxembourg, 15 March 2002

PricewaterhouseCoopers S.à r.l.
Company auditor
Represented by
Luc Henzig and Didier Mouget



"Kutter" from Lucien Wercollier
Parc de la Ville (Luxembourg-City)

Consolidated Balance at 31.12.2001

ASSETS

	Notes	31.12.2001 (€)	31.12.2000 (€)
Intangible assets	11(b),12		
Concession, patents and licenses		2 194 291,72	4 993 430,75
Investments			
I. Land, buildings and installations	11(c),13	18 567 669,47	18 600 606,87
II. Investments in associated undertakings and participating interests			
A. Participating interests	11(d),14	2 352 090,36	3 929 607,39
B. Bonds and debentures issued by companies with which the company has an equity link and accounts receivables from these companies		128 913,34	298 678,96
		2 481 003,70	4 228 286,35
III. Other financial investments	11(e),15		
A. Equities and other variable-income marketable securities and shares in mutual funds		157 640 221,89	182 998 671,91
B. Bonds and other fixed-income marketable securities	11(f),15	280 064 989,98	328 600 491,72
C. Mortgage loans		731 353,56	612 846,10
D. Other loans (including policy advances)	16	5 727 973,04	5 743 607,01
E. Deposits with credit institutions		259 205 000,00	177 438 879,10
		703 369 538,47	695 394 495,84
IV. Deposits with ceding companies		15 463 962,20	14 246 770,59
Total investments		739 882 173,84	732 470 159,65
Investments on behalf of life insurance policyholders where the risk is assumed by the policyholder	11(g)	818 288 444,17	678 368 846,29
Subrogation and recoveries		2 906 380,56	2 820 113,92

The notes included in this annex are an integral part of the annual accounts.

ASSETS

continued and end

	Notes	31.12.2001 (€)	31.12.2000 (€)
Reinsurers' share in technical provisions			
I.	Provision for unearned premiums	5 696 695,81	5 392 939,61
II.	Provision for life insurance	936 040,21	1 291 573,14
III.	Provision for claims	52 263 661,25	58 591 274,31
	Total reinsurers' share in technical provisions	58 896 397,27	65 275 787,06
Accounts receivable			
	11(h)		
I.	Accounts receivable originating from direct insurance operations from:		
	A. Policyholders	3 801 153,74	3 584 376,73
	B. Insurance brokers	10 622 946,73	10 694 378,13
		14 424 100,47	14 278 754,86
II.	Accounts receivable from reinsurance operations	875 751,54	2 933 632,75
III.	Other accounts receivable	133 605 725,27	52 960 815,93
	Total accounts receivable	148 905 577,28	70 173 203,54
Other assets			
I.	Tangible assets	11(c) 3 426 808,88	4 610 202,56
II.	Bank deposits, deposits in post office accounts, cheques and cash	30 052 661,56	59 632 481,17
III.	Other assets	16 931,13	16 931,13
	Total other assets	33 496 401,57	64 259 614,86
Accrued income			
I.	Interest and rental income accrued and overdue	4 671 997,31	10 595 484,99
II.	Deferred acquisition expenses	11(i) 133 682,15	2 505 321,05
III.	Other accrued income	198 078,31	243 407,83
	Total accrued income	5 003 757,77	13 344 213,87
	TOTAL ASSETS	1 809 573 424,18	1 631 705 369,94

The notes included in this annex are an integral part of the annual accounts.

Consolidated Balance at 31.12.2001

LIABILITIES

	Notes	31.12.2001 (€)	31.12.2000 (€)
Shareholders' equity	17		
I. Subscribed capital		44 901 680,00	44 831 130,00
II. Issue premiums		2 718 301,70	2 251 684,00
III. Reserves			
A. Consolidation adjustments	8,18	37 799 786,26	37 799 786,26
B. Consolidated reserves	19,20	68 780 222,36	49 036 794,14
C. Profit for the year		14 610 737,56	27 302 006,80
Total shareholders' equity		168 810 727,88	161 221 401,20
Special items with a share of reserves	9,21	36 347 410,82	38 232 962,35
Technical provisions	11(j)		
I. Provision for unearned premiums		56 914 523,08	53 153 417,27
II. Provision for Life insurance		224 908 436,14	210 844 464,48
III. Provision for claims		249 884 790,18	250 523 996,02
IV. Provision for profit sharing and no-claims bonuses		2 139 307,70	3 232 529,35
V. Equalisation reserve		32 658 614,78	32 333 387,09
		566 505 671,88	550 087 794,21
Technical provision relating to Life insurance where investment risk is assumed by the policyholder	11(j)	818 288 444,17	678 368 846,29
Total technical provisions		1 384 794 116,05	1 228 456 640,50
Subrogations and recoveries - reinsurers' share		734 359,79	734 359,79

The notes included in this annex are an integral part of the annual accounts.

LIABILITIES

continued and end

	Notes	31.12.2001 (€)	31.12.2000 (€)
Provision for other liabilities and charges	11(k)		
I. Provisions for pensions and similar commitments		14 150 851,08	13 357 478,17
II. Provisions for taxes		19 426 651,64	12 809 177,90
III. Other provisions		2 468 202,65	2 497 089,17
Total provisions for other liabilities and charges		36 045 705,37	28 663 745,24
Deposits received from reinsurers		22 430 848,66	37 431 198,68
Accounts payable	11(l),22		
I. Due on direct insurance operations		8 514 347,88	5 824 641,02
II. Due on reinsurance operations		5 430 684,29	6 597 360,93
III. Due to credit institutions		31 367 905,58	58 812 786,70
IV. Due to tax authorities and social security		4 246 448,02	4 039 547,56
V. Other accounts payable		106 491 344,36	56 322 013,93
Total accounts payable		156 050 730,13	131 596 350,14
Accrued expenses and prepayments	11(m)	4 359 525,48	5 368 712,04
TOTAL LIABILITIES		1 809 573 424,18	1 631 705 369,94

The notes included in this annex are an integral part of the annual accounts.

Consolidated profit and loss account at 31.12.2001

	Notes	31.12.2001 (€)	31.12.2000 (€)
Non-Life Insurance Technical Account	23		
Premiums earned, net of reinsurance			
I. Gross premiums written	25	182 361 548,09	173 960 880,65
II. Premiums ceded to reinsurers		-45 415 326,09	-44 415 337,00
III. Change in gross value of provision for unearned premiums		-3 681 012,96	-1 848 906,89
IV. Change in value of reinsurers' share in provision for unearned premiums		303 756,20	-355 999,91
Total premiums earned, net of reinsurance		133 568 965,24	127 340 636,85
Allocated investment income transferred to the non technical account	11(o)	634 440,70	10 029 381,82
Other technical income, net of reinsurance		-	-

The notes included in this annex are an integral part of the annual accounts.

