Le Foyer S.A.

Annual Report 2003

LE FOYER

The purpose of an annual report is to present a company's accounts and activity.

This factual approach can all too often make us forget the human adventure underpinning a company's history.

This year, in commemoration of Mr Marc Lambert, President of Le Foyer Finance, we would like to pay tribute to those people who have left their mark on Le Foyer group's development, without forgetting those who have, in whatever way, assisted these endeavours.

We trust you will find our 2003 Annual Report enjoyable reading.

Tribute to Mr Marc Lambert

Mr Marc Lambert joined Le Foyer on 10 May 1940, swiftly climbing the ranks of the managerial hierarchy.
Appointed a director in 1944, he became President and Chief Executive of Le Foyer, Compagnie Luxembourgeoise d'Assurances in 1957. Following the group's restructuring in 1990, he was appointed President of the Board of Directors of the holding company, Le Foyer S.A., a position he held until his death on 27 January 2004.

In a career spanning more than 60 years, Mr Marc Lambert oversaw the destiny of a company which was close to his heart. During this period, group turnover rose from the equivalent of € 300,000 to over € 400 million and the workforce grew to more than 400.
Mr Marc Lambert also left a deep imprint on the Grand Duchy's insurance sector as a whole, notably as founder of the Association des Compagnies d'Assurances du Grand-Duché de Luxembourg (ACA), and on the Luxembourg economy in general, through the numerous functions he exercised in a wide range of companies.

Contents

2003 consolidated financial highlights

Consolidated revenues

(€ million)	2003	∆%	2002	∆%	2001
Premiums written	435.08	8.4	401.49	-14.2	467.78
Non-life	203.58	6.2	191.70	5.1	182.36
Life	231.50	10.3	209.79	-26.5	285.42

Consolidated net profit by sector of activity

	2003	∆%	2002	∆%	2001
Non-life insurance	14.78	16.1	12.73	35.0	9.43
Life insurance	3.01	N/A	*-4.29	N/A	2.36
Asset management	2.80	49.4	1.87	-33.6	2.82
Total (net of minority interests)	20.59	99.7	10.31	-29.4	14.61

* after posting a € 5.66 million tax-exempt capital gain to the liabilities side of the balance sheet under "special items with a share in reserves"

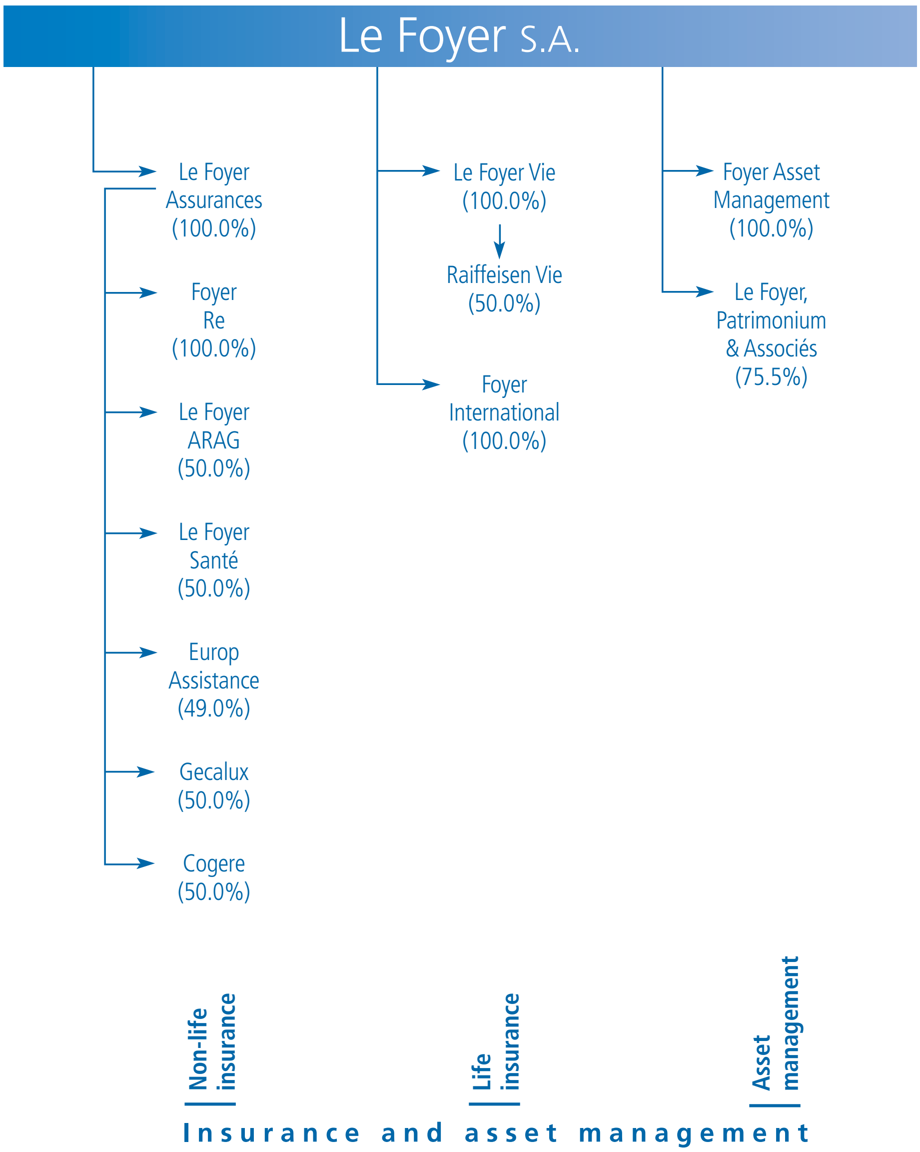
Employees

	2003	2002	2001
Headcount (at year-end)	**409**	**387**	**371**

Financial ratios

	2003	2002	2001
Recurring earnings per share (in €)	2.29	1.15	1.63
Price/earnings	10.7	13.5	16.0
Gross dividend per share (in €)	0.9375	0.85	0.85
Net dividend per share (in €)	0.75	0.68	0.68
Shareholders' equity per share (in €)	24.77	23.67	22.85

Group activities



Board of Directors
Le Foyer, Compagnie Luxembourgeoise S.A.

(at 1 April 2004)

François TESCH, President

Romain BECKER

Marcel DELL

Dominique LAVAL

LUXEMPART S.A.
(usually represented by Jacquot SCHWERTZER)

Henri MARX

Théo WORRE

Patrick ZURSTRASSEN

Marcel MAJERUS, General Secretary

Supervisory bodies

Statutory auditor:

PricewaterhouseCoopers S.à r.l.

Audit committee:

Romain BECKER, President

LUXEMPART S.A.
(usually represented by Jacquot SCHWERTZER)

François TESCH

„Le Foyer"
COMPAGNIE LUXEMBOURGEOISE D'ASSURANCES

Managing Committee
Groupe Le Foyer S.A.

François TESCH, President

Henri MARX

Daniel ALBERT

Philippe BONTE

Jean-Louis COURANGE

Marcel DELL

Benoît DOURTE

Marcel MAJERUS

Gilbert WOLTER

Le Foyer
Compagnie Luxembourgeoise d'Assurances
SOCIÉTÉ ANONYME

Management

General Management::	François TESCH, Chief Executive Henri MARX, Deputy Chief Executive
Non-life Insurance:	Henri MARX, Deputy Chief Executive Le Foyer Assurances: Paul FOHL, Deputy Director Adèle LAMBERTY, Deputy Director René ARNOLDY, Assistant Director Frédéric HELIAS, Assistant Director Foyer Re: Henri MARX, Director Le Foyer-ARAG: Adèle LAMBERTY, Managing Director Le Foyer Santé: Gilbert WOLTER, Director Europ Assistance: Jean-Claude STOOS, Managing Director
Life Insurance:	Le Foyer Vie: Philippe BONTE, Director Foyer International: Jean-Louis COURANGE, Director Raiffeisen Vie: Philippe BONTE, Director
Sales & Marketing:	Gilbert WOLTER, Director
Accounts and Finance:	Marcel DELL, Director Jean-Paul BEMTGEN, Deputy Director Christine JOLY, Assistant Director
Asset Management:	Foyer Asset Management: Marcel DELL, Accredited Director Roland NILLES, Accredited Director Le Foyer, Patrimonium & Associés: Jean-Michel WILLEMAERS, Accredited Director Sandrine DUBOIS, Accredited Director
Legal:	Marcel MAJERUS, Director Alain HUBERTY, Assistant Director
Human Resources and General Services:	Benoît DOURTE, Director
Information Technology:	Daniel ALBERT, Director

LE FOYER
ASSURANCES

28 October 1922 – Foundation of Le Foyer, Compagnie Luxembourgeoise d'Assurances

„LE FOYER“

COMPAGNIE LUXEMBOURGEOISE D'ASSURANCES

STATUTS

DU 28 OCTOBRE 1922.

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Mémorial du **Grand-Duché de Luxembourg.** — **Memorial** des **Großherzogtums Luxemburg.**

ANNEXE.

Recueil spécial des actes, extraits d'actes, procès-verbaux et documents relatifs aux sociétés commerciales, publiés en conformité de la loi du 10 août 1915.

Lundi, le 13 novembre 1922. — № 50. — Montag, den 13. November 1922.

« Le Foyer », Compagnie Luxembourgeoise d'Assurances.

Pardevant Maître François-Joseph Altwies, notaire de résidence à Luxembourg, arrondissement et Grand-Duché du même nom, en présence des deux témoins ci-après nommés,

Ont comparu:

1° Madame Elise Bach, sans état particulier, demeurant à Luxembourg, veuve de Monsieur Paul Lefèvre;

2° Monsieur Joseph Bach, Conseiller à la Cour Supérieure de Justice, demeurant à Luxembourg;

3° Monsieur Charles Britt, directeur général d'assurances, demeurant à Elberfeld (Rhénanie);

4° Monsieur Auguste Collart, propriétaire-agronome, ancien directeur général de l'agriculture, de l'industrie et du commerce, demeurant au Château de Bettembourg;

5° Monsieur Jean-Baptiste Didier, propriétaire-agronome, membre de la Chambre des députés, demeurant à Rodenbourg;

6° Monsieur Guillaume Haus, directeur général d'assurances, demeurant à München-Gladbach (Rhénanie);

7° Monsieur Nicolas Hoffmann-Bettendorf, industriel, demeurant à Bruxelles;

8° Monsieur André Laval, ingénieur, demeurant à Eich;

9° Monsieur Léon Laval-Tudor, ingénieur, demeurant à Eich, agissant:

a) en son nom personnel et

b) comme mandataire de:

1. Monsieur Fernand-Henri-Sylvain Duval, directeur génér
Luxembourgeoise de Crédit et de Dépôts à Luxembourg, dem
lui délivrée le vingt-six octobre mil neuf cent vingt-deux;
2. Monsieur Joseph Simon, brasseur, demeurant à Wiltz,
vingt-six octobre mil neuf cent vingt-deux;
3. Monsieur Hubert-John Tudor, propriétaire, demeurant a
curation lui délivrée le vingt-cinq octobre mil neuf cent ving
4. Monsieur Emmanuel Villeroy de Galhau, propriétaire, den
en vertu d'une procuration lui délivrée le vingt-six octobre m

10° Monsieur Michel Pfeiffer, agent général d'assurances,

11° Monsieur Armand Spoo, industriel, ancien bourgmestre
Alzette;

12° Monsieur Gustave Wilhelmy, propriétaire, ancien meml
à Rollingen-lez-Mersch;

13° Monsieur Charles Bech, banquier, consul de Norvège,
ui-même qu'au nom et pour le compte de tiers, qu'il se réserve
il se porte fort, et

14° Monsieur Max Lambert, directeur de banque, demeur

a) en nom personnel,

b) en sa qualité d'administrateur-directeur de la Société L
Luxembourg, société anonyme, établie à Luxembourg, stipula
le compte de tiers, qu'elle se réserve de désigner ultérieureme

c) comme mandataire de Monsieur Ernest Hamélius, prési
Altesse Royale la Grande-Duchesse, membre du Conseil d'État
procuration lui délivrée le vingt-huit octobre mil neuf cent v

Toutes les procurations ci-dessus mentionnées sont délivrées
phées « ne varietur » par les mandataires respectifs elles resten
elles seront soumises à la formalité du timbre et de l'enregist

Lesquels comparants, ès-qualités, ont arrêté ainsi qu'il sui
constituent par les présentes.

