Le Foyer S.A.

Annual Report 2004

...in the heart of Europe

The bridge, a symbol of openness

The Grand Duchy of Luxembourg essentially owes its sovereignty to the steep rock on top of which perches the ancient fortress of "Lucilinburhuc". Over the centuries, this escarpment's strategic location and formidable fortifications earned the Duchy its reputation as "the Gibraltar of the North".

Soon the Luxembourgeois were building out from their rocky escarpment, straddling the deep surrounding valleys with the bridges that are still a characteristic feature of the City of Luxembourg.

From a fortified city, envied for its strategic location until the early 19th century, Luxembourg developed into a prosperous country coveted for its worldwide banking centre.

The prosperous period that followed the dismantling of the town's fortifications brought a new spirit of openness and burgeoning trade.

A spirit that we like to identify with and which is perfectly summed up by this year's visual theme, the bridge: **overcoming obstacles and building new links**.

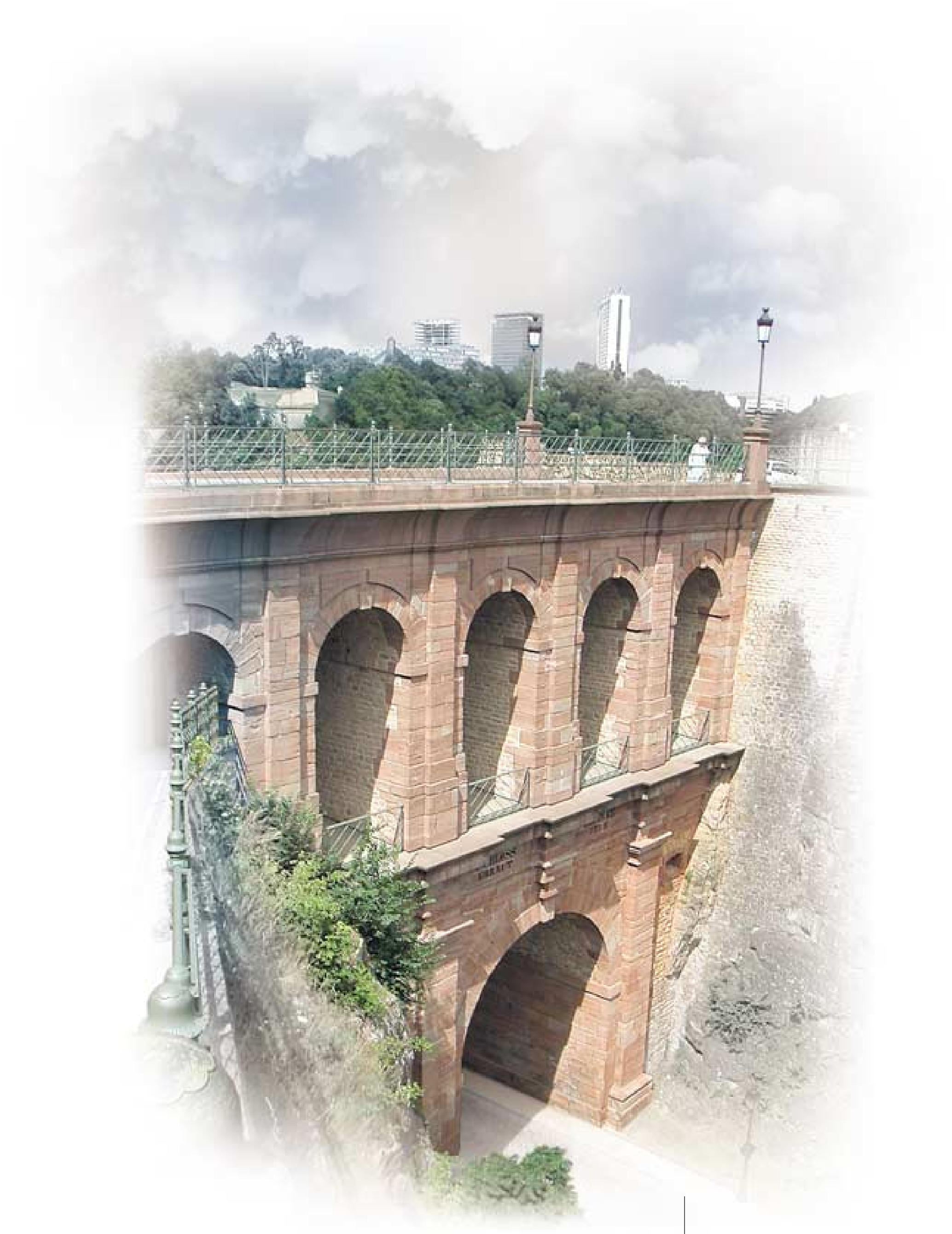
This is why our report this year features a selection of the elegant bridges that bestride Luxembourg's rivers and valleys.

We trust you will find our 2004 Annual Report enjoyable reading.

Stierchen Bridge

The old quarters and fortifications of the City of Luxembourg, including the Stierchen Bridge in Luxembourg-Grund, are listed as UNESCO world heritage sites. The Stierchen Bridge and two adjacent towers date back to the mid 15th century.

Contents



Castle Bridge / Schlassbreck

The Castle Bridge was built in 1735 in red sandstone, to replace a previous wooden construction that included a drawbridge. One feature of the new bridge was that it offered several routes into the upper city of Luxembourg, including via underground tunnels. The bridge was completely restored in 1992-93.

2004 consolidated financial highlights

Consolidated revenues

(€ million)	2004	% change	2003	% change	2002
Premiums written	564.82	29.8	435.08	8.4	401.49
Non-life	222.08	9.1	203.58	6.2	191.70
Life	342.74	48.1	231.50	10.3	209.79

Consolidated net profit by sector of activity

(€ million)	2004	% change	2003	% change	2002
Non-life insurance	20.82	40.9	14.78	16.1	12.73
Life insurance	3.99	32.6	3.01	N/A	*-4.29
Asset mangement	2.58	-7.6	2.80	49.4	1.87
Total (net of minority interests)	27.40	33.1	20.59	99.7	10.31

* 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

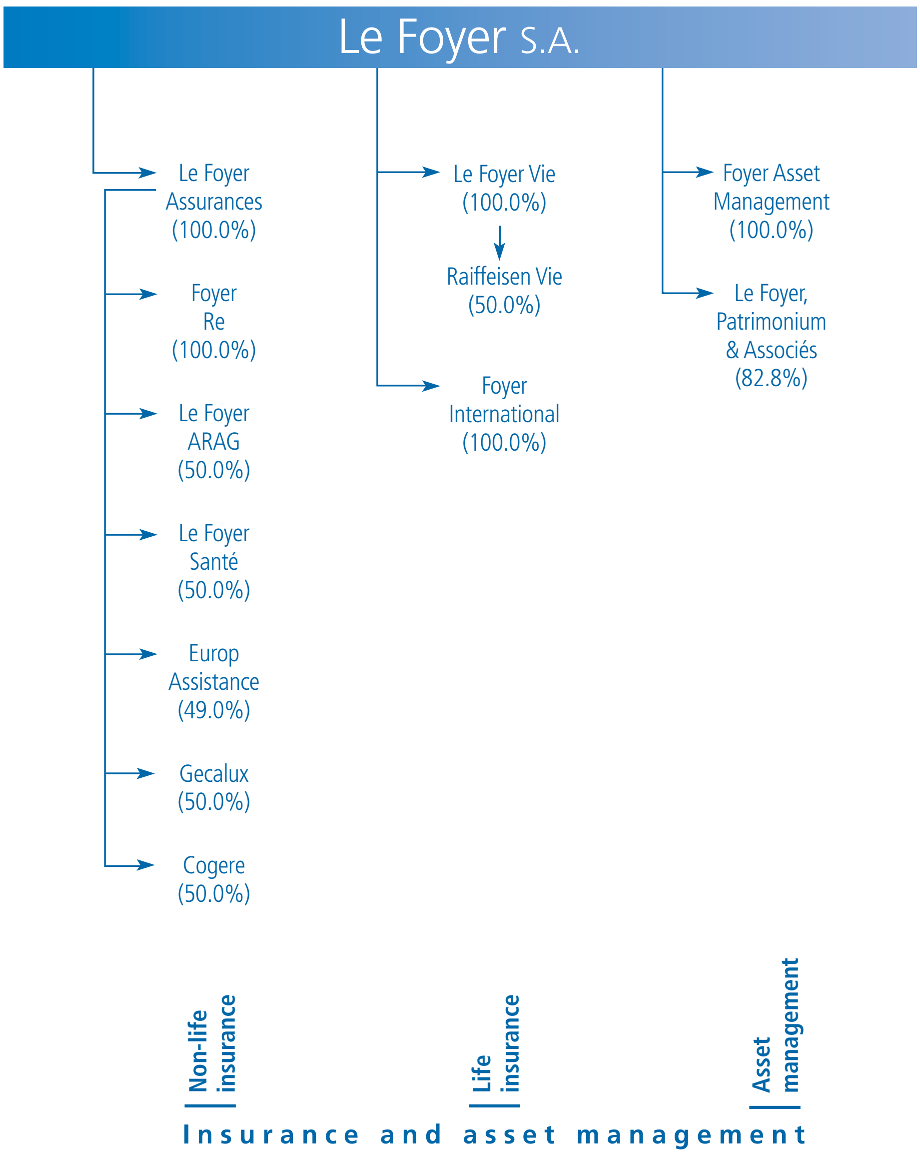
	2004	2003	2002
Headcount (at year-end)	**415**	**409**	**387**

Financial ratios

	2004	2003	2002
Recurring earnings per share (in €)	3.04	2.29	1.15
Price / earnings	11.1	10.7	13.5
Gross dividend per share (in €)	1.05	0.9375	0.85
Net dividend per share (in €)	0.84	0.75	0.68
Shareholders' equity per share (in €)	25.61	24.77	23.67

Group activities

(at 31 December 2004)