	Notes	31.12.2001 (€)	31.12.2000 (€)
Non-Life Insurance Technical Account (continued and end)			
Claims expenses, net of reinsurance			
I. Amounts paid			
A. Gross value		-90 524 060,77	-104 267 909,86
B. Reinsurers' share		14 995 532,50	29 846 244,53
		-75 528 528,27	-74 421 665,33
II. Change in provision for claims			
A. Gross value		208 724,24	17 802 460,79
B. Reinsurers' share		-5 598 739,99	-19 444 160,86
		-5 390 015,75	-1 641 700,07
III. Change in provision for recourse			
A. Gross value		86 266,64	573 437,42
B. Reinsurers' share		-	-721 965,11
		86 266,64	-148 527,69
Total claims expenses, net of reinsurance		-80 832 277,38	-76 211 893,09
Net operating expenses			
I. Acquisition expenses	27	-36 605 462,38	-37 226 136,56
II. Administrative expenses	11(p), 27	-5 318 104,56	-6 541 896,34
III. Commission received from reinsurers and profit sharing		3 507 246,96	4 002 566,26
Total net operating expenses		-38 416 319,98	-39 765 466,64
Other technical expenses, net of reinsurance		-1 039 786,99	-1 195 580,12
Change in equalisation reserve		-325 227,69	-8 048 259,05
Technical profit on Non-Life insurance business		13 589 793,90	12 148 819,77

The notes included in this annex are an integral part of the annual accounts.

Consolidated profit and loss account at 31.12.2001

	Notes	31.12.2001 (€)	31.12.2000(€)
Life insurance technical account	24		
Premiums earned, net of reinsurance			
I. Gross premiums written	26	285 422 703,73	248 148 499,51
II. Premiums ceded to reinsurers		-6 283 703,28	-7 217 895,40
III. Change in value of provision for unearned premiums, net of reinsurers		-80 092,85	61 208,57
Total premiums earned, net of reinsurance		279 058 907,60	240 991 812,68
Investment income			
I. Income from participating interests		135 231,60	19 125,68
II. Income from other investments			
A. Income from land, buildings and installations		562 733,51	594 752,78
B. Income from other investments		14 651 788,84	19 593 891,94
		15 214 522,35	20 188 644,72
III. Writebacks of adjustments to value of investments		-	-
IV. Proceeds from the sale of investments		11 333 677,30	30 614 126,07
Total investment income		26 683 431,25	50 821 896,47
Unrealised capital gains on investments	11(g)	7 290 518,64	5 273 813,31
Other technical income, net of reinsurance		5 292 718,92	4 108 064,73
Claims expenses, net of reinsurance			
I. Amounts paid			
A. Gross value		-87 245 496,95	-41 463 609,43
B. Reinsurers' share		2 161 499,14	3 174 198,35
		-85 083 997,81	-38 289 411,08
II. Change in value of provision for claims			
A. Gross value		430 481,60	1 388 082,21
B. Reinsurers' share		-728 873,07	-391 734,98
		-298 391,47	996 347,23
Total claims expenses, net of reinsurance		-85 382 389,28	-37 293 063,85

The notes included in this annex are an integral part of the annual accounts.

	Notes	31.12.2001 (€)	31.12.2000 (€)
Life insurance technical account (continued and end)			
Change in other technical provisions, net of reinsurance			
I. Provision for Life insurance			
A. Gross value		-14 063 971,66	-27 677 965,05
B. Reinsurers' share		-355 532,93	27 066,95
		-14 419 504,59	-27 650 898,10
II. Other technical provisions, net of reinsurance		-139 919 597,88	-159 700 470,18
Total change in other technical provisions, net of reinsurance		-154 339 102,47	-187 351 368,28
Share in profits and no-claims bonuses, net of reinsurance		986 351,45	-453 149,68
Net operating expenses			
A. Acquisition expenses	27	-4 803 169,55	-7 647 035,73
B. Change in acquisition expenses		-2 371 638,90	-
C. Administrative expenses	11(p), 27	-6 771 342,65	-5 926 275,21
D. Commissions received from reinsurers and profit sharing		720 254,80	802 561,51
Total net operating expenses		-13 225 896,30	-12 770 749,43
Investment expenses			
I. Investment management expenses including interest charges		-4 008 432,73	-4 902 803,55
II. Adjustments to value of investments		-8 015 892,68	-7 410 641,58
III. Losses on the sale of investments		-7 957 174,16	-719 087,35
Total investment expenses		-19 981 499,57	-13 032 532,48
Unrealised capital losses on investments	11(g)	-43 577 322,07	-39 924 059,18
Other technical expenses, net of reinsurance		-786 919,81	-11 982,15
Allocated investment income transferred to the non technical account	11(n)	-1 639 767,23	-8 697 875,66
Technical profit on Life insurance business		379 031,13	1 660 806,48

The notes included in this annex are an integral part of the annual accounts.

Cosolidated profit and loss account at 31.12.2001

	Notes	31.12.2001 (€)	31.12.2000 (€)
Non technical account			
Profit on Non-Life insurance technical account		13 589 793,90	12 148 819,77
Profit on Life insurance technical account		379 031,13	1 660 806,48
Investment income			
I. Income from undertakings in which the company has a participating interest		446 480,00	–
II. Income from other investments			
A. Income from land, buildings and installations		37 631,59	5 661,19
B. Income from other investments		18 407 342,18	17 835 776,36
		18 444 973,77	17 841 437,55
III. Writeback of adjustments to value of investments		5 287,50	–
IV. Income from the sale of investments		18 906 001,31	26 088 051,28
Total investment income		37 802 742,58	43 929 488,83
Allocated investment income transferred from the Life insurance technical account	11(n)	1 639 767,23	8 697 875,66

The notes included in this annex are an integral part of the annual accounts.

	Notes	31.12.2001 (€)	31.12.2000 (€)
Non technical account (account and end)			
Investment expenses			
I. Investment management expenses, including interest charges		-5 324 770,29	-4 649 879,35
II. Adjustments to value of investments		-16 440 533,24	-12 074 633,80
III. Losses on the sale of investements		-10 481 133,25	-2 829 093,96
Total investment expenses		-32 246 436,78	-19 553 607,11
Allocated investment income transferred to the Non-Life insurance technical account	11(o)	-634 440,70	-10 029 381,82
Income from the elimination of special items with a share of reserves	9, 21	3 600 996,55	108 345,60
Transfers to special items with a share of reserves		-1 715 445,02	-2 456 384,87
Other income		1 338 444,30	1 082 964,77
Other expenses including value adjustments		-3 040 789,21	-187 930,88
Tax on ordinary profit		-5 632 762,26	-7 061 847,70
Net profit on ordinary operations		15 080 901,72	28 339 148,73
Other taxes not included in the above item		-788 205,92	-635 749,87
Share in profits of equity-reported companies		318 041,76	-401 392,06
PROFIT FOR THE YEAR		14 610 737,56	27 302 006,80

The notes included in this annex are an integral part of the annual accounts.