Mr Léon Laval-Tudor (founder member), President of the Board of Directors and President of the Managing Committee (1922-1941 and 1945-1957), had the original idea of creating LE FOYER, which subsequently became Luxembourg's largest insurance company.


Le Foyer

Compagnie Luxembourgeoise d'Assurances

SOCIÉTÉ ANONYME

Constituée suivant acte reçu par Me François ALTWIES, notaire de résidence à Luxembourg, le 28 octobre 1922 et publiée aux annexes du Mémorial, le 12 novembre 1922 N° 50, pour une durée de 30 ans, prenant cours le 28 octobre 1922.

Siège social: Luxembourg

Capital social: Cinq Millions de Francs

représenté par

deux mille cinq cents actions de deux mille francs chacune libérées de six cents francs par titre.

Il est créé, en outre, deux cents parts bénéficiaires sans désignation de valeur.

PART BÉNÉFICIAIRE

AU PORTEUR

SANS DÉSIGNATION DE VALEUR.

N° 0022

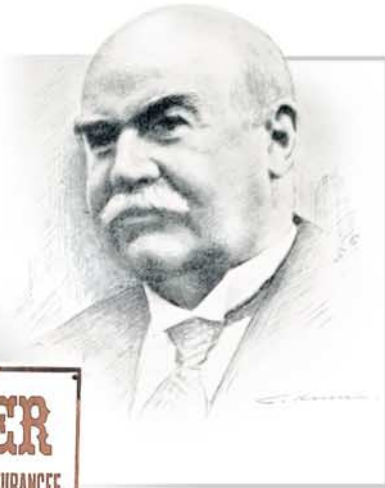
Luxembourg, le 28 octobre 1922.

LE FOYER

COMPAGNIE LUXEMBOURGEOISE D'ASSURANCES

Un administrateur, Un administrateur,

Mr Ernest Hamélius
(founder member),
Director
(1922-1937)



Mr Charles Bech
(founder member),
Director
(1922-1958)

HOMMAGE

A LA MEMOIRE DE

MONSIEUR JOSEPH BACH

Messieurs,

Depuis notre dernière Assemblée nous avons eu à déplorer la perte de Monsieur Joseph BACH, Conseiller honoraire de la Cour Supérieure de Justice, administrateur-délégué de notre Compagnie, décédé le 26 décembre 1939 à la suite d'un accident tragique.

Principal fondateur du FOYER, Monsieur BACH en avait assumé dès sa création la haute direction, qu'il a conservée jusqu'à sa fin. Si, après 17 ans d'activité, le FOYER a su conquérir la première place dans l'industrie nationale d'assurances, c'est au travail dévoué de son administrateur-délégué qu'il le doit en premier lieu. Nous conserverons un souvenir impérissable de cet homme d'élite, qui fut aussi le chef bienveillant de son personnel et l'ami dévoué de ses collègues.

Mr Joseph Bach
(founder member),
1st Chief Executive,
Managing Director
(1922-1939)

Letter from the President

After the difficult economic and financial conditions of 2001 and 2002, Le Foyer S.A.'s consolidated profits picked up sharply in 2003. Consolidated net profit virtually doubled from € 10.31 million in 2002 to € 20.59 million in 2003, while consolidated revenues rose 8.4% to € 435.08 million.

All group companies made positive contributions to Le Foyer S.A.'s consolidated profits, apart from Raiffeisen Vie, which was in a start-up phase after being founded at the end of 2002.

Le Foyer S.A. also posted renewed growth in consolidated revenues after the 14.2% decline in 2002. This healthy trend was evident in both Non-life insurance and life insurance

The impetus for these results stemmed from several factors:

- First of all, 2003 brought recoveries in both the economy and the stock market, primarily in the second half of the year. Rising equity markets boosted not only revenues, essentially in our cross-border life activities, but also consolidated profits at Le Foyer S.A., the latter thanks to write-backs of value adjustments on the securities portfolio.
- Secondly, thanks to a combination of technically sound pricing, a stringent underwriting policy and tight control of general expenses, we managed to keep operating profits at healthy levels. These factors enabled us to offset the decline in recurring financial income caused by lower interest rates, the downsizing of our higher-yielding equity portfolios and increased reinsurance costs.

Thanks to our prudent managerial approach of the last three years, we have now restored profitability to pre-stock-market-crisis levels. This fine performance also enables us to propose a gross dividend payment of € 0.9375 per share, a 10.3% increase on 2002.

LE FOYER
Groupe d'Assurances

With economic and financial prospects improving, we are cautiously optimistic about the 2004 financial year. Our financial solidity gives us scope to invest in the most profitable activities, while also continuing to target niche segments of our businesses.

Against this backdrop, we will focus on developing our asset management and life insurance businesses.

I would like to take this opportunity to thank all our clients, partners, agents and employees for their unstinting efforts in 2003, without which Le Foyer S.A. could not have achieved these highly encouraging results.

I would also like to thank our shareholders for their loyalty.

François TESCH

Mr Max Lambert (founder member), Vice-President of the Managing Committee, Vice-President of the Board of Directors (1922-1957)

1922-1928 – Le Foyer offices located in Maison Moll (at the corner of rue du Casino and rue du Nord, in the city of Luxembourg)

„LE FOYER"

COMPAGNIE LUXEMBOURGEOISE D'ASSURANCES

Société Anonyme au Capital de 5.000.000 Francs.

Siège social: LUXEMBOURG.

Versicherungssumme lux.Frk.100.000,-

Jahresprämie lux.Frk.3.110,--

Versicherungsschein Nr. 4257

Tabelle I ohne Gewinnanteil.

Lebenslängliche Todesfallversicherung mit lebenslänglicher Prämienzahlung.

Zwischen „LE FOYER" Compagnie Luxembourgeoise d'Assurances einerseits und andrerseits Herrn Jean Peusch, Mühlenbesitzer und Getreidehändler, wohnhaft zu Clerf, geboren den 8. Juli 1894 zu Clerf, wurde auf Grund des von demselben gestellten Antrages und der dazu gemachten schriftlichen Erklärungen folgende Vereinbarung getroffen:

Die Versicherungsgesellschaft versichert zu den nachfolgenden allgemeinen und besonderen Versicherungsbedingungen auf das Leben des Herrn Jean Peusch

die Summe von lux.Frk. HUNDERTTAUSEND,
zahlbar nach dem Tode des Versicherten.

Bezugsberechtigt aus der Versicherung ist die Ehefrau des Versicherten Marie geb. Wilmes.

Die Jahresprämie beträgt lux.Frk.Dreitausendeinhundertzehn, zahlbar bis zum Ende des Versicherungsjahres, in welchem der Tod des Versicherten eintritt.

Mr Max Menager (founder member), General Inspector, Director, Member of the Board (1922-1962)

8 November 1941 – The Civil Administration issues an order forcing Le Foyer into receivership. Its portfolios are automatically ceded to "Oeffentliche Sach- & Oeffentliche Lebensversicherungs-Anstalt in Luxembourg", an organisation set up at the same time by the Civil Administration.

Following liberation, the Company quickly resumes its activities as "All measures taken by the occupier during the occupation are declared null and void".

«HAUS und HERD»

(vorm. «LE FOYER»)

Luxemburgische Versicherungs-Aktiengesellschaft

LUXEMBURG

18. GESCHÄFTSBERICHT

für das Jahr 1940

Consolidated management report

Consolidated management report of **Le Foyer S.A.**, presented to the Annual General Meeting of Shareholders on 1 April 2004.

Consolidated results

Revenues picked up by a healthy 8.4% in 2003, following a 14.2% decline in 2002.

Non-life and life insurance posted increases of 6.2% and 10.3%, respectively.

Whereas life insurance carried out under the free provision of services regime outside Luxembourg suffered from falling stock markets in 2002, revenues bounced back by 8.4% in 2003, boosted notably by a strong recovery in the second half. Domestic life insurance revenues increased 14.5%, with group insurance particularly buoyant.

The following table shows consolidated revenues in 2002 and 2003 for life insurance and Non-life insurance, together with year-on-year growth rates for each business.

(€ million)	2003	%	2002	%	∆%
Non-life insurance	203.58	46.8	191.70	47.7	6.2
Life insurance	231.50	53.2	209.79	52.3	10.3
Total	**435.08**	**100.0**	**401.49**	**100.0**	**8.4**

After stripping out premiums related to fronting activities for captive reinsurance companies, Non-life revenues grew 5.8%. Non-life premiums collected under the free provision of services regime in the south of Belgium climbed 28.4%.

Consolidated net profit virtually doubled from € 10.31 million in 2002 to € 20.59 million in 2003.

The following table shows the breakdown of consolidated net profit by the main branches of activity for 2002 and 2003.

	Net profit		
(€ million)	**2003**	2002	**∆%**
Non-life insurance	14.78	12.73	16.1
Life insurance	3.01	* -4.29	N/A
Asset management	2.80	1.87	49.4
Total (net of minority interests)	**20.59**	**10.31**	**99.7**

* after posting a € 5.66 million tax-exempt capital gain to the liabilities side of the balance sheet under "special items with a share in reserves"

The improvement in consolidated net profit during the year stemmed from write-backs of value adjustments on the securities portfolio following the rally in stock markets. The value adjustments had been made amid adverse stock-market conditions in 2002.

Non-life insurance

The group's Non-life insurance companies comprise **Le Foyer Assurances** (100%) and **Foyer Re** (100%), both of which are fully consolidated, plus **Europ Assistance** (49%), **Le Foyer-ARAG** (50%), **Gecalux** (50%) and **Le Foyer Santé** (50%), all of which are proportionally consolidated. The table below provides key figures for the Non-life insurance business in 2002 and 2003:

(€ million)	**2003**	2002	**∆%**
Revenues	203.58	191.70	6.2
Net profit	14.78	12.73	16.1

Revenues grew 6.2% to € 203.58 million in 2003, following a 5.1% increase in 2002.

After stripping out premiums related to fronting activities for captive reinsurance companies, **Le Foyer Assurances** posted revenues of € 167.82 million in 2003, a 5.8% increase on the 2002 figure of € 158.57 million.

Motor insurance continued to sell well in 2003 (+5.8%), with the fully comprehensive Tous Risques Auto policies recording growth of 9.2%.

As regards the other branches, revenues grew by 5.2% overall, fuelled in part by tariff increases in industrial risks.

In addition, revenues earned in southern Belgium under the free provision of services regime climbed 28.4% in 2003 (versus a 24.7% increase in 2002), spurred primarily by a competitive motor insurance product.

The combination of good technical results and stringent cost control offset the reduction in recurrent financial income stemming from lower interest rates and the reduced number of higher-yielding securities in the portfolio.

Net profit totalled € 14.94 million in 2003, a 17.6% increase on the 2002 figure of € 12.70 million.

Whereas € 20.80 million of value adjustments were booked on the securities portfolio in 2002, the corresponding 2003 figure was only € 2.58 million. In addition, € 4.04 million of value adjustments were written back on sizeable participating interests in 2003.

Foyer Re, the group’s captive insurance subsidiary, recorded an increase in the provision for fluctuations in the claims rate, from € 27.91 million at end-2002 to € 34.79 million at end-2003, partly thanks to the write-back of value adjustments on securities. Although Foyer Re had to shoulder a heavy claims expense in the motor civil liability segment, it managed to offset some of the impact by laying off risk to other reinsurers.

Le Foyer Assurances increased its stake in Gecalux, the subsidiary managing captives, from 33.33% to 50.0%, with the remaining 50.0% being owned by Kredietbank S.A. Luxembourgeoise. With industrial risk tariffs currently firming, the captive reinsurance market remains buoyant.