Board of Directors
Le Foyer, Compagnie Luxembourgeoise S.A.
(at 7 April 2005)

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

¨Oetrange Bridge¨ 2004

Managing Committee
Groupe Le Foyer S.A.
(at 7 April 2005)

François TESCH, President

Marc LAUER

Henri MARX

Daniel ALBERT

André BIRGET

Philippe BONTE

Jean-Louis COURANGE

Marcel DELL

Benoît DOURTE

Marcel MAJERUS

Jean-Michel WILLEMAERS

Gilbert WOLTER

"Schengen Viaduct" 2002

Management
(at 7 April 2005)

General Management:	François TESCH, Chief Executive Marc LAUER, Chief Operating Officer Henri MARX, Deputy Chief Executive
Attached to the General Management:	Marcel DELL, Director
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: Marc LAUER, Director Le Foyer-ARAG: Adèle LAMBERTY, Managing Director Le Foyer Santé: Claus Maria SEILER, Director Europ Assistance: Jean-Claude STOOS, Managing Director
Life Insurance:	Le Foyer Vie: Philippe BONTE, Director Foyer International: Jean-Louis COURANGE, Director Henri KOOLE, Deputy Director Raiffeisen Vie: Philippe BONTE, Director
Sales & Marketing:	Gilbert WOLTER, Director Jean-Claude STOOS, Assistant Director
Accounts:	Jean-Paul BEMTGEN, Deputy Director Christine JOLY, Assistant Director
Finance:	André BIRGET, Director
Asset Management:	Foyer Asset Management: Marcel DUBRU, Accredited Director Lucien MAJERUS, Accredited Director Pascal MICHEZ, Accredited Director Le Foyer, Patrimonium & Associés: Jean-Michel WILLEMAERS, Accredited Director Sandrine DUBOIS, Accredited Director
Legal:	Marcel MAJERUS, Director Alain HUBERTY, Deputy Director
Human Resources and General Services:	Benoît DOURTE, Director
IT Systems:	Daniel ALBERT, Director

"Schifflange Bowstring Bridge" 1994

Schiessentümpel

The Schiessentümpel picturesque stone bridge with its triple waterfall, built in 1850, is one of the best-known and most popular sights in the Müllerthal region of Luxembourg, known as the Duchy's 'Little Switzerland'.

Letter from the President

2004 was a very successful year for the Group.

Le Foyer S.A's consolidated revenues rose by 29.8% to over € 500 million, and consolidated net profit by 33.1% to € 27.40 million.

Revenue growth was strong in all Group companies. I would particularly highlight the performance of the Life insurance segment, which increased premium income by 48.1%.

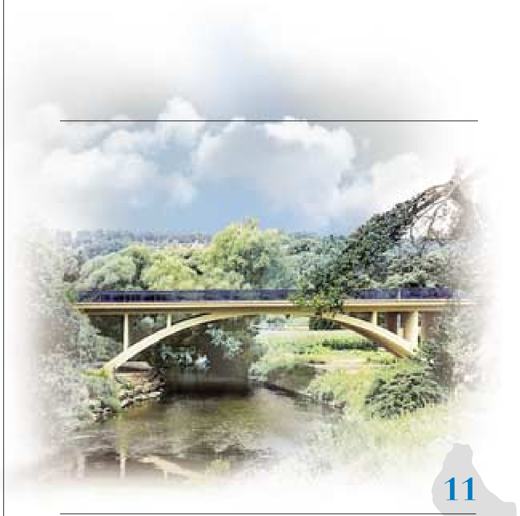
The cross-border Life insurance business increased revenues by 60.7% on the back of renewed confidence in equities and growing client interest in life insurance products as an asset management tool.

On the Luxembourg market, the Life insurance segment benefited in particular from a sharp rise in single-premium savings insurance products.

Net profit improved thanks to this encouraging revenue growth. Nearly all Group companies made substantially higher contributions to Group profits. The Non-Life insurance segment recorded a much lower claims ratio in 2004, and financial income was generally improved on the previous year.

The share price progressed favourably over the same period, up 38.2% to € 33.85 at end-2004 vs. € 24.50 a year earlier. The share was trading at € 34.75 at the end of February 2005, which means that it is once again approaching its flotation price of € 39.00 in July 2000. This recognition from the market is very encouraging and represents a vote of confidence in the strategy and prudent management that we have developed over the past difficult years.

Le Foyer S.A.'s stock market performance puts it comfortably among the leading insurance companies, and was among the best in the sector in 2004.



¨Colmar-Berg Bridge¨ 1956

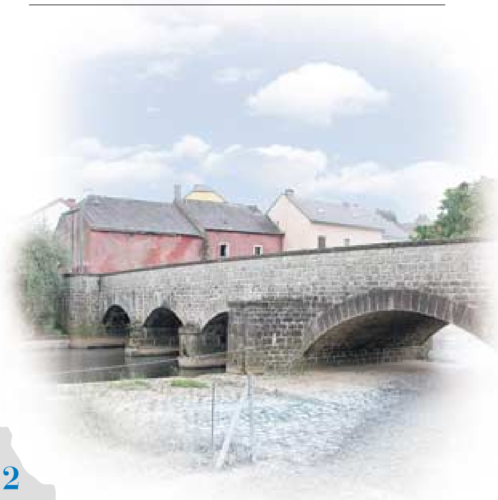
These strong results enable us to pay a higher dividend than last year.

We also reinforced the management team in 2004. The appointment of a Chief Operating Officer reflects our aim of better co-ordinating our insurance and financial activities and successfully meeting the ambitious targets that we set in our business plan. The strengthened management should also allow me, as Chief Executive Officer, to focus yet more strongly on the Group's strategy and expansion.

The Group is now in a strong position to develop its activities in 2005 in promising markets.

I would like to take this opportunity to thank all our clients for placing their trust in our Group. I would also like to thank everyone who contributed to the Group's good results in 2004 and whom I know we can count on in the future.

François TESCH



¨Boevange Bridge¨ 1860

Consolidated management report

Consolidated management report of **Le Foyer S.A.**, presented to the Annual General Meeting of Shareholders on 7 April 2005.

Consolidated results

Revenues grew by a very healthy 29.8% in 2004 relative to 2003, exceeding € 500 million for the first time, with premium income of € 564.82 million.

Non-Life and Life insurance posted increases of 9.1% and 48.1%, respectively.

After stripping out premiums related to fronting activities for captive reinsurance companies, Non-Life revenues grew 6.5%. Non-Life premiums collected under the free provision of services regime in the south of Belgium climbed 24.1%.

On the Luxembourg market, Life insurance revenues grew by 11%, with insurance to individuals particularly buoyant. Life insurance revenues outside Luxembourg, carried out under the free provision of services regime posted exceptional sales growth of 60.7% in 2004, well ahead of the 8.4% growth seen in 2003 after two years of stock market declines.

The table below shows consolidated premium income in 2003 and 2004 for Life insurance and Non-Life insurance, together with year-on-year growth rates for each business.

(€ million)	2004	%	2003	%	% change
Non-Life insurance	222.08	39.3	203.58	46.8	9.1
Life insurance	342.74	60.7	231.50	53.2	48.1
Total	**564.82**	**100.0**	**435.08**	**100.0**	**29.8**

Consolidated net profit (Group share) rose 33.1% from € 20.59 million in 2003 to € 27.40 million in 2004.

¨Rodershausen Bridge¨ 1970

The table below shows the breakdown of consolidated net profit by the main branches of activity for 2003 and 2004.

	Net profit		
(€ million)	2004	2003	% change
Non-life insurance	20.82	14.78	40.9
Life insurance	3.99	3.01	32.6
Asset management	2.58	2.80	-7.6
Total	**27.40**	**20.59**	**33.1**

Non-Life insurance posted a 40.9% year-on-year rise in its 2004 net profit. This fine performance is largely attributable to a big improvement in the claims rate after a smaller number of major claims on the **civil motor liability** segment.

Life insurance earnings climbed 32.6% driven by a sharp improvement in financial income.

In contrast, Asset Management profit was down 7.6% on 2003 after weaker earnings in our brokerage business where margins came under pressure.

Outlook for Le Foyer S.A. Group

At consolidated Group level, the outlook for 2005 is good. The first two months of the year showed revenue growth remaining strong.

We expect the Group to generate a high level of net profit in 2005 thanks to tight control of costs and an increase in recurring financial income. This trend will nevertheless remain subject to the technical uncertainties that typify the insurance sector and to the financial uncertainties about movements in interest rates and stock markets.

We present below an overview of the Group companies, by sector of activity.

Non-Life insurance

Strong revenue growth in Luxembourg and Belgium.

No serious bodily injury claims in civil motor liability.

Improved earnings in the motor divisions.

An increase in claims for general civil liability.

Sharp increase in net profit.

The Group's Non-Life insurance companies include Le Foyer Assurances (100%) and Foyer Re (100%), both of which are fully consolidated, plus Europ Assistance (49%), Le Foyer-ARAG (50%), Le Foyer Santé (50.%), Gecalux (50.%), Cogere (50%), all of which are proportionally consolidated. The table below shows the key results for the Non-Life insurance business in 2003 and 2004:

NON-LIFE INSRUANCE (CONSOLIDATED)

(€ million)	2004	2003	% change
Total revenues	**222.08**	**203.58**	**9.1**
Revenues of fully-consolidated companies	219.35	201.32	9.0
Revenues of proportionally-consolidated companies	2.73	2.26	20.9
Net consolidated profit	**20.82**	**14.78**	**40.9**
Profit of fully-consolidated companies	21.41	14.96	43.2
Profit of proportionally-consolidated companies	-0.59	-0.17	N/A
Headcount (at year-end)	**322**	**316**	**1.9**

LE FOYER ASSURANCES

Le Foyer Assurances posted revenues of € 219.32 million in 2004, a 9% increase on 2003. This figure includes € 40 million of premium income from **captive business**.

In **Luxembourg**, **motor insurance** premiums rose 7.3% in 2004 to € 101.99 million.