Annex to the consolidated accounts at 31 December 2001

Company profile

- 1 Le Foyer, Compagnie Luxembourgeoise S.A.** was constituted on 13 November 1998 and has its registered offices in Luxembourg. Its corporate purpose is essentially all operations relating to the acquisition of shareholdings, and the administration, management, control and development of such shareholdings.

Presentation of the annual accounts

- 2** The company first prepared consolidated annual accounts and a consolidated management report as of 31 December 1999. The annual accounts and management report are prepared in compliance with criteria established under Luxembourg law and are available for inspection at the company's registered offices.

Consolidation principles and methods

Consolidation rules

- 3** The consolidation rules were established pursuant to the provisions of the law of 8 December 1994 relating to the consolidated annual accounts of insurance and reinsurance companies.

So as to present asset and liability headings, and the charges and commitments included in the consolidated accounts, on a comparable basis, certain items were reclassified and restated prior to implementation of the consolidation principles themselves.

Consolidation sphere and methods

- 4 (a) Criteria for consolidation by global integration**

All holdings in which the company, directly or indirectly, owns more than 50,0% of share capital and where the group's Board of Directors controls the subsidiary's various management bodies, are consolidated by the global integration method.

With this method, all the subsidiary's assets and liabilities are included in the accounts of the parent company individually, instead of the book value of the holding.

Upon first consolidation, the dividends of consolidated companies are accounted for as a reduction in the book value of the holdings. The profit for the financial year of the companies consolidated by



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"Non violence" from Carl F. Reuterswärd
Bâtiment Jean Monnet (Kirchberg)

global integration is divided up between the parent company and minority interests. Reciprocal accounts and transactions are eliminated.

4 (b) Criteria for consolidation by proportional integration

Significant companies over which the group shares control with one or more companies not belonging to the group are integrated in proportion to the percentage interest held by the group.

By this method, all assets and liabilities of the companies in question are included on the consolidated accounts pro rata to the capital held by the group.

4 (c) Criteria for reporting by equity method

All companies considered significant in which the group does not share control but directly or indirectly holds between 20,0% and 50,0% of share capital are reported by equity method.

By this method, the value of the share in the net assets of equity-reported companies owned by the group is included in the balance sheet of the parent company instead of the total book value of the holdings.

On the profit and loss account of the parent company, the parent's share in the profits of equity-reported companies is included instead of the dividends received.

Excluded from the consolidated accounts are all companies where, on the date the accounts are closed:

- the parent's direct or indirect holding is less than 20,0% of total share capital;
- their impact on sales or net profit or the total balance sheet is negligible in relation to the same items at group level.

Close of accounts

5 The financial year of all consolidated companies ends on 31 December.



"L'envol" from Charlotte Engel Findel (Airport from Luxembourg)

Companies included in the sphere of consolidation

6 (a) Subsidiaries consolidated by global integration

Company	Address	% holding
Le Foyer Assurances	6, rue Albert Borschette L-1246 Luxembourg	100,0%
Le Foyer Vie	6, rue Albert Borschette L-1246 Luxembourg	100,0%
Foyer RE	6, rue Albert Borschette L-1246 Luxembourg	100,0%
Foyer International	6, rue Albert Borschette L-1246 Luxembourg	100,0%
Foyer Asset Management	6, rue Albert Borschette L-1246 Luxembourg	100,0%

6 (b) Subsidiaries reported by equity method

Company	Address	% holding
Europ Assistance	6, rue Albert Borschette L-1246 Luxembourg	49,0%
Le Foyer-ARAG	6, rue Albert Borschette L-1246 Luxembourg	50,0%
Le Foyer Santé	6, rue Albert Borschette L-1246 Luxembourg	50,0%
Le Foyer, Ottaviani & Associés	28, boulevard Joseph II L-1840 Luxembourg	51,3%

Valuation rules

- 7 The valuation rules adopted by subsidiaries are similar to those used by the consolidating company and the same prudent approach is adopted in their preparation.

Consolidation adjustments

- 8 Consolidation adjustments reflect the differences arising on first-time consolidation. Differences on first-time consolidation are calculated on the basis of the book value of the holdings at the time of their first inclusion in the sphere of consolidation and are posted either to the asset side of the balance sheet under the "Goodwill in acquisition" heading or to the liability side of the balance sheet under the "Consolidation adjustments" heading. Consolidation adjustments on the liability side remain on the consolidated accounts as long as the companies in question remain included in the sphere of consolidation.

Special items with a share in reserves

- 9 Companies included in the group's sphere of consolidation have in recent years sold a number of assets that have realised capital gains. Pursuant to Luxembourg tax regulations, certain capital gains realised in this way are exempt from capital gains tax, provided the capital gains are reinvested within two years of the sale.

Capital gains to be reinvested are reported on the consolidated accounts as "extraordinary revenues" at the time of realisation. The possibility of deferred taxation is not taken into account. Capital gains to be reinvested in depreciable assets are depreciated over the life of the underlying assets.

Consolidation reserves

- 10 Consolidation reserves include any changes in the reserves of consolidated companies in the course of the financial year in question, plus any internal transfers such as intra-company profits which, at the time of consolidation, must be restated at consolidated profit level.

Summary of main accounting policies

- 11 The main accounting policies used by the company in the preparation of the annual accounts are as follows:

11 (a) Conversion of items denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are converted to euro (€) at the exchange rate in force on the date the accounts are closed.



"La Sauterelle, grande" from Germaine Richier
Private collection

Transactions denominated in foreign currencies carried out in the course of the year are converted to euro (€) at the exchange rate in force on the date of the transaction.

11 (b) Intangible assets

Intangible assets are valued at historical cost of acquisition or current market price.

Intangible assets are amortised on a straight-line basis at a rate of 20,0% per year.

Start-up expenses are fully amortised in the year in which they arise.

11 (c) Tangible assets

Tangible assets are valued at historical cost of acquisition. The cost of acquisition is obtained by adding associated expenses to the purchase price.

Tangible assets with a limited useful life are depreciated on a straight-line basis at the following rates:

Category of tangible assets	% rate
- Land, buildings and installations	2,0 %
- other tangible assets excl. IT equipment	10,0 %
- IT equipment	20,0 %

Tangible assets with an unlimited useful life are not depreciated.

11 (d) Participating interests not included in the sphere of consolidation

Participating interests not included in the sphere of consolidation are reported on the balance sheet at the cost of acquisition. The value of these holdings is adjusted only if the Board of Directors believes the participating interests have suffered a lasting diminution in value. The adjustments are reversed if the reasons giving rise to them cease to exist.



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Sculpture Fontaine from Bertrand Ney
Grand'Rue (Luxembourg-City)

Consolidated companies reported by equity method are included at a value equal to the parent company's share in the capital and earnings of the companies in question.