Life insurance

The group's life insurance business includes two fully consolidated companies – **Le Foyer Vie** (100%), which operates in Luxembourg, and **Foyer International** (100%), which markets products and services outside Luxembourg under the free provision of services regime – and **Raiffeisen Vie** (50.0%), which is proportionally consolidated.

The table below provides key consolidated figures for this business:

(€ million)	**2003**	2002	Δ%
Consolidated revenues	231.50	209.79	10.3
Foyer International	172.44	159.07	8.4
Le Foyer Vie	58.08	50.72	14.5
Raiffeisen Vie	0.98	N/A	N/A
Net profit	3.01	* -4.29	N/A
Foyer International	0.41	0.63	-33.8
Le Foyer Vie	2.69	* -4.92	N/A
Raiffeisen Vie	-0.09	N/A	N/A

* after posting a € 5.66 million tax-exempt capital gain to the liabilities side of the balance sheet under "special items with a share in reserves"

Overall, revenues grew 10.3% in 2003 after falling 26.5% in 2002.

Le Foyer Vie's revenues rose 14.5% to € 58.08 million during the year.

In individual insurance, growth slowed to 7.3% from 13.4% in 2002, primarily due to the termination of a sizeable policy. Savings product revenues, which account for more than two-thirds of total individual insurance revenues, again rose strongly, by 12.9%, notably on the back of further growth in retirement savings products.

In the group insurance segment, premium receipts rose by 39.6% in 2003 versus 8.0% in 2002. This robust growth stemmed primarily from efforts to bring existing top-up pension schemes into line with new legislation by the legal deadline of 31 December 2003.

Le Foyer Vie contributed € 2.69 million to consolidated net profit in 2003. This compares with a deficit of € 4.92 million in 2002, caused by booking a € 5.66 million tax-exempt capital gain on the sale of a sizeable holding directly to the liabilities side of the balance sheet under "special items with a share in reserves".

The fall in recurrent financial income was offset by a reduction in general expenses (stemming partly from lower consultancy expenses), combined with the absence of value adjustments on the securities portfolio in 2003.

Foyer International posted an 8.4% increase in revenues earned under the free provision of services regime, versus a 33.7% decline in 2002. Whereas falling stock markets had an adverse effect in 2002, the rally in equity prices was beneficial in 2003.

Consolidated net profit eased to € 0.41 million from € 0.63 million in 2002. This was largely the result of a higher tax bill, due to the fact that a tax-loss carry-forward had been applied in 2002.

At the end of 2002, Le Foyer Vie set up life insurer **Raiffeisen Vie** in partnership with Banque Raiffeisen. Raiffeisen Vie's share capital is split equally between the two companies. The new company started trading in the first quarter of 2003 and booked € 1.96 million of revenues and a € 0.19 million loss for its first year.

Asset Management

The group's asset management business comprises **Foyer Asset Management** (100%), **Le Foyer, Patrimonium & Associés** (75.5%), both of which are fully consolidated, and the financial income of the parent company, **Le Foyer S.A.**

The following table shows the profits of these three companies:

(€ million)	2003	2002	∆%
Net profit	2.80	1.87	49.4
Le Foyer S.A. (holding company)	0.42	0.19	120.3
Foyer Asset Management	2.32	1.51	52.8
Le Foyer, Patrimonium & Associés	0.06	0.17	-63.0

Asset management's contribution to consolidated net profit rose by 49.4% in 2003, from € 1.87 million to € 2.80 million.

Earnings from **Foyer Asset Management's** brokerage business improved on the back of robust bond trading activity in the first half of 2003 and an upturn in equity trading in the second half. The positive effects were enhanced by a tight grip on general expenses.

The consolidated net profit of **Le Foyer, Patrimonium & Associés** declined as a result of a higher tax bill and an increased headcount in the second half of 2003. Although funds under management increased from € 118.17 million at end-2002 to € 183.50 million at end-2003, they have yet to fulfil their potential in terms of revenues.

Outlook

Following two particularly difficult years, conditions for the insurance and asset management industries have taken a turn for the better in 2003.

Thanks to the economic upturn and rallying stock markets, **Le Foyer S.A.'s** revenues and earnings saw renewed growth. The combination of a sound pricing policy, tightly controlled general expenses and prudent asset management helped the group to regain pre-crisis profitability levels.

During the early part of 2004, Non-life revenues rose at a similar pace to the previous year. Following the enormous losses sustained over the last two years and at the instigation of the reinsurers, direct insurers implemented significant price increases in 2003, primarily in industrial risks. These price levels are likely to be maintained in 2004.

Life insurance business exercised under the free provision of services regime has remained brisk in the early part of 2004. Our life insurance product, which has been specially designed for diversified asset management purposes, should continue to prove popular with customers.

The exceptional growth in group life insurance policy business in Luxembourg in 2003 is likely, however, to slow in 2004, now that existing top-up pension schemes have been brought into line with the new legislation.

We are nevertheless confident that domestic life insurance business will remain buoyant in 2004, spurred by tax incentives for pensions-related insurance products.

The improved stock market climate should also boost Le Foyer S.A.'s financial activities.

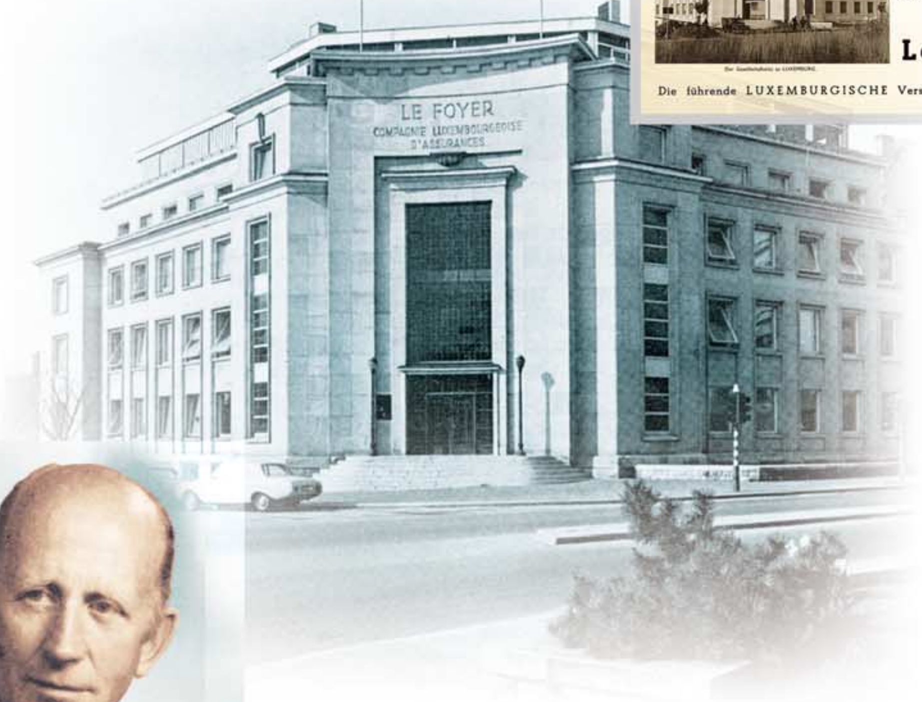
The overall outlook for 2004 is currently attractive for both revenues and earnings.

It should be noted, however, that the very nature of the insurance business leaves it subject to unpredictable claims events, while fluctuations in the financial markets can make a sizeable impact on profits.

Luxembourg, 16 March 2004

The Board of Directors

1951-1981 Le Foyer head office (on the corner of rue Guillaume and route d'Esch in the city of Luxembourg)



Mr Marc Lambert,
President and Chief Executive of Le Foyer, Compagnie Luxembourgeoise d'Assurances,
President of Le Foyer Finance

Mr Jules Keip,
Director
(1958-1972)

Non-life insurance

Strong revenue growth in Luxembourg and Belgium.

Sharp increase in serious bodily injury claims in the motor civil liability segment.

Claims exacerbated by a hailstorm.

Improved results in non-motor segments.

Robust growth in net profit.

Le Foyer Assurances posted revenues of € 201.32 million in 2003, a 6.1% increase on 2002. This figure includes € 33.5 million of premium income from captive business.

In Luxembourg, **motor insurance** premium receipts rose 5.8% to € 95.07 million.

Premium receipts for fully comprehensive **Tous Risques Auto** motor insurance policies advanced by a particularly satisfactory 9.2%, thanks to our flagship product, ***mobilé***, which remains highly competitive in terms of both the increased breadth of insurance cover and the associated services it offers. Increasing numbers of customers are taking out insurance policies that provide protection against damage to their vehicle and keeping such policies for longer: 45% of our policies for individual customers cover **material damage** and 75% cover **fire, theft** and **glass breakage.**

Although claims frequency declined, the June 2003 hailstorm had a negative impact on claims.

Revenues in **motor civil liability** rose 2.2%. Policy issuance grew at a faster pace than the number of cars on Luxembourg's roads. Although there were fewer property and bodily injury claims, serious bodily injury claims rose sharply. As a result, we fully support all existing and future measures taken by the government to reduce road accidents.

Premium income rose 4.7% in **property damage** and 5.1% in **general civil liability.** Part of this growth stemmed from tariff increases to industrial and special risks, applied at the behest of the global reinsurance market following the enormous losses sustained by reinsurers over the last three years. Despite the cost of the June 2003 hailstorm, the lack of major claims enabled us to improve profits.

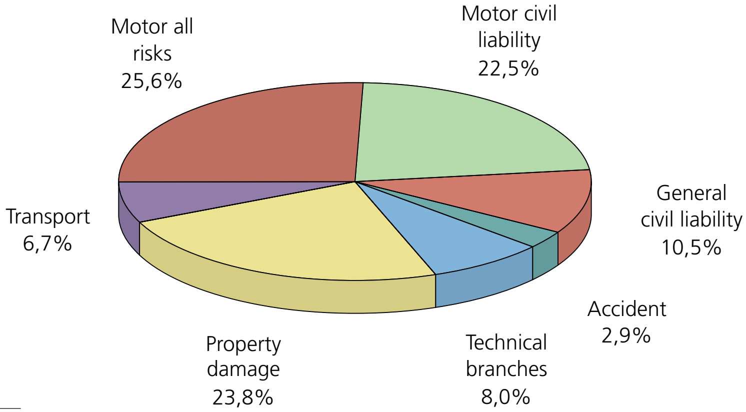
In **technical** insurance, revenues picked up by 3.4% after falling in 2002. We recorded a healthy rate of policy issuance for construction and electronic equipment insurance. The lack of large claims and a favourable reassessment of the technical reserves built up in previous years helped boost profits by over 50%.

In **accident** insurance, premium intake was adversely affected by workforce downsizing measures undertaken by a number of firms that hold group insurance policies on behalf of their employees. This factor restricted growth in premium income to 3.9%, despite the continuing success of our ***Conducteur Protégé*** guarantee, with over 24% of our motor insurance policyholders taking up this driver-protection option.

Transport insurance revenues advanced 17.6%, driven by demand from financial institutions for insurance to cover the transport of funds or other valuables. A favourable reassessment of the technical reserves built up in previous years ensured profits made strong progress.

In Belgium, revenues from our ***mobilé*** and ***Reebou*** products, most of which are earned in regions bordering Luxembourg, climbed 28.4%. Our highly selective underwriting policy enabled us to further improve the profitability of this fast-growing portfolio.

Breakdown of premium income



Among Le Foyer Assurances' subsidiaries, **Le Foyer Santé** fared particularly well and lifted premium receipts by 32.1%. Le Foyer Santé insures some 4,800 persons against the risk of financial loss resulting from illness.

Le Foyer-ARAG, the legal protection subsidiary, grew revenues by 15.9%. Jurisline, the new telephone legal advisory service offered to Le Foyer-ARAG clients, proved popular with large numbers of clients making use of the service.

Europe Assistance Luxembourg, the unit specialising in personal and vehicle assistance both for individuals and corporate clients, managed to raise revenues by 1.2%, despite the loss of a sizeable group policy.

During the course of 2003, Le Foyer Assurances increased its stake in **Gecalux,** the subsidiary managing captives, to 50.0%, with the remaining 50.0% owned by Kredietbank S.A. Luxembourgeoise. Following Gecalux's switch from a family-owned structure to an institutional structure, 2003 was a transitional year in which efforts were primarily focused on internal reorganisation. As a result, revenues dipped by 1.4%, while the bottom line showed a small profit.