Premium receipts for **fully comprehensive motor** insurance policies advanced by a particularly satisfactory 9.7% thanks to our flagship ***mobile*** product, which remains highly competitive in terms of both the breadth of insurance cover and the associated services it offers. But this success also stems from our extensive country-wide network of professional agents.

An increasing number of customers are taking out insurance policies that provide protection against the consequences of damage to their vehicle and are keeping such policies for longer: 48% of our policies for individual customers cover **material damage** and 77% cover **fire**, **theft** and **glass breakage**.

¨Diekirch Bridge¨ 1947

Thanks to a falloff in the frequency of claims in 2004, following a particularly heavy year in 2003 due to the June hail storms, claims expenses rose by only 2.7%.

Revenues in **civil motor liability** rose 4.5%. Policy issuance grew at a faster pace than the number of cars on Luxembourg's roads.

The claims frequency declined slightly, while motor-related serious bodily injury claims were down sharply compared with the previous year. The measures taken by the government to improve road safety appear to be bearing fruit. Claim expenses fell by 35.4%, after an exceptionally high claims rate in 2003.

Premium income in **property damage** insurance rose by only 2.3%. This slowdown came from the industrial and special risks segment, where the trend towards higher tariffs, driven by the global reinsurance market in 2002 and 2003, faded away in 2004. Also, our share of one large industrial policy was substantially reduced. Our ***reebou*** product range for individuals, small contractors and shopkeepers, continues to be popular with the public, reflected in the 5.5% rise in premium income. With no major claims recorded, claims expense in **property damage** fell 25.1% relative to 2003 when, as in motor insurance, the June hail storm had prompted a high volume of claims.

Premium income rose by 10.6% in the **general civil liability** segment due partly to strong demand for professional civil liability cover but also due to higher tariffs for more exposed risks. In fact, civil liability claims more than doubled over 2004 with most of the rise coming from the professional liability segment.

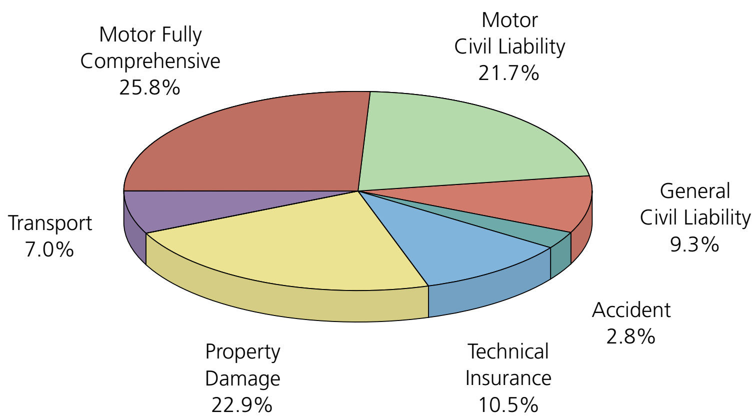
Premium income from **technical insurance** rose sharply by 18.5%, particularly in the construction segment. The absence of major claims and a favourable reassessment of the technical reserves built in previous years, kept the claims rate down to just 24.9%.

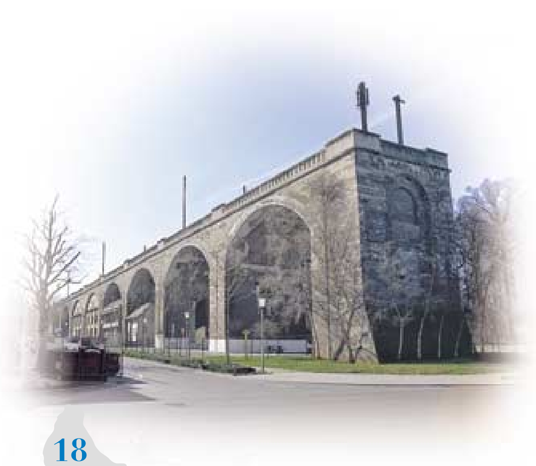
Our **accident** cover insurance posted a 5.2% rise in premium income, driven mainly by the success of our Conducteur Protégé cover, an option taken up in 26.7% of our motor insurance policies.

Within our **transport** insurance segment, premium income rose by 12.6% on the back of strong demand for insurance cover for cash and securities transport by financial institutions. The healthy results recorded in 2003, following a favourable reassessment of the technical reserves built up over previous years, were maintained in 2004.

In Belgium, income from our ***mobilé*** and ***reebou*** products rose by 24.1% generated largely in regions close to Luxembourg. Our highly-selective underwriting policy enabled us to further enhance the profitability of this fast-growing portfolio.

Breakdown of Foyer Assurances premium income





¨Tiror Bridge¨ 1912, Esch s/Alzette

Financial position

Financial income fell 26.2% relative to 2003. The decline was due to value adjustments on our Gecalux and Cogere interests and the writedown of premiums on bonds acquired above par value to guarantee the portfolio's future yield.

Le Foyer Assurances recorded 2004 net profit of € 20.86 million, up 39.6% on 2003. Shareholders' equity before appropriation of profit was up 13% on 2003 to € 116.24 million in 2004. This means that the regulatory solvency margin is comfortably covered.

LE FOYER ASSURANCES SUBSIDIARIES

The performance that stood out among the Le Foyer Assurances Group companies in 2004 was that of **Foyer Santé** which recorded a 31.4% rise in premium income to € 2.77 million. This shows that its insurance products successfully meet the needs of our clients seeking to improve their health insurance cover.

Foyer-ARAG, the **legal protection** subsidiary, raised its revenues by 14.5%. ***Jurisline***, the telephone legal advisory service offered to Le Foyer-ARAG clients, was very well received. In 2004, a large number of clients made use of this service.

Europ Assistance Luxembourg, the specialist in personal and vehicle **assistance** for individuals and corporate clients, again raised revenues, by 5.1%, despite fierce competition in this segment.

Foyer Re, the Group's captive reinsurance company, recorded a surplus of € 11.11 million after no major claims were recorded during 2004. The entire surplus was transferred to the fund for fluctuations in the claims rate.

Cogere, a captive reinsurance company serving several Gecalux clients, recorded a negligible loss which was deducted from the provisions for fluctuations in the claims rate, in line with the regulations for reinsurance companies.

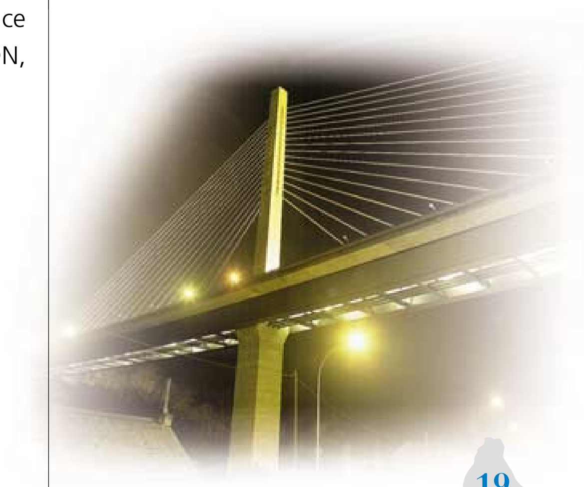
Outlook for Non-Life insurance

We remain very confident in our ability to increase revenues while maintaining profitability, thanks to constant improvements to our products and services, the performance and professionalism of our retail network, and our highly motivated and experienced underwriting and claims management personnel.

We were able to negotiate a reduction in reinsurance for 2005, despite tariff rises in the global insurance market, thanks to tight control of our technical profit. On the other hand, we have raised our reinsurance cover with Foyer Re for storm-related claims.

Based on the increase in our financial returns, and assuming a normal level of major claims, we estimate that 2005 net profit will remain high.

At the beginning of 2005, Gecalux (50%-owned by Le Foyer Assurances) sold its captive reinsurance management business to AON Captive Services Group (AON Group) which has been operating on the Luxembourg market since 1984. This transfer means Gecalux clients will benefit from the indisputable expertise of a world leader in insurance and reinsurance services, in the increasingly complex market for captive reinsurance with higher demand for international services. Le Foyer Group will continue to offer insurance cover on behalf of captive reinsurance companies. As soon as the activities are transferred to AON, Gecalux will be put into liquidation.



¨Victor Bodson Bridge¨ 1993, Hesperange

Pulvermühle Viaduct / Bisserbréck

The Pulvermühle Viaduct, abutting Luxembourg station, is one of four railway bridges linking Luxembourg and Dommeldange. Opened in 1859, it measures 250 m in length over 13 spans and stands 32 m high.

Reinsurance

Higher internal reinsurance costs.

No serious bodily injury claims in motor civil liability.

Satisfactory renewal of external reinsurance contracts for 2005.

External reinsurance

After stripping out Le Foyer Assurances' fronting activities for captive reinsurance companies, 8% of Non-Life insurance premiums were ceded in external reinsurance in 2004.

Le Foyer Assurances' external reinsurers recorded a slight decline in profits from € 10.84 million in 2003 to € 9.96 million in 2004. However, reinsurance costs remain fairly high, despite no major claims recorded.

Owing to a higher retention rate, but particularly to a sound underwriting and pricing policy, Le Foyer Group's Non-Life insurance companies were able to renew their reinsurance contracts for 2005 on satisfactory terms.

Internal reinsurance

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

The table below shows Foyer Re's results for the 2002-2004 period.

Foyer Re reported a surplus of € 11.11 million, compared to € 6.88 million in 2003, the whole of which was allocated to the equalisation reserve, which stood at € 45.90 million at end-2004.

(€ million)	2004	2003
Gross premiums received	27.61	24.98
% change	10.50	12.30
Surplus	11.11	6.88
Provision for claims fluctuations (year-end)	45.90	34.79

This sharp increase in the surplus stems from the absence of serious bodily injury claims in civil motor liability and no major claims in property damage. The internal reinsurance contracts entered into with Le Foyer Group's Non-Life insurance subsidiaries were renewed for 2005 on similar terms to 2004.