11 (e) Other financial investments

Other financial investments, with the exception of the "Bonds and other fixed-income marketable securities" caption, are valued at the historical cost of acquisition, which includes associated expenses.

In the event of a diminution in value at the close of accounts, the value of other financial investments, with the exception of the "Bonds and other fixed-income marketable securities" caption, is adjusted to reflect the lower value assigned to the investments at this date.

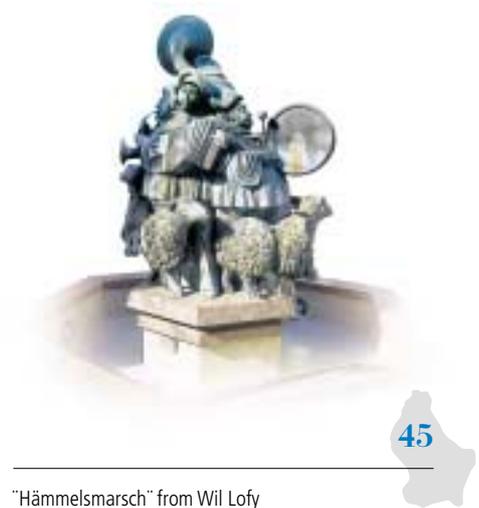
These value adjustments are not reversed, even if the reasons giving rise to them cease to exist.

11 (f) Bonds and other fixed-income marketable securities

Bonds and other fixed-income marketable securities are valued at the historical cost of acquisition or at their redemption price, taking into account the following elements:

- positive differences (agio) between the cost of acquisition and redemption price are posted directly to the profit and loss account;
- negative differences (disagio) between the cost of acquisition and redemption price are not reported as revenue until the security reaches maturity.

Value adjustments corresponding to positive differences between the amortised cost of acquisition or redemption price and the market value are also maintained even if the reasons giving rise to them have ceased to exist.



"Hämmelsmarsch" from Wil Lofy
Roude Pëtz / Grand'Rue (Luxembourg-City)

"Élément d'architecture contorsionniste IV"
from Jean Dubuffet
Banque Générale du Luxembourg (Kirchberg)



11 (g) Investments on behalf of Life insurance policyholders where the risk is assumed by the policyholder

Investments on behalf of Life insurance policyholders where the risk is assumed by the policyholder are valued at their market value on the date the accounts are closed and the difference between this value and the cost of acquisition posted to the Life insurance technical account under the unrealised capital gains or losses on investments heading.

The market value corresponds either to the value of the investment on the securities market or the price at which the investment could be sold, estimated prudently and in good faith.

11 (h) Accounts receivable

Accounts receivable are recorded on the balance sheet at less than their nominal value and expected realisation value. These values are adjusted once the amounts have been fully or partially recovered.

These value adjustments are reversed if the reasons giving rise to them cease to exist.

11 (i) Deferred acquisition expenses

Acquisition expenses are reported when incurred, with the exception of expenses relating to a product marketed in Germany, which are staggered over a period of two years.

11 (j) Technical provisions

The group has established technical reserves sufficient to enable it to honour, as far as can reasonably be predicted, all commitments resulting from its insurance policies.

Provision for unearned premiums

The premiums earned include all premiums received or to be received in respect of insurance policies concluded before the close of the financial year.

Premiums written that relate to one or more future years are deferred by means of a transfer to the provision for unearned premiums, calculated separately for each insurance policy pro rata to the period of the premium.

Provision for Life insurance

The provision for Life insurance, which includes the actuarial value of the company's commitments, net of future premiums (prospective method), is calculated separately for each policy on the basis of the mortality tables generally used in Luxembourg.

For all products, the technical parameters used to calculate provisions are the same as those used to establish tariffs.

The calculations are based on valuation premiums (non-zillmerised).

The present value of commitments is calculated by interpolation to the nearest month. The present value of future premiums takes the staggered payment of premiums into account.

Provision for claims

The provisions for claims represent the total estimated cost (including management expenses) of settling all claims outstanding at the year-end, whether or not declared, after deduction of any amounts already paid in respect of these claims.

Provisions for claims are calculated separately for each claim, excluding all discounts and deductions.

Provision for profit sharing

This provision represents amounts reserved for policyholders or beneficiaries that have been set aside from any surplus or profit resulting from operations or partial refund of premiums, made on the basis of policy performance.





"La mort du dernier centaure"
from Antoine Bourdelle
Château de Colpach

Equalisation reserve

The equalisation reserve represents the provision enabling the group to even out, or "equalise", fluctuations in the claims rate from one year to the next or to cover special risks, as required by law or government regulation.

Technical reserves for Life insurance where the investment risk is assumed by the policyholder

This caption represents the technical reserves set aside to cover commitments linked to the value of investments made in the context of Life insurance policies, where the value or return is dependent on the performance of an index or the performance of investments on which the risk is assumed by the policyholder.

11 (k) Provisions for other liabilities and charges

The purpose of provisions for other liabilities and charges is to provide cover for charges and accounts payable that, though very clearly defined, were, on the date the balance sheet was closed, either not yet definite or else definite but of an as yet unspecified sum or uncertain date.

Provisions for the staff pension fund included under this heading are calculated by book value method, in compliance with the mortality tables and interest rates stipulated in the regulations.

11 (l) Accounts payable

Accounts payable are recorded on the liability side at their repayment value.

Where the sum required to settle the account is higher than the sum received, the difference is recorded as a charge on the date the debt is registered.

Where the sum required to settle the account is lower than the sum received, the difference is posted as a credit on the profit and loss account and staggered over the term of the agreement.

11 (m) Prepayments

This heading corresponds to revenues received prior to the close of accounts but attributable to a future year.

11 (n) Allocated investment income transferred from the Life technical account

Allocated investment income transferred from the Life technical account to the non-technical account corresponds to the income generated by assets forming part of the company's unrestricted assets.

11 (o) Allocated investment income transferred to the Non-Life technical account

This income corresponds to the portion of total net investment income generated by assets constituting the Non-Life technical reserves transferred from the non-technical account so as to render technical profit on the Non-Life business more representative.

11 (p) Administrative expenses

Administrative expenses consist mainly of expenses incurred in collecting premiums, administering portfolios, and managing profit sharing, no-claims bonuses and accepted and ceded reinsurance. They also include personnel expenses and the depreciation of furniture, fittings and equipment, provided these are not related to other items and therefore accounted for under acquisition expenses, claims and investment charges.

11 (q) Value adjustments

Value adjustments are deducted directly from the value of the asset in question.