Cogere, the captive reinsurer serving several Gecalux clients, recorded a negligible loss, which was deducted from the provision for fluctuations in the claims rate, in accordance with the regulations applicable to reinsurance companies.

Financial position

The table below shows revenue and profit figures for the 2001-2003 period.

Consolidated Non-life insurance

(€ million)	2003	2002	2001
Le Foyer Assurances revenues	201.32	189.79	180.80
% change	6.1	5.1	4.6
Revenues from proportionally consolidated companies	2.26	1.91	1.56
% change	17.8	23.1	41.8
Total consolidated revenues	203.58	191.70	182.36
% change	6.2	5.1	4.8
Recurring consolidated net profit	14.78	12.73	9.43
% change	16.1	35.0	-23.3
Headcount (at year-end)	316	305	303

Consolidated net profit came out at € 14.78 million, a 16.1% increase on 2002.

Le Foyer Assurances' shareholders' equity before appropriation of profit rose 7.0% to € 102.88 million in 2003. This means that the regulatory solvency margin is comfortably covered.

Outlook

Following the sharp decline in financial income in the previous two years, all insurers are striving to bring technical results back into the black. The tariff increases applied in the Industrial and Special Risks segments in 2002 and 2003 are therefore likely to be maintained in 2004.

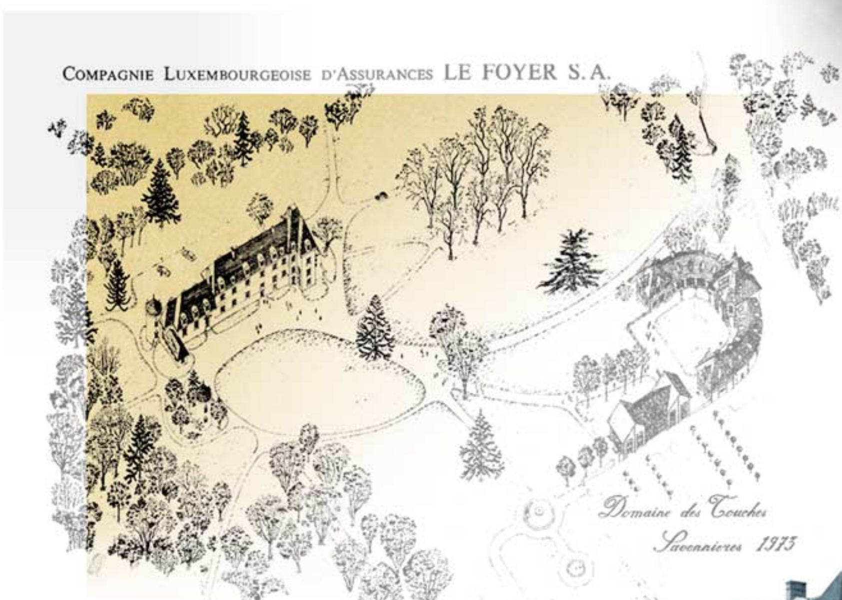
With renegotiations for our 2004 reinsurance programme completed, we were able to contain the impact of the premium increases applied by the global market, thanks to an increase in retentions made possible by our solid technical results.

We remain highly confident in our ability to increase revenues in profitable conditions, thanks to constant improvements in our products and services, the performance and professionalism of our retail network, and our high-quality, experienced underwriting and claims management personnel.

1924 – Foundation of Le Foyer's French branch

1970 – Le Foyer headquarters in Paris/Neuilly-sur-Seine (Avenue Charles de Gaulle)

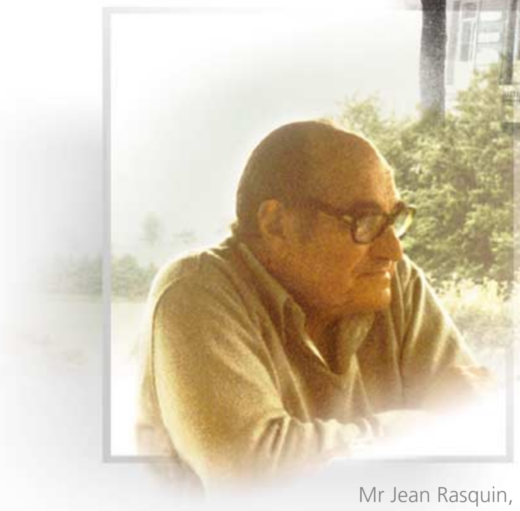
Mr Maurice Danion, Director of the French branch (1966-1977)



1971 – Le Foyer headquarters at Savonnières, Domaine des Touches

1925 – Foundation of Le Foyer's Belgian subsidiary

1955 – Le Foyer headquarters in Brussels (rue du Châtelain, on the corner of Avenue Louise)



Mr Jean Rasquin,
Director of the Belgian subsidiary (1940-1978),
Member of the Board (1978-1984)

1956 - Le Foyer headquarters in Brussels (Avenue Louise)

Reinsurance

Higher reinsurance costs in 2003.

Satisfactory renewal of reinsurance treaties for 2004.

External reinsurance

After stripping out Le Foyer Assurances' fronting activities for captive reinsurance companies, 8.3% of Non-life insurance premiums were ceded in external reinsurance in 2003.

Le Foyer Assurances' external reinsurers recorded a sharp increase in profits from € 2.73 million in 2002 to € 10.84 million in 2003, reflecting a lack of major claims expenses.

Thanks to an increase in the retention rate, and more especially a sound underwriting and pricing policy, Le Foyer group's Non-life insurance companies were able to renew their reinsurance contracts for 2004 on satisfactory terms.

Internal reinsurance

Le Foyer Assurances cedes a portion of its premiums to its own captive reinsurer, Foyer Re.

The following table shows Foyer Re's results for the 2001-2003 period:

(€ million)	2003	2002	2001
Gross premiums received	24.98	22.24	20.12
% change	12.3	10.5	-0.9
Profit	6.88	-4.75	0.33
Claims rate fluctuation provision (year-end)	34.79	27.91	32.66

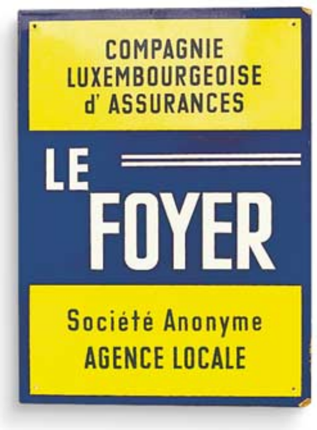
Foyer Re reported a € 6.88 million profit in 2003 versus a € 4.75 million loss in 2002.

In accordance with regulations applicable to reinsurance companies, this profit was allocated in full to the provision for fluctuations in the claims rate, which duly increased to € 34.79 million.

Foyer Re's heavy exposure to abnormally high serious bodily injury claims in the motor civil liability segment was partly offset by ceding risk to external reinsurers.

Whereas Foyer Re was forced into sizeable value adjustments on its securities portfolio in 2002 by the downturn in stock markets, the rally in 2003 paved the way for these to be written back, boosting the year's profits.

The internal reinsurance contracts entered into with Le Foyer group's various Non-life insurance subsidiaries were renewed for 2004 on similar terms to those prevailing in 2003.



Life insurance

Consolidated revenues up 10.3%.

Strong growth in group insurance in the domestic market and upturn in cross-border issuance under the free provision of services regime.

Write-back from "special items with a share in reserves" to offset a loss on divestment of securities.

Tight grip on general expenses.

The following table shows the results for the 2001-2003 period:

Life insurance consolidated figures

(€ million)	**2003**	2002	2001
Le Foyer Vie revenues	58.08	50.72	45.37
% change	14.5	11.8	1.2
Foyer International revenues	172.44	159.07	240.05
% change	8.4	-33.7	18.1
Raiffeisen Vie revenues	0.98	–	–
% change	N/A	–	–
Total consolidated revenues	231.50	209.79	285.42
% change	10.3	-26.5	15.0
Recurring consolidated net profit	3.01	*-4.29	2.36
% change	N/A	N/A	2.4
Headcount (at year-end)	53	58	52

* after posting a € 5.66 million tax-exempt capital gain to the liabilities side of the balance sheet under "special items with a share in reserves"

Following an 11.8% increase in 2002, **Le Foyer Vie** grew domestic market revenues by a further 14.5% to € 58.08 million in 2003.

This progress was driven by further growth in sales of retirement savings products to individuals, while in the group insurance segment, the momentum stemmed from receipt of single premiums related to new legislation concerning private top-up pension schemes, the deadline for which was 31 December 2003.

The ensuing new policy acquisition costs and the decline in recurring financial income were partly offset by reductions in general expenses. The technical result after reinsurance came out slightly below the previous year's figure.

As regards non-recurring financial operations, a € 3.23 million loss was recorded on the divestment of securities. This loss was nevertheless offset by a € 3.26 million write-back from "special items with a share in reserves" on the liabilities side of the balance sheet. It should be noted that there was a € 4.92 million net loss in 2002 as a result of booking a € 5.66 million tax-exempt capital gain to this liability item. The effect of this was to increase shareholders' equity, but reduce net profit by the same amount.

2003 net profit amounted to € 2.69 million.

2003 saw us consolidate our market-leading position in retirement savings products for individuals, while also expanding our range of products in this segment.

In group Insurance, we focused our efforts on advising clients on bringing their existing top-up pension schemes into line with new legislation by the 31 December 2003 deadline. As a result of this, we booked some sizeable premiums related to private pension schemes.

Foyer International sells life insurance products outside Luxembourg under the free provision of services regime. Whereas unstable financial markets sent Foyer International's revenues down sharply in 2002, rallying equity markets brought growth in 2003. Although first-half 2003 revenues were still down on a year earlier, the revival in investor confidence in the second half sparked a brisk recovery in business.

Revenues amounted to € 177.44 million, up 8.4% on a year earlier. With a sizeable portion of new business having been concluded in the second half of the year, the benefits to technical margins will not be fully felt until 2004. Funds under management climbed 18%, while general expenses sank 14%. The tax bill rose, due to the fact that tax-loss carry-forwards were fully utilised in 2002, with the result that net profit declined to € 0.41 million.

The collaboration agreement signed between Le Foyer group and Raiffeisen group in 2002 led to the creation of Raiffeisen Vie on 11 December 2002, a life insurance company owned on a 50/50 basis by the two partners. After obtaining ministerial approval to conduct life insurance operations, Raiffeisen Vie opened for business in the first quarter of 2003. Revenues for the first financial year amounted to € 1.96 million.

Outlook

Foyer Vie should continue to benefit from the attractive environment for retirement savings products in 2004. We will also maintain our product innovation efforts and strive to galvanise sales.

Brisk business at **Raiffeisen Vie** should ensure revenues enjoy considerable growth.

Foyer International's prospects remain tightly correlated to the global stock-market situation and the degree of investor confidence as regards financial-market stability. The recent tragic events have once again demonstrated the tendency of stock markets to react in an emotional manner to such occurrences.

Asset Management

Profits buoyed by rising financial markets.

Healthy levels of business in bond trading and brokerage.

Sharp growth in assets under management.

Our third business of asset management is carried out through **Foyer Asset Management** and **Le Foyer, Patrimonium & Associés.**

Following two consecutive years of falling stock markets, the first quarter of 2003 brought a cut in short-term interest rates and greater volatility in long-term rates, while the second half witnessed a robust recovery in European equity markets and a weaker dollar.

Against this backdrop and with equity markets sluggish, bond market opportunities enabled **Foyer Asset Management** to carry out virtually the same number of transactions as in the previous year. There was a slight increase in operating profit.

Income from proprietary and third-party securities transactions rose 7.6% relative to 2002. General expenses were clipped by 16.8%, thanks to reductions in both operating and personnel expenses.

Net profit advanced 52.8% to € 2.32 million in 2003.

Le Foyer, Patrimonium & Associés considerably strengthened its sales and marketing team, both in Luxembourg and Belgium, while at the same time diversifying into forward currency transactions.