¨Echternach Bridge¨ 1952

Viaduct / Passerelle / Aal Bréck

The Viaduct also known as the "Passerelle" or "Old Bridge" was built between 1859 and 1861 and stretches over the Petrusse valley at a height of 45 m. It has 24 arches with spans between 8m and 15m. The bridge piers measure up to 30 m and the total length of the bridge is 290 m.

Life Insurance

Exceptional rise in premium income.

Strong growth in profits.

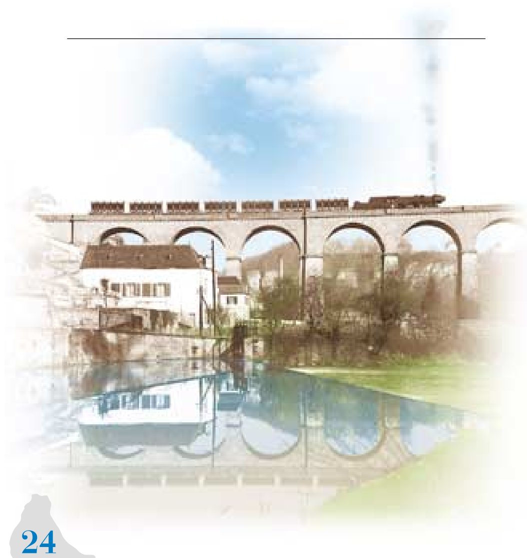
The Group's Life insurance business is composed of Le Foyer Vie (100%) which operates in Luxembourg, and Foyer International (100%) which provides products and services outside Luxembourg under the free provision of services regime (both fully consolidated) and Raiffeisen Vie (50%) which is proportionally consolidated.

The table below shows the financial highlights for the Life business.

(€ million)	2004	2003	% change
Total revenues	**342.74**	**231.50**	**48.1**
Foyer International	277.18	172.44	60.7
Le Foyer Vie	64.12	58.08	10.4
Raiffeisen Vie	1.44	0.98	47.5
Net profit	**3.99**	**3.01**	**32.6**
Foyer International	0,92	0.41	122.9
Le Foyer Vie	3.07	2.69	14.3
Raiffeisen Vie	-0.00	-0.09	N/A
Headcount (at year-end)	**57**	**53**	**7.5**

In 2004, **Foyer International** was particularly active in the area of marketing, while the relative stability in the financial markets helped revive the confidence of our potential clients.

Premium income grew to € 277.18 million, up 60.7% compared with 2003. A large proportion of the new business was recorded in the second half of 2005 so the effects of these new premiums on technical margins will only really be felt in 2005. Funds under management rose by 19%. The 17.7% increase in



¨Pulvermühle Viaduct¨ 1859,
Luxembourg-Clausen

general expenses was in line with our forecasts. General expenses were particularly low in 2003 whereas in 2004 we had to meet the costs of upgrading our IT software and other costs related to the strong increased premium income. Largely driven by the substantial increase in the technical margin, net profit in 2004 came to € 0.92 million, a 122.9% increase relative to 2003.

On the Luxembourg market, **Le Foyer Vie** generated premium income of € 64.12 million in 2004, up 10.4% compared with 2003. This progression was driven by sustained growth in sales of retirement savings products and single-premium savings insurance contracts to individuals, and positive momentum on sales of Group insurance products.

Thanks to a tight control of general expenses and a rebound in financial income after a fall in 2003, technical profit after reinsurance improved substantially.

Non-recurring financial transactions generated a slight profit.

Net profit in 2004 was € 3.07 million, a 14.3% increase on 2003.

In 2004 we strengthened our position as market leader in retirement savings products for individuals. We also extended our offering with the ***Nova*** product range (savings for children) and developed into unit-linked products with the launch of ***Helios Invest***. Note also that in 2004, Dexia Life & Pensions ceded its savings insurance portfolio to Foyer Vie.

In Group insurance, we have now stopped offering our service advising clients on bringing their existing top-up pension regimes into line with the new legislation.

Life insurer **Raiffeisen Vie**, owned 50/50 by Le Foyer Vie and the Raiffeisen Group, benefited from a strong sales strategy and posted a 47.5% growth in revenues to € 2.89 million, ending the year close to break-even with a small loss of € 0.01 million.

Outlook for Life Insurance

Foyer International's prospects remain closely correlated to global stock markets, investor confidence in the financial markets and a constantly changing legal and fiscal environment. The outlook is nonetheless positive, owing to new market developments planned for 2005 and which should start to bear fruit in 2006.

Foyer Vie should continue to benefit from the favourable climate for unit-linked products and our continued drive in 2004 to create new products and boost sales.

For **Raiffeisen Vie**, we expect sales to continue the strong growth seen in 2004.

¨Sauertalbrücke¨ 1987, Wasserbillig/Mesenich

Adolphe Bridge / Nei Bréck

Adolphe Bridge, also known as the "New Bridge" was built between 1900 and 1903 under the rule of the Grand Duke Adolphe. At the time it was the longest stone arched bridge ever built. The huge double arch spans 85 m across the Pétrusse valley at a height of 42 m, and the bridge has a total length of 153 m.

Asset management

Results buoyed by upturn in financial markets.
Recovery in equities trading and brokerage activities.
Squeezed margins on arbitrage transactions.
Sharp growth in assets under management.

The Group's asset management business encompasses Foyer Asset Management (100%) and Le Foyer, Patrimonium & Associés (82.8%) (both of which are fully consolidated) and the financial results of the parent company Le Foyer S.A.

The table below shows the results for these three companies.

(€ million)	2004	2003	% change
Net profit	**2.58**	2.80	**-7.6**
Le Foyer S.A. (holding company)	0.59	0.42	41.8
Foyer Asset Management	1.68	2.32	-27.7
Le Foyer, Patrimonium & Associés	0.31	0.06	N/A
Assets under management	**1 449.79**	1 182.16	**22.6**
Headcount (at year-end)	**36**	31	**16.1**

After the recovery in the European stock markets in 2003, last year was marked by the euro's sharp appreciation against the dollar particularly in the fourth quarter. From June until the end of the year, long bond yields fell continuously. The equities rally at end-2004 helped stock indices post positive yields for the full year.

Against this backdrop, **Foyer Asset Management** benefited from the recovery in equity activity, in both proprietary trading and brokerage. The marked recovery in equity brokerage was reflected in the 40% rise in transaction volumes. In addition, proprietary fixed income trading was again very buoyant. In contrast, the brokerage side of the fixed-income business posted a 5% contraction of volumes, bringing margins under serious pressure.

Net revenue after retrocession was down by 3.8% on 2003. Over the same period, operating costs were up 19% following the increase in the headcount and charges taken for IT upgrades. Interest and operating charges rose by 34.2% due to a combination of the change in the way clearing costs are billed, and the substantial increase in transaction volumes.

Net profit fell 27.7% from € 2.32 million in 2003 to € 1.68 million.

"Ficelle Bridge" 1974, Diekirch

Meanwhile, **Le Foyer, Patrimonium & Associés** continued the efforts already begun in 2003, to strengthen its sales and marketing teams in both Luxembourg and Belgium. Over 2004, the client advisory team grew from 8 to 14 people, raising general costs.

Assets under management in 2004 grew at a similar rate to the previous year (53% vs. 55% in 2003). At end-2004, total assets under management were € 282 million.

Net commissions climbed 77% compared with the previous year.

Alongside marketing efforts in 2004, the Group continued to improve the efficiency of the administrative and operational team and step up the level of control and risk management.

Net profit in 2004 was € 0.38 million against € 0.08 million in 2003.

Outlook for asset management

After several particularly good years in the fixed income markets, 2005 volumes are likely to stagnate given the likelihood of rate rises some time in the year. The recovery in equities business already seen in 2004 should continue into 2005, a factor which should have positive repercussions on the development of Foyer Asset Management and Foyer, Patrimonium & Associés.

We expect profits in 2005 similar to those in 2004.

Luxembourg, 8 March 2005

The Board of Directors

¨Lorentzweiler Viaduct¨ 2005

Grand Duchess Charlotte Bridge
Roud Bréck

The Grand Duchess Charlotte Bridge, built between 1963 and 1966 also dubbed the "Red Bridge" in popular speech due to its vivid colour, links the town centre and the "Gates of Europe" on the Kirchberg Plateau. It measures 74 m in height and 355 m in length and the clear span between the supports is 234 m. It is 25 m wide and weighs over 4,900 tonnes.

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 financial statements of **Le Foyer, Compagnie Luxembourgeoise S.A.** and its subsidiaries for the financial year ended 31 December 2004 and have read the supporting management report. The consolidated financial statements and consolidated management report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on the consolidated financial statements, based on our audit work, and to verify that the consolidated management report is in conformity with the statements.

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

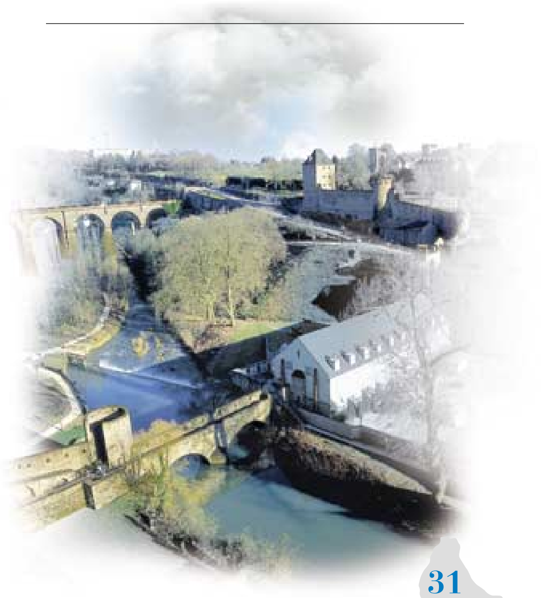
In our opinion, the attached consolidated accounts, in conformity with the legal and regulatory requirements prevailing in Luxembourg, give a true and fair view of the consolidated assets, liabilities and financial position of **Le Foyer, Compagnie Luxembourgeoise S.A.** and its subsidiaries at 31 December 2004 and of the consolidated results for the year then ended.