"Gëlle Fra" from Claus Cito
Place de la Constitution (Luxembourg-Ville)

Intangible assets

12 Movements in intangible assets in the course of the year were as follows:

(in €)	Concessions, patents, licences and trade marks	
	2001	2000
Gross value at 01.01.	7 022 500,67	3 609 464,84
Additions in the period	1 050 766,67	3 413 035,83
Transfers in the period	1 465 511,77	–
Disposals in the period	-4 837 881,75	–
Gross value at 31.12.	4 700 897,36	7 022 500,67
Cumulative value adjustments at 01.01.	-2 029 069,93	- 1 169 255,47
Transfers in the period	-625 317,52	–
Value adjustment in the period	147 781,81	-859 814,46
Cumulative value adjustments at 31.12.	-2 506 605,64	-2 029 069,93
Net value at 31.12.	2 194 291,72	4 993 430,75

Land, buildings and installations

13 Movements under this heading in the course of the year were as follows:

(in €)	Land 2001	Buildings and installations 2001	Total 2001	Total 2000
Gross value at 01.01.	7 667 882,90	19 535 889,76	27 203 772,66	20 817 889,50
Additions in the year	–	389 004,70	389 004,70	6 385 977,95
Disposals in the year	–	-31 499,08	-31 499,08	-94,79
Gross value at 31.12.	7 667 882,90	19 893 395,38	27 561 278,28	27 203 772,66
Cumulative value adjustments at 01.01.	–	-8 603 165,79	-8 603 165,79	-8 220 711,06
Cumulative value adjustments after first-time consolidation	–	–	–	-382 454,73
Value adjustments in the year	–	-390 443,02	-390 443,02	–
Cumulative value adjustments at 31.12.	–	-8 993 608,81	-8 993 608,81	-8 603 165,79
Net value at 31.12.	7 667 882,90	10 899 786,57	18 567 669,47	18 600 606,87

The market value of the group's "land, buildings and installations" at 31 December 2001 was € 32.948.615,92, net of any associated expenses. This valuation is based on an appraisal carried out by property consultants A.D. van Dijk Consultants.

Investments in participating interests

14 In the companies listed below, which are carried by equity method, the group has participating interests representing at least 20,0% of total share capital.

(in €) Name and domicile	Capital held at 31.12.2001 (% net)	Shareholders' equity at 31.12.2001	Special items with share in reserves at 31.12.2001	Profit for FY 2001	Cost of aquisition	Value of equity interest at 31.12.2001
Le Foyer-ARAG 6, rue Albert Borschette L - 1246 LUXEMBOURG	50,000000%	616 177,14 of which non-paid up capital of € 247.880	–	182 696,71	123 953,53	308 088,57
Europ Assistance Luxembourg 6, rue Albert Borschette L - 1246 LUXEMBOURG	49,000000%	668 574,35	–	191 334,51	145 761,39	327 601,43
Le Foyer Santé 6, rue Albert Borschette L - 1246 LUXEMBOURG	50,000000%	1 522 214,52	–	-324 279,14	1 185 000,00	761 107,26
Le Foyer, Ottaviani & Associés 28, Boulevard Joseph II L - 1840 LUXEMBOURG	51,316583%	1 861 568,03	–	575 016,98	1 276 500,00	955 293,10
TOTAL					2 731 214,92	2 352 090,36

In the following companies the group has interests representing more than 20,0% of share capital. These companies are not consolidated because they were deemed to be of negligible significance on the date the accounts were closed. For consolidation purposes, the book value of these companies has been incorporated under the "Equities and other variable-income marketable securities and shares in mutual funds" caption under the "Other financial investments" heading.

Securities not included on the official list of a securities exchange and not traded on another regulated market are valued at their likely sale value, as estimated prudently and in good faith by the Board of Directors.

(in €)	Capital held	Subscribed capital	Book value
Immo-Croissance Conseil 69, route d'Esch L - 1470 Luxembourg	33,333333%	75 000,00	24 789,35
Luxiprivilège Conseil 19-21, bd Prince Henri L - 1724 Luxembourg	50,000000%	74 368,06	38 448,29
Samlux 5, place de la Gare L - 1012 LUXEMBOURG	25,000000%	12 000 000,00 of which non-paid up capital of € 9 000 000	750 000,00
Actualux 5, place de la Gare L - 1012 LUXEMBOURG	25,000000%	77 500,00	226 979,17
Gecalux 5, place de la Gare L - 1012 LUXEMBOURG	21,520000%	5 000 000,00	507 963,58
TOTAL			1 548 180,39
Market value			1 548 180,39

Other financial investments

- 15 The present values of the "Equities and other variable-income marketable securities" and the "Bonds and other fixed-income marketable securities" headings at 31 December 2001 were € 172.786.009,31 and € 281.318.112,06 respectively.

The present value of the securities portfolio is calculated as follows:

- Marketable securities included on the official list of a securities exchange or traded on another regulated market are valued at the latest price available on the valuation date.

- Marketable securities not included on the official list of a securities exchange and not traded on another regulated market and for which the latest available price is not representative are valued at the likely sale price estimated prudently and in good faith by the Board of Directors.

Other loans

- 16** Other loans are covered by a guarantee on the insurance policy taken out by the borrower.

Subscribed capital and issue premiums

- 17** Movements in subscribed capital and issue premiums in the course of the year were as follows:

(in €)	Subscribed capital	Issue premiums
At 31.12.2000	44 831 130,00	2 251 684,00
Capital increase (agreed by Board of Directors on 7 March 2001)	70 550,00	466 617,70
At 31.12.2001	44 901 680,00	2 718 301,70

Having obtained authorisation at the Extraordinary General Meeting of Shareholders held on 25 May 2000, the Board of Directors, at a meeting on 7 March 2001, decided to increase the company's capital via a share subscription offer reserved exclusively for employees of the parent company, its directly-owned subsidiaries and companies in which the group has a holding of at least 33,0%, plus insurance agents working on behalf of the Le Foyer group. The issue of 14.110 new shares at a price of € 38,07 each, representing an increase in the company's subscribed capital of € 70.550,00 and an increase in issue premiums of € 466.617,70 was formally registered by notary's deed on 23 May 2001.

On 31 December 2001, subscribed capital came to € 44.901.680,00, represented by 8.980.336 fully paid up shares with no assigned nominal value. Authorised share capital is € 74.350.000,00.

Consolidation adjustments

- 18 The value of the "consolidation adjustments" heading is € 37.799.786,26 and corresponds to differences arising on first-time consolidation.

Statutory reserve

- 19 Each year 5,0% of the company's net profit must be transferred to a statutory reserve fund required under Luxembourg law. These transfers will cease to be obligatory once the value of the statutory reserve fund is equivalent to 10,0% of total share capital.

The statutory reserve cannot be distributed to shareholders, except in the event of the company's dissolution.