Assets under management increased 55% relative to 2002. However, with most of this growth occurring in the final quarter of 2003, there was only very marginal benefit to profit in 2003.

The combination of an increased headcount and the cost of replacing the IT system (booked to 2003) drove operating expenses higher.

Net profit in 2003 amounted to € 0.08 million against € 0.21 million in 2002.

Consolidated figures for asset management

(including financial income of Le Foyer S.A.)

(€ million)	2003	2002	2001
Assets under management	1 182.16	1058.00	1 046.60
Net profit	2.80	1.87	2.82
Headcount (at year-end)	31	23	22

Outlook

Despite signs of recovery, the economic environment remains fragile. Positive equity-market trends should benefit Foyer Asset Management and Le Foyer, Patrimonium & Associées in 2004. Changes in Luxembourg and European legislation have triggered repositioning moves within Luxembourg's private banking industry. While this repositioning has the potential to create both opportunities and challenges, it is too soon to draw any conclusions on its overall impact.

1990 – Financial restructuring culminates in the creation of Le Foyer Group

7105

MEMORIAL
Journal Officiel
du Grand-Duché de
Luxembourg

MEMORIAL
Amtsblatt
des Großherzogtums
Luxemburg

RECUEIL SPECIAL DES SOCIETES ET ASSOCIATIONS

Le présent recueil contient les publications prévues par la loi modifiée du 10 août 1915 concernant les sociétés commerciales et par la loi modifiée du 21 avril 1928 sur les associations sans but lucratif et les établissements d'utilité publique.

C — N° 149 — 7 mai 1990

LE FOYER, Compagnie Luxembourgeoise d'Assurances, Société Anonyme.
Siège social: Luxembourg.
R. C. Luxembourg B 6.468.

Projet de scission adopté par résolution du conseil d'administration en date du 28 mars 1990

a) La scission partielle de la société anonyme **«LE FOYER»** Compagnie Luxembourgeoise d'Assurances, ayant son siège social à Luxembourg, sera opérée par constitution de deux nouvelles sociétés à savoir:

1) **«LE FOYER VIE»** Compagnie Luxembourgeoise d'Assurances S.A., Luxembourg;

2) **«LE FOYER ASSURANCES»**, Compagnie Luxembourgeoise S.A.; et maintien de l'ancienne société sous la dénomination de **«LE FOYER»**, Compagnie Luxembourgeoise d'Assurances;

b) Les actionnaires de la société scindée recevront, pour chaque action ancienne, une action nouvelle de la société partiellement scindée ainsi qu'une action de chacune des deux nouvelles sociétés, issues de la scission;

c) Les actions nouvelles seront inscrites au registre des sociétés respectives dès approbation de la scission par l'assemblée générale des actionnaires de la société partiellement scindée;

d) Les actions nouvelles conféreront le droit de participer aux bénéfices des nouvelles sociétés à compter du 1er janvier 1990;

e) D'un point de vue comptable, les opérations de la société partiellement scindée seront considérées comme accomplies partiellement pour compte des nouvelles sociétés issues de la scission à compter du 1er janvier 1990;

Le report à nouveau du bénéfice disponible de la société partiellement scindée après l'exercice clôturé au 31 décembre 1989 tel que arrêté par l'assemblée générale des actionnaires du 3 mai 1990 restera affecté à la société partiellement scindée **LE FOYER S.A.**;

LE FOYER FINANCE
Compagnie Luxembourgeoise S.A.

Société Anonyme
Siège social : Luxembourg, 6, rue Albert Borschette

OFFRE EN SOUSCRIPTION
D'UN MAXIMUM DE 660.000 ACTIONS NOUVELLES
valable du 15 juin au 15 juillet 1990

BULLETIN DE SOUSCRIPTION

en deux exemplaires, dont l'un est destiné à LE FOYER FINANCE, l'autre au souscripteur

Je soussigné(e) ....

demeurant à ....

rue ....

ayant pris connaissance de la notice reproduite au verso,

déclare souscrire

à .... actions de "LE FOYER FINANCE S.A.", sans désignation de valeur nominale, en augmentation de capital de ladite société,

et les libérer par apport en nature de .... actions, sans désignation de valeur nominale, de chacune des sociétés suivantes :

. LE FOYER VIE S.A.,
. LE FOYER ASSURANCES S.A.,
. LE FOYER, Compagnie Luxembourgeoise d'Assurances S.A.,

inscrites à mon nom sur le registre des actions nominatives de ces trois sociétés.

Fait en double à ...., le 1990

Signature de LE FOYER FINANCE — Signature du Souscripteur

....

Consolidated report from the statutory auditor

Consolidated report from the statutory auditor to the shareholders of **Le Foyer, Compagnie Luxembourgeoise S.A.**

We have inspected the accompanying consolidated annual accounts of **Le Foyer, Compagnie Luxembourgeoise S.A.** and its subsidiaries for the financial year ended 31 December 2003 and have read the supporting management report. The consolidated accounts and consolidated management report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on the consolidated accounts, based on our audit work, and to verify that the consolidated management report is in conformity with the accounts.

We conducted our audit in accordance with international audit standards. These standards require that we plan and perform our audit work so as to obtain reasonable assurance that the annual accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures contained in the consolidated accounts. It also includes assessing the accounting principles and methods used and the significant estimates made by the Board of Directors in preparing the consolidated accounts, as well as evaluating the overall presentation of information. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the attached consolidated accounts, in conformity with the legal and regulatory requirements prevailing in Luxembourg, give a true and fair view of the consolidated assets, liabilities and financial position of **Le Foyer, Compagnie Luxembourgeoise S.A.** and its subsidiaries at 31 December 2003 and of the consolidated results for the year then ended.

The consolidated management report is consistent with the consolidated annual accounts.

Luxembourg, 16 March 2004

PricewaterhouseCoopers S.A.R.L.
Statutory auditor
Represented by:
Luc Henzig

Consolidated balance sheet at 31.12.2003

ASSETS

	Notes	31.12.2003 (€)	31.12.2002 (€)
Intangible assets	11(b),12		
Start-up expenses		17 853.00	-
Concessions, patents and licences		2 487 043.49	2 825 127.11
Research and development expenses		190 380.00	-
Goodwill in acquisition	8,18	1 805 995.76	-
Total intangible assets		**4 501 272.25**	**2 825 127.11**
Investments			
Land, buildings and installations	11(c),13	20 460 656.11	20 071 461.06
Investments in associated undertakings and participating interests			
Associated undertakings and participating interests	11(d),14	844 465.29	-
Bonds and debentures issues by companies with which the company has an equity link and accounts receivable from these companies		666 207.03	733 363.94
		1 510 672.32	733 363.94
Other financial investments	11(e),15		
Equities and other variable-income securities and shares in mutual funds (FCPs)		139 897 051.92	123 219 334.78
Bonds and other fixed-income securities	11(f)	486 731 578.20	409 115 869.65
Mortgage loans		719 669.96	725 650.20
Other loans and advances (including policy advances)	16	5 805 149.85	7 020 376.89
Deposits with credit institutions		210 501 008.21	106 200 017.97
		843 654 458.14	646 281 249.49
Deposits with ceding companies		12 786 420.19	11 625 880.62
Total investments		**878 412 206.76**	**678 711 955.11**
Investments on behalf of life insurance policy holders where the risk is assumed by the policy holder	11(g)	**916 427 377.75**	**775 754 723.53**
Subrogations and recoveries		**2 773 940.94**	**3 071 416.42**

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

ASSETS
continued

	Notes	31.12.2003 (€)	31.12.2002 (€)
Reinsurers' share in technical provisions			
Provision for unearned premiums		8 093 105.00	6 479 424.58
Provision for life insurance		585 529.92	814 166.54
Provision for claims		66 847 154.18	69 004 312.03
Total reinsurers' share in technical provisions		**75 525 789.10**	**76 297 903.15**
Accounts receivable	11(h)		
Amounts originating from direct insurance operations receivable from:			
Policy holders		12 496 403.20	4 181 878.10
Insurance brokers		7 302 560.96	10 218 174.08
		19 798 964.16	14 400 052.18
Amounts originating from reinsurance operations		1 068 497.62	5 008 365.90
Other accounts receivable		122 350 371.86	216 888 111.15
Total accounts receivable		**143 217 833.64**	**236 296 529.23**
Other assets			
Tangible assets	11(c)	3 667 160.54	3 357 690.39
Balances with banks and post office accounts, cheques and cash		28 143 820.30	32 133 199.02
Other assets		21 660.60	21 164.81
Total other assets		**31 832 641.44**	**35 512 054.22**
Accrued income deferred expenses			
Interest and rental income accrued and overdue		9 678 704.42	4 352 640.74
Deferred acquisition expenses	11(i)	310 098.18	5 942.99
Other accrued income		166 945.60	1 066 899.31
Total accrued income and deferred expenses		**10 155 748.20**	**5 425 483.04**
TOTAL ASSETS		**2 062 846 810.08**	**1 813 895 191.81**

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

Consolidated balance sheet at 31.12.2003

LIABILITIES

	Notes	31.12.2003 (€)	31.12.2002 (€)
Shareholders' equity - group share	17		
Subscribed capital		44 994 210.00	44 994 210.00
Issue premiums		3 106 002.40	3 106 002.40
Reserves			
Consolidation adjustments	8,18	37 799 786.26	37 799 786.26
Consolidated reserves	10,19,20	78 640 324.28	75 583 501.37
Profit for the year - group share		20 587 712.95	10 311 629.45
Total shareholders' equity - group share		**185 128 035.89**	**171 795 129.48**
Shareholders' equity - minority interests			
Share in reserves		508 076.67	391 771.18
Share in profit		19 967.75	44 258.54
Total shareholders' equity - minority interests		**528 044.42**	**436 029.72**
Special items with a share in reserves	9,21	**37 803 359.21**	**41 171 127.41**
Technical provisions	11(j)		
Provision for unearned premiums		68 004 760.85	62 586 386.18
Provision for life insurance		263 234 352.40	237 250 958.09
Provision for claims		291 638 480.29	280 746 821.47
Provision for profit sharing and no-claims bonuses		577 133.07	716 297.21
Equalisation reserve		35 810 504.81	27 907 384.43
Other technical provisions		438 949.84	6 479.58
		659 704 181.26	**609 214 326.96**
Technical reserves relating to life insurance where the investment risk is assumed by the policy holder	11(j)	**916 427 377.75**	**775 754 723.53**
Total technical provisions		**1 576 131 559.01**	**1 384 969 050.49**
Subrogations and recoveries – reinsurers' share		**73 843.48**	**734 648.88**

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

LIABILITIES
continued

	Notes	31.12.2003 (€)	31.12.2002 (€)
Provisions for other liabilities and charges	11(k)		
Provisions for pensions and similar obligations		15 105 279.20	16 054 827.87
Provisions for taxes		32 196 467.07	25 204 455.00
Other provisions		2 334 171.77	2 013 202.65
Total provisions for other liabilities and charges		**49 635 918.04**	**43 272 485.52**
Deposits received from reinsurers		**35 977 091.30**	**38 233 291.61**
Accounts payable	11(l),22		
Due on direct insurance operations		15 535 079.99	11 725 061.40
Due on reinsurance operations		4 519 823.15	5 573 242.46
Due to credit institutions		14 932 274.81	18 072 855.77
Due to tax authorities and social security		4 401 647.54	3 636 643.01
Other accounts payable		137 516 045.32	89 590 376.67
Total accounts payable		**176 904 870.81**	**128 598 179.31**
Accrued expenses and prepayments	11(m)	**664 087.92**	**4 685 249.39**
TOTAL LIABILITIES		**2 062 846 810.08**	**1 813 895 191.81**