The consolidated management report is consistent with the consolidated financial statements.

Luxembourg, 8 March 2005

PricewaterhouseCoopers S.à.r.l.
Statutory auditor
Represented by:

Paul Neyens



¨Pulvermühle Viaduct and Stierchen Bridge¨
1859 and 1450, City of Luxembourg

Consolidated balance sheet at 31.12.2004

ASSETS

	Notes	31.12.2004 (€)	31.12.2003 (€)
Intangible assets	11(b),12		
Start-up expenses		8 926.50	17 853.00
Concessions, patents and licences		2 350 601.75	2 487 043.49
Research and development expenses		-	190 380.00
Consolidated goodwill	8,18	-	1 805 995.76
Total intangible assets		**2 359 528.25**	**4 501 272.25**
Investments			
Land, buildings and installations	11(c),13	32 153 060.75	20 460 656.11
Investments in associated undertakings and participating interests			
Associated undertakings and participating interests	11(d),14	230 041.72	844 465.29
Bonds and debentures issued by companies with which the company has an equity link and accounts receivable from these companies		201 175.61	666 207.03
Other financial investments	11(e),15		
Equities and other variable-income securities and shares in mutual funds (FCPs)		140 079 671.62	139 897 051.92
Bonds and other fixed-income securities	11(f)	606 784 294.16	486 731 578.20
Mortgage loans		866 193.71	719 669.96
Other loans and advances (including policy advances)	16	4 986 058.13	5 805 149.85
Deposits with credit institutions		145 814 141.04	210 501 008.21
Deposits with ceding companies		145 476.08	12 786 420.19
Total investments		**931 260 112.82**	**878 412 206.76**
Investments on behalf of life insurance policy holders where the risk is assumed by the policy holder	11(g)	**1 091 136 417.41**	**916 427 377.75**
Subrogations and recoveries		**2 769 484.88**	**2 773 940.94**

The accompanying notes are an integral part of the consolidated financial statements.

ASSETS
continued

	Notes	31.12.2004 (€)	31.12.2003 (€)
Reinsurers' share in technical provisions			
Provision for unearned premiums		9 518 104.26	8 093 105.00
Provision for life insurance		706 964.26	585 529.92
Provision for claims		63 529 138.02	66 847 154.18
Total reinsurers' share in technical provisions		**73 754 206.54**	**75 525 789.10**
Accounts receivable	11(h)		
Amounts originating from direct insurance operations receivable from:			
Policy holders		9 082 201.23	12 496 403.20
Insurance brokers		4 958 722.82	7 302 560.96
Amounts originating from reinsurance operations		303 418.87	1 068 497.62
Other accounts receivable		18 055 418.57	50 572 859.97
Total accounts receivable		**32 399 761.49**	**71 440 321.75**
Other assets			
Tangible assets	11(c)	2 662 457.73	3 667 160.54
Balances with banks and post office accounts, cheques and cash		24 631 353.15	28 143 820.30
Other assets		4 957.93	21 660.60
Total other assets		**27 298 768.81**	**31 832 641.44**
Accrued income and deferred expenses			
Interest and rental income accrued and overdue		13 360 084.39	9 678 704.42
Deferred acquisition expenses	11(i)	405 131.98	310 098.18
Other accrued income and deferred expenses		17 378.19	166 945.60
Total accrued income and deferred expenses		**13 782 594.56**	**10 155 748.20**
TOTAL ASSETS		**2 174 760 874.76**	**1 991 069 298.19**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated balance sheet at 31.12.2004

LIABILITIES

	Notes	31.12.2004 (€)	31.12.2003 (€)
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	90 783 174.62	78 640 324.28
Profit for the year - Group share		27 395 750.31	20 587 712.95
Total shareholders' equity - Group share		**204 078 923.59**	**185 128 035.89**
Shareholders' equity - minority interests			
Share in reserves		371 102.68	508 076.67
Share in profit		65 305.28	19 967.75
Total shareholders' equity - minority interests		**436 407.96**	**528 044.42**
Special items with a share in reserves	9,21	**37 694 933.91**	**37 803 359.21**
Technical provisions	11(j)		
Provision for unearned premiums		74 450 536.69	68 004 760.85
Provision for life insurance		282 673 333.17	263 234 352.40
Provision for claims		292 212 930.81	291 638 480.29
Provision for profit sharing and no-claims bonuses		695 979.41	577 133.07
Equalisation reserve		47 336 647.51	35 810 504.81
Other technical provisions		687 895.05	438 949.84
Technical reserves relating to life insurance where the investment risk is assumed by the policy holder	11(j)	**1 091 136 417.41**	**916 427 377.75**
Total technical provisions		**1 789 193 740.05**	**1 576 131 559.01**
Subrogations and recoveries – reinsurers' share		**12 394.68**	**73 843.48**

The accompanying notes are an integral part of the consolidated financial statements.

LIABILITIES
continued

	Notes	31.12.2004 (€)	31.12.2003 (€)
Provisions for other liabilities and charges	11(k)		
Provisions for pensions and similar obligations		10 392 912.29	15 105 279.20
Provisions for taxes		23 486 978.92	32 196 467.07
Other provisions		2 601 153.01	2 334 171.77
Total provisions for other liabilities and charges		**36 481 044.22**	**49 635 918.04**
Deposits received from reinsurers		**34 718 975.29**	**35 977 091.30**
Accounts payable	11(l),22		
Due on direct insurance operations		18 073 322.53	15 535 079.99
Due on reinsurance operations		9 627 054.71	4 519 823.15
Due to credit institutions		21 862 535.47	14 932 274.81
Due to tax authorities and social security		4 113 740.50	4 401 647.54
Other accounts payable		18 426 024.56	65 738 533.43
Total accounts payable		**72 102 677.77**	**105 127 358.92**
Accrued expenses and prepayments	11(m)	**41 777.29**	**664 087.92**
TOTAL LIABILITIES		**2 174 760 874.76**	**1 991 069 298.19**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated profit and loss account at 31.12.2004

	Notes	31.12.2004 (€)	31.12.2003 (€)
Non-Life insurance technical account	23		
Premiums earned, net of reinsurance			
Gross premiums written	25	222 079 476.53	203 579 457.10
Premiums ceded to reinsurers		-54 482 158.76	-47 928 436.37
Change in gross value of provision for unearned premiums		-5 152 704.45	-4 763 213.56
Change in value of provision for unearned premiums – reinsurers' share		1 424 999.43	1 650 613.12
Total premiums earned, net of reinsurance		**163 869 612.75**	**152 538 420.29**
Allocated investment income transferred from the non-technical account	11(o)	**7 754 811.89**	**9 446 044.15**
Other technical income, net of reinsurance		**275 193.52**	–

The accompanying notes are an integral part of the consolidated financial statements.

	Notes	31.12.2004 (€)	31.12.2003 (€)
Non-Life insurance technical account (continued)			
Claims expenses, net of reinsurance			
Amounts paid			
Gross value		-97 146 330.09	-94 996 572.39
Reinsurers' share		11 024 417.31	11 624 325.71
Change in value of provision for claims			
Gross value		-419 539.52	-10 582 471.76
Reinsurers' share		-3 232 457.97	-2 084 022.29
Change in value of provision for recourse			
Gross value		-4 703.51	-297 186.38
Reinsurers' share		61 696.25	660 516.30
Total claims expenses, net of reinsurance		**-89 716 917.53**	**-95 675 410.81**
Change in other technical reserves, net of reinsurance		**-248 945.21**	**-188 691.52**
Profit sharing and no-claims bonuses, net of reinsurance		**-18 750.00**	**-71 502.50**
Net operating expenses			
Acquisition expenses	27	-40 488 024.97	-38 270 086.81
Change in value of deferred acquisition expenses	11(i)	95 033.80	66 319.44
Administrative expenses	11(p),27	-10 125 547.78	-7 124 887.98
Commissions received from reinsurers and profit sharing		4 991 198.08	4 083 420.14
Total net operating expenses		**-45 527 340.87**	**-41 245 235.21**
Other technical expenses, net of reinsurance		**–**	**-804 329.92**
Change in equalisation reserve		**-11 526 142.70**	**-6 733 280.80**
Non-Life insurance technical profit		**24 861 521.85**	**17 266 013.68**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated profit and loss account at 31.12.2004

	Notes	31.12.2004 (€)	31.12.2003(€)
Life insurance technical account	24		
Premiums earned, net of reinsurance			
Gross premiums written	26	342 745 757.12	231 498 535.68
Premiums ceded to reinsurers		-2 875 334.71	-4 246 352.90
Change in value of provision for unearned premiums, net of reinsurance		-1 293 071.56	-692 093.80
Total premiums earned, net of reinsurance		**338 577 350.85**	**226 560 088.98**
Investment income			
Income from participating interests		127 100.00	102 240.00
Income from other investments			
Income from land, buildings and installations		804 981.54	832 114.13
Income from other investments		11 419 647.80	9 255 605.94
Write-back of adjustments to the value of investments		577 446.23	–
Income from the sale of investments		4 497 813.09	5 365 481.67
Total investment income		**17 426 988.66**	**15 555 441.74**
Unrealised capital gains on investments	11(g)	**49 605 273.44**	**61 957 170.83**
Other technical income, net of reinsurance		**7 318 875.19**	**6 259 956.82**
Claims expenses, net of reinsurance			
Amounts paid			
Gross value		-189 320 166.45	-115 498 555.73
Reinsurers' share		993 127.43	2 512 514.37
Change in value of provision for claims			
Gross value		-152 181.57	-316 216.57
Reinsurers' share		-88 287.62	-66 106.05
Total claims expenses, net of reinsurance		**-188 567 508.21**	**-113 368 363.98**

The accompanying notes are an integral part of the consolidated financial statements.