Consolidated reserves

- 20 Movements under the "consolidated reserves" heading in 2001 were as follows:

(in €)	2001	2000
Statutory reserve	2 650 000,00	1 525 000,00
Other reserves	5 400 000,00	400 000,00
Consolidated reserves	51 864 646,28	47 032 577,00
Retained profit	8 865 576,08	79 217,14
Total	68 780 222,36	49 036 794,14

Special items with a share in reserves

- 21 By virtue of article 54 of the LIR (Luxembourg tax law), capital gains realised on the following items are exempt from tax:

(in €)	2001	2000
Reinvested capital gains		
Equity interests	18 655 160,28	32 798 764,37
Land, buildings and installations	3 713 179,30	3 821 524,90
Sub-total	22 368 339,58	36 620 289,27
Capital gains to be reinvested at 31.12.	13 979 071,24	1 612 673,08
Total	36 347 410,82	38 232 962,35



"Bachus" from Wil Lofy
Esplanade (Remich)

The portion of the tax-exempt capital gains generated on property is posted on release to the "Revenue from the elimination of special items with a share in reserves" caption of the profit and loss account.

Breakdown of accounts payable by residual term

- 22 All accounts payable have a residual term of less than one year.

Results on Non-Life insurance activities

- 23 Between direct insurance and accepted reinsurance key P&L figures for Non-Life insurance activities break down as follows:

(in €)	Direct insurance 2001	Accepted reinsurance 2001
Gross premiums written	182 206 705,74	154 842,35
Gross premiums earned	178 525 609,19	154 925,94
Gross claims expenses	-90 291 701,94	-23 634,59
Gross operating expenses	-40 700 368,84	-
Reinsurance balance	-36 731 321,89	-

By branch of direct insurance these key figures break down as follows:

(in €)	Fire and other material damage	Motor Civil Liability Risks	Motor Other	Civil Liability
Gross premiums written	43 573 933,89	42 947 293,83	40 461 328,98	17 295 309,11
Gross premiums earned	42 652 857,53	41 514 414,71	39 408 801,26	17 170 101,72
Gross claims expenses	-14 540 109,22	-33 752 764,40	-25 177 610,30	-7 534 405,56
Gross operating expenses	-13 335 888,05	-8 842 086,58	-10 598 816,74	-3 542 163,85
Reinsurances balance	- 9 295 047,17	-3 172 550,25	-662 620,05	-2 603 526,93

Results on Life insurance activities

24 The key P&L figures for Life insurance activities break down as follows:

(in €)	Direct insurance		Accepted reinsurance	
	2001	2000	2001	2000
Individual premiums	271 411 476,59	232 074 622,57	3 482 550,41	1 955 295,99
Group premiums	10 528 676,73	14 118 580,95	–	–
Regular premiums	90 688 790,22	92 347 573,43	3 482 550,41	1 955 295,99
Single premiums	191 251 363,10	153 845 630,09	–	–
Premiums on policies without share in profits	10 000 883,49	9 403 013,22	3 204 301,44	1 798 872,31
Premiums on policies with share in profits	30 498 491,06	28 629 245,64	278 248,97	156 423,68
Premiums on policies where investment risk is assumed by the policyholder	241 440 778,77	208 160 944,66	–	–
Reinsurance balance	-5 017 899,45	-4 067 904,82	–	–

Geographical breakdown of Non-Life premiums written

25 By geographical area (based on where the premium was written) the total value of gross premiums written in direct insurance, € 182.206.705,74 in 2001, breaks down as follows:

(in €)	2001	2000
Subscriptions in the Grand Duchy of Luxembourg	180 658 041,54	172 908 619,39
Subscriptions in other EU member states	1 548 664,20	924 011,11
Subscriptions in non-EU countries	–	–
Total	182 206 705,74	173 832 630,50

Geographical breakdown of Life premiums written

- 26** By geographical area (based on where the premium was written) the total sum of gross premiums written in direct insurance, € 281.940.153,32 in 2001, breaks down as follows:

(in €)	2001	2000
Subscriptions in the Grand Duchy of Luxembourg	41 760 385,07	43 046 378,68
Subscriptions in other EU member states	239 787 747,12	202 877 475,88
Subscriptions in non-EU countries	392 021,13	269 348,96
Total	281 940 153,32	246 193 203,52

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Commissions

- 27** Commissions paid to insurance brokers by companies consolidated by global or proportional integration in respect of direct insurance business totalled € 21.526.793,34 (vs. € 22.975.749,38 in 2000). Between acquisition costs and administrative expenses this figure breaks down as follows:

Employee headcount

- 28** The average headcount in the course of 2001 was 353, spread across the following categories:

Categories	Headcount	
	2001	2000
Management	22	21
Executives	68	78
Clerical	259	240
Manual	4	3
	353	342

Personnel expenses for 2001 break down as follows:

(in €)	2001 Gross	2000 Deductions	2001 Net	2000 Net
Salaries and wages	17 820 513,40	-321 896,41	17 498 616,99	16 440 705,43
Other personnel expenses	5 452 399,92	-152 065,06	5 300 334,86	5 740 610,37
Social security	2 075 385,36	-43 246,01	2 032 139,35	1 857 817,87
	25 348 298,68	-517 207,48	24 831 091,20	24 039 133,67
o/w pensions			3 423 695,72	3 309 859,44

Wages and social security contributions paid by equity-reported companies are not included under the personnel expenses heading. 2000 figures have been restated to bring this heading into line with the requirements of the Luxembourg Insurance Commission.

Emoluments paid to members of administrative, management and supervisory bodies, and pension commitments in respect of former members of these bodies

- 29 For 2001 emoluments paid to members of administrative, management and supervisory bodies in respect of functions exercised and pension commitments to former members of these bodies break down as follows :

	Emoluments
Management bodies	€ 3.178.990,95

Loans and advances granted to members of management bodies and commitments undertaken on behalf of these persons

- 30 Loans granted to members of management bodies and commitments undertaken on behalf of these persons break down as follows :

	Sum outstanding	Interest rates	Term
Management bodies	€ 731 353,56	from 1,5% to 4,75%	4 to 13 years

Repayments in the course of the year totalled € 5.439,30.

Commitments assumed on behalf of members of the management bodies in 2001 came to € 123.946,76.



"Taichi Single Whip" from Ju Ming,
Dexia Banque Internationale à Luxembourg
Parc Heintz (Luxembourg-City)

Europ Assistance Services (Settler) provides all services needed for the successful relocation of employees and their families new to the Grand Duchy of Luxembourg.

Equipped with teams specially trained in relocation and supported by a sophisticated, modern infrastructure, Settler International offers a full range of services ensuring that employees and their families are relocated quickly and efficiently and without undue cost to the company.

**For a new insurance concept,
choose Le Foyer.**

Management report

Management Report from the **Le Foyer S.A.** Board of Directors presented to the Annual General Meeting of Shareholders on 4 April 2002.

In 2001, as in 2000, the company decided to increase its capital, by a maximum of 75.000 new shares (within the authorised limits) via a cash offer reserved for employees and insurance agents of the **Le Foyer S.A.** group. The offer resulted in the issue of 14.110 new shares and took the company's total share capital from € 44.831.130,00 to € 44.901.680,00, represented by 8.980.336 shares. The Board of Directors has decided to repeat the offer again in 2002.