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

Consolidated profit and loss account at 31.12.2003

	Notes	31.12.2003 (€)	31.12.2002 (€)
Non-life insurance technical account	23		
Premiums earned, net of reinsurance			
Gross premiums written	25	203 579 457.10	191 701 204.57
Premiums ceded to reinsurers		-47 928 436.37	-44 978 709.15
Change in gross value of provision for unearned premiums		-4 763 213.56	-3 171 526.38
Change in value of provision for unearned premiums, Reinsurers' share		1 650 613.12	651 474.80
Total premiums earned, net of reinsurance		**152 538 420.29**	**144 202 443.84**
Allocated investment income transferred to the non-technical account	11(o)	9 446 044.15	-2 870 168.20
Other technical income, net of reinsurance		–	–

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

	Notes	31.12.2003 (€)	31.12.2002 (€)
Non-life insurance technical account (continued and end)			
Claims expenses, net of reinsurance			
Amounts paid			
Gross value		-94 996 572.39	-88 567 815.63
Reinsurers' share		11 624 325.71	9 768 561.20
		-83 372 246.68	-78 799 254.43
Change in value of provision for claims			
Gross value		-10 582 471.76	-31 838 511.53
Reinsurers' share		-2 084 022.29	19 126 979.29
		-12 666 494.05	-12 711 532.24
Change in value of provision for recourse			
Gross value		-297 186.38	164 539.00
Reinsurers' share		660 516.30	207.77
		363 329.92	164 746.77
Total claims expenses, net of reinsurance		**-95 675 410.81**	**-91 346 039.90**
Change in other technical reserves, net of reinsurance		**-188 691.52**	**101 732.71**
Profit sharing and no-claims bonuses, net of reinsurance		**-71 502.50**	–
Net operating expenses			
Acquisition expenses	27	-38 270 086.81	-36 813 052.41
Change in value of deferred acquisition expenses	11(i)	66 319.44	-108 212.29
Administrative expenses	11(p),27	-7 124 887.98	-6 566 083.49
Commissions received from reinsurers and profit sharing		4 083 420.14	3 778 216.23
Total net operating expenses		**-41 245 235.21**	**-39 709 131.96**
Other technical expenses, net of reinsurance		**-804 329.92**	**-1 035 911.57**
Change in equalisation reserve		**-6 733 280.80**	**4 751 230.35**
Non-life insurance technical profit		**17 266 013.68**	**14 094 155.27**

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

Consolidated profit and loss account at 31.12.2003

	Notes	31.12.2003 (€)	31.12.2002(€)
Life insurance technical account	24		
Premiums earned, net of reinsurance			
Gross premiums written	26	231 498 535.68	209 792 445.85
Premiums ceded to reinsurers		-4 246 352.90	-4 481 046.73
Change in value of provision for unearned premiums, net of reinsurance		-692 093.80	-2 045 520.80
Total premiums earned, net of reinsurance		**226 560 088.98**	**203 265 878.32**
Investment income			
Income from participating interests		102 240.00	–
Income from other investments			
Income from land, buildings and installations		832 114.13	932 453.46
Income from other investments		9 255 605.94	11 094 772.54
		10 087 720.07	12 027 226.00
Write-back of adjustments to the value of investments		–	1 875 940.00
Income from the sale of investments		5 365 481.67	10 198 858.46
Total investment income		**15 555 441.74**	**24 102 024.46**
Unrealised capital gains on investments	11(g)	**61 957 170.83**	**959 682.70**
Other technical income, net of reinsurance		**6 259 956.82**	**5 939 407.35**
Claims expenses, net of reinsurance			
Amounts paid			
Gross value		-115 498 555.73	-124 707 394. 07
Reinsurers' share		2 512 514.37	2 759 355.78
		-112 986 041.36	-121 948 038.29
Change in value of provision for claims			
Gross value		-316 216.57	1 526 168.66
Reinsurers' share		-66 106.05	-2 397 121.92
		-382 322.62	-870 953.26
Total claims expenses, net of reinsurance		**-113 368 363.98**	**-122 818 991.55**

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

	Notes	31.12.2003 (€)	31.12.2002 (€)
Life insurance technical account (continued)			
Change in other technical reserves, net of reinsurance			
Provision for life insurance			
Gross value		-25 983 394.30	-12 342 521.95
Reinsurers' share		-228 636.63	-121 873.67
		-26 212 030.93	-12 464 395.62
Other technical reserves, net of reinsurance		-140 672 654.22	42 533 720.64
Total change in value of other technical reserves, net of reinsurance		**-166 884 685.15**	**30 069 325.02**
Profit sharing and no-claims bonuses, net of reinsurance		**176 664.14**	**1 231 290.26**
Net operating expenses			
Acquisition expenses	27	-7 997 766.54	-8 319 456.03
Change in acquisition expenses	11(i)	-5 942.99	-127 739.16
Administrative expenses	11(p), 27	-6 555 466.02	-9 105 470.09
Commissions received from reinsurers and profit sharing		803 322.95	977 253.47
Total net operating expenses		**-13 755 852.60**	**-16 575 411.81**
Investment expenses			
Investment management expenses, including interest expenses		-5 791 615.61	-4 729 951.20
Adjustments to the value of investments		-2 127 089.26	-6 180 504.44
Losses on the sale of investments		-8 167 441.65	-8 997 456.52
Total investment expenses		**-16 086 146.52**	**-19 907 912.16**
Unrealised capital losses on investments	11(g)	**-97 989.61**	**-105 254 677.62**
Other technical expenses, net of reinsurance		–	**-185 285.32**
Allocated investment income transferred to the non-technical account	11(n)	**-1 090 682.25**	**-1 729 473.87**
Life insurance technical profit		**-774 397.60**	**-904 144.22**

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

Consolidated profit and loss account at 31.12.2003

	Notes	31.12.2003 (€)	31.12.2002 (€)
Non-technical account			
Non-life insurance technical profit		**17 266 013.68**	**14 094 155.27**
Life insurance technical profit		**-774 397.60**	**-904 144.22**
Investment income			
Income from participating interests		583 350.00	248 208.37
Income from other investments			
Income from land, buildings and installations		97 606.33	94 067.23
Income from other investments		13 393 202.33	16 651 907.45
		13 490 808.66	16 745 974.68
Write-backs of adjustments to the value of investments		4 037 141.37	–
Income from the sale of investments		13 529 672.65	18 012 167.46
Total investment income		**31 640 972.68**	**35 006 350.51**
Allocated investment income transferred to the life insurance technical account	11(n)	**1 090 682.25**	**1 729 473.87**

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

	Notes	31.12.2003 (€)	31.12.2002 (€)
Non-technical account (continued)			
Investment expenses			
Investment management expenses, including interest expenses		-7 006 440.27	-7 055 901.41
Adjustments to the value of investments		-2 581 535.05	-21 751 724.72
Losses on the sale of investments		-4 759 549.52	-7 139 760.07
Total investment expenses		**-14 347 524.84**	-35 947 386.20
Allocated investment income transferred to the Non-life insurance technical account	11(o)	**-9 446 044.15**	2 870 168.20
Income from the elimination of special items with a share in reserves	9,21	**3 367 768.20**	836 174.52
Transfers to special items with a share in reserves		–	-5 659 891.11
Other income		**5 463 609.71**	3 582 068.45
Other expenses, including value adjustments		**-5 915 264.38**	-99 890.94
Tax on ordinary profit		**-7 453 012.21**	-5 095 408.09
Net profit on ordinary operations		**20 892 803.34**	10 411 670.26
Other taxes not included in the above item		**-285 122.64**	-55 782.27
PROFIT FOR THE YEAR		**20 607 680.70**	10 355 887.99
o/w group share		20 587 712.95	10 311 629.45
o/w minority interests		19 967.75	44 258.54

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

Notes to the consolidated accounts at 31 December 2003

General

1 **Le Foyer, Compagnie Luxembourgeoise S.A.** (the company) 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 accounts and a consolidated management report, in compliance with criteria established under Luxembourg law, on 31 December 1999. The annual accounts and management report are available for inspection at the company's registered offices.

Consolidation principles and methods

Rules of consolidation

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 scope and methods

4 (a) Full consolidation

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

This means that 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 fully consolidated companies is divided up between the parent company and minority interests. Reciprocal accounts and transactions are eliminated.

4 (b) Proportional consolidation

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

This means that all assets and liabilities of the companies in question are included on the consolidated accounts pro rata to the capital held by the group.

Close of accounts

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

Companies included in the scope of consolidation

6 (a) Fully consolidated subsidiaries

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%
Le Foyer, Patrimonium & Associés	28, boulevard Joseph II L-1840 Luxembourg	75.477386%

6 (b) Proportionally consolidated subsidiaries

Company	Address	% holding
Europ Assistance (Luxembourg)	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%
Raiffeisen Vie	6, rue Albert Borschette L-1246 Luxembourg	50.0%
Gecalux	6, Parc d'activité Syrdall L-5365 Munsbach	50.0%
Cogere	6, Parc d'activité Syrdall L-5365 Munsbach	50.0%

Valuation rules

7 The valuation rules adopted by subsidiaries are similar to those used by the parent company and were drawn up with the same regard for prudence.

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 consolidated accounts 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 in the consolidated accounts for as long as the companies in question are included in the scope of consolidation.

Special items with a share in reserves

9 Companies included in the scope 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 income” at the time of realisation. The possibility of deferred taxation is not taken into account. Capital gains to be reinvested in assets subject to depreciation or amortisation are written down over the life of the underlying assets.

Consolidated reserves

10 Consolidated 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 that, at the time of consolidation, must be restated at consolidated level.

Summary of main accounting policies

11 The main accounting policies used by the company in the preparation of the consolidated 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.

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 the historical cost of acquisition or current market price, and are amortised on a straight-line basis at a rate of 20% or 33.3% per year.

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

11 (c) Tangible assets

Tangible assets are valued at the 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 asset	% rate
- buildings and installations	2.0%
- other tangible assets excluding IT equipment	10.0%
- IT equipment	20.0% et 33.3%

Tangible assets with an unlimited useful life are not depreciated.

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

Participating interests not included in the scope of consolidation are reported on the balance sheet at their 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.

11 (e) Other financial investments

Other financial investments, with the exception of “Bonds and other fixed-income securities”, are valued at their historical cost of acquisition.

In the event of a diminution in value at the close of accounts, the value of other financial investments, with the exception of “Bonds and other fixed-income securities”, 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 securities

Bonds and other fixed-income 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 income 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 not reversed, even if the reasons giving rise to them have ceased to exist.

11 (g) Investments on behalf of life insurance policy holders where the risk is assumed by the policy holder

Investments on behalf of life insurance policy holders where the risk is assumed by the policy holder are valued at their market value on the date the accounts are closed and the difference between this value and the cost of acquisition is 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 either their nominal value or their expected realisation value, whichever is the lower. These values are adjusted should their full or partial recovery come into doubt.

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

11 (i) Deferred acquisition expenses

Acquisition expenses for Non-life insurance policies are deferred using an accounting method compatible with the method used to calculate the provision for unearned premiums.

At 31 December 2002, this item included expenses relating to a product marketed in Germany which were staggered over two years. This exception no longer applies at 31 December 2003.

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 written heading includes all premiums received or to be received in respect of insurance polices 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 remaining period of the policy.

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 made on the basis of book value.

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

Equalisation reserve

The equalisation reserve represents the provisions set aside, pursuant to legal or regulatory requirements, to enable the group to even out, or "equalise", fluctuations in the claims rate or to cover special risks.

The equalisation reserve at 31 December 2003 was established in accordance with the Grand-Ducal regulation of 20 December 1991.

Technical reserves for life insurance where the investment risk is assumed by the policy holder

This heading corresponds to 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 policy holder.

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 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 amount owed 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 amount owed is lower than the sum received, the difference is posted to the profit and loss account and staggered over the term of the agreement.

11 (m) Accrual accounts: liabilities

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

11 (n) Allocated investment income transferred to the life technical account

Allocated investment income transferred from the life insurance 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 reserve 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.