	Notes	31.12.2004 (€)	31.12.2003 (€)
Life insurance technical account (continued)			
Change in other technical reserves, net of reinsurance			
Provision for life insurance			
Gross value		-19 438 980.78	-25 983 394.30
Reinsurers' share		121 434.34	-228 636.63
Other technical reserves, net of reinsurance		-174 709 039.66	-140 672 654.22
Total change in value of other technical reserves, net of reinsurance		**-194 026 586.10**	**-166 884 685.15**
Profit sharing and no-claims bonuses, net of reinsurance		**-100 096.34**	**176 664.14**
Net operating expenses			
Acquisition expenses	27	-8 266 752.52	-7 997 766.54
Change in acquisition expenses	11(i)	–	-5 942.99
Administrative expenses	11(p), 27	-5 840 436.95	-6 555 466.02
Commissions received from reinsurers and profit sharing		727 274.52	803 322.95
Total net operating expenses		**-13 379 914.95**	**-13 755 852.60**
Investment expenses			
Investment management expenses including interest expenses		-5 804 448.87	-5 791 615.61
Adjustments to the value of investments		-2 472 775.74	-2 127 089.26
Losses on the sale of investments		-3 270 518.52	-8 167 441.65
Total investment expenses		**-11 547 743.13**	**-16 086 146.52**
Unrealised capital losses on investments	11(g)	**-114 136.53**	**-97 989.61**
Other technical expenses, net of reinsurance		-43 776.68	–
Allocated investment income transferred to the non-technical account	11(n)	**-2 301 892.38**	**-1 090 682.25**
Life insurance technical profit		**2 846 833.82**	**-774 397.60**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated profit and loss account at 31.12.2004

	Notes	31.12.2004 (€)	31.12.2003 (€)
Non-technical account			
Non-Life insurance technical profit		**24 861 521.85**	**17 266 013.68**
Life insurance technical profit		**2 846 833.82**	**-774 397.60**
Investment income			
Income from participating interests		296 943.50	583 350.00
Income from other investments			
Income from land, buildings and installations		16 684.05	97 606.33
Income from other investments		14 867 815.28	13 393 202.33
Write-backs of adjustments to the value of investments		705 681.80	4 037 141.37
Income from the sale of investments		14 339 804.29	13 529 672.65
Total investment income		**30 226 928.92**	**31 640 972.68**
Allocated investment income transferred from the life insurance technical account	11(n)	**2 301 892.38**	**1 090 682.25**

The accompanying notes are an integral part of the consolidated financial statements.

	Notes	31.12.2004 (€)	31.12.2003 (€)
Non-technical account (continued)			
Investment expenses			
Investment management expenses including interest expense		-12 214 888.25	-7 006 440.27
Adjustments to the value of investments		-43 332.96	-2 581 535.05
Losses on the sale of investments		-5 665 456.32	-4 759 549.52
Total investment expenses		**-17 923 677.53**	**-14 347 524.84**
Allocated investment income transferred to the Non-Life insurance technical account	11(o)	**-7 754 811.89**	**-9 446 044.15**
Income from the elimination of special items with a share in reserves	9,21	**108 425.30**	**3 367 768.20**
Other income		**7 539 103.01**	**5 463 609.71**
Other expenses, including value adjustments		**-4 880 777.39**	**-5 915 264.38**
Tax on ordinary profit		**-10 472 641.70**	**-7 453 012.21**
Net profit on ordinary operations		**26 852 796.77**	**20 892 803.34**
Other taxes not included in the above item		**608 258.82**	**-285 122.64**
PROFIT FOR THE YEAR		**27 461 055.59**	**20 607 680.70**
o/w Group share		27 395 750.31	20 587 712.95
o/w minority interests		65 305.28	19 967.75

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements at 31 December 2004

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 financial statements

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

Certain items appearing in the balance sheet for 31 December 2003 have been adjusted to make them comparable with the items at 31 December 2004.

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 financial statements of insurance and reinsurance companies.

So as to present asset and liability headings, and the charges and commitments included in the consolidated financial statements, 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 financial statements 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.

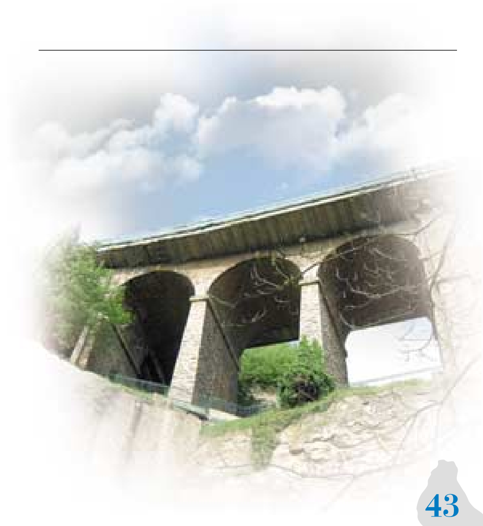
4(b) Proportional consolidation

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 in the consolidated financial statements pro rata to the capital held by the Group.

Year-end date

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



¨Viaduct¨ 1861, City of Luxembourg

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	82.765829%

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%
Gecalux	6, Parc d’Activité Syrdall L-5365 Munsbach	50.0%
Cogere	6, Parc d’Activité Syrdall L-5365 Munsbach	50.0%
Raiffeisen Vie	6, rue Albert Borschette L-1246 Luxembourg	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 financial statements and are posted either to the asset side of the balance sheet under the "Consolidated goodwill" 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 financial statements 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 in the consolidated financial statements 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 inter-company profits that, at the time of consolidation, must be restated at consolidated level.

¨Oetrange Bridge¨ 2004

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 applicable at the year-end date.

Transactions denominated in foreign currencies carried out in the course of the year are converted to euro (€) at the exchange rate applicable 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, with the exception of consolidated goodwill, on a straight-line basis at a rate of 20% or 33.3% per year.

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 asset	% rate
- Buildings and installations	2,0% - 10,0%
- Other tangible assets excluding IT equipment	10,0% - 25,0%
- IT equipment	20,0% - 33,33%

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 year-end, 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:

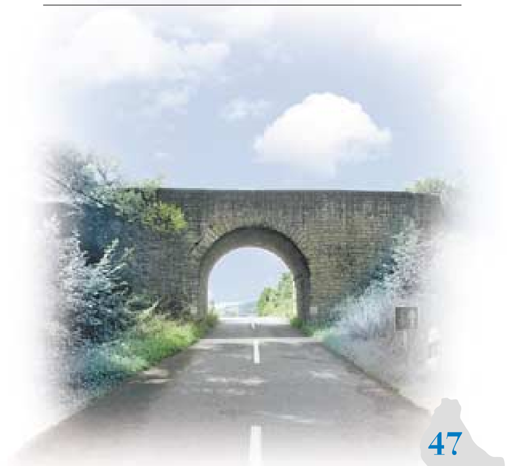
- Positive differences (agio) between the cost of acquisition and redemption price are posted directly to the profit and loss account;
- Negative differences (disagio) between the cost of acquisition and redemption price are not recorded against income until the security reaches maturity.

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 at the year-end date 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.



¨Däiwelsbréck¨ 1900, Lenningen

¨Three Bridges¨ 1878, Eischen

11(h) Accounts receivable

Accounts receivable are recorded on 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.

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.

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 policies concluded before the end 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 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 2004 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 connection with 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, at year-end, either not yet certain to be incurred or else were certain to be incurred but the exact amount or timing were unknown.

¨Victor Bodson Bridge¨ 1993, Hesperange

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 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.

11 (m) Accrued expenses and prepayments

This heading corresponds to income received prior to the year-end date but attributable to a future year.

11(n) Allocated investment income transferred from 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.

¨Esch-sur-Sûre Bridges¨ 1830

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 or investment expenses.

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 €)	Start-up expenses 2004	Concessions, patents and licences 2004	Research and development expenses 2004	Consolidated goodwill 2004	Total 2004	Total 2003
Gross value at 01.01.	**51 859.00**	**6 168 827.49**	**496 171.97**	**4 514 989.41**	**11 231 847.87**	**6 095 610.95**
Additions in the year	-	947 349.02	-	-	947 349.02	5 579 789.60
Changes in scope of consolidation	-	-	-	-	-	139 228.64
Transfers in the year	-	1 142 662.76	-	-	1 142 662.76	-
Disposals in the year	-	-34 940.78	-	-	-34 940.78	-582 781.32
Gross value at 31.12.	**51 859.00**	**8 223 898.49**	**496 171.97**	**4 514 989.41**	**13 286 918.87**	**11 231 847.87**
Cumulative value adjustments at 01.01.	-34 006.00	-3 681 784.00	-305 791.97	-2 708 993.65	-6 730 575.62	-3 270 483.84
Additions in the year	-	-	-	-	-	-320 406.60
Value adjustments in the year	-8 926.50	-1 062 716.75	-190 380.00	-1 805 995.76	-3 068 019.01	-3 722 465.32
Transfers in the year	-	-1 153 150.37	-	-	-1 153 150.37	-
Write-back of value adjustments	-	24 354.38	-	-	24 354.38	582 780.14
Cumulative value adjustments at 31.12.	**-42 932.50**	**-5 873 296.74**	**-496 171.97**	**-4 514 989.41**	**-10 927 390.62**	**-6 730 575.62**
Net value at 31.12.	**8 926.50**	**2 350 601.75**	-	-	**2 359 528.25**	**4 501 272.25**

Land, buildings and installations

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

(in €)	Land 2004	Buildings and installations 2004	Total 2004	Total 2003
Gross value at 01.01.	**9 555 137.16**	**20 833 534.39**	**30 388 671.55**	**29 515 268.46**
Additions in the year	–	12 086 038.19	12 086 038.19	873 403.09
Transfers in the year	–	179 304.43	179 304.43	–
Gross value at 31.12.	**9 555 137.16**	**33 098 877.01**	**42 654 014.17**	**30 388 671.55**
Cumulative value adjustments at 01.01.	**–**	**-9 928 015.44**	**-9 928 015.44**	**-9 443 807.40**
Value adjustments in the year	_	-475 245.62	-475 245.62	-484 208.04
Transfers in the year	–	-97 692.36	-97 692.36	–
Cumulative value adjustments at 31.12.	**_**	**-10 500 953.42**	**-10 500 953.42**	**-9 928 015.44**
Net value at 31.12.	**9 555 137.16**	**22 597 923.59**	**32 153 060.75**	**20 460 656.11**

The additions in the year mainly relate to buildings and installations for the Group's new registered offices in Leudelange. The expenses related to these buildings and installations have been capitalised, but will not start to be depreciated until the building goes into use in 2006.