Net profit in 2001 came to € 9,21 million, compared to € 22,44 million the previous year.

The table below gives a breakdown of the company's results.

(€ million)	31.12.2001	31.12.2000
Income from participating interests:	9,17	23,92
Le Foyer Assurances	6,27	16,50
Le Foyer Vie	1,65	7,42
Foyer Asset Management	1,25	-
Income from securities, cash and equivalents:	2,04	1,50
Charges (value adjustments, interest, financial expenses)	-1,00	-1,13
General expenses	-0,85	-1,85
Profit before tax	9,36	22,44
Tax	-0,15	-
Net profit	9,21	22,44

Le Foyer Assurances and **Le Foyer Vie** paid exceptionally high dividends in 2000, to help fund the group's restructuring.

The dividends paid to **Le Foyer S.A.** in 2001 were based on the recurring profits of the group's operating companies.

General expenses in 2001 were lower than in 2000, when the expense heading included the cost of the company's stock market flotation.

At the end of 2001, **Le Foyer S.A.** sold its interest in Life insurance company **Clave** to its Spanish partner. The sale, which was prompted by a change in strategy on the part of the Spanish shareholder, yielded a small capital gain.



"L'Africaine" from Lucien Wercollier
Hôtel Sofitel (Kirchberg)

Outlook

Pending approval at the annual general meetings of the respective companies, in the first half of 2002 **Le Foyer S.A.** will receive the following dividends from its subsidiaries:

(€ million)	
Le Foyer Assurances	6,27
Le Foyer Vie	1,65
Foyer Asset Management	1,26
Total	9,18

Appropriation of profit

At the General Meeting of Shareholders the Board of Directors will propose distributing its available profits of € 18.073.690,83, consisting of net profit for 2001 of € 9.208.114,75 plus retained profit of € 8.865.576,08 carried forward from 2000, as follows:

(€)	
Statutory reserve	461 000,00
Gross dividend of € 0,85 per share on 8 980 336 shares	7 633 285,60
Other reserves	5 000 000,00
Balance carried forward	4 979 405,23
TOTAL	18 073 690,83

If this proposal is accepted by shareholders, a gross dividend of € 0,85, after deduction of the 20,0% Luxembourg withholding tax on income from securities (€ 0,68 net per share), will be payable from 15 April 2002 upon presentation of coupon no. 2:

- in the Grand Duchy of Luxembourg, at the offices of the National Savings Bank (BCEE),
- in Belgium, at PETERCAM SA.

Luxembourg, 15 March 2002

The Board of Directors

Report from the statutory auditor

To the Shareholders of Le Foyer, Compagnie Luxembourgeoise S.A.

We have inspected the accompanying annual accounts of "**Le Foyer, Compagnie Luxembourgeoise S.A.**" for the financial year ended 31 December 2001 and have read the supporting management report. The annual accounts and management report have been approved by the Board of Directors. Our responsibility is to express an opinion on these accounts, based on our audits, and to verify that the management report is consistent with them.

We conducted our audits in accordance with international audit standards. These standards require that we plan and perform our audits in such a way as to obtain a reasonable guarantee that the annual accounts contain no material misstatements. As part of the audit process, we also examine a random selection of documentary evidence supporting the amounts and information contained in the annual accounts. The process also entails assessing the accounting principles and methods used and significant estimates made by the Board of Directors in preparing the annual accounts, as well as evaluating the overall presentation of the accounts. We believe that our audits provide a reasonable basis on which to express an opinion.

In our opinion, the accompanying annual accounts provide, in accordance with the legal and regulatory provisions in force in Luxembourg, a true and fair view of the assets and liabilities and financial position of "**Le Foyer, Compagnie Luxembourgeoise S.A.**" at 31 December 2001 and of its results for the financial year ended on this date.

The management report is consistent with the annual accounts.

Luxembourg, 15 March 2002

PricewaterhouseCoopers S.à r.l.
Company auditor
Represented by
Luc Henzig and Didier Mouget



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"Coquille" from Bertrand Ney
Klosegroendchen (Kirchberg)

Balance sheet at 31.12.2001

ASSETS

	Notes	31.12.2001 (€)	31.12.2000 (€)
Intangible assets			
Long-term financial investments	3(c)		
A. Interests in associated undertakings	4	41 162 644,44	42 910 527,08
B. Participating interests		976 979,17	1 125 739,17
Total intangible assets		42 139 623,61	44 036 266,25
Current assets			
I. Trade accounts receivable			
Other receivables	3(d),5	485 248,45	612 634,89
II. Short-term investments			
Other receivables	3(e)	23 750 000,00	15 152 125,00
III. Bank deposits, deposits in post office accounts, cheques and cash		7 603 303,51	11 319 735,40
Total current assets		31 838 551,96	27 084 495,29
Accrued income		353 354,51	464 657,11
Total assets		74 331 530,08	71 585 418,65

The notes included in this annex are an integral part of the annual accounts.

LIABILITIES

	Notes	31.12.2001 (€)	31.12.2000 (€)
Shareholders' equity	7		
I. Subscribed capital		44 901 680,00	44 831 130,00
II. Issue premiums		2 718 301,77	2 251 684,00
III. Reserves			
A. Statutory reserve	8	2 650 000,00	1 525 000,00
B. Other reserves		5 400 000,00	400 000,00
IV. Retained profit carried forward		8 865 576,08	79 217,14
Total shareholders' equity		64 535 557,78	49 087 031,14
Provisions for liabilities and charges			
Tax provisions		152 289,10	216,97
Accounts payable	3(f),9		
I. Due to credit institutions		462,51	3 479,69
II. Due to tax authorities and social security		5 202,37	2 386,09
III. Other accounts payable	6	429 903,57	49 315,98
Total accounts payable		435 568,45	55 181,76
Profit for the year		9 208 114,75	22 442 988,78
Total liabilities		74 331 530,08	71 585 418,65

The notes included in this annex are an integral part of the annual accounts.

Profit and loss account for the year ended 31.12.2001

	Notes	31.12.2001 (€)	31.12.2000 (€)
Expenses			
I.	Adjustments to asset values		
	A. Adjustments to value of participating interests	148 760,00	–
	B. Adjustments to value of other marketable securities	745 000,00	1 092 282,74
II.	Interest and related expenses	70 689,71	31 972,81
III.	Other expenses	842 454,07	1 856 511,78
IV.	Losses on sale of assets	39 540,00	2 250,00
V.	Tax on profit from ordinary activities	14 986,47	–
VI.	Other taxes not included in the above item	137 085,66	61,97
VII.	Profit of the year	9 208 114,75	22 442 988,78
	Total expenses	11 206 630,66	25 426 068,08
Income			
I.	Income from fixed assets		
	Income from long-term financial investments 100 % in associated undertakings	9 169 731,17	23 924 855,00
II.	Income from current assets		
	Income from other marketable securities	557 104,37	346 823,18
III.	Other interests and similar income	813 147,00	596 876,59
IV.	Proceeds from sale of assets	666 648,12	557 513,31
	Total income	11 206 630,66	25 426 068,08

The notes included in this annex are an integral part of the annual accounts.