Intangible assets

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

(in €) 2003	Goodwill in acquisition 2003	Start-up expenses 2003	R&D expenses 2003	Concessions, patents and licences 2003	Total 2003	Total 2002
Gross value at 01.01.	-	-	-	**6 095 610.95**	**6 095 610.95**	4 700 897.36
Additions in the year	4 514 989.41	51 859.00	496 171.97	516 769.22	5 579 789.60	1 382 677.38
Changes in scope of consolidation	-	-	-	139 228.64	139 228.64	12 036.21
Disposals in the year	-	-	-	-582 781.32	-582 781.32	-
Gross value at 31.12.	**4 514 989.41**	**51 859.00**	**496 171.97**	**6 168 827.49**	**11 231 847.87**	6 095 610.95
Cumulative value adjustments at 01.01.	-	-	-	-3 270 483,84	-3 270 483,84	-2 506 605,64
Additions in the year	-	-25 079.50	-209 392.14	-85 934.96	-320 406.60	-
Changes in scope of consolidation	-	-	-	-	-	-7 312.90
Value adjustments in the year	-2 708 993.65	-8 926.50	-96 399.83	-908 145.34	-3 722 465.32	-756 565.30
Write-back of value adjustments	-	-	-	582 780.14	582 780.14	-
Cumulative value adjustments at 31.12.	**-2 708 993.65**	**-34 006.00**	**-305 791.97**	**-3 681 784.00**	**-6 730 575.62**	-3 270 483.84
Net value at 31.12.	**1 805 995.76**	**17 853.00**	**190 380.00**	**2 487 043.49**	**4 501 272.25**	2 825 127.11

The group's R&D expenses relate to a decision support tool for use in the area of risk financing.

Land, buildings and installations

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

(in €)	Land 2003	Buildings and installations 2003	Total 2003	Total 2002
Gross value at 01.01.	**9 555 137.16**	**19 960 131.30**	**29 515 268.46**	**27 561 278.28**
Additions in the year	–	873 403.09	873 403.09	1 953 990.18
Disposals in the year	–	–	–	–
Gross value at 31.12.	**9 555 137.16**	**20 833 534.39**	**30 388 671.55**	**29 515 268.46**
Cumulative value adjustments at 01.01.	**–**	**-9 443 807.40**	**-9 443 807.40**	**-8 993 608.81**
Value adjustments in the year	–	-484 208.04	-484 208.04	-450 198.59
Cumulative value adjustments at 31.12.	**–**	**-9 928 015.44**	**-9 928 015.44**	**-9 443 807.40**
Net value at 31.12.	**9 555 137.16**	**10 905 518.95**	**20 460 656.11**	**20 071 461.06**

The market value of the group's "land, buildings and installations" at 31 December 2003 was € 39,596,072.88 net of any associated expenses. This valuation is based on an appraisal carried out by property consultants A.D. van Dijk Consultants.

Investments in associated undertakings and participating interests

14 Companies associated with the group via its Gecalux and Cogere subsidiaries were not consolidated as they were judged to be insignificant on the date the accounts were closed.

The following companies in which the group has significant participating interests were not consolidated as they were judged to be insignificant at the time the accounts were closed. For consolidation purposes, these companies were reported at book value under the "Equities and other variable-income transferable securities and shares in mutual funds" caption of 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%	75 000.00	38 448.29
Total			**63 237.64**
Market value			**63 237.64**

Other financial investments

15 The present values of the headings "Equities and other variable-income securities", "Bonds and other fixed-come securities" and "Deposits with credit institutions" at 31 December 2003 were € 144,905,375.80, € 489,511,321.13 and € 210,501,008.21 respectively.

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

- 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.
- Securities that are neither included on the official list of a securities exchange nor traded on another regulated market are valued at their likely sale price, as estimated prudently and in good faith by the Board of Directors. The same method is used to value securities that are included on the official list of a securities exchange or traded on another regulated market but whose last available trading price was unrepresentative, and deposits.

Other loans and advances

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

Subscribed capital and issue premiums

17 There were no changes in the group's subscribed capital and issue premiums in the year under review, which stand as follows:

(in €)	Subscribed capital	Issue premiums
at 31.12. 2002	44 994 210.00	3 106 002.40
Change in the year	-	-
at 31.12. 2003	44 994 210.00	3 106 002.40

At 31 December 2003, subscribed capital came to € 44,994,210.00, represented by 8,998,842 fully paid up shares with no assigned nominal value. Authorised share capital is € 74,350,000.00.

Consolidation adjustments

18 The entry under "consolidation adjustments" on the liabilities side of the balance sheet is € 37,799,786.26 and corresponds to differences arising on first-time consolidation.

The entry under "consolidation adjustments" on the assets side of the balance sheet represents the differences arising on first time consolidation of Gecalux S.A. (€ 3,465,428.21) and Cogere S.A. (€ 1,049,561.20), 60% of which (€ 2,079,256.93 and € 629,736.72, respectively) were amortised in the year in review.

Statutory reserve

19 Under Luxembourg law, 5% of a company's annual net profit must each year be transferred to a statutory reserve. These transfers cease to be obligatory once the value of the statutory reserve is equivalent to 10% of total share capital.

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

This reserve is combined with the other reserves on the liabilities side of the balance sheet, as explained in note 20 below.

Consolidated reserves

20 Movements under the "consolidated reserves" heading in 2002 were as shown below.

(in €)	2003	2002
Statutory reserve	3 581 000.00	3 111 000.00
Other reserves	15 788 000.00	10 400 000.00
Consolidated reserves	58 429 292.98	57 093 096.14
Retained profit	842 031.30	4 979 405.23
Total	**78 640 324.28**	**75 583 501.37**

Special items with a share in reserves

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

(in €)	2003	2002
Reinvested capital gains		
Participating interests	34 276 873.69	16 616 212.47
Land, buildings and installations	3 496 488.10	3 604 833.70
Sub-total	**37 773 361.79**	**20 221 046.17**
Capital gains to be reinvested at 31.12.	**29 997.42**	**20 950 081.24**
Total	**37 803 359.21**	**41 171 127.41**

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

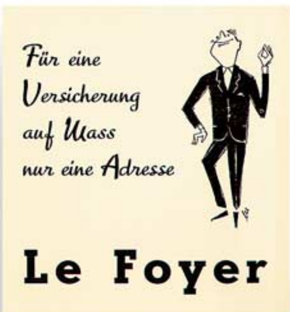
Breakdown of accounts payable by residual term

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

Results on Non-life insurance activities

23 The breakdown between direct insurance and accepted reinsurance in terms of key profit and loss account figures for Non-life insurance activities is as shown below:

(in €)	Direct insurance 2003	Accepted reinsurance 2003
Gross premiums written	203 143 833.36	435 623.74
Gross premiums earned	198 405 874.73	410 368.81
Gross claims expenses	-105 434 493.21	-144 550.94
Gross operating expenses	-44 045 861.43	-70 033.04
Reinsurance balance	-35 470 415.29	26 371.03



By branch of direct insurance these key figures break down as shown in the table below.

(in €)	Fire and other material damage	Motor civil liability	Motor other risks	Civil liability
Gross premiums written	50 690 651.55	45 326 312.05	48 627 253.07	20 734 407.91
Gross premiums earned	49 612 233.99	45 012 979.51	47 009 550.98	19 230 663.36
Gross claims expenses	-21 106 634.65	-42 604 270.83	-27 861 688.91	-4 143 751.30
Gross operating expenses	-13 570 563.03	-9 238 346.70	-12 156 341.35	-3 850 636.51
Reinsurance balance	- 6 221 298.25	-557 765.31	-1 302 463.12	-9 169 472.95

Results on life insurance activities

24 The key profit and loss account figures for life insurance activities break down as shown below.

	Direct insurance		Accepted reinsurance	
(in €)	2003	2002	2003	2002
Individual premiums	212 483 403.29	194 256 039.80	3 143 768.85	4 166 412.62
Group premiums	15 871 363.54	11 369 993.43	–	–
Regular premiums	87 106 796.65	98 536 721.24	3 143 768.85	4 166 412.62
Single premiums	141 247 970.18	107 089 311.99	–	–
Premiums on policies without share in profits	9 009 487.37	8 121 681.86	2 973 605.97	3 833 099.61
Premiums on policies with share in profits	45 852 501.37	37 090 891.48	170 162.88	333 313.01
Premiums on policies where investment risk is assumed by the policy holder	173 492 778.09	160 413 459.89	–	–
Reinsurance balance	-1 390 729.41	-3 751 553.67	–	–

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 (€ 203,143,833.36 in 2003) breaks down as shown in the table below.

(in €)	2003	2002
Subscriptions in the Grand Duchy of Luxembourg	200 646 369.24	189 607 158.39
Subscriptions in other EU member states	2 497 464.12	1 931 578.39
Subscriptions in non-EU countries	–	–
Total	**203 143 833.36**	**191 538 736.78**

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 (€ 228,354,766.83 in 2003) breaks down as shown in the table below.

(in €)	2003	2002
Subscriptions in the Grand Duchy of Luxembourg	55 922 472.89	46 572 646.87
Subscriptions in other EU member states	171 584 122.64	156 643 031.83
Subscriptions in non-EU countries	848 171.30	2 410 354.53
Total	**228 354 766.83**	**205 626 033.23**

Commissions

27 Commissions paid to insurance brokers by fully or proportionally consolidated companies totalled € 28,068,689.96 (2002: € 26,306,601.46) and breaks down into acquisition expenses and administrative expenses by company as follows:

(in €)	2003	2002
Le Foyer Assurances	22 731 908.65	21 009 472.44
Le Foyer Santé	149 710.26	133 889.30
Le Foyer-ARAG	37 928.12	32 480.56
Europ Assistance	64 492.51	62 510.32
Le Foyer Vie	4 188 949.18	3 993 429.59
Foyer International	807 998.57	1 074 819.26
Raiffeisen Vie	87 702.67	-
Total	**28 068 689.96**	**26 306 601.46**

Employees

28 The average headcount in 2003 was 386.5, broken down by category as shown in the table below:

	Number of employees	
Categories	**2003**	**2002**
Management	20.5	20.5
Executives	42.0	37.0
Administrative	320.0	321.4
Manual	4.0	4.0
Total	**386.5**	**382.9**

Personnel expenses for the year break down as shown in the table below:

(in €)	2003
Salaries and wages	20 385 390.97
Other personnel expenses	2 374 940.76
Social security	5 077 934.70
Total	**27 838 266.43**
o/w pensions	3 654 663.50

Remuneration paid to members of administrative, management and supervisory bodies and pension commitments to former members of these bodies

29 For 2003, remuneration 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 shown below:

	Remuneration
Managing Committee	€ 4 576 176.06

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 shown below.

	Sum outstanding	Interest rates	Term
Managing Committee	€ 769 256.28	0.5% to 4.75%	4 to 13 years

Repayments in the course of the year totalled € 15, 311.35 (2002: € 5,703.36).

June 2000 – Stock market flotation of Le Foyer S.A.

Mr François Tesch,
President of the
Board of Directors
and Chief Executive

Mr Marcel Dell,
Member of the
Board of Directors
and Finance
Director

LE FOYER
Compagnie Luxembourgeoise
Société anonyme

LE FOYER
Groupe d'Assurances

Offre de Vente Combinée de
maximum (1.800.000) Actions

Offre en Souscription Réservée
au personnel bénéficiaire et aux
agents d'assurances bénéficiaires
du Groupe Le Foyer de maximum
75.000 Actions Nouvelles

Inscription de maximum 8.975.000
actions de la Société à la Bourse
de Luxembourg et
au Premier Marché de la
Bourse de Bruxelles

Mr Henri Marx,
Member of the
Board of Directors
and Deputy Chief
Executive

Management report

Management report from the Board of Directors of **Le Foyer S.A.** presented to the Annual General Meeting of Shareholders on 1 April 2004.

Net profit in 2003 was € 9.72 million, compared to € 9.37 million in the previous year.

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

(€ millions)	31.12.2003	31.12.2002
Income from participating interests	**9.30**	9.18
Le Foyer Assurances	**8.25**	6.27
Le Foyer Vie	**-**	1.65
Foyer Asset Management	**1.05**	1.26
Income from securities, cash and equivalents	**1.46**	1.21
Charges (value adjustments, interest, financial expenses)	-0.48	-0.57
General expenses	-0.36	-0.27
Profit before tax	**9.92**	9.56
Tax	**-0.20**	-0.19
Net profit	**9.72**	9.37

Income from participating interests represent dividends paid to Le Foyer S.A. by its subsidiaries. The sums paid by each of the three main subsidiaries have changed, but the overall sum received by Le Foyer S.A. in 2003 was slightly higher than that received in 2002.