The market value of the Group's land, buildings and installations at 31 December 2004 was € 66 959 369.54 (2003: € 39 596 072.88) net of any associated expenses. This valuation is based on an appraisal carried out by property consultants in 2000, 2003 and 2004.

Investments in associated undertakings and participating interests

14 Companies associated with the Group via its Gecalux and Cogere subsidiaries were not consolidated as their impact was considered immaterial at year-end.

The following companies in which the Group has significant participating interests were not consolidated as their impact was considered immaterial at year-end. For consolidation purposes, these companies were reported at book value under the "Equities and other variable-income securities and shares in mutual funds" caption of the "Other financial investments" heading.

(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
Market value			**63 237.64**

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.

Other financial investments

15 The present values of the headings "Equities and other variable-income securities", "Bonds and other fixed-income securities" and "Deposits with credit institutions" at 31 December 2004 were € 165 076 313.95 (2003: € 144 905 375.80), € 619 033 137.53 (2003: € 489 511 321.13) and € 145 814 141.04 (2003 : € 210 501 008.21).

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.

At 31 December 2004, subscribed capital came to € 44 994 210.00 (2003: € 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 liability side of the balance sheet is € 37 799 786.26 (2003: € 37 799 786.26) and corresponds to differences arising on first-time consolidation.

The entry for 2003 under "Consolidated goodwill" on the asset side of the balance sheet shows the goodwill remaining from first-time consolidation of Gecalux S.A. (originally € 3 465 428.21) and Cogere S.A. (originally € 1 049 561.20), after 60% amortisation in 2003 (i.e. € 2 079 256.93m, and € 629 736.72 for the two companies, respectively). The remaining 40% of the original goodwill (i.e. € 1 386 171.28 and € 419 824.48, respectively) was amortised in 2004.

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 liability side of the balance sheet, as explained in note 20 below.

Consolidated reserves

20 Movements under the "Consolidated reserves" heading in 2004 were as shown below.

(in €)	31.12.2004	31.12.2003
Statutory reserve	4 067 000.00	3 581 000.00
Other reserves	16 473 000.00	15 788 000.00
Consolidated reserves	69 290 625.92	58 429 292.98
Retained earnings	952 548.70	842 031.30
Total	**90 783 174.62**	**78 640 324.28**

¨Hunnebour Bridge¨ 1920, Mersch

Special items with a share in reserves

21 Pursuant to Article 54 of the of the LIR, capital gains realised on the following items are exempt from tax:

(in €)	31.12.2004	31.12.2003
Reinvested capital gains		
Participating interests	34 306 871.11	34 276 873.69
Land, buildings and installations	3 388 062.80	3 496 488.10
Capital gains to be reinvested	–	29 997.42
Total	**37 694 933.91**	**37 803 359.21**

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:

	Direct insurance		Accepted reinsurance	
(in €)	2004	2003	2004	2003
Gross premiums written	221 249 559.30	203 143 833.36	829 917.23	435 623.74
Gross premiums earned	216 116 277.64	198 405 874.73	810 494.44	410 368.81
Gross claims expenses	-97 553 744.77	-105 434 493.21	-12 124.84	-144 550.94
Gross operating expenses	-48 150 771.23	-44 045 861.43	-313 136.91	-70 033.04
Reinsurance balance	-37 354 881.21	-35 470 415.29	-1 958 648.47	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	53 867 982.20	47 581 598.60	53 608 453.71	20 026 614.67
Gross premiums earned	51 223 261.36	47 101 594.31	51 841 926.68	20 335 485.39
Gross claims expenses	-16 225 769.31	-27 705 362.98	-30 016 718.10	-7 253 494.13
Gross operating expenses	-13 675 489.72	-11 337 806.24	-14 194 815.98	-3 960 613.77
Reinsurance balance	-10 120 818.62	-6 657 724.54	-1 838 012.84	-10 692 140.73

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 €)	2004	2003	2004	2003
Individual premiums	330 652 480.33	212 483 403.29	2 178.00	3 143 768.85
Group premiums	12 091 098.79	15 871 363.54	–	–
Regular premiums	73 937 860.95	87 106 796.65	2 178.00	3 143 768.85
Single premiums	268 805 718.17	141 247 970.18	–	–
Premiums on policies without share in profits	9 231 444.41	9 009 487.37	2 178.00	2 973 605.97
Premiums on policies with share in profits	54 128 053.38	45 852 501.37	–	170 162.88
Premiums on policies where investment risk is assumed by the policy holder	279 384 081.33	173 492 778.09	–	–
Reinsurance balance	-1 176 300.47	-1 390 729.41	–	–

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 (€ 221 249 559.30 in 2004, versus € 203 143 833.36 in 2003) breaks down as shown in the table below.

(in €)	2004	2003
Subscriptions in the Grand Duchy of Luxembourg	218 149 575.18	200 646 369.24
Subscriptions on other EU member states	3 099 984.12	2 497 464.12
Total	**221 249 559.30**	**203 143 833.36**

Geographical breakdown of life premiums written

26 By geographical area (based on where the premium was written), the total value of gross premiums written in direct insurance (€ 342 743 579.12 in 2004, versus € 228 354 766.83 in 2003) breaks down as shown in the table below.

(in €)	2004	2003
Subscriptions in the Grand Duchy of Luxembourg	65 566 414.87	55 922 472.89
Subscriptions in other EU member states	277 081 092.34	171 584 122.64
Subscriptions in non-EU countries	96 071.91	848 171.30
Total	**342 743 579.12**	**228 354 766.83**

Commissions

27 Commissions paid to insurance brokers by fully or proportionally consolidated companies totalled € 29 497 054.14 (2003: € 28 068 689.96) and break down into acquisition and administrative expenses by company as follows:

(in €)	2004	2003
Le Foyer Assurances	23 922 415.64	22 731 908.65
Le Foyer Santé	193 523.76	149 710.26
Le Foyer-ARAG	44 676.83	37 928.12
Europ Assistance	71 711.81	64 492.51
Le Foyer Vie	3 770 175.77	4 188 949.18
Foyer International	1 376 403.75	807 998.57
Raiffeisen Vie	118 146.58	87 702.67
Total	**29 497 054.14**	**28 068 689.96**

Employees

28 The average headcount in 2004 was 401.46 (2003: 386.5), broken down by category as shown in the table below:

	Number of employees	
Category	**2004**	**2003**
Management	22.90	20.50
Executives	48.30	42.00
Administrative	326.26	320.00
Manual	4.00	4.00

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

(in €)	2004	2003
Salaries and wages	22 717 317.06	20 439 269.72
Social security	2 615 854.59	2 418 526.91
Other personnel espenses	6 313 595.69	5 040 994.58
Total	**31 646 767.34**	**27 898 791.21**
o/w pensions	1 787 962.71	1 670 423.48

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

29 For 2004, remuneration paid to members of administrative, management and supervisory bodies in respect of functions exercised and pension commitments to former members of these bodies breaks down as shown below:

	2004	2003
Managing Committee	4 398 201.23	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	€ 811 506.42	0.5% to 3.0%	4 to 13 years

Repayments in the course of the year totalled € 13 103.47 (2003: € 15 311.35).

¨Boevange Bridge¨ 1860

Pont Victor Bodson

The Victor Bodson Bridge in Hesperange was completed in 1993 as part of City of Luxembourg's south-eastern ring road. It is a symmetrical cable stayed bridge with a central 105m-high concrete pillar, from which 32 cables, ranging in length from 42m to 140m, radiate out to support the 260m roadway.

Management report

Management report from the Board of Directors of **Le Foyer S.A.** presented to the Annual General Meeting of Shareholders on 7 April 2005.

Net profit in 2004 was € 10.59 million, 8.9% higher than the € 9.72 million reported in the previous year.

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

(€ million)	**31.12.2004**	31.12.2003
Income from participating interests	**10.00**	9.30
Le Foyer Assurances	**7.51**	8.25
Le Foyer Vie	**0.99**	–
Foyer Asset Management	**1.50**	1.05
Income from securities, cash and equivalents:	**1.48**	1.46
Charges (value adjustments, interest, financial expenses)	-0.34	-0.48
General expenses	-0.28	-0.36
Profit before tax	**10.86**	9.92
Tax	**-0.27**	-0.20
Net profit	**10.59**	9.72

Income from participating interests represents dividends paid to Le Foyer S.A. by some of its subsidiaries.

The overall sum received by Le Foyer S.A. in 2004 was 7.5% higher than that received in the previous year.

This growth in the overall dividend reflects the improvement in the results reported by the Group's companies.

In 2004, financial income, other than dividends received from Group companies, and also general expenses, were in line with 2003 levels.

Outlook

Pending approval at the Annual General Meetings of the respective companies, in the first half of 2005, Le Foyer S.A. will receive the following dividends from its subsidiaries:

(€ million)	
Le Foyer Assurances	18.98
Le Foyer Vie	1.65
Foyer Asset Management	1.15
Total	**21.78**

This significant rise in dividends received from subsidiaries, expected to increase from € 10.00 million in 2004 to € 21.78 million in 2005, should come primarily from Le Foyer Assurances.

Healthy 2004 profits and strong balance sheet allow Le Foyer Assurances to pay out € 18.98 million to Le Foyer S.A. to increase the cash available for the Group's development.