Annex to the annual accounts for the year ended 31 December 2001

Company profile

- 1 Le Foyer, Compagnie Luxembourgeoise S.A.** (hereinafter the company) was constituted on 31 November 1998 and has its registered offices in Luxembourg. Its corporate purpose is essentially all operations relating to the acquisition of shareholdings, and the administration, management, control and development of such shareholdings.

Presentation of the annual accounts

- 2** The company first prepared consolidated annual accounts and a consolidated management report on 31 December 1999. The annual accounts and management report are prepared in compliance with criteria established under Luxembourg law and are available for inspection at the company's registered offices.

The company is also included in the consolidated accounts of "**Le Foyer Finance, Compagnie Luxembourgeoise S.A.**", the largest group of which the company is a subsidiary. This company has its registered offices at 6, rue Albert Borschette, L -1246 Luxembourg and the consolidated accounts are available for inspection at this address.

Summary of main accounting policies

- 3** The main accounting policies adopted by the company in the preparation of the annual accounts are as follows:

3 (a) Conversion of items denominated in foreign currencies

Assets and liabilities denominated in foreign currencies are converted to euro (€) at the exchange rate in force on the date the accounts are closed.

Transactions denominated in foreign currencies carried out in the course of the year are converted to euro (€) at the exchange rate in force on the date of the transaction.

3 (b) Formation and capital increase expenses

Formation expenses are amortised in full in the first year of operation and capital increase expenses are amortised in full in the year in which they arise.

3 (c) Long-term financial investments

Long-term financial investments are valued at the historical cost of acquisition, which includes associated expenses.



"Mother and Child" from Henry Moore
Place des Martyrs
(Rousegaertchen - Luxembourg-City)

In the event of lasting diminution in value, the value of long-term financial investments is adjusted to reflect the lower value assigned to the investments at the date the accounts are closed. These value adjustments are not reversed, even if the reasons giving rise to them cease to exist.

3 (d) Accounts receivable

Accounts receivable are recorded on the balance sheet at less than their nominal value and expected realisation value. These values are adjusted once the amounts have been fully or partially recovered.

3 (e) Other marketable securities

Other marketable securities are valued at historical cost of acquisition or market price, whichever is the lowest. Value adjustments corresponding to the difference between market price and cost of acquisition are not reversed and the lower value (Beibehaltungsprinzip) is retained even if the reasons giving rise to the adjustment have ceased to exist.

3 (f) Accounts payable

Accounts payable are recorded on the liability side at their repayment value.

Where the sum required to settle the account is higher than the sum received, the difference is recorded as a charge on the date the debt is registered.

Where the sum required to settle the account is lower than the sum received, the difference is posted as a credit on the profit and loss account and staggered over the term of the agreement.

3 (g) Value adjustments

Value adjustments are deducted directly from the value of the asset in question.



Long-term financial investments

- 4 The company had the following interests in associated undertakings at 31 December 2001:

	Capital interest	Cost of acquisition €	Shareholders' equity at 31.12.2001 €	Profit for FY 2001 €
Le Foyer Assurances	99,999394%	23 175 257,94	80 231 501,09	9 525 475,11
Le Foyer Vie	99,999394%	7 784 662,72	29 558 894,30	1 700 538,75
Foyer International	99,999667%	7 436 780,95	7 249 979,05	662 168,08
Foyer Asset Management	99,998333%	1 489 442,83	3 919 206,44	2 484 799,10
Le Foyer, Ottaviani & Associés	51,316583%	1 276 500,00	1 286 551,05	575 016,98

Other accounts receivable

- 5 All other accounts receivable have a residual term of more than one year.

Other accounts payable

- 6 Other accounts payable totalled € 429.903,57 at 31 December 2001 and included commitments to associated undertakings to a value of € 263.656,31.

Shareholders' equity

7 Movements in subscribed capital in the course of the year were as follows:

(€)	Subscribed capital	Issue premiums	Statutory reserve	Other reserves	Profit carried forward	Profit for FY 2001
At 31.12.2000	44 831 130,00	2 251 684,00	1 525 000,00	400 000,00	79 217,14	22 442 988,78
Appropriation of 2000 profit						
dividends						-7 531 629,84
other			1 125 000,00	5 000 000,00		-6 125 000,00
retained profit carried forward					8 786 358,94	-8 786 358,94
Capital increase (agreed 7 March 2001)	70 550,00	466 617,70				
2001 profit						9 208 114,75
At 31.12.2001	44 901 680,00	2 718 301,70	2 650 000,00	5 400 000,00	8 865 576,08	9 208 114,75

Having obtained authorisation at the Extraordinary General Meeting of Shareholders held on 25 May 2000, the Board of Directors, at a meeting on 7 March 2001, decided to increase the company's capital via a share subscription offer reserved exclusively for employees of the parent company, its directly-owned subsidiaries and companies in which the group has a holding of at least 33,0%, plus insurance agents working on behalf of the Le Foyer group. The issue of 14.110 new shares at a price of € 38,07 each, representing an increase in the company's subscribed capital of € 70.550,00 and an increase in issue premiums of € 466.617,70 was formally registered by notary's deed on 23 May 2001.

On 31 December 2001, subscribed capital came to € 44.901.680,00, represented by 8.980.336 fully paid up shares with no assigned nominal value. Authorised share capital is € 74.350.000,00.

Statutory reserve

- 8** Each year 5,0% of the company's net profit must be transferred to a statutory reserve fund required under Luxembourg law. These transfers will cease to be obligatory once the value of the statutory reserve fund is equivalent to 10,0% of total share capital.

The statutory reserve cannot be distributed to shareholders, except in the event of the company's dissolution.

Breakdown of accounts payable by residual term

- 9** All accounts payable have a residual term of less than one year.



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The annual report is also published in French. Please contact our Financial Services to obtain a copy.

The accounts of all our companies included in the present consolidation are available at our Financial Services.

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The English version is a free translation from the original text and may thus not be binding on the company

Concept and design:

Ertle Design & Artwork

Photography:

- Collection Marcel Schroeder
- Carlo Hommel
- François Buny
 - © Photothèque de la Ville de Luxembourg
- Jean-Paul Kieffer (Dexia-BIL)
- Robert Theisen (Luxembourg Sculptures)
- Jochen Herling
- Ertle Design and Artwork

Printing:

Imprimerie de la Cour Victor Buck

We wish to thank all the persons involved
in the creation of this annual report.