Outlook

Pending approval at the Annual General Meetings of the respective companies, in the first half of 2004 Le Foyer S.A. will receive the following dividends from its subsidiaries:

(€)	
Le Foyer Assurances	7 500 000.00
Foyer Asset Management	1 500 000.00
Foyer Vie	1 000 000.00
Total	**10 000 000.00**

Appropriation of profit

At the Annual General Meeting of Shareholders, the Board of Directors will propose distributing its available profits of € 10,559,963.08 consisting of net profit for 2003 of € 9,717,931.78 plus retained profit of € 842,031.30 carried forward from 2002, as follows:

(€)	
Statutory reserve	486 000.00
Reserve for wealth tax deductions	685 000.00
Gross dividend of € 0,9375 per share on 8,998,842 shares	8 436 414.38
Retained profit	952 548.70
Total	10 559 963.08

If you approve this proposal, the company will pay a gross dividend of € 0.9375, which after the 20% withholding tax on Luxembourg capital income gives a net dividend per share of € 0.75, available from 15 April 2004 and payable against presentation of coupon No. 4:

- in the Grand Duchy of Luxembourg: at the Banque et Caisse d 'Epargne de l 'Etat,
- in Belgium: at the offices of Petercam S. A.

Luxembourg, 16 March 2004

The Board of Directors

Report from the statutory auditor

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 2003 and have read the supporting management report. The annual accounts and management report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on the annual accounts, based on our audit work, and to verify that the management report is in conformity with the accounts.

We conducted our audit in accordance with international audit standards. These standards require that we plan and perform our audit work so as to obtain reasonable assurance that the annual accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures contained in the annual accounts. It also includes assessing the accounting principles and methods used and the significant estimates made by the Board of Directors in preparing the annual accounts, as well as evaluating the overall presentation of information. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the attached annual accounts, in conformity with the legal and regulatory requirements prevailing in Luxembourg, give a true and fair view of the assets, liabilities and financial position of **LE FOYER, Compagnie Luxembourgeoise S.A.** at 31 December 2003 and its results for the year then ended.

The management report is consistent with the annual accounts.

Luxembourg, 16 March 2004

PricewaterhouseCoopers S.A.R.L..
Statutory auditor
Represented by:
Luc Henzig

Balance sheet at 31.12.2003

ASSETS

	Notes	31.12.2003 (€)	31.12.2002 (€)
Fixed assets			
Tangible fixed assets	3(b)		
Other equipment, machines and furniture		5 652.50	5 652.50
Long-term financial investments			
Shares in associated undertakings	4	44 263 644.44	44 350 144.44
Participating interests		–	226 979.17
Securities held as financial fixed assets		468 000.00	287 500.00
Total fixed assets		**44 737 296.94**	**44 870 276.11**
Current assets			
Accounts receivable	9		
Other accounts receivable	3(c),5	54 456.69	11 324 416.29
Securities			
Other short-term investments	3(d), 3(e)	17 895 200.00	6 635 200.00
Balances with banks and post office accounts, cheques and cash		20 402 763.41	20 103 890.28
Total current assets		**38 352 420.10**	**38 063 506.57**
Accrued income		**309 771.19**	**150 509.21**
TOTAL ASSETS		**83 399 488.23**	**83 084 291.89**

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

LIABILITIES

	Notes	31.12.2003 (€)	31.12.2002 (€)
Shareholders' equity	6		
Subscribed capital		44 994 210.00	44 994 210.00
Issue premiums		3 106 002.40	3 106 002.40
Reserves			
Statutory reserve	7	3 581 000.00	3 111 000.00
Reserves for "wealth tax deductions"	8	388 000.00	–
Other reserves		15 400 000.00	10 400 000.00
Retained earnings		842 031.30	4 979 405.23
Total shareholders' equity		**68 311 243.70**	**66 590 617.63**
Provisions for liabilities and charges			
Provisions for taxes		539 654.04	338 246.34
Accounts payable	3(f),9		
Due to credit institutions		26 567.35	–
Due to tax authorities and social security		1 807.27	6 242.22
Other accounts payable	5	4 802 284.09	6 779 543.93
Total accounts payable		**4 830 658.71**	**6 785 786.15**
Net profit		**9 717 931.78**	**9 369 641.77**
TOTAL LIABILITIES		**83 399 488.23**	**83 084 291.89**

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

Consolidated profit and loss account at 31.12.2003

	Notes	31.12.2003 (€)	31.12.2002 (€)
Expenses			
Personnel expenses	10		
Salaries and other wage costs		14 192.47	3 388.51
Social security charges		1 607.02	383.92
Adjustments to asset values	3(g)		
Adjustments to the value of other short-term investments		110 150.00	248 800.00
Interest and similar expenses		207 206.97	26 355.20
Other expenses		353 157.82	283 776.54
Losses on the sale of assets		158 955.54	268 287.61
Tax on income from ordinary operations		181 506.35	108 344.54
Other taxes not included in the above item		19 901.35	77 612.70
Net profit		9 717 931.78	9 369 641.77
Total expenses		**10 764 609.30**	**10 386 590.79**
Income			
Income on fixed assets			
Income on long-term financial investments		9 299 932.50	9 179 931.00
Income from current assets			
Income from other short-term investments		472 741.26	478 853.96
Write-back of adjustments to the value of assets		180 500.00	–
Other interest and similar income		448 149.15	641 554.82
Income from the sale of assets		363 286.39	86 251.01
Total income		**10 764 609.30**	**10 386 590.79**

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

Notes to the annual accounts at 31 December 2003

General

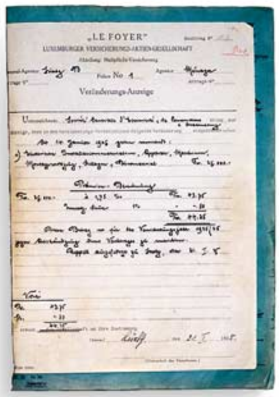
1 **LE FOYER, Compagnie Luxembourgeoise S.A.**, (the company) was constituted on 13 November 1998 and has its registered offices in Luxembourg. Its corporate purpose is essentially all operations relating to the acquisition of shareholdings, and the administration, management, control and development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

Presentation of the annual accounts

2 The company first prepared consolidated accounts and a consolidated management report, in compliance with criteria established under Luxembourg law, on 31 December 1999. The annual accounts and management report 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.

Certain items appearing in the balance sheet for 31 December 2002 have been adjusted to make them comparable with the items at 31 December 2003.



Summary of main accounting policies

3 The main accounting policies used 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) Fixed assets

Intangible fixed assets are valued at the historical cost of acquisition, including associated expenses.

In the event of lasting diminution in value, the value of fixed assets is adjusted to reflect the lower value assigned to them at the date the accounts are closed. These value adjustments are reversed if the reasons giving rise to them cease to exist.

3 (c) Accounts receivable

Accounts receivable are recorded in the balance sheet at either their nominal value or their expected realisation value, whichever is lower. These values are adjusted should their full or partial recovery come into doubt.

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

3 (d) Other short-term investments, excluding bonds and other fixed-income securities

Other short-term investments, except for bonds and other fixed-income securities, are valued at either the historical cost of acquisition or the market value, whichever is lower. Value adjustments corresponding to differences between the market value and cost of acquisition are not reversed and the lower value (Beibehaltungsprinzip) maintained, even if the reasons giving rise to the adjustment have ceased to exist.

3 (e) Bonds and other fixed-income securities

Bonds and other fixed-income 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 recorded against income until the security reaches maturity;

In the event of a diminution in value that the Directors consider to be lasting, the value of bonds and other fixed-income securities is adjusted to reflect the lower value assigned to them at the date the accounts are closed. These value adjustments are not reversed, and the lower value (Beibehaltungsprinzip) is maintained, even if the reasons giving rise to them cease 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 amount owed is higher than the sum received, the difference is recorded as a charge on the date the debt is booked.

Where the sum required to settle the amount owed is lower than the sum received, the difference is posted to 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 2003:

	% holding	Cost of acquisition €	Shareholders' equity at 31.12.2003 €	Profit for 2003 €
Le Foyer Assurances S.A.	99.999394%	23 175 257.94	87 941 345.55	14 941 398.79
Le Foyer Vie S.A.	99.999394%	7 784 662.72	24 690 575.24	2 688 373.40
Foyer International S.A.	99.999857%	9 936 780.95	18 538 763.53	414 616.11
Foyer Asset Management S.A.	99.998333%	1 489 442.83	5 609 747.58	2 316 795.95
Le Foyer, Patrimonium & Associés S.A.	75.477387%	1 877 500.00	2 071 870.08	81 425.87
		44 263 644.44		

Other accounts receivable and other accounts payable

5 Other accounts receivable at 31 December 2003 totalled € 54,456.69 (2002: € 11,324,416.29) and included amounts owed by associated undertakings of € 3,110.37 (2002: € 3,769.04).

Other accounts payable at 31 December 2003 totalled € 4,802,284.09 (2002: € 6,779,543.93) and consisted mainly of amounts owed to associated undertakings of € 42,231.38 (2002: € 78,267.94) and securities purchased pending settlement of € 4,678,094.75 (2002: € 6,619,756.84).

Shareholders' equity

6 Movements in shareholders' equity in the course of the year are shown in the table below.

(in €)	Subscribed capital	Issue premiums	Statutory reserve	Reserve for wealth tax deductions	Other reserves	Retained profit	Profit for the year
At 31.12.2002	**44 994 210.00**	**3 106 002.40**	**3 111 000.00**	**-**	**10 400 000.00**	**4 979 405.23**	**9 369 641.77**
Appropriation of profit							
dividends							-7 649 015.70
reserves and retained earnings			470 000.00	388 000.00	5 000 000.00	-4 137 373.93	-1 720 626.07
2003 profit							9 717 931.78
At 31.12.2003	**44 994 210.00**	**3 106 002.40**	**3 581 000.00**	**388 000.00**	**15 400 000.00**	**842 031.30**	**9 717 931.78**

On 31 December 2003, subscribed capital came to € 44,994,210.00, represented by 8,998,842 fully paid up shares with no assigned nominal value. Authorised share capital is € 74,350,000.00.

Statutory reserve

7 Under Luxembourg law, 5% of a company's annual net profit must each year be transferred to a statutory reserve. These transfers cease to be obligatory once the value of the statutory reserve is equivalent to 10% of the company's total share capital.

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

Reserves for “wealth tax deductions”

8 The company reduced its wealth tax liability as permitted under current tax law. In compliance with legislation, the company allocated an amount corresponding to five times the reduced wealth tax liability to a blocked reserve. This reserve must remain blocked for five years from the year following that in which the wealth tax liability was reduced.

The allocations made to this reserve are as follows:

2002	€ 388 000.00

Breakdown of accounts receivable and accounts payable by residual term.

9 All accounts receivable and accounts payable have a residual term of less than one year.

Employees

10 The company recruited one employee, on a temporary basis, in the year ended 31 December 2003 (2002: 1).

Personnel expenses for the year break down as shown in the table below:

(€)	2003	2002
Salaries and other wage costs	14 192.47	3 388.51
Social security charges	1 607.02	383.92
Personnel expenses	**15 799.49**	**3 772.43**
o/w pensions	1 133.31	271.08

Agents

Agents and Employees of Le Foyer

Employees

1922 - 6 employees
1972 - 180 employees
2003 - 409 employees

1922-1928 - Le Foyer offices, Maison Moll

1951-1981 - Le Foyer head office, Avenue Guillaume, Luxembourg

Since 1981 - Le Foyer head office, Luxembourg-Kirchberg

Future Le Foyer head office currently under construction at Leudelange.

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An English version of the Le Foyer S.A. annual report for 2003 is also available on our website: **www.lefoyer.lu**.

Our Finance Department will also send you a copy on request. The detailed accounts of each company included in these consolidated accounts are also available from our Finance Department on request.

Marcel Dell

Finance Director

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www.lefoyer.lu