Appropriation of profit

At the Annual General Meeting of Shareholders, the Board of Directors will propose distributing its available profits of € 11 542 720.89 consisting of net profit for 2004 of € 10 590 172.19 plus retained earnings of € 952 548.70 carried forward from 2004, as follows:

(€)	
Staturory reserve	432 421.00
Reserve for wealth tax deductions	875 000.00
Gross dividend of € 1.05 per share on 8 998 842 shares	9 448 784.10
Retained earnings	786 515.79
Total	11 542 720.89

If you approve this proposal, the company will pay a gross dividend of € 1.05, which after a 20% withholding tax on Luxembourg capital income gives a net dividend per share of € 0.84, available from 18 April 2005 and payable upon presentation of coupon No. 5:

- 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, 8 March 2005

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 reviewed the accompanying financial statements of **LE FOYER, Compagnie Luxembourgeoise S.A.** for the financial year ended 31 December 2004 and have read the supporting management report. The annual financial statements and management report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on the annual financial statements, based on our audit work, and to verify that the management report is in conformity with the financial statements.

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

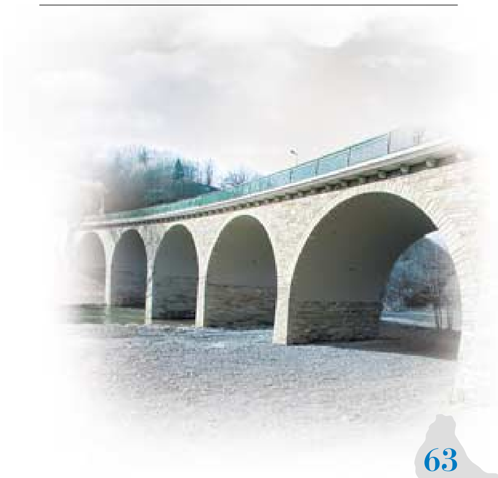
In our opinion, the attached annual financial statements, in conformity with the legal and regulatory requirements prevailing in Luxembourg, give a true and fair view of the assets, liabilities and financial position of **LE FOYER, Compagnie Luxembourgeoise S.A.** at 31 December 2004 and its results for the year then ended.

The management report is consistent with the financial statements.

Luxembourg, 8 March 2005

PricewaterhouseCoopers S.à.r.l.
Statutory auditor
Represented by:

Paul Neyens



¨Ettelbruck Bridge¨ 1951

Balance sheet at 31.12.2004

ASSETS

	Notes	31.12.2004 (€)	31.12.2003 (€)
Fixed assets	3(b),4		
Tangible fixed assets			
Other equipment, machines and furniture		5 652.50	5 652.50
Long-term financial investments			
Shares in associated undertakings	5	44 519 944.44	44 263 644.44
Securities held as financial fixed assets		535 000.00	468 000.00
Total fixed assets		**45 060 596.94**	**44 737 296.94**
Current assets			
Accounts receivable	10		
Other accounts receivable	3(c),6	44 901.38	54 456.69
Securities			
Other short-term investments	3(d), 3(e)	26 971 600.00	17 895 200.00
Balances with banks and post office accounts, cheques and cash		8 733 765.28	20 402 763.41
Total current assets		**35 750 266.66**	**38 352 420.10**
Accrued income and deferred expenses		**278 729.53**	**309 771.19**
TOTAL ASSETS		**81 089 593.13**	**83 399 488.23**

The accompanying notes are an integral part of the financial statements.

LIABILITIES

	Notes	31.12.2004 (€)	31.12.2003 (€)
Shareholders' equity	7		
Subscribed capital		44 994 210.00	44 994 210.00
Issue premiums		3 106 002.40	3 106 002.40
Reserves			
Statutory reserve	8	4 067 000.00	3 581 000.00
Reserves for "wealth tax deductions"	9	1 073 000.00	388 000.00
Other reserves		15 400 000.00	15 400 000.00
Retained earnings		952 548.70	842 031.30
Total shareholders' equity		**69 592 761.10**	**68 311 243.70**
Provisions for liabilities and charges			
Provisions for taxes		789 487.79	539 654.04
Accounts payable	3(f),10		
Due to credit institutions		–	26 567.35
Due to tax authorities and social security		4 055.38	1 807.27
Other accounts payable	6	113 116.67	4 802 284.09
Total accounts payable		**117 172.05**	**4 830 658.71**
Net profit		**10 590 172.19**	**9 717 931.78**
TOTAL LIABILITIES		**81 089 593.13**	**83 399 488.23**

The accompanying notes are an integral part of the financial statements.

Profit and loss account at 31.12.2004

	Notes	31.12.2004 (€)	31.12.2003 (€)
Expenses			
Personnel expenses	11		
Salaries and other wage costs (o/w pensions for 2003: € 11 372,09)		–	14 192.47
Social security		–	1 607.02
Adjustments to asset values	3(g)		
Adjustments to the value of other short-term investments		4 680.00	110 150.00
Interest and similar expenses		40 833.46	207 206.97
Other operating expenses		397 834.23	353 157.82
Losses on the sale of assets		205 720.00	158 955.54
Tax on income from ordinary operations		250 076.50	181 506.35
Other taxes not included in the above item		19 770.68	19 901.35
Net profit		10 590 172.19	9 717 931.78
Total expenses		**11 509 087.06**	**10 764 609.30**
Income			
Income on fixed assets			
Income on long-term financial investments 100% from associated undertakings		10 003 823.50	9 299 932.50
Income from current assets			
Income from other short-term investments		775 835.33	472 741.26
Write-back of adjustments to the value of assets		67 000.00	180 500.00
Other interest and similar income		214 262.73	448 149.15
Income from the sale of assets		448 165.50	363 286.39
Total income		**11 509 087.06**	**10 764 609.30**

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements at 31 December 2004

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 financial statements

2 The company prepared consolidated annual financial statements and a consolidated management report, in compliance with criteria established under Luxembourg law, that are available for inspection at the company's registered offices.

The company is also included in the consolidated financial statements 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 financial statements are available for inspection at this address.

Summary of main accounting policies

3 The main accounting policies used by the company in the preparation of the annual financial statements 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 applicable on the year-end date.

Transactions denominated in foreign currencies carried out in the course of the year are converted to euro (€) at the exchange rate applicable 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 a lasting diminution in value at year-end, the value of fixed assets is adjusted to reflect the lower value assigned to them at this date. These value adjustments are reversed if the reasons giving rise to them cease to exist.

3 (c) Accounts receivable

Accounts receivable are recorded on 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.

¨Castle Bridge¨ 1735, Luxembourg-Clausen

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) is 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 at year-end 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 this date. 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.

¨Ettelbruck Bridge¨ 1948

3 (g) **Value adjustments**

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

Fixed assets

4 Movements in tangible assets over the course of the year were as follows:

(in €)	Other equipment, machines and furniture	Shares in associated undertakings	Securities held as financial fixed assets
Gross value at 01.01.2004	**5 652.50**	**44 263 644.44**	**1 528 750.00**
Additions in the year	–	275 000.00	–
Disposals in the year	–	-18 700.00	–
Gross value at 31.12.2004	**5 652.50**	**44 519 944.44**	**1 528 750.00**
Cumulative value adjustments at 01.01.2004	–	–	**-1 060 750.00**
Value adjustments in the year	–	–	–
Write-back of value adjustments	–	–	67 000.00
Cumulative value adjustments at 31.12.2004	–	–	**-993 750.00**
Net value at 31.12.2004	**5 652.50**	**44 519 944.44**	**535 000.00**
Net value at 31.12.2003	5 652.50	44 263 644.44	468 000.00

Long-term financial investments

5 The company had the following interests in associated undertakings at 31 December 2004:

	% holding	Cost of acquisition €	Shareholders' equity at 31.12.2004 €	Profit for 2004 €
Le Foyer Assurances S.A.	99.999394%	23 175 257.94	95 375 244.34	20 864 225.34
Le Foyer Vie S.A.	99.999394%	7 784 662.72	26 388 948.64	3 071 605.29
Foyer International S.A.	99.999857%	9 936 780.95	18 953 379.64	924 125.14
Foyer Asset Management S.A.	99.998333%	1 489 442.83	6 426 543.53	1 675 703.78
Le Foyer, Patrimonium & Associés S.A.	82.765829%	2 133 800.00	2 153 295.95	378 929.02
		44 519 944.44		

Other accounts receivable and other accounts payable

6 Other accounts receivable at 31 December 2004 totalled € 44 901.38 (2003: € 54 456.69) and did not include amounts owed by associated undertakings (2003: € 3 110.37).

Other accounts payable at 31 December 2004 totalled € 113 116.67 (2003: € 4 802 284.09) and consisted of amounts owed by associate undertakings of € 47 602.16 (2003: € 42 231.38).

Shareholders' equity

7 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 earnings	Profit for the year
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**
Appropriation of profit							
dividends							-8 436 414.38
reserves and retained earnings			486 000.00	685 000.00		110 517.40	-1 281 517.40
2004 profit							**10 590 172.19**
at 31.12.2004	**44 994 210.00**	**3 106 002.40**	**4 067 000.00**	**1 073 000.00**	**15 400 000.00**	**952 548.70**	**10 590 172.19**

On 31 December 2004, subscribed capital came to € 44 994 210.00 and is represented by 8 998 842 fully paid up shares with no assigned nominal value. Authorised share capital is € 74 350 000.00.

Statutory reserve

8 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.

Reserves for “wealth tax deductions”

9 The company reduced its wealth tax liability as permitted under current tax law. 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
2003	€ 685 000.00

Breakdown of accounts receivable and accounts payable by residual term

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

Employees

11 The company recruited no employees in the year ended 31 December 2004 (2003: 1)

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This English version of the Le Foyer S.A. annual report for 2004 is also available on our website: **www.lefoyer.lu**.
Our Finance Department will also send you a copy on request.

The detailed financial statements of each company included in these consolidated financial statements are also available from our Finance Department on request.

André Birget

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